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CUPRINS

CONOMY	15
THE EDUCATION ROLE FOR THE YOUNG PEOPLE INSERTION IN THE A	CTUAL
LABOR MARKET	
Aceleanu Mirela Ionela	
THE IMPLICATION OF EXTERNAL DEMAND IN PROCESS OF ECONOMICAL G	
IN ROMANIA	
Adamovici Silvana Biliana	21
Părean Mihai Olimpiu	
THE INFORMATIONAL VALENCES OF THE FINANCIAL SIGNALS SYSTEM U	
THE EVALUATION OF COMPANIES GLOBAL PERFORMANCE	
Anghel Flavia	
Bucur Cristiana	
Radu Elena	
THE DEVELOPMENT IN TRANSITION ECONOMIES IN EUROPEAN	
PARTICIPATION PROCESS	
Ateş İsmet	
Özdemir Abdullah THE EMPLOYMENT AND UNEMPLOYMENT IN ROMANIA- DECISIVE FACTORS	
Bâldan Cristina Neacşu Mădălina	
FISCAL POLICY REFORM IN ROMANIA	
Bercea Ioan	
THEORETICAL-METHODOLOGICAL CONSIDERATIONS REGARDING THE ROM	
ENTERPRISE'S RESULTS AND PERFORMANCES	
Boncea Amelia Georgiana	
Rabontu Cecilia Irina	
THE REACTIONS OF TERTIARY EDUCATION TO THE GLOBAL CHANGES	
Bratu Anca	
Cornescu Viorel	
Druică Elena	57
FACTS ABOUT DETERMINANTS OF ECONOMIC GROWTH	61
Cătăneţ Dan Nicolae	
Cătăneţ Alina	61
THE INTERNET AND THE BUSINESS ENVIRONMENT	
Cioban Gabriela-Liliana	
BEING PROACTIVE VERSUS REACTIVE – THE SOLLUTION OF SELF- GOVERNMENT OF SELF- GOVERNMEN	
Costea Carmen	
Popescu Constantin	
Tasnadi Alexandru	
Badea Liana	
Stanciu Miltiade INTEGRATED QUALITY MANAGEMENT IN NATIONAL PARKS AS TO	
PRODUCT Costencu Mirela	
CULTURAL TOURISM PRODUCT	
Costencu Mirela	
Cristescu Ilie	
YOUNGSTERS INSERTION ON THE LABOUR MARKET. A COMPARATIVE AN	
ROMANIA - EUROPEAN UNION	
Dobre Mihaela Hrisanta	
DISCRIMINATION BY THE GENDER IN ROMANIA	
Dobre Mihaela Hrisanta	
Trască Daniela Livia	

THE SITUATION OF LONG TERM UNEMPLOYMENT IN BIHOR. FROM ILLUSION TO			
REALITY	98		
Dodescu Anca	98		
Pop Cohuţ Ioana			
THE INTERNE, THREAT OR TOOL FOR TRAVEL AGENCIES?	103		
Dodu Silvia Patricia			
THE BOUNDARIES OF THE FIRM.THE CASE OF OIL INDUSTRY IN ROMANIA	109		
Dudian Monica	109		
Trașcă Daniela			
Mitrache Andreea	109		
Georgescu Adriana			
THE FACULTIES OF ECONOMIC STUDIES - SUPPLIERS OF SERVICES FOR ST	UDENTS		
	115		
Dumitriu Ramona,	115		
Ştefănescu Razvan	115		
Nistor Costel			
MACROECONOMIC IMPLICATIONS OF BRAIN MIGRATION	128		
Florea Adrian	128		
Maghear Diana Claudia			
USING MACROECONOMIC INDICATORS FOR MANIPULATING	135		
Florea Adrian			
DIRECT FOREIGN INVESMENTS AND THEIR IMPACT ON ECONOMIC DEVELO	PMENT		
	138		
Fodor Alexandrina			
ASPECTS OF IT RISK MANAGEMENT FOR A COMPANY	141		
Fratila Laurentiu	141		
Tantau Adrian	141		
THE ROMANIAN BUREAUCRATIC SYSTEM OF THE PUBLIC ADMINISTRATION	S147		
Frâncu Laurențiu Gabriel	147		
Paicu Claudia Elena			
ROMANIAN CAPITAL MARKET – PEST AND SWOT ANALYSES	152		
Georgescu Adriana	152		
Dudian Monica			
NATIONAL CURRENCY INSTABILITY			
Gherman Maria Anca	159		
Huru Dragoş			
MONETARY STABILITY VERSUS FINANCIAL STABILITY			
Glăvan Bogdan	162		
Anghel Flavia	162		
Bucur Cristiana			
REGIONAL DISPARITIES OF ECONOMIC GROWTH IN THE ENLARGED EUF			
UNION	167		
Goschin Zizi	167		
Danciu Aniela-Raluca	167		
Gruiescu Mihaela	167		
THE CONNECTION BETWEEN LABOUR PRODUCTIVITY AND WAGE IN RO			
TERRITORIAL AND SECTORAL APPROACHES			
Goschin Zizi			
Danciu Aniela-Raluca			
Gruiescu Mihaela			
EVALUATING THE COMPETITIVENESS OF THE TOURISM IN ROMANIA			
Grigorovici Corina	187		
YESTERDAY'S ACTIVISTS, TODAY'S ACTIVISTS? ORGANIZATIONAL CARE	ER AND		
COMMUNITY INVOLVEMENT IN PRESENT DAY ORADEA			
Hatos Adrian			
EUROPEAN ECONOMIC INTEGRATION: AN ANALYSIS OF SMES			

Herman Radu	
SOME COMPARATIVE ASPECTS REGARDING CHILD LABOR AND STREET CH	ILD202
Hordau Anne Marie Andreea	
Pop Sitar Corina	202
EUROPEAN GOVERNANCE - THE STABILITY AND GROWTH PACT	
Hrebenciuc Andrei	206
Zugravu Paul	206
THE ORIGIN OF FREE MARKET. AN INSTITUTIONAL PERSPECTIVE FROM	A NON-
INSTITUTIONAL POINT OF VIEW	
Iacobuţă Andreea-Oana	
Pohoaţă Ion	
THE FACTORS OF COMPETITIVENESS IN THE HOSPITALITY INDUSTRY A	ND THE
COMPETITIVE STRATEGY OF FIRMS	212
Ioncica Maria	212
Tala Madalina	212
Brindusoiu Catalina	212
Ioncica Diana	212
TOURISTIC DESTINATIONS LONG-TERM MANAGEMENT AND THE INCRE	EASE OF
THEIR COMPETITIVENESS	218
Iordache Maria Carmen	218
Chitu Ramona	218
Grigorescu Sorin	218
ASPECTS OF THE EUROPEAN ECONOMIC CHALLENGE FOR THE ROMANIAN	HUMAN
CAPITAL. THE CASE OF HIGH EDUCATION SERVICES	223
Jivan Alexandru	223
SOME DETERMINANTS OF ECONOMIC GROWTH IN ROMANIA: FOREIGN TRA	ADE AND
FOREIGN DIRECT INVESTMENTS	228
Jude Cristina	228
Pop Silaghi Monica Ioana	228
THE NECESSITY OF APPROACHING THE SERVICES' PROBLEMS IN THE CON	TEXT OF
THE INVISIBLE TRADE'S LIBERALIZATION	235
Maniu Cristina	235
Gogonea Manuela-Rodica	235
Marin- Pantelescu Andreea	
CAUSES OF PRODUCTIVITY SLOWDOWN IN THE EUROPEAN UNION	
Marinaş Marius-Corneliu	242
Socol Cristian	242
Socol Aura-Gabriela	
ON SCIENTIFIC IMPOSSIBILITY OF OPTIMAL TAXATION	248
Marinescu Cosmin	248
EU KNOWLEDGE ECONOMICS: A SELF-ORGANIZING MAP ARTIFICIAL	NEURAL
NETWORK ANALYSIS	252
Mattoscio Nicola	252
Colantonio Emiliano	252
Carlei Vittorio	
SOCIAL RESPONSIBILITY IN PUBLIC ENVIRONMENT	268
Mihai Roxana Lucia	
Hristache Diana Andreia	268
Vîrjan Daniela	
INTRODUCTION A LA METHODOLOGIE ECONOMETRIQUE CLASSIQUE	273
Minică Mirela	273
Florin Franţ	273
LES MOTEURS DE LA CROISSANCE	278
Minică Mirela	278
Frant Florin	278

ABOUT TRUSTS, CARTELS AND MONOPOLIES WITHIN THE WORK OF VIRO	
MADGEARU	
Mitoaica Ana Maria	
ELEMENTS OF THE CONCEPT OF VIRGIL N. MADGEARU ABOUT THE S	
INTERVENTIONISM	
Mitoaica Ana Maria	287
CLUSTERS IN THE ROMANIAN ECONOMY	
Nagy Csaba	291
KEY EMPLOYMENT INDICATORS IN EU AND ROMANIA	
Neacşu Mădălina Nicoleta	
Bâldan Cristina Florentina	
SOCIO-ECONOMICS POLICIES AND THE EFFECTS ON THE NATURAL CAPITAL	
Negrei Costel	
Trica Carmen Lenuta	
THE EDUCABLENESS. THE FACTORS THAT PRODUCE THE EVOLUTION OF	
HUMAN BEING	
Niculcea Silviu Petrisor	
SUBVENTIONS WITHIN THE MINING SECTOR AND REGIONAL ECON	
DEVELOPMENT	
Niţă Dorina	
Drigă ImolaTHINKING AT THE INTERDISCIPLINARY FRONTIER. AN INSTITUTIONAL ANA	310
OlI. CI	
Olah SerbanTHE IMPLICATIONS OF INTERNAL DEMAND OVER ECONOMIC GROWI	
ROMANIA	
ROMANIA Părean Mihai Olimpiu	
Adamovici Silvana Biliana	
THE IMPORTANCE OF CERTIFICATION SCHEMES IN SUSTAINABLE DEVELOP	
OF TOURISMOF CERTIFICATION SCHEMES IN SUSTAINABLE DEVELOF	
Peţan Ioana Cristiana	
THE TOURISM INDUSTRY AND THE USE OF INTERNET	344
Petan Ioana Cristiana	
CENTRAL BANKS AND LIQUIDITY CRISIS	348
Piroșcă Grigore Ioan	
Mohanu Florina,	
Curea Ștefania Cristina	
THE NEW EDUCATION IN THE NEW ECONOMY – NEW CHALLENGES FOR	<i>34</i> 0 ₹ THF
ROMANIAN ECONOMY	
Platis Magdalena	
Popescu Gh. Cristina Raluca	
ROMANIA, BETWEEN ETHOS AND DEVELOPMENT	
Plopeanu Aurelian Petruș	
AN INSTITUTIONALIST OUTLOOK ON THE ORIGINS OF PROPERTY FROM	996 I THF
PERSPECTIVE OF TRANSACTION COSTS	
Pohoaţă Ioan	
Iacobuţă Andreea-Oana	
THE TAXONOMY OF THE SUBTERRANEAN ECONOMY	
Pop Georgeta	
INVESTMENT IN HUMAN CAPITAL FOR ROMANIA IN CONTEXT OF EURO	
UNION INTEGRATION	
Popa Raluca Andreea	
PARADIGMS OF THE ECONOMIC GROWTH AND THE ECONOMETRIC MODELLI	
Popa Suzana	
SIMILAR ASPECTS REGARDING THE INFRACTIONS WITHIN THE REGIME TH	IAT IS
ESTABLISHED FOR CERTAIN ECONOMIC ACTIVITIES	

Popoviciu Laura Roxana	384
SUSTAINABLE DEVELOPMENT OF TRANSPORT SERVICES AS AN IMPORTANT	
OF THE TOURISM SERVICES	388
Popescu Delia	388
State Olimpia	
Marin- Pantelescu Andreea	
ARE REMITTANCES IMPORTANT FOR THE ROMANIAN ECONOMY?	395
Popescu Cristian C	395
Juverdeanu Lăcrămioara	
SENSE OR COUNTER-SENSE CHANGE IN THE CONTEXT CREATED BY THE	
ECONOMY	
Popescu N. Gheorghe	
Popescu Veronica Adriana	
Popescu Gh. Cristina Raluca	
THE DETERMINANTS OF HUMAN CAPITAL IN ROMANIA	
Popescu Cristian C.	
Diaconu Laura	
ROMANIA FACING THE MONDIAL GOVERNANCE ERA	
Popescu Silvia Elena	
Adam Alexandra	
Mihai Roxana Lucia	
Popescu Constanta	
THE MANAGEMENT OF THE COMPANY THROUGH DIVIDEND AND THE ETH	
DIMENSION OF THE DECISIONS TAKEN IN ETHIS FIELD	
Prunea Petru	
THE SPREAD OE ECONOMIC IDEAS AMONG ROMANIAN PEOPLE. CASE ST	
BOGDAN PETRICEICU HAŞDEU	
Rogojanu Angela	
Şerban-Oprescu George-Laurentiu	
Pirosca Grigore Ioan	
EUROPEAN INTEGRATION BY MEANS OF ENERGETIC INTEGRATION	
Rotaru Marius-Petre	
SUSTAINABLE DEVELOPMENT AND COMMUNITY PARTICIPATION IN ORADEA	
Săveanu Tomina	432
ROMANIAN BLACK SEA SIDE	
Secară Mirela	
DECISIONS ET COMPETITIVITE SUR LE MARCHE UNIQUE EUROPEEN	440
Sîrghi Nicoleta	
Cismaş Laura	
THE ANALYSIS OF EQUITY-EFFICIENCY TRADE-OFF IN THE EUROPEAN U	
ECONOMY	
Socol Cristian	
Socol Aura-Gabriela	
Marinaş Marius-Corneliu	
WHAT IS WRONG WITH OUR SCHOOLS? A GUIDE TO EDUCATION REFORM	
Staicu Gabriel	
Marinescu Cosmin	
Pană Marius	
LA CRISE GLOBALISÉE DE L'ENVIRONNEMENT NATUREL	
Stanciu Marieta	
LE DÉVELOPPEMENT DURABLE - UN NOUVEAU TYPE DE DEVELOPPEN	
ECONOMIQUE	
Stanciu Marieta	
Mangra Mădălina Giorgiana	
THE GLOBAL ASPECT OF THE UNDERGROUND ECONOMY	

Şchiop Cristian	469
THE KEYNESIAN THEORY OF PRICES	
Şerban-Oprescu George-Laurentiu	
Şerban-Oprescu Anca-Teodora	473
EMIRICAL ANALISYS OF ROMANIAN PLANT'S DECISSION REGARDING POLLUT	ION
ABATEMENT EXPENDITURE	
Şova Robert,	
Şova Anamaria	478
Nitica Ciubotaru	478
Cimpoeru Violeta	478
THE ECONOMIC UNIVERSITY EDUCATION - AN OPTION FOR THE HIGH SCHO	OLS
GRADUATES FROM ROMANIA	483
Ştefănescu Razvan	483
Nistor Costel	
Dumitriu Ramona	
ASPECTS OF THE SUSTAINABLE DEVELOPMENT IN ROMANIA	492
Ştefănescu Florica	
EVALUATION OF NATIONAL BANK OF ROMANIA MONETARY POLICY CREDIBII	ITV
Toader Valentin	
Rus Veronica Rozalia	
GLOBALIZATION, A COMPLEX AND CONTRADICTORY PROCESS WITH MULTI	
MEANINGS	
Toboşaru Irina COMPETITIVENESS IN THE AGE OF GLOBALIZATION. THE CASE OF ROMANIA	30/
Toma Sorin-George	
Marinescu Paul	
Ianole Rodica	
ANALYSIS OF THE PENSION EXPENDITURES IN ROMANIA AND OTHER COUNTI	
Tuță Loredana	
THE SOCIAL PROTECTION COSTS. SPHERE OF CONTENTS. COMPONENTS	
Tuţă Loredana	
Micu Cristina	
THE EVALUATION OF THE INFORMATIVE FUNCTION OF THE COMPLEX OF BALT	
MICI OF BRAILA	
Trica Carmen Lenuta	
THE GROWTH OF ECONOMIC COMPETITION AND THE DEVELOPMENT	
ECONOMY BASED ON KNOWLEDGE	531
Vechiu Camelia	531
Enache Elena	531
Morozan Cristian	531
CREDIT SCREENING AND THE LIMITS OF TRANSPARENCY AND COMMUNICAT	ION
IN ROMANIAN BANKING SYSTEM	
Zamfir Ana-Maria	
Hornoiu Remus Ion	
CORRUPTION IN SERVICE PROVIDING COMPANIES, IN THE CONTEXT	
ROMANIA'S INTEGRATION IN THE EUROPEAN UNION	
Zdoroveţchi Cristina	
GREEN CERTIFICATES MARKET	5/18
Zugravu Paul	
Zugravu Faut Gherman Anca Maria	
Onerman Anca Maria	
USINESS ADMINISTRATION	.553

CONCEPTUAL ASPECTS AND INFLUENCE FACTORS OF TOURISTIC E	
PROFITABLENESS	
Asaloş Nicoleta	
Spãtariu Elena Cerasela	
Grozea Cristina Mihaela	554
VARIABLES OF THE IMAGE OF TOURIST DESTINATION	
Ban Olimpia	559
L'ACCROISSEMENT DE L'ATTRACTIVITE DE L'OFFRE TOURISTIQUE	
ROUMAINE	
Ban Olimpia	
Ardelean Sidona	
CORPORATE GOVERNANCE IN ROMANIA (I – STRUCTURAL DEVELOPME	
COMPANIES AND FINANCIAL SECTOR IN ROMANIA)	
Bădulescu Alina	570
CORPORATE GOVERNANCE IN ROMANIA (II - CONSIDERATIONS ON	
COMPLIANCE ON OECD PRINCIPLES ON CORPORATE GOVERNANCE)	
Bădulescu Alina	576
A HISTORY OF THE CONCEPT OF SUSTAINABLE DEVELOPMENT: LI	ITERATURE
REVIEW	
Bâc Dorin Paul	
SUSTAINABLE DEVELOPMENT - A THEORETICAL APPROACH	
Bâc Dorin Paul	
SUSTAINABLE DEVELOPMENT STRATEGIC DIRECTIONS FOR AGRI	ICULTURAL
HOLDINGS	
Burja Vasile	
SYSTEM OF INDICATORS OF THE PROFITABILITY FOR COMPANIES OPE	
FOREIGN TRADE	
Căruntu Constantin	
Lăpăduşi Mihaela Loredana	
RELATION: FOODS QUALITY - RAW MATERIALS MANAGEMENT	600
Condrea Elena	600
Constandache Mihaela	600
Stanciu Anca Cristina	
THE CONSUMERS' PROTECTION IN ROMANIA - AUTHORITIES' P	ERMANENT
PREOCCUPATION	
Condrea Elena	
Popovici Veronica	
Bucur Crina Raluca	
PRODUCTS TRACEABILITY - NECESSITY OF THE MANAGEMENT	OF THE
DISTRIBUTION CHAIN	611
Constandache Mihaela	
SOME LOCAL OPINIONS AND BUSINESS PHILOSOPHY OF SMES	615
Crăciuneanu Viorel	615
Săvoiu Gheorghe	615
"TOURING NATURE: THE PAN-EUROPEAN ROUTES TO RURAL ECOT	URISM - A
GLOBAL METAPLAN AND IT'S LOCAL INFLUENCE"	622
David Gabriela	
THE ANTITRUST EFFECTS OF THE FIXED CONVERSION RATE. THE	E CASE OF
GERMAN BANKS	627
Dima Alina Mihaela	
Pantea Carmen	
FINANCIAL MANAGEMENT IN CRISIS SITUATION, PILOT STUDY F	REGARDING
ROMANIAN PRACTICE	
Dumitrescu Dalina	632
Rasca Lavinia	632
Firica Qana	632

THE IMPACT OF THE CRUISING INDUSTRY ON LOCAL DESTINATION	
Dridea Catrinel Raluca	
Gheorghe Camelia Monica	636
THEME PARK – THE MAIN CONCEPT OF TOURISM INDUSTRY DEVELOPMENT	
Dridea Catrinel Raluca	
Strutzen Gina	641
THE VIRTUAL FIRM AND THE ELECTRONIC BUSINESS' PERSPECTIVES	
Epure Dan	647
FIRMS' FINANCING POSSIBILITIES WITHIN THE EUROPEAN	
ENVIRONMENT	
Epure Dan	
REGIONAL HEALTH MANAGEMENT – ESTABLISHING THE HEALTH REGIO	
FUTURE	652
Fastenmeier Heribert	
Leuca Mirela-Florina	
ENTREPRENEURSHIP AND PERFORMANCE	
Gust Marius	
Panoiu Laura	
Dobre Andreea	
CORPORATE SOCIAL RESPONSABILITY - STRATEGIES IN EUROPEAN STYLI	
Grigore Georgeta	662
A GENERAL FRAMEWORK OF CORPORATE SOCIAL RESPONSABILITY	666
Grigore Georgeta	666
COMPETITIVENESS IN THE CONTEXT OF LASTING DEVELOPMENT	
EUROPEAN UNION	
Iancu Anica	
Popescu Luminita	
CORPORATE SOCIAL RESPONSIBILITY IN THE ROMANIAN BANKING SECTO	
Joldeş Cosmin	
Belu Mihaela	
Iamandi Irina Eugenia	
COMPARATIVE ANALYSIS	
Kiraly Krisztina Paula	
ETHIQUE, COMMUNICATION ET TOURISME	
Kiyindou Alain	
Ţigu Gabriela	
LOGISTIC ACTIVITIES AND GLOBAL ECONOMIC ENVIRONMENT OF BUS	
THE COMPANU, ORGANIZATIONS AND INSTITUTIONS	
Lăpăduşi Mihaela Loredana	692
ASPECTS OF THE IMPACT OF POPULATION AGEING ON HOSPITALS	
Leuca Mirela-Florina	
Fastenmeier Heribert	
CORPORATE GOVERNANCE IN CENTRAL AND EASTERN EUROPE: CONV	
TO EUROPEAN CORPORATE GOVERNANCE?	
Lupu Iulia	
EXCELLENCY OR CHAOTIC GLOBALIZATION IN TOURISM?	
Mazilu Mirela	
Marinescu Roxana Cristina	
CERTAIN CONSIDERATIONS REGARDING THE METHODOLOGY OF INVEST	
OF THE TAX EVASION CRIMINAL OFFENCES	
Mihuţ Elena - Ana	
OBSERVATIONS REGARDING THE DISCLOSURE OF THE ECONOMIC SECRE	
Miheş Cristian D	
Ardeleanu – Popa Carmen Teodora	
THE YOUTH TRAVEL OFFER AND THE FACILITIES GIVEN TO THE YOU	
PRACTICING TOURISM ON THE ROMANIAN MARKET	720

Moisă Claudia Olimpia	
CORPORATE REPUTATION IN ROMANIAN SOCIO-ECONOMIC CONTEXT	
Pantelică (Şerbănică) Cristina	726
COSTS INFORMATION SYSTEM AND DECISION PROCESS	
Paraschivescu Dumitru Marius	
Bucşă Radu Cristian	733
LA QUALITÉ DU SERVICE – LES MODÈLES CONCEPTUELS	
Paraschivescu Andrei Octavian	
Căprioară Florin Mihai	737
EUROPEAN POLICY FOR QUALITY AGRICULTURAL PRODUCTS - STUDY CASE D	AIRY
PRODUCTS	
Pop Cohuţ Ioana	
Pup Anca EUROPEAN POLICY FOR QUALITY AGRICULTURAL PRODUCTS APPLIE	
ROMANIA FOR DAIRY PRODUCTS	
Pup Anca	
KEY DEVELOPMENT STRATEGIES FOR SMALL AND MEDIUM ENTERPRISES IN	
CONTEXT OF EUROPEAN INTEGRATION	
Purcarea Irina	
THE EXPANSION OF THE SERVICES FOR ENTERPRISES IN ROMANIA	751
Rabontu Cecilia Irina	
E-BUSINESS IN THE CONTEXT OF GLOBAL COMPETITION	
Rogojanu Angela	
Badea Liana	
INNOVATION - SOURCE TO OBTAIN THE COMPETITIVE ADVANTAGE IN	
GLOBAL ECONOMY	
Şipoş Gabriela Lucia	
TAX-HAVEN COMPANIES	
Teacă Mihaela	772
Mihăilă Carmen Oana	
LA DÉCISION STRATÉGIQUE ET SES IMPLICATIONS DANS LE DÉVELOPPEN	
D'UNE AFFAIRE: OPPORTUNITÉS, DANGERS, PROVOCATIONS ET RISQUES	
Tureac Cornelia Elena	
Turtureanu Anca Gabriela	776
LES DIMENSIONS DU MARCHE DES FUSIONS ET DES ACQUISITIONS EN ROUM	
Vancea Mariana	782
LES FUSIONS ET LES ACQUISITIONS- FORMES DE DEVELOPPEMENT	
ENTREPRISES	
Vancea MarianaARE YOUR SATISFIED CUSTOMERS LOYAL ?	
Viulet Nicoleta – Cristina	
Villet Nicoleia – Cristina	
BUSINESS Viulet Nicoleta-Cristina	
Y 1111CUEM-CI ISHIM	001
CONOMIC STATISTICS	ያ ስራ
OPTIONS FOR DATA COLECTION FROM THE MAIN STAKEHOLDERS INVOLVI	
THE PUBLIC HEALTH SYSTEM REFORM	
Andrei Tudorel	
Călin Cătălina Liliana	
Tusa Erika	
Iacob Andreea Ilizia	
CARACTERIZING THE PUBLIC HEALTH SYSTEM REFORM USING THE STATIST	
SURVEV APPROACH	813

Andrei Tudorel	813
Călin Cătălina Liliana	813
Tusa Erika	813
Stancu Stelian	
THE ANALYSIS OF THE UNEMPLOYMENT SEASONALITY IN ROMANIA	819
Balan Christiana Brigitte	819
Gagea Mariana	819
THE ASSURANCE OF THE MACROECONOMIC EQUILIBRIUM - PRIORITY OBJEC	TIVE
OF THE ECONOMICAL POLICY	825
Bălăcescu Aniela	
Tomescu Dumitrescu Cornelia	
ANNUAL AVERAGE (LEI/USD)	826
MIGRATION OF THE ROMANIAN WORKFORCE IN THE PERIOD 1989-2006 ST	AGES
AND TENDENCIES	830
Begu Liviu-Stelian	830
MÈTHODES D'ANALYSE MULTIFACTORIELLE POUR L'INDICATEURS	
COMMERCE EXTÉRIEUR	833
Boboila Cristea	
ANALYTICAL METHODS FOR SEASONAL TRENDS OF ROMANIAN FOREIGN TI	RADE
	838
Boboila Cristea	
ABOUT RISK PROCESS ESTIMATION TECHNIQUES EMPLOYED BY A VIR	ΓUAL
ORGANIZATION WHICH IS DIRECTED TOWARDS THE INSURANCE BUSINESS	844
Covrig Mihaela	844
Serban Radu	844
PROGNOSIS OF MONTHLY UNEMPLOYMENT RATE IN THE EUROPEAN U	NION
THROUGH METHODS BASED ON ECONOMETRIC MODELS	851
Gagea Mariana	851
Balan Christiana Brigitte	
THE IMPLICATIONS OF COMPUTERIZATION IN THE CHANGES OCCURRING IN	
ROMANIAN HIGHER EDUCATION VARIATION AND STRUCTURE	857
Hapenciuc Cristian Valentin	
Zaharia Marian	857
Zaheu Ioana	
INCREASE OF CONSUMER PRICES IN ROMANIA IN THE FIRST YEAR AS A MEN	
STATE OF THE EUROPEAN UNION	
Harja Eugenia	
CHANGES IN ROMANIA'S POPULATION DISTRIBUTION ON LOCALITIES IN 1990	
PERIOD	
Harja Eugenia	868
THE INFLUENCE OF FINAL CONSUMPTION ON EMPLOYMENT IN ROMANIA	
Herman Emilia	873
THE INVESTMENTS IMPACT ON THE EMPLOYMENT IN ROMANIA	
Herman Emilia	
POVERTY ASSESSMENT AT HOUSEHOLD LEVEL USING A POVERTY COMPO	
INDICATOR	
Ionescu Alina Măriuca	
THE VOLATILITY OF THE FINANCIAL MARKET – A TEORETICAL APPROACH	892
Meşter Ioana Teodora	
THE VOLATILITY OF THE FINANCIAL MARKET – A QUANTITATIVE APPROACH.	
Meşter Ioana Teodora	
MACROECONOMIC MODELS OF ECONOMIC GROWTH BASED ON INVESTMENTS	
Popa Suzana	
THE INFLUENCE OF THE INTEGRATION PROCESS IN EU ON THE ROMA	
INFLATION DYNAMICS	
Savulea Dorel	908

A STATISTIC ANALYSIS ON ROMANIAN SEASIDE HYDRO TOURISM	
IMPORTANCE WITHIN ROMANIAN HYDRO TOURISM	
Secară MirelaAUTOREGRESSIVE MODELS FOR ANALYSIS OF FOREIGN INVESTMENT II	
AUTOREGRESSIVE MODELS FOR ANALYSIS OF FOREIGN INVESTMENT II	
Şipoş Ciprian	
şipoş Ciprian Boleantu Mihai	
ECONOMETRIC MODEL WITH CROSS-SECTIONAL, TIME SERIES, AND PA	
Tomescu Dumitrescu Cornelia	926
THE OPTIMUM DIMENSION OF COMPANY FOR MAXIMIZATION OF PRO	
THE REGRESSION METHOD	
Tomescu Dumitrescu Cornelia	
Aniela Bălăcescu	930
THE IMPACT OF CULTURAL-CREATIVE INDUSTRIES ON THE ECONOMIC	GROWTH -
A QUANTITATIVE APPROACH	
Ţiţan Emilia	934
Voineagu Vergil	
Todose Monica	934
THE EXTERNAL PAYMENTS' BALANCE AND THE ROMANIAN ECONOMI	
BETWEEN 1996 AND 2006	
Turturean Ciprian-Ionel	
Jemna Dănuţ-Vasile	
ECONOMIC FREEDOM, GLOBALIZATION, CORRUPTION AND MACRO	
RESULTS	
Săvoiu Gheorghe	
Cruceru GheorghePERSPECTIVES OF THE YOUNG GRADUATES ON THE LABOUR MARKET	
Vîrjan DanielaVîr	
Virjan Daniela Cretu Raluca Florentina	
Militaru Marina	
CHAOS MODELS IN ECONOMICS	
Vlad Sorin	
STATISTICAL STUDY CONCERNING THE URBAN TOBACCO'S CONSUM, PI	
THE CONSUMERS' BEHAVIOUR CHANGES	
Zaharia Marian	
Cristache Silvia-Elena	
Şerban Daniela	
,	065

ECONOMY

THE EDUCATION ROLE FOR THE YOUNG PEOPLE INSERTION IN THE ACTUAL LABOR MARKET

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Abstract: Business leaders, politicians and academic researchers agree that in a world where materials, technology and even know-how are widely available and easily transportable, the factor which makes the significant difference is **people**. These are important times for education in all the countries. Therefore, Romania has to take into account the fact that the economy performances and the ability to stand against the international competing pressures, especially under the integration circumstances are directly related to the quality of the human factor and to the structural modification of the labour force. In this respect, an important role in attaining these objectives play the actions aiming the increase of the labour force training level, concomitantly with the re-qualification and re-orientation thereof depending on the existing and predictable demand on the labour market. The European context requires the necessity for Romania to adapt itself to the conditions of the new economy and to the knowledge society, in which the competing advantage is obtained by innovation and by a government management able and decided to increase the aggregate efficiency (economic, social, ecological) of the whole labour potential of the country.

Key words: education, employment, labor market, knowledge society

Changes in the modern workplaces, brought about by technology, management innovations and increased competition in the global marketplace, have led to many concerns about the adequacy of workforce skills. Therefore in the contemporary society investing in people and skills is essential. One important ingredient of investments in people is considered to be investment in education.

Education consists in that fundamental social process of transmission of life experience to adult generations and of culture to children and youth generations, in order to prepare them for life, for their integration into society. Education is accomplished within the family, but also within an institutional environment (school, church, army, professional associations, sports, etc.). The educational process follows the formation of the human personality and is accomplished at different levels and areas according to the followed objectives.

The contemporary specialists almost from all areas are preoccupied to find some adequate answers regarding the growing role of the education. Most of them reached the conclusion that *there are two motifs which make social sciences to have an interest in education:* (a) this is *transmitted to the people*, through its culture, no matter the practices, customs and manner of thinking; (b) the transmission is made *through some institutions*, some of them playing a bigger social role. Of this double process handles the ethnologists and the psychologists, and also the economists and sociologists. The former search and research the individual effects of the transmission of the education, the others of the social context of the functioning of the institutions and the manner in which the education contributes to the cultural progress and to the leap from one civilization to another.

The need for education is real for all categories of people, because, "in the fight for adapting and changing it is necessary first to modify our way of perceiving and of understanding the things from the life we live in. In essence, it is about modelling together, by investing in ourselves, the character and also the entire personality, so that we may accomplish a balanced auto-renewal in the transition process ..."

Under the impact of the explosion of informational technology and the new economy, education suffers significant changes, as it becomes continuous and interactive, and on the other hand supposes the capacity to use efficiently, rapidly and creatively the knowledge, and the available information, easy to access, especially by means of the Internet.

On the other hand it appears the tendency to accentuate the specialization on different domains. The pass from general education to the specialized one does not mean the abandoning of the former. While the society is encountered in an ongoing change, generating new solicitations towards education means that the man in his turn, is almost seen as a receiver of the learning action.

Thomas Friedman, in his paper Lexus and the olive, argued: "the dominant tendency in the universities and thinking factories is oriented towards a specialization more and more narrowed: entering in depth in one single field is more appreciated than the overview over more. But, without having the consciousness of the whole – without feeling that different means for accomplishing our goals or for frustrating us converge – we cannot talk of a strategy. And without a strategy, you can expect nothing else than a drift movement."

University education is organized around disciplines. However, in university education students acquire not only field-specific knowledge and skills but also general academic knowledge and skills. General academic knowledge and skills are needed to acquire a coherent body of specific-field knowledge. By learning about specific-field knowledge, students also acquire general academic knowledge and skills, which in turn increase the effectiveness of the learning process through which field specific knowledge and skills are acquired. Furthermore, general academic knowledge and skills, but also foster the development of other skills valued in the labor market.

Educational and training have become crucial in the process dedicated to build a Europe of knowledge and a knowledge based society. Many studies have confirmed the importance of investment in education as a determinant of economic growth.

If we look at a sorted list of nations with the highest level of secondary schooling we would notice these to be the richest countries in the world, based on GDP per capita. High rates of education are essential for countries to achieve high levels of economic growth. In theory poor countries should grow faster than rich countries because they can adopt cutting edge technologies already tried and tested by rich countries. But economists argue that if the gap in education between a rich and a poor nation is too large, as is the case between the poorest and the richest nations in the world, the transfer of these technologies that drive economic growth becomes difficult, thus the economies of the world's poorest nations stagnate.

An important motivation for individuals to invest in education is that the acquired knowledge and skills tend to raise productivity and hence earnings potential. A further important motive behind acquiring more education is to gain a stronger foothold in the labor market and thus lower the risk of unemployment. Educated workers are more likely to participate in the labor market and their active working life is generally longer than for those with lower educational attainment. For example, the employment rate by highest level of attained, of EU countries shows this tendency. This indicator is calculated by dividing the number of employed people within age group 25-64 years having attained a specific level of education, by the total population of the same age group. Level is coded according to the International Standard Classification of Education (ISCED, 1997): . Pre-primary, primary and lower secondary education: levels 0-2 . Upper secondary and post-secondary non-tertiary education: levels 3-4 . Tertiary education: levels 5-6. The indicator is based on the EU Labour Force Survey (LFS), covering the entire population living in private households and excluding those in collective households such as boarding houses, halls of residence and hospitals.

Table 1

	1995	2000	2005	2006
EU (27 countries)		48.8	47.5	47.8
Germany	45.2	55.3	42.5	44
France	46.2	46.1	48	47.6
Italy	43.3	44.1	46	46.4
Austria	53.3	47.8	47.2	49.6
Hungary		29.1	28	27.6
Poland		28.1	23	23.3
Romania		53.9	39.6	39.6

Bulgaria		30.4	29.3	28.9
Finland	43.5	50	45.8	46
Sweden	58.9	55.7	52.5	53.3
Norway		60.8	47	55.6

Employment rate, by highest level of education attained (% of age group 25-64 years)

Pre-primary, primary and lower secondary education

Table 2

	1995	2000	2005	2006
EU (27 countries)		68.3	68.4	69.3
Germany	69.2	69.9	70.1	71.5
France	67.2	69	69.2	69
Italy	60.7	63.5	66.8	67.9
Austria	74.6	73.7	73.4	74.8
Hungary		66.7	64.9	65.1
Poland		62.3	56.7	58.3
Romania		68.2	63.8	64.9
Bulgaria		59.3	65	68.1
Finland	64.5	72.4	72	72.9
Sweden	77.4	77.5	78.6	79.2
Norway		80.6	76.7	79.6

Employment rate, by highest level of education attained (% of age group 25-64 years)

Upper secondary and post secondary non tertiary education

Table 3

	1995	2000	2005	2006
EU (27 countries)		82.4	82.7	83.3
Germany	86.3	88.2	86.2	87.1
France	76.9	78.7	78.4	78.7
Italy	80.6	81	78.5	78.2
Austria	88.4	85.8	84.2	85.5
Hungary		82	82.5	81.2
Poland		83.8	81.1	81.7
Romania		83.9	84	86.1
Bulgaria		77.4	80.3	82.1
Finland	81.5	84	84.2	85

Sweden	87.6	82.7	86	86.2
Norway		87.5	87.5	89

Employment rate, by highest level of education attained (% of age group 25-64 years)

Tertiary education

Source: Sustainable Development Indicators, EUROSTAT, http://epp.eurostat.ec.europa.eu

The employment rate, by highest level of education attained is the lowest in the Czech Republic, Poland and is the highest in the Denmark, Iceland, Norway. This indicator has increased in the last years in Romania, but Romania has to follow current European trend, targets. Some studies shows that Romania labor force has lacks in qualification therefore the educational system must be reoriented in concordance with the demands on the work market. On a first view the demands on the work market can be covered through professional and high-school education. Though, beside the general knowledge obtained from the educational system is needed a professional guidance, where the role of the company that benefits of the work resources well qualified is critical. The circumstance of competition and competitiveness determined the companies to really imply in the guidance of their employees.

The influence exerted by the education system over the labor offer does not apply only on qualitative side, especially on its diminishing as a result of the growth of those that are in different preparation forms, but is constitute in one of the most important factors in modeling the labor offer from a qualitative and structural point of view, representing also the place where the option of the young generation for a particular kind of activity is showed.

In present in Romania the work world is pretty inflexible because they still function on the idea that once you graduate a form of education and you are placed in a specific job, that person should not learn or adapt to technical and technological changes for as long as they live. The labor market tendencies show something different. So that as long as they live the persons changes their jobs for at least 2-3 times. The Romanian education should deal with this fundamental issue that is responsible for the good going of the economy in general and of the work market in particular.

Education is the most secure possibility of people to confront with an insecure future. This increases the chances to find a job, but it doesn't mean is a guarantee in fighting with a possible unemployment. If, in the past, a person after having some professional knowledge or some qualification, had gained a job and did not suffer important changes during its active period of work, nowadays to be able to adapt to the new evolutions, the working force should start a professional continue and constant preparation process.

Romania has the highest percentage of early school leavers in the region, with 23% of the population between 18 and 24 leaving all forms of education, and the lowest percentage of life-long training. Expenditure on education is one of the lowest among CEEs countries. Long-term unemployment among recent graduates indicates a mismatch between the skills the education system provides and the labour market demand. The education system is undergoing a comprehensive reform, which has already produced significant changes, especially in compulsory educations. For instance, beside EU countries, Romania is on the last places regarding population with tertiary education per 100 population (11,1% toward 22,8% - EU 25) and percentage of those that are participating in life-long learning per 100 population (1,6% toward 11% - EU 25).

Assuring the professional preparation is a problem that concerns not only companies, employers but also governments. In this way, the state through Ministry of Labor, Social Solidarity and Family had decided to get involved in solution this problem so in National Development Plan from 2007 until 2013, that specify the Romanian domains that need major intervention into the human resources domain, had been elaborated a program that will bring the labor force to the Union standards. The general objective of the program is to develop the human capital, to make the durable adhesion on the labor market of a widely number of person. This can be possible through:

- the grouth in education and professional preparation of human fund
- to promote the entrepreneur culture
- to facilitate the access of young people on labor market
- to improve the access on jobs for unemployment people

- the reinsertion on work market of inactive persons including rural areas
- reforms in educational system.

Public financial support for education increases the incentive to invest in education by lowering the cost of investment. Student loans and grants alleviate financing constrains and often involve a significant subsidy element. At the tertiary level, the average subsidy rate ranges from 50 per cent or less in Japan, Korea and the United States, to close to 100 per cent in some European countries such as Austria, Denmark, Iceland, The Netherlands and Switzerland.

This process is possible in time, because the educational system hardly adapts to the market economy realities, its difficulty being a common factor in many economies that are in transition. Moreover, the people can not gather new capacities and knowledge easily. Even if the market asks, it takes time until the workforce can offer them.

So, Romania has to follow current European trend and to take into account the fact that the economy performances and the ability to stand against the international competing pressures are directly related to the quality of the human factor and to the structural modification of the labour force.

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THE IMPLICATION OF EXTERNAL DEMAND IN PROCESS OF ECONOMICAL GROWTH IN ROMANIA

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International economical trade, external trade with consumption goods and investment goods creates the important factors of even growth of economy, and of the evolution of the macroeconomics indicators and of the external Balance of payments. Import and export play an important part in the overall evolution of national economy, in convening variants necessities of production or direct consumption, each of them creating both a premise but also a consequence of the effect of the economical-social progress. The commercial deficit, which is high, reflects, practically, the low competition of Romanian products and services outside Romania, this showing that there are good opportunities for offer growth, and for economical growth.

Keywords: external demand, economical growth, competitively, commercial balance.

1. Economical activities

Some specialists have an opinion that there is a law of external constraint that takes the shape of certain competitive conditions and underlines at the spur of the moment the nature of relations between the exchange partners. The determinants of this global demand size, called the determinants of external balance, are export and import, and are for talking into consideration the fact that in the vast majority of cases, the same factors, but with different sense influences, are determining the size of exports and imports.

The volume and structure of economical activity and competitively are two main categories of determinants of external balance, which because of theoretical consideration can be analyzed separately.

Industrial activities and even the ones in service market need important intermediary consumption. Imports can relate to an area of resource unavailability, as far example: energy is certain raw material, or can be related to the effects of international labour division, which takes shape in specializing certain economics; in producing certain components and/or pre-made products.

Usually, when the production level increases, and so does the gross domestic product imports, components of intermediary consumption are missing as well.

Even more, the export induces himself frequently the amplification of these imports. Import for intermediary consumption is a main reason of the existence of direct relation between the level of national production and the level of imports. National production, is in the same time a process of distribution of became between employers and enterprise. The wages paid and the saw operation revenue buying of end user merchandise and of equipment merchandise for enterprises. This can be considered the second reason of the existence of positive relation between the economical activity and import, knowing that a part of final consumption of householders and the demand of equipment for enterprises is satisfied by importing.

One of the aspects that need to be analyzed is the effect of differences in the economical growth level, and this thing has to be taken into consideration as long as the different growth levels belong to different phrases of the economical cycle through which one or another economy passes.

If we admit that an economy wants an independent relaunch, and it neglects so-called the feed-back effects, the effect of an isolated relaunch will be creating of a commercial deficit for the country where it freelanced itself in

Imports are driven by internal activity; the exports are destructed or determined by external conjunctive. If we suppose that this commercial imbalance is not income of national factors which operas abroad, for example the subsidence's which operate abroad, make even by an surplus from certain tourism services, commercializing same patents, not even by a surplus of foreign investments in balance its local investments abroad, in this case, the commercial imbalance is as well an imbalance in payment balance of national economy with the rest of the world. This phenomenon corresponds to the so-called external restriction. If the local gross domestic product that backs up the commercial balance, then the reabsorption of unemployment can not be made only by sacrificing the external balance. As this type of sacrifice can not be accepted on a long term bases because it would concretize by an accumulation of commitments for the rest of the world, in these circumstances, in the end, the external balance will determine a restraint of the possibilities of internal growth.

The exchange partners are usually constrained in the same way. What is difficult is the intensity of the constraints which he have to satisfy, and from here one of the empiric reason of growth different. The difference of gross domestic product growth offers the possibility of formulating same conclusion quite superficial, just by the correlation that is supposed to exist between the growth level, the factors in which the growth is based on and the national economical conjuncture, but the world one as well.

2. Product competitivity

Competition can be looked at under two aspects: competitive price and a competitive those overalls the price.

First aspect refers to the relative evolution of the product price, an foreign markets, while the second aspect has to be looked at as a final affect and this because its role seems to become more and more important.

Competitive price takes into consideration the own price evolution, scaled with the ones on the international market, and it is obvious on its behavioral forms. A close study separates the competitive external by using the price, as long as the process of internationalization the commercial relations is being mentioned , in the competition conditions, in other words prices and quantities are different from country to country, for the faces of its own market mechanism to attenuate the differences.

What has to be known is that we can not contest the complex behavior of the non-price competitively phenomenon. More than that, there is not a unique hierarchy by the prism of non-price competitively, more sort of different intensities of external constraint in balance with the trade partners.

From the point of view of the competition, the quality of the specialization is one of the decisive factors, this way, a specialization offers the national economy high training skills. Such effects appear if the enterprises in the country are specialized an products for which the global request is dynamic or are orientated towards geographic areas which have a large increase in imports.

The trade intensity of a country depends of induced barriers from the commercial policy area, but of geographic barriers as well. Commercial policy barriers are influenced by economical performance, while the geographic barriers distance from sea, from the other countries, population size are not affected by the economical performance. Frankel and Romer¹ observed that the elements induced by geography in trade, affects the economic growth: the growth by 10% of commerce level in the gross domestic product determines the intensification of the rate of growth with 10-20%. If they are included, however, other variables, the positive results of economic trade growth within gross domestic product disappear.

Rodriguez and Rodrik² state that while commercial policies search to resolve the market failures, the commercial restrictions can consist a factor of growth. Even if, the commercial policies, with the geographic conditions affect the economic growth, the size of the effect of the two categories of factors is very different, because, for example, the technical progress offers another perspective over the distances. In a similar ways, the impact of custom over the commerce changed as long as foreign direct investments developed along with the externalization of the activities.

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¹ Crăciun L., Barbu M. C., - *Poziția geografică – determinant al creșterii economice?* în "Revista tinerilor economiști" nr. 5/2005, Craiova, 2005, p. 148

² Idem

Most countries that do not have sea exit are poor, with the exception of some countries in Western Europe strongly integrated in the regional economic market and connected from the zones of coast by cheep transport routes. Overall, at a worldwide level, there are 35 countries with a population of over 1 million of habitants without sea exit and 28 of these countries are outside Europe. From the 28 continental countries outside Europe, the best placed country in the richest nations worldwide is Botswana (47 in the world) which owns its riches due to well – managed diamond mines. It is followed by Paraguay on the second place

For national economy, it is obvious s that at a certain time the process of degradation of specialization as an effect of certain conjuncture which takes into consideration the traditional preference for certain countries under development or by an insufficient specialization in products for which the request grows very fast on the worldwide market and on the internal one as well.

Insufficient specialization (geographic and sectorial) can be corrected in dynamics, at least by the countries that have the capacity to modify the specialization in the way the global demand heads to.

3. Balance of trade

The effect of dynamic global demand over the external balance is transforming in one of the main problems that have to be paid attention to when we put a solid bases the policy the international economic relations sector.

So, the net export influences the aggregated request and the economic growth, especially when this is negative.

CIF costs include transport and insurance the FOB costs do not include the transport and insurance.

From table 1 we can observe that the whole period taken into consideration when we consider that it began to record economic growth in Romania, we can see the fact that imports increases more than exports each year, and so we can explain the depth of the economic trade deficit, by using an method of calculus. A special situation among other years we record in 2002, when we observe that the growth level of exports was larger than the imports, and even if so, the commercial trade balance was negative and not much lower that in the previous year, both for FOB-FOB relation, but especially FOB-CIP. Starting 2003 we can observe a larger depth of the commercial deficit from one year to another, ending with 2006 when the size of the deficit was 1.5 times longer than in the provides year. So we, observe a constant and important growth of the demand for external goods, which shows that there are major problems concerning developing and sustaining an efficient economic growth.

This increase of the deficit of trading balance can determine in the future a drop in the aggregated demand. The rhythm aggregated demand. The rhythm of export growth (16,2 % in 2006) continued to be significantly exceeded from the import one (25,1%) in 2006, determined by: the effect of the nominal appreciation of the Romanian Level comparing to Euro; the brutal competition of Asian countries, mainly as a consequence of liberalization of world trade with textile goods; ternary activities in the Euro zone, especially in Italy and Germany, the main Romanian product selling markets in Europe. In these conditions, the commercial trade balance managed to head in 2006 at cca 10% from PIB.

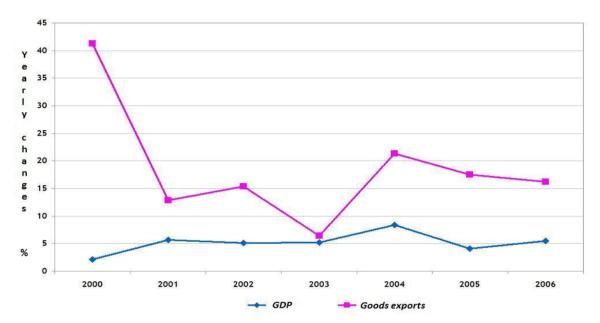
			2000	2001	2002	2003	2004	2005	2006
Goods	for	Mil. Euro	11273	12722	14675	15614	18935	22255	25850,5
export	%reported to last year	+41,3	+12,9	+15,4	+6,4	+21,3	+17,5	+16,2	
Goods	for	Mil. Euro	14235	17383	18881	21201	26282	32569	40745,8
import (CIF)	%reported to last year	+43,4	+22,1	+8,6	+12,3	24,0	+23,9	+25,1
Imported		Mil. Euro	13140	16045	17427	19569	24258	30061	36608,2
goods (F	OB)	%reported to last year	+43,4	+22,1	+8,6	+12,3	24,0	+23,9	+25,1

Haunch	FOB-FOB	-1867	-3323	-2752	-3955	-5323	-7806	-11757,7
Commercial balance	FOB-CIF	-2962	-4661	-4206	-5587	-7347	-10305	-14895,3

Table 1 Commercial trade balance in Romania in 2000-2006.

As well, the percentage of lohn in the total exports is big (68% in 2006), the lohn in easily industry being replaced step by step by the one in the machine constructions, chemical industry and the co-production.

From graphic 1 we can observe the bigger rates of increasing the expert, comparable with the one of gross domestic product on whole analyzed period of time, so that the export behaved like a factor of growing national macroeconomics results. The main characteristics of external trade can be presented synthetically like this: Overall economy, the international relations took place with the developed economic countries, their percentage reaching at 73% of exports and at 60% from Romanian imports. The major contribution is being held by the EU member countries with a reach of 68% for imports.



Graphic1. The Dynamics of gross domestic product (GDP) and export

Romanian export orientation towards the developed countries indicates their structure improvement as a result both for overall strategies, conjuncture advantages and for continuous adaptation of national producing for the demands of foreign markets.

In the same time, the import of goods can be defined by high levels, determined both by the necessity of the productive system of economy, reflected in the strong growth of imports of capital goods, and in the unsatisfactory level of covering the consumption demand from internal production, determining extra imports of consumption goods

Structurally, external trade is characterized by the presence of goods export from the equipment construction industry (30,8%) and of the easily industry (22,3%), while the imports are dominated as well by the goods from the equipment industry (37,5%) the mineral ones (14,8%), and the chemical ones (13,8%).

The continuous growth of external trade in definitive costs (22, 8%) in the case of exports an and 22,8% when speaking of imports thing which determined a contribution to the total export of 55%, and for imports of 80%.

In 2005, commercial trades took place in favorable market conditions, so for an increase of the unitary value at import of 103,6% the export managed to have a value of 108,2% resulting a value of external trade of 104,4%.

In real terms, the export growth (7,6%) held close to the head up recorded in 2005 (7,3%), but in exchange the imports increased the physical volume (20,7%), in increase with 3 percent over the last year.

Growth difference influenced the deepening of trade deficit, even if the trade value was favorable. Some phenomenon is reflected as will by the reduction of the import level and exports one from 68,3% in 2005 to 63,4% in 2006.

Export represents one of the engines that drive the economic growth. Romanian export based mainly on products with low taxes. The biggest volume of exports recorded in the textile industry, in which dominant is the activity of active perfecting (lohn), followed by metallurgy industry in which mainly there are produced inferior steel and less special steel. A visible thing is that the progress has been made also concerning export of goods of the equipment industry , radio appliances, television and telecommunications, machinery industry and electric appliances, and also the transportation means (especially automobile- auto industry, branches characterized by products with high taxes).

The most significant commercial deficits (FOB-CIP) in 2006 were recorded for the following products: machinery and appliances, electric equipment and span parts 4636, 0 mil euro: mineral products – civil, gas and coil -3331,3 millions euro; means of transport and spare parts – 2165,6 millions euro; plastic material and products from this – 1435,0 millions euro; products for the chemical industry and related – 2062,2 millions euro; (pharmaceutical products – 1188,0 millions euro); food products – 927,0 millions euro: paper and cardboard – 634,4 millions euro; construction material – 561,6 millions euro.

The trade deficit in the first third of 2007 exceeded 3 millions euro, a growth by 88% since the same time confronted by the previous year.

High trade deficit reflects, practically, the low competitively of products and Romanian services, outside the country, this showing that that then are goods opportunities for offer growth, and so for economic growth.

The growth of external deficit is caused by the repartition of profits and foreign companies revenues from Romania, added to the income chapter in the current balance. This recorded, in the first of 2007, a growth of 59% comparing the first third of 2006. Another cause of maximizing the external deficit this year is represented by payments made to budget of a European Union, which are not yet (in the first trimester) inbounds of European funds. This way, the current transfers (which include, at an entrance rate, the money sent in the country by Romanians abroad) increased only with 13% comparable with the first third of 2006, because of the payments made by Romania to the EU budget.

The growth of the dependable degree of national production for imports has negative impact over the commercial trade balance, over the debiting degree of the country, and, implicitly, over a sustainable development for the country.

Commercial trade is negative with all important commercial partners of Romania. This way, our country does not have to follow gaining exclusively the foreign balance (export of goods, foreign direct investments, structural balance), she has to became a source of investments. An opportunity is the asian market: for example, on the Chinese market it is very hard to sell products because there the products already have o low price (it is known that because of these low prices, the Chinese products become more competitive than the others, even on the countries that have will-developed markets), but we can realize investments, just because the labour is very cheap.

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THE INFORMATIONAL VALENCES OF THE FINANCIAL SIGNALS SYSTEM USED IN THE EVALUATION OF COMPANIES GLOBAL PERFORMANCE

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Abstract

For a long period of time the analysis of company's performance has been approached preponderant or only for financial point of view, but in the last half of century, because of an environment characterized by intensified competition, there have been elaborated and developed a number of measurement tools, the goal of which is to reflect all the factors involved in a company's performance. The practic goal of performance measurement, the standard it refers to and the measuring tools are tightly correlated with the objectives of each of the company's stakeholders. In order to obtain a good quantification of company's performance is necessary to use a system of indicators that may provide reliable information for evaluating the degree to which firm's objectives are reached. In this system, financial indicators remain, an essential tool of management, regardless the changes which affect the company's environment.

Keywords: performance measurement, financial indicators, company's performance, non-financial indicators, management, objectives

Introduction

For a long period of time the analysis of company's performance has been approached preponderant or only for financial point of view, but in our days the international settings where the company develops, they had reformed the mean of that analysis. The new analysis is based on the non-financial side, which includes some non-financial indicators, considered more efficient than those used in the second half of the 20th century. The most important indicators used were: in the '60s – the size of the company; in the '70s – the profitability and the return; in the '80s – the treasury; and in the present – "the performance is a competitive situation of company, which is achieved with a level of efficiency and efficacy.³

The structure, functions and in the importance of the financial performance's indicators system in the actual business environment

In the actual business environment it is inconceivable an approach of the economic and financial performance's indicators system for a company without emphasize the interfered changes in the structure, the functions and in the importance of this compare to global performance.

From the structural point of view the system of financial and economic indicators, this is the basic operational instrument of financial and economic analysis; it was structured by D Margulescu, in "The financial and economic analysis of commercial companies" as it follows:

³ Niculescu, M., Lavalette G., Strategii de creștere, Ed. Economică, București, 1999.

⁴ D., Mărgulescu, "Analiza economico-financiară a societăților comerciale", Ed. Tribuna Economică, București, 1994, pp 32-36.

The indicators of the technical and economical potential of the company, such as: the indicators of capital goods, the indicators of fixed and circulating assets, indicators of human resources potential, the indicators for the capacity of research, the rates for the asset's structure of a company.

The indicators of financial potential, such as: the capital's indicators, the indicators of patrimony, the indicators of the working capital, the indicators for liquidity and solvency of the company.

The indicators of financial and economic statements, as the followings: the turnover, the added value, EBE, EBIT, EBITDA etc.

The indicators of efficient use for the technical, economic and financial potential, such as: the efficient rate of fixed assets, the efficient rate of circulating assets, the working productivity, the turnover of circulating assets, the efficient rates of expenses, the profitability rates, the rates of financial statements, etc.

Even though the financial and economic indicators are so diversified, this thing being emphasized by the complexity and the dynamic of the environment where the company develops, the classification above has the merit of answering to all actual and operational requirements of financial and economic analysis. But it is request for the research and for economic practices context, those introduce the concept of quality management, to indicate a new group of indicators alongside those shown above, and this new group has those quality indicators, which were constructed by an advice American company, named Stern Stewart.

Starting from the objective of the company, which is the value making for shareholders; this objective becomes automatically major criteria of evaluation and analysis of company's performances. The theory and economic practice have set a group of indicators that permit the wording of some pertinent valuations for the magnitude of shareholders returns, those being quantified by the following indicators:

- EVA (economic value added);
- MVA (market value added);
- LVA (liquid value added);
- The liquid profitability of investments;
- The total shareholders profitability.⁵

Those indicators are constructed starting from the premise due to the fact that organizations are making value as long as they can succeed in remunerate the capital at a high rate of profitability than the cost of this.

For the second aspect, represented by the applicability for the system of financial and economic indicators, we present three major functions of the financial measures of performance, and these functions are founded in theory and in the economic practice as well:

- the financial management instruments;
- the major objectives of the company;
- the instrument of motivation and the control in organizations, confirmed by the existence of a strong relations for the interdependence between those three.

The financial and economic indicators, in their capacity of being a management instrument, those represent the result of the treatment of internal and external information's, in order to formulate some pertinent approaches for financial and economic situation of a commercial agent, the identification of factors, causes and conditions which have determined it. Another important thing is represented by the improvement of the result with the internal resources from the point of view of efficient usage for human resources, material resources, financial resources; and in this way it can be make up an essential element for foundation of operative, tactical and strategic decisions, looking for: the allocation, the measure the proportions and the efficient usage of resources.

The variety of activities for a company and the complexity of the situations encountered for structure, level and financial and economic performances characteristics of this request the necessity of using a system formed by financial and economic indicators. The objective of the using this system of indicators is to offer for the organization's management, information about the real situation, which is shown by the financial

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⁵ Gh. Vâlceanu, V., Robu, N., Georgescu, coord. "Analiză economico-financiară", Ed. Economică, București, 2005.

and economic performance's level and also it is shown by those information requested for the control's execution of the way of fulfillment's charges and of the foundation of the future activity.

The second function of the system leeway evidently from the fact that for the all functions of the company are created some objectives shown in a monetary way in order to realize in the next stages the evaluation and the control of realization's level of this; those aspects are evidenced in the third function of the system.

The organization's objectives become attainable only if they obtain a concrete and positive size in the proportion management – return – value.

Relative to the third function of the indicators' system, the role of motivation reside from the determination "de facto" of the structure and the efficiency of the involvement's function, which has a great impact concerning the concretization of the others managerial functions, such as: the foresight, the organization, the coordination and the control – setting.

The motivation has an important impact on the characteristics and the applicability of the managerial system of an organization. The quality of decisions, the procedure of being operational, the methods, the techniques used, the managerial procedures and the general effects, the accuracy and flexibility of informational subsystem and also the applicability manners of organize of a company, these are conditioned by the motivation of the employees.

"Therefore, the financial side can be found in all the elements of the managerial activity, that is:

- in all of the management's functions: forecasting, organization, coordination, and control;
- in all of the management systems: the organizational system, the decision system, the system of methods and techniques, etc. Also, in all of the organization's functions (research and development, production, commercial, human resources and financial), financial elements (required resources cost profit value) represent esential variables for decision-making". 6

These assertions emphasize the interdependence among the three functions of economic and financial indicators, as they have been presented above.

Business performance measurement systems in the actual business environment

In the last half of century, because of an environment characterized by intensified competition, there have been elaborated and developed a number of measurement tools, the goal of which is to reflect all the factors involved in a company's performance. Each of these tools intends to be unique and comprehensive, and shifts the emphasize on non-financial indicators. We can mention here "The Performance Prism", a tri-dimmensional model for performance measurement, elaborated by professor Andrew Neely from Cranfield School of Management and Chris Adams from Andersen Consulting, during a research project called "The Evolution of Business Performance Measurement Systems". This tool has as its starting point what in the literatre is known as "stakeholder approach".

Stakeholder theory emphasize the difference between shareholders and stakeholders, who are social partners of the company, in an attempt to reduce the overwhelming importance of shareholders' interests in the "management through value" concept.

According to the shareholder theory, the interests of all of the company's social partners are of equal importance, but they are treated differently, as the intensity of relations between firm and a certain class of social partners (customers, employees, local and central public administration, professional organizations, various ONGs, unions, etc.) requires.

In this context, one of the management's goal is to maximize the firm's global value, taking into account the interests of all its social partners and the different relations between them and the company.

Based on the shareholder theory, professors Andrew Neely şi Chris Adams have built "The Performance Prism", a tri-dimmensional model of performance measurement which has five sides:

6. "stakeholders' satisfaction; more precisely, who are company's key stakeholders and what are theor needs and interests;

⁶ I., Bogdan, "Management financiar în afaceri", Editura Universitară, București, 2006, p.39

- 1. strategies; what are the strategies the company needs to follow in order to fulfill the interests of its key shareholders;
- 2. processes; what are the essential processes required by the implemented strategy;
- 3. capacities; what are the capacities required by the operationalization of these processes;
- 4. shareholders' contribution; what is the contribution of shareholders in order to maintain and develop these capacities." ⁷

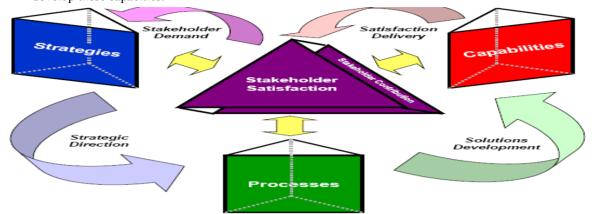


Figure 1 Performance Prism, Andrew Neely, Chris Adams, "Perspective on Performance: The Performance Prism".

The central element, the key point of "Performance Prism" is that all organizations have not only responsabilities, but also certain demands vis-à-vis their stakeholders. The company's performance cannot be regarded from a uni-dimmensional perspective. Instead, all the interdependencies among the organization and its stakeholders need to be approached comprehensively.

"The Performance Prism" attempts to reflect the hidden complexity that defines "the organization's world", desintegrating it into its basic constituents, like in physics a prism reflects the light, and emphasizes, once again, the crucial role of both financial and non-financial indicators in the fulfillment of company's strategic goals.

The practic goal of performance measurement, the standard it refers to and the measuring tools are tightly correlated with the objectives of each of the company's partners.

Stakeholder	The objective of performance measurement	Indicators used for performance measurement			
0	1	2			
Members of the Administration Council	Evaluating management quality and the capacity of sustainable growth. Establishing incentives for managers	 Output indicators Efficiency indicators Specific indicators for sustainable growth 			
Managers	Estimating strategic and tactic objectives	 Resources indicators Efficiency indicators Specific indicators for sustainable growth 			
Creditors	Estimating the firm's capacity to generate cashflows inorder to repay its due debt.	Liquidity indicators Solvability indicators Cash-flow indicators			

Table 1: The objectives of performance measurement for company's stakeholders

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⁷ Andrew Neely, Chris Adams, "Perspective on Performance: The Performance Prism", http://www.som.cranfield.ac.uk/som/research/centres/cbp/downloads/prismarticle.pdf

Employees	Establishing the type and level of remuneration Evaluating the stability of the company	Business indicators Efficiency indicators Specific indicators concerning the motivation of human resources
Customers	Estimating the production quality Evaluating the stability of the company	Indicators concerning the production quality Total quality indicators

For shareholders, the objective of performance measurement is the estimation of the company's value and the return of invested capital, the indicators used in this direction being net profit and ratios that can be built on it, and indicators that reflect the creation of value (EVA, MVA, CVA, etc.)

Conclusions

The complex and always changing aspects of economic phenomena and the diversity of specific conditions in which a company conduct its business make the attempt to measure performance a very difficult undertaking.

Therefore, in order to obtain a good quantification of company's performance is necessary to use a system of indicators that may provide reliable information for evaluating the degree to which firm's objectives are reached.

In fact, this is the central role of the system of indicators measuring the company's performance. In this system, financial indicators remain, an essential tool of management, regardless the changes which affect the company's environment.

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THE DEVELOPMENT IN TRANSITION ECONOMIES IN EUROPEAN UNION PARTICIPATION PROCESS

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Transition economies are called in Literature as countries adopted capitalist economic system instead of communist system. Transition Economies which placed Central and Eastern Europe passed this transformation in the process of European Union participation. At the present day, the concept of development is not only considered in change of revenue but also in change of qualitative factors for human. It is called as human development in literature. European Union participation process was an important catalyst for transition economies in development of qualitative and quantitative. The transition economies found opportunities in this process to increase their macro economic indicators and the indicators of humanely life standards.

Keywords: Development, human development, transition economies

INTRODUCTION

The phenomenon of globalization promotes the competitive among the countries. One of the basic conditions of being exist is adaptation ability for competition in an entire world scaled economic system. The countries must have the sustainable competitive structure like companies. The countries which want to take place in competitive international area, desire to position themselves in international integration. Nowadays, one of the most important integration forms is European Union.

The countries which transforming from communist economic system in to capitalistic economic system also called as transition economies, to take place in a competitive and global world they aimed to join European Union. One of the results of joining EU will be to reach abundant resources provided by EU, the other is to discipline and develop their economies.

This article aims to describe, what are the effects and additions of European Union participation process on development of Transition Economies by telling the milestones of transition process. Human development reports published by United Nations Development Programme (UNDP) are used to reach the aim of this article.

TRANSITION ECONOMIES

Since the fall of Berlin wall in the fall of 1989, a sizable group of economists has been studying the process of transition from socialism to capitalism in former socialist economies. The field is called transition economics or sometimes transformation economics (Roland, 2000: 1).

The transforming through the market economy is often called transition process. This transition is naturally multidimensional. It is a transition from "Central Planing Economy" to "Market Economy" in terms of economic transformation. The concept of transition from "Central Planing Economy" to "Market Economy" basically encloses; liberalization of economic activities, prices and market transactions, redistribution of sources to use them most efficiently, improvement of market oriented instruments for macro economic stability, to provide economic efficiency and effective corporation management by the agency of privatization, to provide economic efficiency by applying rigid budget discipline, property rights, rule of law and, to compose an institutional and juristic framework contains transparent regulation for market entrance (Ganmet, 2006: 19).

Transition economy countries applied similar economic system because they were basically representative of socialist economic system. The structure creating socialist economic system was current all this countries. So the countries were similar in terms of economic order. In contravention of this similarity there were some differences in economic system applied in the countries (Musayev, 2007: 105).

What happens on the "return journey" from socialism to capitalism? Removing the barriers to capitalism includes

providing constitutional safeguards for private property, officially encouraging free enterprise, promoting privatization, legalizing advocacy of pro-capitalist ideologies, and so on. Capitalism does not need to he imposed on society; there is no need for a genetic program artificially implanted by a political party. If nothing else had happened but, removal of the barriers. Capitalism would still start to develop sooner or later. Although the process would obviously have been much slower (Kornai, 2000: 31-32).

EUROPEAN UNION AND TRANSITION ECONOMIES

The meaning of economic integration for countries is to maximize international cooperation as possible. So the Transition Economies which applied compatible politics with Soviets Union experienced an adaptation problem after finishing the cooperation with Soviets Union. They aimed to join a new form of cooperation by determining to reduce first than solve the adaptation problem. The new constitution was European Union where they take place. To join EU was considered by the countries as an important instrument to promote their development.

The EU supported the newly independent Central and Eastern European Countries (CEEC) countries on their transition from planned economic system and communist regime to free market economy and pluralistic democracy by the end of cold war. First important decisions on CEEC were made in Rome Summit on 14-15 December in 1990. Council of the European Union put into force a financial aid programme about CEEC in this summit. CEEC demanded beyond financial aid and facilitated trade possibilities. CEEC expressed that to choice a third way except EU might create instability in the region and so EU had better to build a tighter cooperation with these countries. The relation between CEEC and EU entered a new phase in Copenhagen Summit held by the chairmanship of Denmark on 21-22 June in 1993. At this summit it is emphasized by top level that the Central and Eastern European Countries may be candidate to join EU and if a CEEC wants to join EU should create necessary economic and politic conditions. By the way a CEEC can become a member of EU. It was first time expressed by top level that a CEEC can be a candidate and some criteria determined to be a member by EU (http://ikv.org.tr).

The relations between CEEC and EU are listed in the Table 1.

Country	The Date Beginning of Deliberation	The Date of Full Membership
Czech Republic	December 1997	1 May 2004
Estonia	December 1997	1 May 2004
Hungary	December 1997	1 May 2004
Poland	December 1997	1 May 2004
Slovenia	December 1997	1 May 2004
Latvia	December 1999	1 May 2004
Lithuania	December 1999	1 May 2004
Slovakia	December 1999	1 May 2004
Romania	February 2000	1 January 2007
Bulgaria	February 2000	1 January 2007
Croatia	3 October 2005 (Re-start)	-
Macedonia	17 Aralık 2007 (Membership)	-

Table 1: The chronology of the relation between Transition Economies and European Union

As seen on Table 1 Transition Economies first made their application to became a member of EU in 1997. The full membership became a reality for eight countries listed on the table about seven year later from first application. Romania and Bulgaria become full membership recent. Croatia had some problems to become a member because of their special problems. Relations between Croatia and EU first were frozen but, deliberation process was restarted on 3 October in 2005. Also Macedonia started the membership process to become full membership on 17 December in 2007.

THE SOCIAL AND ECONOMIC CHARACTERISTICS OF TRANSITION ECONOMIES

The development of the factors belongs to Central and Eastern European located Countries are given following table below. So it will be easy to analyze the distance was covered by the countries entered to capitalistic economic system.

The population development of transition economies located in Europe and attempted to become member are shown in the Table 2.

	Czech Republic	Estonia	Hungary	Poland	Slovenia	Latvia	Lithuania	Slovakia	Romania	Bulgaria	Croatia
1989	10,3	na	10,4	38,0	na	na	na	5,3	23,2	9,0	na
1990	10,3	na	10,4	38,2	na	na	na	5,3	23,2	8,7	na
1991	10,3	na	10,3	38,3	2,0	na	na	5,3	23,2	8,6	4,5
1992	10,3	1,5	10,3	38,4	2,0	2,6	3,7	5,3	22,8	8,5	4,5
1993	10,3	1,5	10,3	38,5	2,0	2,6	3,7	5,3	22,8	8,5	4,6
1994	10,3	1,4	10,2	38,6	1,9	2,5	3,6	5,3	22,7	8,4	4,6
1995	10,3	1,4	10,2	38,6	2,0	2,5	3,6	5,4	22,7	8,4	4,7
1996	10,3	1,4	10,2	38,6	2,0	2,5	3,6	5,4	22,6	8,3	4,5
1997	10,3	1,4	10,2	38,7	2,0	2,5	3,6	5,4	22,5	8,3	4,6
1998	10,3	1,4	10,1	38,7	2,0	2,4	3,6	5,4	22,5	8,2	4,5
1999	10,3	1,4	10,1	38,7	2,0	2,4	3,5	5,4	22,5	8,2	4,6
2000	10,3	1,4	10,0	38,6	2,0	2,4	3,5	5,4	22,4	8,1	4,4
2001	10,2	1,4	10,2	38,6	2,0	2,4	3,5	5,4	22,4	7,9	4,4
2002	10,2	1,4	10,1	38,2	2,0	2,3	3,5	5,4	21,8	7,8	4,4
2003	10,2	1,4	10,1	38,2	2,0	2,3	3,5	5,4	21,7	7,8	4,4
2004	10,2	1,4	10,1	38,2	2,0	2,3	3,4	5,4	21,7	7,8	4,4
2005	10,3	1,3	10,1	38,2	2,0	2,3	3,4	5,4	21,7	7,7	4,4
2006	10,3	1,3	10,1	38,1	2,0	2,3	3,4	5,4	21,7	7,7	4,4

Table 2: Population (Million)

Source: http://transitionreport.co.uk

The most crowded country among the Transition Economy was Poland in period of 1989-2006. Romania, Chez Republic, and Hungry followed this country. The least crowded country among the group was Estonia with a 1,3 million persons in 2006. Because of the group have relatively low population it would be an important advantage for group to integrate EU. The last members Romania and Bulgaria were effected both their economic conditions and relatively high population. The transition economies became member in 1994 relatively have less population than the countries became member in 2007. So it was easier to integrate to EU for less crowded countries.

Macro economic indicators of transition economies in process of the entering capitalistic system are shown in Table 3.

Country	Years Under Communism	Foreign Dept in Pre-Transition Year, in Percent of GDP	Share of Agriculture	Natural Resource Endowment*	
Bulgaria	43	50,6	11	0	
Croatia	44	74,7	10	0	
Czech Republic	43	12,2	7	0	
Estonia	51	0	20	0	
Hungary	41	64	14	0	
Latvia	51	0	19	0	

Lithuania	51	0,2	27	0
Macedonia	44	0	12	0
Poland	42	63,4	13	1
Romania	43	2,9	14	1
Slovakia	43	6,8	7	0
Slovenia	44	0	5	0

Table 3: Macroeconomic Indicators in Transition Economies- Initial Conditions Source: Fischer and Sahay, 2000: 36.

According the data in Table 3, Estonia, Latvia and Lithuania lived longer period than other countries under communist economic system. Hungary was the country who applied socialistic system at least. Croatia had the highest foreign debt-GDP ratio. Hungary and Poland followed Croatia. Lithuania is most agricultural developed country among the transition economies. The other countries where agriculture is important are Estonia, Latvia, Hungary and Romania. Slovenia is the least agricultural characterized country. Transition economies are described as countries where natural resources are weak. Poland and Romania have the richest natural resources among the countries become member to EU.

In order to compare countries it is also used the basic indicators such as GDP per capita. GDP per capita belongs to transition economies are given in Table 4.

	Czech Republic	Estonia	Hungary	Poland	Slovenia	Latvia	Lithuania	Slovakia	Romania	Bulgaria	Croatia
1989	na	na	3.041,5	2.147,4	na	na	na	3.351,4	2.319,1	5.238,1	na
1990	3.376,0	na	3.448,6	1.630,7	na	na	na	2.914,1	1.648,1	2.391,3	na
1991	2.480,7	na	3.230,7	2.037,4	6.339,9	na	na	2.051,4	1.244,4	887,5	3.691,5
1992	2.891,8	713,9	3.612,9	2.196,8	6.280,1	na	520,1	2.213,3	859,1	1.014,1	2.126,1
1993	3.385,8	1.167,5	3.751,6	2.233,6	6.370,1	939,6	726,7	2.510,6	1.158,5	1.280,7	2.202,3
1994	3.977,2	1.669,2	4.052,1	2.399,2	7.592,3	1.597,1	1.166,4	2.893,2	1.323,0	1.152,1	3.163,2
1995	5.362,4	2.635,3	4.359,5	3.603,3	10.193,8	1.953,2	1.768,1	3.615,7	1.564,3	1.563,1	4.029,0
1996	6.016,3	3.303,5	4.424,6	4.055,2	7.385,9	2.290,1	2.249,9	3.872,1	1.562,9	1.187,0	4.421,9
1997	5.545,1	3.546,1	4.494,9	4.065,4	7.502,4	2.542,7	2.763,5	3.935,0	1.565,1	1.257,2	4.398,2
1998	6.008,5	3.979,7	4.641,0	4.446,6	8.249,8	2.780,2	3.114,6	4.112,2	1.871,7	1.547,9	4.805,2
1999	5.832,9	4.040,1	4.757,4	4.345,3	8.765,3	3.039,0	3.065,5	3.780,1	1.584,8	1.582,0	4.371,1
2000	5.520,5	4.099,1	4.775,2	4.431,9	8.433,8	3.295,4	3.260,2	3.771,2	1.651,6	1.546,1	4.205,6
2001	6.059,1	4.528,4	5.238,0	4.930,6	9.227,7	3.518,9	3.478,4	3.910,4	1.793,1	1.723,3	4.742,5
2002	7.377,6	5.368,7	6.577,6	5.185,4	10.745,4	3.971,1	4.067,9	4.558,6	2.102,5	1.988,4	6.083,6
2003	8.947,0	7.071,6	8.344,3	5.676,8	14.021,3	4.799,0	5.360,0	6.130,5	2.738,0	2.561,8	6.666,3
2004	10.726,0	8.619,4	10.116,8	6.625,2	16.650,4	5.935,1	6.518,1	7.810,6	3.484,5	3.175,8	7.943,3
2005	12.216,9	10.386,0	10.948,9	7.968,0	17.951,1	6.953,0	7.602,8	8.817,0	4.548,7	3.522,7	8.675,4
2006	13.896,1	12.209,1	11.127,8	8.939,9	19.218,5	8.760,5	8.770,8	10.250,8	5.616,8	4.088,7	9.582,0

Table 4: GDP per Capita (Dollar)
Source: http://www.ebrd.com

¹ Calculated by dividing PPP adjusted GDP by Total Production.

^{*} Natural Resource Endowment according to DDGT; O: Poor, 1: Moderate, 2: Rich.

Transition Economies had relatively lower GDP per capita levels in the period 1989-1991 which is considered as transition from socialist system to capitalist system. Total GDP is also important as fair revenue distribution for all citizens. Besides the fair revenue distribution the lower the GDP per capita rates are big problems for them. Transition Economies started to increase their GDP per capita rates since they start deliberation with EU in 1997. Most of the Transition Countries continued to increase their revenue since they became full member in 2004. GDP per capita rates in Transition Countries had increasing trend in 1989-2006 periods. As seen on Table 4 Slovenia has the highest GDP per capita rate. The following countries are, Chez Republic, Estonia, Hungary and Slovakia in order. Newly member countries to EU Romania and Bulgaria have the lowest GDP per capita rates among the Transition Countries.

HUMAN DEVELOPMENT IN TRANSITION ECONOMIES IN EUROPEAN UNION PATICIPATION PROCESS

The GDP per capita is quantitative international comparison instrument in the literature of economic growth. But taking into consideration the life quality of people the general comparison instrument is human development index. Nowadays, as the development index, the concept and the index of the human development and the qualitative dimension of the development are being placed on the agenda of the societies.

The literature on growth regressions for transition economies seeks to explain growth by miscellaneous variables that reflect e.g. economic reforms, initial conditions or economic shocks. A diverse range of variables reflecting factors of interest has been employed for right-hand side variables, while variables accounting for accumulation of human and physical capital are typically omitted. This approach owes its intellectual debt to the "new growth" literature of the 1990s (Staehr, 2003, s:8).

Human development is defined as process to increase the people's options. These options can be variable and endless but, three basic options sticking out; long and healthy life, right to information and, to get the satisfying financial sources. Political freedom, guarantied human rights, and self-respectability are among the other options except counted above. According to this apprehension revenue is an important indicator for human development but, it is not enough (Demir, 2006:3).

In this context human development is a "process to multiply people's options process" and it's the main principal of human development concept. As it was told above these options are endless and can accurate by changing. People's options has a wide scale from economic-politic, cultural to self-respective, to be productive, creative and to handle human rights. The ideal measure of humanly development must cover many options beside (Günsoy, 2005: 37).

Human Development Index (HDI) also uses traditional revenue weighted measurements as embodying human development concept numerically. The development levels of countries are defined on benefits which produce for people. In this context, according the basic postulate of United Nations and United Nations Development Programme (UNDP) it is not possible to create quality human life and development only by economic inputs. Accession to personal, social, economic and political development possibilities are introduced as precondition for development of countries and peoples. The conditions of the individuals who have long and healthy life and taking place in social life where they live is passing through to get affordable revenue beside knowledge and health. In other words, the development of individual can not be possible only by economic growth. The main question is the national welfare whether creates development possibilities for individuals or not (Aldemir, 2003:21).

Human Development Index (HDI) build up by existence or absence of healthy life, education and revenue possibilities for human makes clear the differences among countries in global scale and makes visible inter regional differences in national scale (DPT, 2001:223).

In the Human Development Report published by United Nations Development Programme (UNDP) in 1997 the human poverty concept is based on the opinion of available funds for human development an humanly life beside to own some social, economic and cultural possibilities to supply basic requirements (Capabilities Approach). Therefore human poverty concept takes in to consideration required financial welfare more than minimum requirements (Aktan and Vural, 2002: 7).

According the latest published Human Development Report 2007/2008 by UNDP GDP per capitas for the year of 2005 is accounted by purchasing power parity (PPP) are shown in table 5.

The place in ranking	Countries
31	Slovenia
34	Czech Republic
38	Hungary
41	Slovakia
44	Estonia
46	Lithuania
48	Poland
49	Latvia
51	Croatia
63	Romania
64	Bulgaria

Table 5: GDP Per Capita in Transition Economies –in 2005 (PPP US\$)
Source: UNDP, Human Development Report 2007-2008.

According the Table 5's data Slovenia is in the 31st rank in world with its biggest GDP per capita ratio among the Transition Economies. Chez Republic in 34t and Hungary is in 38th rank. Romania and Bulgaria the recent members of EU are sharing the last places in ranking of 63rd and 64th in order.

Life expectancy at birth (LEB) is used an important indicator to measure human development. Life expectancy at birth for Transition Economies is seen on table 6.

Ranking place	Countries	LEB (year)
1	Japan	82.3
34	Slovenia	77.4
39	Czech Republic	75.9
44	Croatia	75.3
46	Poland	75.2
53	Slovakia	74.2
63	Hungary	72.9
66	Bulgaria	72.7
69	Lithuania	72.5
75	Latvia	72.0
76	Romania	71.9
88	Estonia	71.2
177	Zambia	40.5

Table 6: Life Expectancy at Birth in Transition Economies (Years) Source: UNDP, Human Development Report 2007/2008.

As seen on Table 6 Japan has the highest life expectancy at birth (LEB) with its 82,3 year in the world. Slovenia both has the highest GDP per capita rate and life expectancy at birth (77,4 year) among the Transition Economies. Transition Economies have close life expectancy at birth digits. But Slovenia where the life expectancy at birth is highest among transition economies is in 31st rank in worldwide scale. On the other hand Estonia where the life expectancy at birth is lowest among transition economies is in 88th rank

in worldwide scale. Zambia is the country where the life expectancy at birth is lowest in the world with its 40.5 year and 177^{th} rank.

The impacts of European Union membership process on development of Transition Economies are arranged to be seen clear in Table 7.

Countries	Life Expectancy At Birth (Years)			
	1970-75	2000-05		
Czech Republic	70.1	75.4		
Estonia	70.5	70.9		
Hungary	69.3	72.4		
Poland	70.5	74.6		
Slovenia	69.8	76.8		
Latvia	70.1	71.3		
Lithuania	71.3	72.1		
Slovakia	70.0	73.8		
Romania	69.2	71.3		
Bulgaria	71.0	72.4		
Croatia	69.6	74.9		
Macedonia	67.5	73.4		

Table 7: The Changes of Life Expectancy at Birth in Transition Economies in pre and post period of transition.

Source: UNDP, Human Development Report's.

As seen on Table 7 life expectancy at birth (LEB) digits are lower for Transition Economies in 1970-75 periods than 2000-2005 periods. Lithuania had the highest life expectancy at birth (LEB) digits in 1970-75 periods. All countries increased their life expectancy at birth (LEB) digits especially by additions EU funds in the periods 2000-2005. Slovenia reached the highest life expectancy at birth (LEB) digits in the post transition periods.

Table 8 is prepared to show adult literacy rate in Transition Economies which is used as another indicator of human development.

Ranking (in wold)	Countries	Adult Literacy Rate (%)
1	Georgia	100
3	Estonia	99.8
4	Latvia	99.7
5	Slovenia	99.7
6	Lithuania	99.6
22	Bulgaria	98.2
23	Croatia	98.1
26	Romania	97.3
139	Burnika Faso	23.6

Table 8: Adult Literacy Rate in Transition Economies and Ranking (% Ages 15 and Older) Source: UNDP, Human Development Report 2007/2008.

Georgia has the highest rate of adult literacy rate in the world. Education and teaching has big importance in communist system naturally. According to this reality Transition Economies were the countries where education and teaching is important in the past and current. It is easily seen on table 8. Estonia and Latvia are in 3rd and 4th rank in adult literacy rate in order. Romania is in 26th rank with its 97,3 rate in worldwide. The worse rate in the world belongs to Burkina Faso.

In order to show the impacts of EU membership process on Transition Economies' adult literacy rate in 1985-1994 and 1995-2005 periods are given in Table 9.

Countries	1985-1994	1995-2005
Czech Republic	-	-
Estonia	99.7	99.8
Hungary	-	-
Poland	-	-
Slovenia	99.5	99.7
Latvia	99.5	99.7
Lithuania	98.4	99.6
Slovakia	-	-
Romania	96.7	97.3
Bulgaria	-	98.2
Croatia	96.7	98.1

Table 9: Adult literacy rate in Transition Economies (% aged 15 and older) Source: UNDP, Human Development Report 2007/2008.

As explained above the importance of education and teaching given by communist system is seen on the rates of adult literacy. Also EU membership process continued to develop adult literacy rates in Transition Economies. All rates increased in post transition periods according the pre transition periods.

The other basic indicator published in Human Development Report the development of schooling ratios are shown in Table 10.

Ranking	Countries	Schooling ratio (%)
1	Australia	113.0
16	Slovenia	94.3
21	Estonia	92.4
23	Lithuania	91.4
25	Latvia	90.2
29	Hungary	89.3
38	Poland	87.2
42	Czech Republic	82.9
53	Bulgaria	81.5
59	Slovakia	78.3
70	Romania	76.8
87	Croatia	73.5
172	Niger	22.7

Table 10: Combined Primary, Secondary and Tertiary Gross Enrolment Ratio and Ranking Source: Prepared by using UNDP reports.

Australia has the highest schooling ratio in the world. The highest ratio belongs to Slovenia among the Transition Countries. Estonia and Lithuania fallow this country. The lowest schooling ratios belong to Romania and Croatia. Niger is the country where schooling ratio is the lowest in the world.

Human development index explains the development as life expectancy depending on the concepts of revenue of individuals, education given by schools and health service which people easily reach. The HDI ratios and ranking for 2005 are given in Table 11 and the trends of HDI are shown in Table 12.

Countries	HDI	Ranking
Iceland	0.968	1
Slovenia	0.917	27
Czech Republic	0.891	32
Hungary	0.874	36
Poland	0.870	37
Slovakia	0.863	42
Lithuania	0.862	43
Estonia	0.860	44
Latvia	0.855	45
Croatia	0.850	47
Bulgaria	0.824	53
Romania	0.813	60
Sierra Leone	0.336	177

Table 11: Human Development Index Ratio and Ranking in Transition Economies (2005)

Source: UNDP Annual Reports.

The most developed country is Iceland for 2005 in the world according the Table 11. The HDI ratio for Iceland is 0,968. When it is considered the maximum HDI rate is 1 it is easily can tell the humanly living conditions in this country is quite developed. The highest HDI ratio belongs to Slovenia among the Transition Countries. Chez Republic, Hungary and Poland are following this country. Romania has the last rank among Transition Economies ant it is in the 60th rank in the world. Sierra Leone is the last country in the world with its 177th rank.

Countries	1975	1980	1985	1990	1995	2000	2005
Czech Republic				0.845	0.854	0.866	0.891
Estonia		0.811	0.820	0.813	0.792	0.829	0.860
Hungary	0.786	0.801	0.813	0.813	0.817	0.845	0.874
Poland				0.806	0.822	0.852	0.870
Slovenia				0.851	0.857	0.891	0.917
Latvia		0.797	0.810	0.804	0.771	0.817	0.855
Lithuania				0.827	0.791	0.831	0.862
Slovakia							0.863
Romania		0.786	0.792	0.777	0.772	0.780	0.813
Bulgaria		0.771	0.792	0.794	0.785	0.800	0.824
Croatia				0.812	0.805	0.828	0.850

Table 12. Human development index trends in Transition Economies Source: UNDP, Human Development Reports.

The impact of EU membership process on Transition Economies is seen clearly in Table 12. As seen above Transition Economies have lower index value before transition and higher index value after transition. According the Table 12 all countries in the group growing faster their HDI index values especially after 1995.

CONCLUSION

Transition Economies have promising macro economic indicators after transit from communist system to capitalist system. But, in order to give their people higher standards of life Transition Economies determined EU as a point of destination.

There were three periods for Transition Economies in the journey to EU. The first period was before application for membership second was the deliberation process with EU and, the last one is full membership process.

The first period was in sync with the beginning of transition period. The economies struggled to solve inflation and unemployment problems in this period. To become member of EU was mean for them to share wealth. In contrast it must not mean for EU members to share indigence. To this end countries struggled to better their economic performances.

It was easier for governments of Transition Economies to cope with economic difficulties by using EU funds in deliberation process. Furthermore the problems of inflation and unemployment could be solved relatively and new employment possibilities created more production and economic growth.

It is not possible to measure development only by growth of gross domestic product. The rise of gross domestic product is necessity but, not enough. In addition the quality of education and health services given citizens should be improved.

The education legacy inherited from communist system made Transitions Economies' obligations easier. Some precautions were taken to improve standards of health sector and life expectancy at birth digits increased.

When the process of European Union membership is evaluated totally it can easily define as a process that Transition Economies managed properly. In the end the countries became members of EU as desired and by supplying more quality and quantity services to their citizens they reached higher human development ranks in the world.

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THE EMPLOYMENT AND UNEMPLOYMENT IN ROMANIA-DECISIVE FACTORS

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The employment, but also the efficient use of the available work resources is directly connected to the work market. It is an element that can not be separated from the other elements of the work market, especially from unemployment, because if one deals with them separately, one can not cover all the aspects, particularities and effects on the work factor. There are many causes for unemployment, causes that are to be found both at the macroeconomic level and at the microeconomic level. In most of the cases, in an analysis that aims at finding the causes that have generated the unemployment, many characteristics of unemployment are taken into account and they are analysed as "types" of unemployment.

Employment, Unemployment, Wages, Intergenerational Income Distribution

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Analysing the employment and unemployment, it can be noticed the fact that employment has three main channels:

- The demographic channel: it refers to the young people who have reached the proper age for work, without having a professional training, as well as to the people that are looking for a job for the first time, as it is the case of housewives;
- The "educational system" channel: it refers to the graduates of various education institutes, having professional training;
- The channel of releasing the labour force working in the economic field as a result of the changes occurring in the stage of transition to the market economy(the limitation of activity, factory closures, retechnologization, reconverting);

The three above mentioned channels are based on several sources which contribute to increasing unemployment because of:

- The firing of a part of the working labour force because of the disappearance of some jobs, which is mainly caused by industrial reorganization (we can mention the firings at S.C. Automobile Dacia S.A. after it was taken over by the Renault Group in 1999);
- The slow development of the private sector;
- The fact that the training structure does not comply with the employment structure, makes the educational system unable to offer the new graduates a training that will allow them to rapidly adapt to the new requirements. This lack of correlation, in the present circumstances, leads to deepening the imbalances existing on the work market because, whereas the tertiary industry is uncovered, the demand for professionals in the field exceeds by far the offer;
- The slow increase of the number of jobs generates an increase of the number of unemployed, especially of the vulnerable parts of the population (the young people, the women).

- The consolidation of the quasi-monopoly of some companies which has as consequence the non-flexibility of the work-market;
- The deepening of the tendencies of divisioning and specialisation, of forming some groups and non-competing socio-professional categories as a result of the multiplication of the specialities and of the differences between the employers from the point of view of practice, skills, adapting capacity.

There are many causes that generate unemployment, which are to be found at the macroeconomic and microeconomic levels. In most of the cases, in an analysis that aims at finding the causes that have generated the unemployment, many characteristics of unemployment are taken into account and they are analysed as "types" of unemployment (frictional, voluntary, structural, technological, natural, partly, total, etc.), characteristics that, in fact, cover the rather varied explanations of the incomplete use of the labour force in an economy.

However, we can say that that there are also a few causes of unemployment that are not determined by the above mentioned characteristics and which can be found in Romania's economy. These causes are:

- The natural selection;
- Psychology;
- The changes in the economic structure and the employees' difficulties to adapt themselves to theses changes;
- The people's will and behaviour;
- The technical progress;
- The budgetary expenses for "social protection" or "transfer payments" (unemployment benefit, poverty benefit, etc.);
- The laziness and the individual's failures;
- The political system.

Taking into account its causes, we can say that unemployment is an imbalance of the work market at the national level, a meeting point between the global work offer and demand. The work market is characterised by the fact that the work offer does not vary according to the changes that occur in the nominal wage and by the fact that the work offer does not evolve according to price and cost. The work market in Romania is characterised by a small number of jobs which are wanted and well paid, and a large number of jobs that are less attractive for the employees and do not offer advantages either to the employers or to employees.

There are many causes that have generated the imbalances existing on the work market. The essential change that occurred in the Romanian economy consisting in opening the former socio-economic system to the world actually generated the process of connecting our country to the new evolutions occurring on the European and global markets. According to the classification published by the "Institute of National Economy", there are three main causes of the differences existing between the offer and the demand of the labour force.

The evolution of the labour force offer and demand in accordance with different laws is one of the causes. The offer is mainly subjected to demographic laws, which do not belong to the economic field, and increases faster than the demand. The demand is a factor that belongs to the economic field being directly linked to the evolution of the national economy, to its performance indicators, to its competitiveness on the inner and external markets.

Another cause is the lack of correlation between the work offer and demand, due to the inertial character of the professional educational system, whose structure answers some needs of the national economy, but whose product will be considered as output of a subsequent stage. In other words, there is a temporal discrepancy between the moment when the structure of the available jobs is foreseen by the educational institutions and the moment when the graduates will become labour forces. This makes the initial structure of the jobs offered by the educational system not to correspond to the reality existing in the Romanian economy.

The technical progress, which has as consequence the increase of work productivity and efficiency, is another cause of unemployment, by firing a large part of the stuff. Thus, the unemployment, as a

consequence of the imbalances existing in economy with effects on the work market, is caused both by reducing the employment, as a result of the changing processes that occur in the transition to the market economy (the limitation of activity, factory closures, retechnologization, reconverting) and by admitting on the work market of the young graduates and of other persons who were included in the so-called "voluntary employment".

Year	Unemployment Rate (%)
1991	1,6
1992	5,4
1993	9,2
1994	11,0
1995	10,0
1996	7,8
1997	7,5
1998	9,3
1999	11,4
2000	11,2
2001	9,0
2002	10,2
2003	7,6
2004	6,3
2005	5,9
2006	5,2

The evolution of the unemployment rate since the apparition of Law no.1/1991 in the period 1991-2006

The increase of the real wages in certain periods was the reason for which the firms did no longer hire supplementary labour force. We must take into account the fact that these rises of the real wages are calculated by drawing a comparison with the previous year because, if we take into account the year 1990 as a fixed calculation basis, the wages have decreased (in the table "The evolution of the real wages and of the real pension in the period 1990-2004")

Year	The indicators of the real earnings	The indicators of the real medium pension of the retired persons who have national insurance
1990	100,0	100,0
1991	81,5	74,3
1992	70,8	63,1
1993	58,9	56,3
1994	59,1	55,0
1995	66,5	61,4
1996	72,7	63,1

1997	56,2	50,3
1998	58,4	49,2
1999	57,0	47,2
2000	59,4	44,0
2001	62,4	46,6
2002	63,9	48,2
2003	70,8	51,6
2004	78,3	57,7
2005	89,5	62,3
2006	97,4	68,1

The evolution of the real wages and of the real pension in the period 1990-2004

According to the classical theory, this means that the economy has self-adjusted because the wages decrease should contribute to increasing the number of employees, thus to reducing the unemployment. This fact is contradicted by the high values of the unemployment rate in the period 1990-2002. After 2002, these high values have decreased and in 2006 they were "only" 5,4%. The decrease of unemployment would have been possible only if there had been a general balance on the following markets: work market, goods market, money market. The absence of this balance as well as the basic theory of the classic liberalism which has in view an economy with full employment in which only the voluntary unemployment is accepted, makes this theory irrelevant for the situation existing in our country in the present, where the voluntary unemployment has a small share. From the point of view of the employee's work offer, in Romania the voluntary employment was generated by the fact that some employees have decided that their effort at work is underpaid. The very moment they realised this they gave up working. Their number is low and refers only to that category of people that had other sources of revenue, because the employees that have the wage as only source of revenue, do not afford to abandon their work place "voluntarily", even if the wages are low.

A very important factor which caused the reducing of employment and increase of unemployment is the decrease of the effective demand, as Keynes used to say. Thus, the decrease of the purchasing power of the nominal wages had a negative effect on the population's demand of goods and services. In this sense, it is to be noted the decrease of the real wages, which in 1997 had decreased with more than 43% and in 20004 reached the value of 78,3% as compared to the value in 1990 (table no. 2). The decrease of the pension in real terms also contributed to the decrease of the demand of goods and services, especially if we take into account the fact that the number of the retired persons has increased. Thus, if the value of the real pension in 1992 had decreased with 36,9%, in 2000 it decreased with 56% and in 2004 the purchasing power was a little higher than half of the value of the purchasing power in 1990 (in the table "The evolution of the real wages and of the real pension in the period 1990-2004").

Another major cause that generates and keeps the high rates of unemployment in our country is the volume of the heavy imports of products, which can be official and "unofficial". The "unofficial" imports of products, the fact that that natural persons brought in the country products led to the production decrease in our country after 1989 because the respective products were sold at lower prices than the similar products in Romania. This situation lasted a long period of time and made our country addicted to the from the point of view of the supply with production factors. The heavy imports deteriorated the commercial balance and, therefore, the payment balance which created places of employment for the national economy and not for the foreign economies, which generated the increase of the unemployment.

Therefore, the loss of the foreign markets as well as the diminishing of the dimension of the inner market had negative effects on the unemployment. The decrease of investments is another major cause. The increase of the inflation rate together with a high rate of the loans generated a high risk in the Romanian business environment with negative effects on the work market. A similar negative effect had the

diminishing of the internal saving potential caused by the decrease of the population's real wages and the high level of the active interests earned.

The low capacity of acquiring new technologies determined by the low investment ratio contributed to the low rate of reorganization. It also adapts itself to the few direct foreign investments.

The lack of a proper legislative framework as well as the instability of the market after 1989 determined a low volume of investments. The investments that were made aimed the commercial sector. That is why their number has not increased. If investments had been made in the productive sector, new work places in other sectors (commerce, services) would have been created, apart from those in the production sector. Obviously, an important factor that hinders the volume of the investments is the high interest rates in the cases of the loans granted especially for the small and medium companies.

The effects of the expensive money policy were cancelled by the companies by the expansion of the arrears. In spite of the constraints regarding the obligatory character of payments and the penalisation in case of deferring payments, the companies resorted to the "granting reciprocal credits" policy and to the deferring of payments, continuing to produce inefficiently and, sometimes, without having a sure turnover for their goods. All these factors contributed to the decrease of employment.

The going up of prices made the trade unions to get rises in salaries that were not accompanied by an almost equal increase of the work productivity. Because the government controlled the increase of prices, throughout the four stages of liberalisation, by setting a maximum gross profit, the companies could not increase the prices above these maximum limits in order to recover the expenses with the labour force that increased. Thus, these increases in the salaries made the companies resort to one of the following solutions:

- To increase the selling prices;
- To reduce the number of the work places;

The impossibility to resort to the former solution made some companies use the latter, which had as effect unemployment, and others to use both, which had the same effect. The intervention of the trade unions on the work market in Romania reduced the employment because the value of the wages was set by strikes and the cease of work and not by negotiations that were based on the correlation between productivity-wages. The coming into force of the minimum wage Law can also be considered a cause for reducing unemployment. Thus, the minimum wage, having the role of social protection, expresses only the lower limit beneath which no wage can be set, neither in the collective negotiations between the employers' association and the trade unions, nor in the individual relations.

The effect on the companies was the following: by setting a minimum wage, the companies were forced to resort to two solutions:

- They no longer hired labour force- because the companies could not hire labour force that produced under the wages they had to pay- the minimum wage.
- The inefficient demand- because of the consumers' low purchasing power- led to reducing the production. As a consequence, some companies could not offer the minimum wages (because of the lack of turnover of goods) for all the employees and resorted to dismissals.

Resorting to the two solutions led to the increase of the involuntary unemployment. The impact on the labour force affected especially those that were looking for a work place and were offered the minimum wage in the circumstances in which they considered that their work was more valuable. They preferred not to hire because they could get the same sum of money without any effort. The result was the voluntary unemployment.

To the above mentioned causes of unemployment mentioned above we can add others, such as:

- The acquisition of new technologies in the case of certain companies eliminates a certain part of the labour force from the productive process;
- The inefficient management by the Public Property Fund (in 2000, by the GR no. 296/30 December 2000, the phrase "Public Property Fund" was replaced by the phrase "The Authority for the Privatisation and Administration of the State's Participation", the present ASAR- The Authority for the State Assets Recovery) of the companies which are in the state's property.

We can conclude that, in Romania, the unemployment is the result of several influences: physical-biological, psychological, political-economical and juridical-legislative, which are interlinked and interdependent, generating the specific types of unemployment that are fount in the economy of our country.

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FISCAL POLICY REFORM IN ROMANIA

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Abstract: The scientific development of this article will follow the general characterization of the fiscal policy reform, determined by the transition to the market economy, by presenting the positive aspects as well as the negative ones in the period before and after Romania's adhesion to the European Union.

Key-words: fiscal policy, reform, fiscal facilities

Fiscal policy offer to the state the power to influence the activity and the contributions of the tax-payers. This way, on a macro-economical level, it leads the micro-economical, individual objectives towards the purpose of reaching the global economic and social objectives of the state. Basically, it is about the "undeclared orientation" in a certain direction, according to the object followed at central level, the "free initiative" proposed by capitalism.

Any decision of fiscal policy that produces the modification of the fiscal system one way or another has a quick influence upon the behavior of the *rational* tax-payers, individuals or corporate bodies, upon the economic decisions of them, that, if linked, will lead to the modification of the general economic life. This modification can be the *sought* one or it can be a different one, if we do not take into consideration all the un-fiscal factors that influence the behavior of the economic agents.⁸

As stated by Rodica Bălănescu and her collaborators in their paper "The Tax system" "the objectives of the fiscal reform are numerous and of course, not all the existent shortcomings can be put aside. This is also due to the fact that we cannot evaluate exactly the internal and external connections of our future economic evolution, as well as the effects of the introduction the market mechanism, especially if the elements and the institutions of the old leading administrative mechanism will persist and slowly disappear.

Referring to the main objectives in basing the fiscal policy, the same author mentioned a great truth: "while the advanced market economies can afford a *fine harmonization* of the tax mechanism with their adjustment with the economic policy, we are in the opposite situation, the main motivation of the tax reform being: ensuring the compatibility of the tax system with the market mechanism (which produces the cancellation of direct payments specific to the centralized economy); ensuring, through the tax system the free circulation of capital, products and services; ensuring a balanced relationship between the GDP and fiscal task, to favor the accumulation and the aggregate demand".

Analyzing the fiscal policies elaborated and applied in Romania, in the transition period that started in 1990 (and we consider it is still unfinished) we can observe that they have been characterized by a series of realizations (such as the modernization of the fiscal system) often *shadowed* by certain measures with negative effects (the instability of the legislative framework), resulted from the copying of some policies applied in other countries without adapting them to the local realities, in our wish to fiscal alignment to the European standards, without fulfilling the same objectives in the other plans of the economic life.

The fiscal reform was characterized by a lot of incoherence, instability, modifications and continuous coming-backs; this caused a tough, *rich* legislation, through politics and *infantile* experiences in the field of fiscal facilities, inexplicable from the economic point of view and the public interest, probably judged according to the strictly personal interests of the governants. Trying to put down an evidence of the main realizations in the fiscal field between 1990-2007, they would be the following:

- The introduction of VAT, in 1992 that aimed at improving the fiscal system and its alignment to the international standards, even if the *Romanian variant* of this tax was characterized by certain derogations from the practice of the other countries;

⁸ Bălănescu Rodica, Bâlășescu F., Moldovan Elena – Tax System (in orig. Sistemul de impozite), Economic Publishing House, Bucharest 1994, pag. 25-26

⁹ Idem

- The reform of the social insurances system, that was realized together with the of Law 19 from 2000, as an objective necessity imposed by the socio-economical conditions of the period;
- The introduction of the new tax system for the small companies in the year 2001, whose effect was the development of this category of economic agents;
- The legiferation in 2001 of the introduction "de facto" of the fiscal record in order to fight embezzlement and increase the fiscal efficiency.

Also, the implementation of the Fiscal Code, starting January 1st 2004, represents a real realization of the contemporary fiscal policy due to the realization under a unitary form of the fiscal legislation of Romania and the improvements brought to fiscality, such as the introduction of the reduced VAT amount, regrouping of the excises and the introduction of a *more transparent* way of administrating them and a more equitable taxation.

In the same time, the implementation of the Fiscal Procedure Code and "the ethic code of the fiscal inspector" represents the main advantage of the grouping of legal regulations regarding the rights and obligation of the parts in the fiscal juridical relationships regarding the administration of taxes established by the Fiscal Code, an important field of fiscality in the present conditions, that, missing a *proper fiscal consciousness of the tax payers*, call for an operational and effective system for collection and fiscal control. This aspect is very important because the fiscal discipline of the tax payers is, to a certain extent, a consequence of the public clerks that are part of the fiscal control and fiscal administration body.

After Romania's adhesion to the European Union, it continued the implementation of some measures that aim at the harmonization of the internal Romanian legislation with the one of the European Union. For example, in the field on the income tax, the EU Directives have been adopted in the Fiscal Code, Title II, regarding: the imposing of the fusions, divisions and transfers of actives and exchanges of mobiliary values between companies of different member states; the common fiscal regime that applies to mother-companies and their branches from various member states; the imposing of the savings' incomes; the common tax system applicable to the payment of interests and debts between associated companies from different member states; the reciprocal assistance between the competent authorities of member states in the field of direct taxation and imposing of insurance premiums.

For the purpose of a more efficient administration of the income tax, a law was adopted for a 1% tax, as an anticipated payment, calculated on the income from transactions with title deeds and operations from buying & selling of foreign currency based on a contract and the establishment of a tax on the net annual income. Also, for the boost of the savings in a collective system for the locative system, there is a deduction from the taxable incomes from salaries of the basic expenses pertaining to this saving, limited to an amount of 300 Lei / year / person.

Applied from January 2008, the taxable basis of the income tax was extended by including the incomes from agricultural activities, from the valorization of agricultural products after harvesting, in natural state, from the fields, in the category of taxable incomes.

In the field of local taxes and other taxes, the legislative modifications aimed mainly at: the inclusion in the taxes for buildings owed by corporate bodies of the modernization works; the actualization of the land tax owed by individuals and corporate bodies, that is to adapt them to the real public expense performed by the local authorities; the offering of facilities regarding the tax on buildings and the land tax is over 500.000 Euro, for stimulating the investments and creating new jobs; creating two terms of payment instead of four, for a more efficient administration of local taxes and other taxes; the delimitation of the field of application of special taxes, meaning that they cannot be put in the responsibility of concessionaries of public utilities (natural gas, water, electricity) for the existence in the public/private field of the administrative – territorial units of networks of water, transportation and electricity and gas distribution.

Another important measure negociated with the European Comission is the establishment of a new dispensation in the case of the Value Added Tax to the level of 35.000 Euro business figure (the limit used in 2006 was of approximately 57.000 Euro).

Fiscal policy was characterized by some contradictory measures, linked with the evolution of the national economy, such as:

- Setting the excises to a level similar to the one in the developed countries, without the real tax source (the income) registering the same tendencies;

- The progressive reduction of customs taxes as a consequence of some international agreements in view of the stimulation of the external trade, that facilitated only the increase of the imports and undermined the internal production;
- The early introduction, unjustified by the state of the economy of the tax on global income in the year 2001, which determined the increase of fiscal task supported by individuals.

Starting with the pre-adhesion period, we can observe a certain improvement of the fiscal policy, transposed in a greater stability and more perseverance in following some objectives on longer terms then in the previous period, having as effect the <u>increase of the fiscal incomes</u> cashed by the state (see table 1).

Nr.	Explanation	Currency	Years				
			2002	2003	2004	2005	2006
1	Direct incomes, of which	Mil. Lei	17.82	23.47	31.07	94.55	39717.40
2	Profit tax	Mil. Lei	3.02	4.42	6.48	6.07	7446
3	Income tax (central-local)	Mil. Lei	4.13	5.32	7.10	5.02	4954.40
4	Taxes	Mil. Lei	0.96	1.18	1.39	1.46	27046.00
5	Health Insurances Company (HIC)	Mil. Lei	9.71	12.55	16.09	82.0	271.00
6	Indirect incomes, of which:	Mil. Lei	14.63	20.96	26.13	36.78	28.87
7	VAT and excises:	Mil. Lei	13.69	19.67	24.51	35.11	27.04
8	Customs taxes	Mil. Lei	0.94	1.29	1.62	1.67	1.83
9	Total fiscal incomes	Mil. Lei	32.45	44.43	57.21	131.33	39746.27
10	The weight of the profit tax / total fiscal incomes	%	9.30	9.94	11.33	4.62	18.74
11	The weight of the income tax / total fiscal incomes	%	12.73	11.99	12.42	3.82	12.46
12	The weight of taxes / total fiscal incomes	%	2.95	2.65	2.44	1.11	68.04
13	The weight of HIC / total fiscal incomes	%	29.93	28.24	28.12	62.44	0.68
14	VAT weight and excises / total incomes	%	42.20	44.28	42.85	26.73	0.07
15	The weight of customs taxes / total fiscal incomes	%	2.88	2.90	2.84	1.28	0.01
16	The weight of direct incomes / total fiscal incomes	%	54.92	52.82	54.31	71.99	99.92
17	The weight of the indirect incomes / total fiscal incomes	%	45.08	47.18	45.69	28.01	0.08

Table nr. 1 – The structure of fiscal incomes of the general consolidated budget in Romania

Source: data taken from the Statistic Yearbook of Romania, year 2006 and the Annual Report of the Nation Bank of Romania, year 2006.

In the year 2002, the total fiscal incomes were formed of 9.30% profit tax, 12/73% income tax, 2.95% taxes and taxes for the population, 29.93% the contribution to the social insurances (as direct taxes that represent 54,92% of fiscal incomes) and 42.20% VAT and excises and 2.90% customs taxes (as indirect taxes that represent 45.08% of fiscal incomes).

In the year 2003 the total fiscal incomes were structured as follows: 9.94% profit tax, 11.99% income tax, 2.65% taxes and taxes for the population, 28.24% the contribution to the social insurances (as direct taxes that represent 52,82% of fiscal incomes) and 44.28% VAT and excises and 2.90% customs taxes (as indirect taxes that represent 45.08% of fiscal incomes).

In the year 2004 the total fiscal incomes were formed of 11.33% profit tax, 12.42% income tax, 2.44% taxes and taxes for the population, 28.12% the contribution to the social insurances (as direct taxes that represent 54,31% of fiscal incomes) and 42.85% VAT and excises and 2.84% customs taxes (as indirect taxes that represent 45.69% of fiscal incomes).

In the year 2005, the fiscal incomes were formed of 4.62% profit tax, 3.82% income tax, 1.11% taxes and taxes for the population, 62.44% the contribution to the social insurances (as direct taxes that represent 71.99% of fiscal incomes) and 26.73% VAT and excises and 1.28% customs taxes (as indirect taxes that represent 28.01% of fiscal incomes).

In the year 2006, the total fiscal incomes were formed of 18.74% profit tax, 12.46% income tax, 68.04% taxes and taxes for the population, 0.98% the contribution to the social insurances (as direct taxes that represent 99.92% of fiscal incomes) and 0.07% VAT and excises and 0.01% customs taxes (as indirect taxes that represent 0.08% of fiscal incomes).

We consider that this increase of public incomes (due booth to the economic growth and the increase of the fiscal pressure) can be put good use in the following years for the increase of the budget allowances for certain fields such as medicine, education, environment, infrastructure and others.

In conclusion, we can say that the evolution of the fiscal policy in the past few years has not always been *correlated* with the conditions and the evolution of the national economy that to a misinterpretation of some purposes or benefic fiscal policies. Or in other case, they didn't even materialize, being cancelled by some contrary measures of economic policies. In other words, fiscality tends to align faster and easier to international standards than the national economy.

In the end, we consider that the following aspects are relevant and useful for the fiscal contemporary policy of Romania:

- The necessity of a strong repression of underground economy, especially in what regards corruption, criminality or the fight against fiscal fraud;
- Paying a special attention to the new economic tendencies, such as the expansion of the electronic commerce with the three parts: the trade between companies, the trade of services and intangible goods (has the most spectacular evolution due to the Internet), the electronic trade of physical goods; this one takes place in conditions that facilitate the avoidance of fiscal laws, it products overpass the boundaries without passing through the customs, thus representing a real risk of dodging. Another potential element that might facilitate embezzlement is represented by the development of the *inter-temporary trade*, respectively the present trading of future goods.
- Without real chances of being applicable in practical life, from a theoretical point of view the introduction of *the tax on wealth growth* might be of interest, whose taxable substance should be given by the significant growth of he wealth of some people or social categories in a certain period of time; such a measure could be beneficent from a financial point of view, for the increase of public funds and the reduction of budget deficit, but also moral, considering the growth of the wealth (*a little bit bothered* by the taxation) of some individuals in the above-mentioned *transitional* period.

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THEORETICAL-METHODOLOGICAL CONSIDERATIONS REGARDING THE ROMANIAN ENTERPRISE'S RESULTS AND PERFORMANCES

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ABSTRACT: Romania has been passed from the centralize economy to the free market economy. One of the crucial reason of this process of transition has been the lack of performance in the socialist economic system. The introduction and certification of the quality management system has important benefits for companies, respectively: the awareness of the improved quality, an increased trasparency of the division of the responsibilities inside the company, leads to a higher involvement of the employees, to an internal efficiency, to the improvement of the company's image, to the attraction of new clients and the attainment of their trust, facillitates the participation to auctions, the simplification of the export procedures and last, but not the least, leads to improvement of the company's position on the market.

Keyword: enterprise's results, performances, free market economy

Romania has transited from the centralized planning economy to the free market economy. One of the crucial reasons of this process of transition has been the lack of performance of the socialist economic system.

After one and a half decade of transition, Romania's economy has been internationally recognized as being a functional market economy, in continual perfection. Romania's fundamental socio-economic transformations are not questioned. Even though, from a structural and functional point of view, there are a few problems, a few questions that the Romanian economical science didn't equivocally answer.

First and foremost, if the reorganization and the modernization of the enterprises from the Romanian economy went, as rhythm and sense, in accordance with the tendencies manifested in the developed countries of world? It is useless to find who's responsible for the existence or non-existence of the convergence between the worldwide tendencies and the tendencies of the Romanian economy. It is important to prove if the orientation was right or wrong and to be able to action in order to find the road towards normalization.

Secondly, if the Romanian enterprises' results and performances, after 15 years of structural transformations, are superior to the 90's, they equaled and they exceeded those performances? The search of the real causes that lead to the Romanian enterprises' modest performances could better fundament the national strategies in this domain.

Thirdly, if the decentralization of the economical activity and its government started to produce benefic effects for the entire society? It is not only about the economical effects, like the business plan and the profits, but also about the stability/instability of the prices, of the purchase power and of the population's prosperity.

Fourthly, if Romania's pre-adhesion and adhesion to the European Union, has minimize the results and the performances of the Romanian enterprises?

Fifth of all, , which is the stadium of the results and performances of the enterprises' from the Romanian economy, reported to other European states which adhered and are about to adhere to the European Union and what should an efficient government do in order to enrich them?

The introduction and certification of the quality management system has important benefits for companies, respectively: the awareness of the improved quality, an increased trasparency of the division of the responsibilities inside the company, leads to a higher involvement of the employees, to an internal efficiency, to the improvement of the company's image, to the attraction of new clients and the attainment of their trust, facillitates the participation to auctions, the simplification of the export procedures and last, but not the least, leads to improvement of the company's position on the market.

The management systems' certification (of the ISO 9000 quality, of the environment – ISO 14000, HACCP, OHSAS 18001, SA 8000, the information's security etc.) and the certification of the products represents determinant factors for the increase of the competitivity of the Romanian organisations and companies, in free circulation of the goods/services, both on the Romanian market and on the international markets, especially the one from the European Union.

If the introduction of the quality management system was perceived as a "passport" necessary for the companies in the commercialization of the products and services, destined to export, together with the closing of the process of adhesion and integration in the European structures, the process of taking over of European standards and implementation should be in the center of the Romanian companies' major concerns.

In other words, the "passport" becomes an "identification card" necessary for the companies in order to be able to exist at "home", in Europe and in the world, in order to correspond to the global market's exactingnesses [1].

The introduction of the quality management still remains a major challenge for the vast majority of the IMMs as long as 78% of the IMMs, according to a survey made by the National Agency for IMMs, declare that they did not introduce this system. The results of the survey show us that the quality management system has been introduced at 12% of IMMs. At just 7,6% from the interviewed companies, this process is in progress.

This situation is even more concerning taking into consideration the fact that the EU integration process' time sheet shows us a more rapid approach to the adhesion moment.

None of the sectors is in a more advanced situation, even though the analysis emphasizes some important differences. The IMMs from agriculture just start to be preoccupied by this problem, taking into consideration the fact that none of the interviewed companies had those certificates of the quality management system, in turn 29,7% of them were in process of introducing the quality management system.

The IMMs from the commerce, hotels, transports and communications succeed, to a short degree, in lining up to those standards. Their successes register under the medium hefts, on the sector's ensemble. In the best situation, identified with the occasion of the survey, are the IMMs from constructions which, in proportion of 22,9%, had those certifications; hereupon is added an important heft of 14,1% of the enterprises in process of introduction. The results of survey emphasize the fact that only 18,6% of the IMMs from the industry have obtained the certifications for the introduction of the quality management system, resulting from its nature, it constitutes itself in a signal of alarm regarding the competitivity of those 73,1% companies which succeeded in this respect, in the close context of the integration on the Internal Market.

The middle sized companies are in the vanguard at the introduction of the quality management system, because 33,2%, of the interviewed ones, had already introduced it and 18, 5% are in the certification procedure. The worst situation is registered in the micro-companies category, were 80,5% of them didn't take any steps in order to introduce the quality management. Then again, the results of the survey show that the direct correlation between the size of factory and the success in the introduction of the quality management system is respected. Taking into consideration the fact that the management and the quality assurance will became sine-qua-non conditions for the operation on the Internal Market, in the integration's perspective, it clearly comes into evidence that the micro-companies from the industry remain the most vulnerable in what concerns the disappearance from the market.

Even of those 12% IMMs which succeeded the introduction of the quality management system, have obtained these certifications in majority at a standard category and are left far behind at the environment management category. Thus, the vast majory of the certifications (75,3%) have been obtained at standard category (respectively ISO 9000), while only 4,7% of the IMMs obtained certifications from the

environment management category. To note that a high enough number of respondents (12,4%) didn't know how to respond to this more technical question.

The IMMs, no matter which is the domain of activity, had obtained, to a small extent, certifications from the environment management category (ISO 14000, only the active companies in the commerce, in a proportion of 9,5%, followed by the construction sector with a heft of 5,5%). The IMMs which succeed in introducing the quality management system, no matter which is the domain of activity, are situated in the general characteristic mentioned overall, obtaining certifications from the standard category with range which varies from 100% for IMMs from transports and telecommunications to 75,1% for the industry sector and, respectively, 71,9% for those actives in the Other Services sector.

By size categories of the IMMs, there are no significant differences as compared to the general characteristics previously emphasize. The dates also show the fact that there is no direct correlation between the size of enterprise, the domains of activity and the degree of introduction of some certifications from the superior category, respectively the one of the environment management. Thus, the small enterprises have reported, in a percent of 6,9%, the introduction of the ISO 14000, while only 4, 3% of the middle sized enterprises succeeded this, the same with the micro-enterprises. To be honest, in the situation of the interviewed from the micro-enterprises category, a high percent (13,6%) didn't know how to make the difference or didn't answer. This fact proves that all IMMs, irrespective of the size class, are overdue in obtaining these certifications, either because they aren't well informed, or they are still adverse in what concerns the contractual approach in the business development.

The middle sized enterprises have bigger chances to obtain a sub-command, as compared to the small sized enterprises or the micro-enterprises. Even though, the general note remains the lack of access. The overwhelming heft, which varies from 92,7%, in the case of the micro-enterprises, to 85,6% for the middle ones, comes to sustain the previous statement of the IMMs that didn't obtain the position of sub-contractor in a public acquisition.

The very low participation of the IMMs on the international market.10% of the IMMs has participated on the international market as importer, only 6% as exporter and, respectively, 6,9% as sub-contractor of some foreign companies.

On this general background of the low participation, nevertheless, the IMMs from the industry detach themselves in the front of participation on the international markets, both as importers and exporters. Another characteristic is that the number of the IMMs from the Industry which participate on the international market as exporters (17,6%) slightly surpasses the number of the ones who participated as importers (16,7%). As expected, the analysis on sectors brings upon important differences. Another particularity is recorded among the IMMs from transports and telecommunications (14,1%), followed by the ones from constructions and other services which, in percents of 8,5% and, respectively, 11,4%, present superior hefts to the overall mean participating on the international markets as sub-contractors of some foreign companies, phenomenon known as "outsourcing".

The participation on the international markets looked upon from the perspective of the IMMs size category, show a cleat between micro-enterprises and the ones from the small and, especially, the middle categories. Thus, the fact that the micro-enterprises from Romania are not involved, ready and, in the long run, capable of capitalizing the advantages of the economical globalization, remaining preponderantly oriented towards the Romanian trade and services' market is emphasized. We note the correlation between the size category and the degree of participation on the international market. Thus, only 4,5% of the micro-enterprises had been put in the position of being an exporter, while the heft grows up to 14,1% when it comes to small size enterprises and to 27,9% when it comes to the middle sized ones. The same tendency is also observed by analyzing the enterprises' participation as importers by size categories. Taking into consideration the character of question with multiple variants of response, we can also obtain an indication with reference to the fact that very few of the IMMs were in both situations of participant on the international market, as importer and, respectively, exporter, thing that proves a stratification of the market, respectively, the orientation of the bigger companies towards the externalization of some activities to micro-enterprises and small enterprises[2].

Among the most frequent obstacles put in front of the exporters, were mentioned the lack of information about the external markets, to which was added the lack of capital in order to action on the external markets and financing for the activities destined to export. To all these observations we must add the fact

that an important number of companies never met obstacles which would make impossible their participation on the international markets.

In the activity sectors' structure, we can observe that the lack of information, in what concerns the external markets, constitutes a fundamental obstacle for the firms from the commercial intermediation, while the lack of capital and financing was the most important obstacle for the firms from Transports and communications. The lack of qualified expertise and competences was an untraceable barrier for the IMMs from Constructions. In the case of the firms from the industry, the causes of the more difficult access on the external markets were multiple[3].

Irrespective of the size category, the very multiple character of the causes that lead to the reduced participation of the Romanian IMMs on the international markets gets remarked. More than that, in 2002 Romania signed, together with the other candidate countries, at that point, The Declaration from Maribor, in which it engages itself to harmonize the competitivity sustaining politics of the autochthon companies with the stipulations of the Lisbon Chart. As an expression of this international engagements assumed by Romania, the directions and the measures which define the National Strategy of Sustaining and Promotion of the IMMs, for the horizon 2004-2008, reflect the small companies' internal needs, and also respond to the preoccupations at an international level.

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THE REACTIONS OF TERTIARY EDUCATION TO THE GLOBAL CHANGES

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Tertiary education exercises a direct influence on national productivity which largely determines living standards. Tertiary education institutions can play a critical role in offering appropriate education, training and research programs which in turn support knowledge-driven economic growth strategies. They have some essential functions such as: the capacity to train a qualified and adaptable labor force, the capacity to generate new knowledge, and the capacity to access existing stores of global knowledge and adapt it to local use. To fulfill these functions it is necessary to respond to changing education and training needs, to adapt to shifting tertiary education landscape and to adopt more flexible modes of organization and operation.

Key Words: knowledge, information, tertiary education, university

Needs for changing in education and training

Nowadays an important role in economic development, as it is widely recognized, is played by the ability of a country to acquire and apply knowledge. Knowledge-driven economies experience a stronger demand for higher skills in the workforce. Studies on the evolution of labor markets have evidenced the growing proportion of employees with tertiary level qualifications and the rising rates of return on tertiary education.

Another dimension for change is the growing importance of continuing education in order to update one's capacities and qualifications on a regular basis because of the short "shelf life" of knowledge, skills and occupations [8]. At the post-secondary level, for instance, the traditional approach of studying for a discrete and finite period of time to acquire a first degree or to complete graduate education before moving on to professional life is being progressively replaced by practices of lifelong education. Graduates will be increasingly expected to return periodically as adults to one or more tertiary education institutions to acquire, learn to use and relearn the knowledge and skills needed throughout their professional life. This phenomenon goes beyond the narrow notion of "second chance" for out of-school young adults who did not have the opportunity to complete much formal study. It has more to do with the updating and upgrading of learning required to refresh and enhance one's qualifications to keep pace with innovations in products and services.

An important consequence of the acceleration of scientific and technological progress is the diminished emphasis in tertiary education programs on the learning of facts and basic data in itself. There is a growing importance of what could be called methodological knowledge and skills, (i.e. the ability to learn in an autonomous manner). Today, in many disciplines, factual knowledge taught in the first year of university study may become obsolete before graduation. The learning process now needs to be increasingly based on the capacity to find, access and apply knowledge to problem-solving. In this new paradigm, where learning to learn, learning to transform information into new knowledge, and learning to transfer new knowledge into applications is more important than memorizing specific information, primacy is given to information seeking, analysis, the ability to reason, and problem-solving. In addition, competencies such as learning to work in teams, peer teaching, creativity, resourcefulness and the ability to adjust to change are also among the new skills which employers value in the knowledge economy.

A last dimension that we mention here refers to the growing attractiveness of degrees and credentials with international recognition. In a global economy where local firms produce for overseas markets and compete with foreign firms in their own domestic markets, there is a rising demand for internationally recognized qualifications, especially in management related fields. Many entrepreneurial university leaders have been quick to identify and capitalize on this trend, as evidenced by the multiplication and expansion of MBA-type programs throughout the world.

Diversification of the tertiary education system

The appearance of a variety of new institutions alongside the traditional universities, such as short duration technical institutes and community colleges, distance education centers and open universities have created new opportunities to meet the growing social demand. A second wave of institutional diversification is now discernible, with the emergence of new forms of competition in tertiary education that transcend the traditional conceptual, institutional and geographical boundaries among organizations, segments, sectors and countries. The main new actors and institutions emerging in the "borderless" tertiary education market are: virtual universities, franchise universities, corporate universities, media companies, libraries, museums, and education brokers. On the heels of these new actors come software producers, publishers, entertainment firms and others seeking to tap the potential of an emerging international market in tertiary education [1].

The decreased importance of physical distance means that the best universities in any country can decide to open a branch anywhere in the world or to reach out across borders using the Internet or satellite communication links, effectively competing with any national university on its own territory. Distance education is sometimes delivered by a specialized institution set up by an alliance of universities.

Franchise universities are another form of competition. In many parts of the world, but predominantly in South and Southeast Asia and the formerly socialist countries of Eastern Europe, there has been a proliferation of overseas "validated courses" offered by franchise institutions. The cost of attending these franchise institutions is usually one-fourth to one-third what it would cost to enroll in the mother institution.

Corporate universities constitute a third category of new competitors with which traditional universities must increasingly reckon, especially in the area of continuing education. It is estimated that there are at approximately 1,600 institutions in the world functioning today as corporate universities, up from 400 ten years ago. Corporate universities operate with their own network of physical campuses, as a virtual university, or through an alliance with existing tertiary education institutions. Experts are predicting that, by the year 2010, there will be more corporate universities than traditional campus-based universities in the world, and an increasing proportion of them will be serving smaller companies rather than corporate giants.

Media enterprises, publishing companies, libraries and museums and secondary schools have also extended their reach to the world of tertiary education, taking fully advantage of the new information and communication technologies. Although this new form of competition is more difficult to track, it is becoming significant at least in the US and the UK. Examples involve publishing companies providing services linked to curriculum design and the preparation of educational materials for online delivery, or museums and libraries offering continuing education courses.

The last form of non-traditional competition comes from the new academic brokers, virtual entrepreneurs, often web-based, who specialize in bringing together suppliers and consumers of educational services in many different areas. This kind of companies build, lease and manage campuses, produce multimedia educational software, and provide guidance to serve the training needs of corporate clients world wide. Dozens of web-based companies act as clearinghouses between schools and prospective students, offering information about academic and financial resources.

New changes in structures and mode of operation

Faced with new training needs and new competitive challenges, many universities have undertaken important transformations in governance, organizational structure and modes of operation. The main purpose is to increase institutional flexibility and to accelerate the adaptive capacity of tertiary education institutions and programs. Many changes are brought about or facilitated by the application of new technologies. These can be used as: a resource tool (i.e. an electronic library), a pedagogical tool to

transform the learning process, a communication tool supporting new modes of information sharing, an administrative tool to improve the efficiency and cost effectiveness of academic management processes. Such innovations in the way tertiary education institutions are structured and operate create in turn new challenges concerning the nature of the education experience, new dimensions of academic management, new patterns of governance and financing, new quality assurance requirements, and issues of intellectual property rights. The necessary reforms refer to the:

- program offerings,
- academic structure and organization,
- pedagogical processes and modes of delivery,
- physical infrastructure,
- the teaching profession.

The evolution towards lifelong learning means that young high school graduates will gradually cease to be the primary clientele of universities. As a result, universities must organize themselves to accommodate the learning and training needs of a very diverse clientele: working students, mature students, stay-at-home students, traveling students, part-time students, day students, night students, weekend students, etc. One can expect a significant change in the demographic shape of tertiary education institutions, with more students pursuing a second or third degree or a professional degree, and a larger share of students, young and mature, enrolled in short term continuing education activities [8].

As tertiary education systems move from elite systems to mass systems, from an emphasis on teaching to a focus on learning, students become more important actors as primary clients, consumers and learners. This requires the establishment of appropriate organizational and management mechanisms to handle their new roles and the new challenges that they represent. Tertiary education institutions need to develop, in particular, capacities to conduct beneficiary assessments, to inform and guide students concerning career choices, to accommodate the needs of students with special difficulties, and to maintain linkages with graduates as resources for student placement and fund-raising.

Effective labor market feedback mechanisms, such as regular consultations with employers and alumni, are indispensable for the purpose of adjusting curricula to meet the changing needs of industry. There is no better linkage than when a new tertiary education institution is fully integrated into a regional development strategy.

In terms of organizational structure, there is a need to articulate traditional disciplines differently as a result of the emergence of new scientific and technological fields. The new patterns of knowledge creation do not imply only a reconfiguration of departments into a different institutional map. Is more important the reorganization of research and training around the search for solutions to complex problems, rather than the analytical practices of traditional academic disciplines. This evolution is leading to the emergence of what experts call "transdisciplinarity", with distinct theoretical structures and research methods [5]. This trend transcends hard science, and touches social sciences, as well.

The introduction of new pedagogical approaches supported by alternative delivery mechanisms has just begun to revolutionize the way teaching and learning can occur in tertiary education. The possibility of concurrent use of multimedia, computers and the Internet can allow for meaningfully more active and interactive learning experiences, such as peer tutoring and self directed learning, experiential and real world learning, resource-based and problem-based learning, reflective practice and critical self-awareness, or any combination. Traditional frontal teaching can be replaced by or associated with asynchronous teaching in the form of online classes that can be either scheduled or self-paced. A new pedagogical model involves in particular an active engagement of the students rather than a passive reception of information, opportunities to apply new knowledge to real life situations, the ability to represent concepts and knowledge in multiple ways rather than just with text, learning as a collaborative activity rather than an individual act, and an emphasis on learning processes rather than memorization of information [7].

Anyway, modern technology is not a panacea. To create a more active and interactive learning environment, faculty must have a clear vision as to the purpose of the new technologies and the most effective way of integrating them in program design and delivery (experts call "instructional integration"). Then they must educate themselves in the use of the new pedagogical channels and supports. Quality online education is best achieved with relatively small class sizes, not to exceed 30 students. Moreover, it does not seem desirable to teach an entire undergraduate degree program only with online classes if

students are expected to learn to think critically and interact socially in preparation for professional life. Combining online and regular classroom courses gives students more opportunity for human interaction and development of the social aspects of learning through direct communication, debate, discussion, and consensus building. These pedagogical requirements apply also to the design and delivery of distance education programs which need to match learning objectives and appropriate technology support.

The teaching profession is also evolving as a result of transformations in academic and pedagogical approaches. With a proper integration of technology in the curriculum, teachers can move away from their traditional role as one way instructors toward becoming facilitators of learning. The introduction of multimedia and computer-based teaching is indeed leading toward the separation of the traditional functions of professors: course design, selection of textbooks and readings, course delivery, and assessment. The need for tertiary education institutions to be able to respond rapidly to changing labor market signals and to adjust rapidly to technological change may also require more flexible arrangements for the deployment of academic staff and evaluation of its performance. Under a more radical scenario, the multiplication of online programs and courses could induce tertiary education institutions to contract independent professors not affiliated to any specific college or university to prepare courses designed for a particular person or a group of people.

Conclusion

While it is not entirely sure that we will witness to the demise of the traditional pedagogical model, what is certain is that schools and universities are called upon to change drastically under the pressure of increased competition. But the successful integration of technology into the learning process will require a cautious approach. Despite the many advantages that modern technologies can offer, their effectiveness depends on a clear strategic vision of their role in support of a new pedagogical project. It is important to define first the new pedagogical approach that a school or a university wants to implement and then to look for the most appropriate technology to provide that pedagogy.

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FACTS ABOUT DETERMINANTS OF ECONOMIC GROWTH

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During 1961-2001 some economies has raised their GDP for more than 10 times, and others have decreased their per capita GDP to a half from their initial level in 1961. Using the general framework developed by Barro on a panel date for more than 150 countries with observations computed 5 years, 10 years, 20 years, 40 years period, and annually, during 1961-2000, we found that economic growth is positively correlated with a higher level of health and education, and an increase in: savings, openness of the economy, development of the financial system, capital formation, FDI, and real interest rate. Therewith economic growth is negatively correlated with a higher level of GDP per capita, and an increase in: government consumption, inflation rate, budget deficit, fertility and population growth, unemployment, and current account deficit.

Keywords: determinants of economic growth, economic growth, macroeconomic stability

Determinants of Economic Growth: A Short Summary of the Literature

An important literature has been written on the determinants of economic growth in the last 20 years. Their analyses have recorded a real success explaining the differences in per capita growth accounted by countries over long periods of time.

Barro (1991)(8), the initiator and developer of this theory, uses as main explanatory variables: the initial level of real per capita GDP, the school enrolment, the political instability, the deviation regarding the parity of power purchasing, the life expectancy at birth and fertility rate. Using a panel consisting in over 100 countries, Barro (1997)(7) found that the hypothesis of conditional convergence is valid. The lower is the starting level of real per capita GDP, relative to the long-run or steady state-position, the faster is the growth rate. Economies that have less capital per worker (relative to their long-run capital per worker) tend to have higher rates of return and higher growth rates. The convergence is conditional because it depends on the other determinants of the economic growth. This means for certain levels of the education attainment, health and other variables that reflect national characteristics, policies, and institutions, growth rate rises when the initial level of real per capita GDP is low relative to its long term level. Therewith, for a given starting level of real per capita GDP, the growth rate is enhanced by higher initial schooling and life expectancy, lower fertility, lower government consumption, better maintenance of the rule of law, lower inflation, and improvements in the terms of trade.

The empiric evidences in the literature suggest that economic growth is positively related to:

- the starting level of average years of school attainment at the secondary and higher level Barro (1991, 1996, 1998, 1999, 2001, 2003), Levine and Renelt (1992), Benhabib and Spiegel (1994), Doppelhofer, Miller, and Sala-i-Martin (2000)
- TFP (total factor productivity) Sarel (1998), Crafts (1999), Easterly and Levine (2001), Iwata, Khan, and Murao (2002)
- technological progress and technological diffusion Romer (1986, 1987, and 1990), Lucas (1988), Rebelo (1991), Grossman and Helpman (1991), Gordon (2002)
- investments in research and development Grossman and Helpman (1991), Aghion and Hewitt (1992), Coe and Helpman (1993), Barro and Sala-i-Martin (1995)
- improvements in the stock of capital Romer (1986), Lucas (1988), Rebelo (1991)

- labor and capital productivity Bergoeing, Kehoe, Kehoe, and Soto (2002)
- saving rate Levine and Renelt (1992), Howitt and Aghion (1998), Bernanke and Gurkaynak (2001), Aghion, Comin, and Howitt (2006)
- initial level of life expectancy at birth Barro (1996, 2003), Doppelhofer, Miller, and Sala-i-Martin (2000)
- investment rates Barro (1989, 2003), DeLong and Summers (1991), Mankiw, Romer, and Weil (1992), Levine and Renelt (1992), Mankiw, Phelps, and Romer (1995), Hugo (1999), Bernanke and Gurkaynak (2001)
- institutional framework Knack and Keefer (1994), Dhonte, Bhattacharya, and Yousef (2000)
- macroeconomic stability Fischer (1993), Easterly and Levine (1997)
- better maintenance of the rule of law Barro (1996, 2003)
- investments in infrastructure Barro (1989), Canning and Fay (1993), Easterly and Levine (1997)
- maintenance of the property rights Barro (1989)
- development of the financial and banking system King and Levine (1993), Levine and Zervos (1996), Rajan and Zingales (1998), Demirgüç-Kunt and Maksimovic (1999), Beck, Levine, and Loayza (1999)
- foreign direct investments Borensztein, De Gregorio, and Lee (1995).
- Economic growth rates are negatively related to:
- the initial level of real per capita GDP Barro (1991, 1996, 2003) Mankiw, Romer, and Weil (1992), Levine and Renelt (1992), Doppelhofer, Miller, and Sala-i-Martin (2000)
- taxation level Barro (1989)
- government consumption Barro (1991, 1996, 2003)
- market distortions Barro (1989, 1991, 2003), Fischer (1993), Easterly and Levine (1997)
- political instability Barro (1989, 1991), Mankiw, Phelps, and Romer (1995)
- high inflation and inflation fluctuation De Gregorio (1992, 1993), Barro (1995, 1996, 2003), Esterly and Bruno (1995), Sarel (1996), Easterly and Levine (1997)
- fertility rate Barro (1996, 2003)
- budget deficit Fischer (1993), Easterly and Rebelo (1993), Mankiw and Ball (1995).

General Framework for the Growth Determinants Analysis

The general framework for the determinants of the economic growth, developed by Barro (1997)(7), follows the extension of the neoclassical model, which relates real GDP per capita growth rate (annual %) with two kinds of variables: initial variables and the control or environmental variables. As initial levels of the state variables, we shall be using the stock of physical capital as a logarithm of the initial level of real per capita GDP (PPP current international \$ or constant 1995 US\$), and the initial level of human capital, in the form of education, expressed by the secondary and tertiary school enrolment (% gross), and in the form of state of health, expresses by the logarithm of life expectancy at birth, total (years). As control variables, which characterize the governmental policies and the economic agents' decisions, we use in all our regressions the following indicators: general government final consumption expenditure (% of GDP), gross capital formation (% of GDP), fertility rate (total births per woman), population growth (annual %), inflation rates (consumer prices, annual %), budget deficit (overall budget balance, including grants - % of GDP), market capitalization of listed companies (% of GDP), domestic credit provided by banking sector (% of GDP), gross domestic savings (% of GDP), unemployment (total, % of total labor force), current account balance (% of GDP), foreign direct investment (net inflows, % of GDP), openness of the economy (as sum of exports and imports of goods and services, % of GDP), real interest rate (%), money and quasi money (M2) as % of GDP, and real effective exchange rate (index, 1995 = 100). The availability of data for the initial level of physic and human capital is unsure, especially for the countries situated under the development process, and the way in which an indicator is measured can be different from one country to another. In these conditions, we shall considerate, as Barro did (1995, 1997), that for certain values of the education and health, an increased initial level of GDP per capita reflects a greater stock of physical capital per person (or a larger quantity of natural resources).

We write therefore, as a function, for a country, the growth rate of GDP per capita, for the period t of time as like Barro 1997 (7):

[1]
$$Dy = F(y^*; h^*; ...),$$

where y* and h* represent the initial conditions, respectively y* is the initial level of GDP per capita, and h* the initial level of human capital (expresses by the secondary school enrolment, the life expectancy at birth, etc.). The omitted variables, denoted by "...", comprise an array of control and environmental influences. These variables would include preferences for saving and fertility, the government policies with respect to spending, and so on.

In the empirical implementation we use the initial level of per capita GDP from the growth equation from above, under the form $log(y^*)$. The negative coefficient of this variable represents the convergence rate. For h^* we shall be using the initial level of the secondary or tertiary school enrolment rate and the logarithm of life expectancy at birth as an initial level.

Data and Methodology

We are using 23 indicators for 167 countries, from World Development Indicators 2002 and World Development Indicators 2007, World Bank. In order to exploit the temporal dimension of the data and to analyze the long term relation between the determinants and the economic growth we shall use panel data with annual, 5 and 10 years, 20 years, and 40 years observations. Thereby, the observations for control variables are computed as average (mean) values of the indicators on 5 years, 10 years, and 20 years periods, during 1961 - 2000. The variables which are representing the initial conditions are computed as observations from the beginning of each period. Economic growth is computed as the annual growth rate of real GDP as a mean for each period of the available data.

In regressions we shall use the maximum number of countries and periods shown by the available information.

The basic regression is:

[2]
$$\Delta = \alpha + \beta X + \gamma Y + \varepsilon$$
,

where the dependent variable Δ is the real growth of the GDP per capita, X is the matrix of the variables which express the initial conditions and Y is the matrix of the control variables.

In order to study the relation between determinants and the economic growth we shall use the following type of equations:

[3]
$$y_{it} = \alpha_{it} + x'_{it}\beta_i + \varepsilon_{it}$$
,

where i =1, 2,...,N represent the country and t=1,2,...,T, the time period. We use Pooled Least Squares and Feasible GLS (general list square) as econometric methods.

Due to the variable variances of the residuals between countries, we shall use a feasible GLS that assuming the presence of cross-section heteroskedasticity. In order to allow variances within a cross-section to differ across time we shall use White Heteroskedasticity Covariance, which estimate covariances that are robust to general heteroskedasticity. We test the variable variances of the residuals with Bartlett, Levene, and Brown-Forsythe tests.

In the literature Easterly (2000), Kraay and Monokroussos (2000) applied Pooled OLS analyses on panel data, Fischer (1993) and Barro (2003) used three–stage least squares, Levine and Schmukler (2003), Claessens, Klingebiel, Schmukler (2003) worked with FGLS.

In order to use as much as possible data, due to the fact that there are some observations missing at some countries, we worked with unbalanced data in Eviews 4.1.

Results

In over 30 regressions (like the one from the table 1) on economic growth, using the general framework described above we found the following:

- initial level of GDP per capita is very significant and robust in all the regression and all types of computed observations (annual, 5 and 10 years, 20 years, and 40 years periods) and it's negatively correlated with the economic growth, which confirms the conditional convergence predicted by the Solow Swan neoclassic economic growth models. Therefore, the convergence for the analyzed countries varies depending on other determinants that are in regressions between –0.9% and –1.8% for the GDP PPP at the purchasing power parity, as can be seen below, in table 1 and 2.
- the initial level of health, expresses by the logarithm of life expectancy at birth is very significant and positively correlated with growth in all the regressions, being a robust determinant of economic growth;
- initial level of the education, expressed especially by the secondary school enrollment and by tertiary has a positive value in regressions and is significant;
- saving is important and has a significant and positive coefficient in different regressions, but its value depend on the others variables used in regressions;
- government consumption is negatively correlated with economic growth, having a significant values, lesser in regressions with observations computed in 20 and 40 years periods;
- inflation is significant and robust, negatively correlated with growth in regressions. It has a low coefficient, which means it has a strong impact only at high levels. In a regression with growth using 40 years average observations it has the biggest R² from of 0.185501 and a robust negative coefficient (-0.005113) which mean is very important determinant over long periods of time.
- budget deficit has a strong negative impact on economic growth with a big coefficient, as can be seen in the tables 1 and 2:
- the openness of the economy enter significant, in many growth regression, generally with a positive coefficient:
- fertility and population growth have a negative impact upon economic growth because, as Barro (1996) said, the resources will be directed to increase the natality and create capital for new workers than to enhance output production and per worker capital;
- development of the financial and banking system plays a very important role in an efficient allocations
 of resources in the economy and is positively correlated with growth through M2 monetary aggregate,
 domestic credit provided by banking sector, and especially through market capitalization of listed
 companies in GDP.
- gross capital formation is positively correlated with growth, having a coefficient of 0.127;
- foreign direct investments are positively correlated with growth, because investors chose those economies with favorable business environments and encourage technological transfer;
- unemployment is significant negative correlated with growth in many regressions;
- real interest rate is positively correlated with growth with a coefficient of 0.030353;
- current account balance has also generally a positive coefficient in relation with growth;
- real effective exchange rate is positively correlated with growth in some regressions but its coefficient is very close to 0.

Dependent Variable: GDPCGR?

Method: GLS (Cross Section Weights)

Sample: 48

Included observations: 5

Number of cross-sections used: 94

Total panel (unbalanced) observations: 302

Total panel (unbalanced) observations.

One-step weighting matrix

Cross sections without valid observations dropped

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	-20.47142	2.268677	-9.023504	0
LNGDPP?	-0.924206	0.095567	-9.670808	0
LNLIFEE?	7.360633	0.684115	10.75934	0
SCHOSE?	0.009036	0.002087	4.329817	0
G?	-0.054177	0.007347	-7.373924	0
INFL?	-0.001929	0.000455	-4.2355	0
BD?	-0.103043	0.011448	-9.001083	0
(EXPO?+IMP?)	0.005681	0.000659	8.618753	0
UNEM?	-0.051539	0.010257	-5.024746	0
Weighted Statistics				
R-squared	0.83167	Mean dependent var		4.345779
Adjusted R-squared	0.827073	S.D. dependent var		6.988164
S.E. of regression	2.905989	Sum squared resid		2474.318
F-statistic	180.953	Durbin-Watson stat		2.035221
Prob(F-statistic)	0			
Unweighted Statistics				
R-squared	0.16552	Mean dependent var		1.858468
Adjusted R-squared	0.142736	S.D. dependent var		3.240077
S.E. of regression	2.999941	Sum squared resid		2636.897
Durbin-Watson stat	1.634752			

TABLE 1 - REGRESSION ON DETERMINANTS OF THE ECONOMIC GROWTH

These are estimation outputs in Eviews 4.1. Notations: GDPCGR? is GDP per capita growth rate (5 years average), C is the common intercept, LNGDPP? is logarithm of the initial level of real per capita GDP PPP (the first of in each 5 years period), LNLIFEE? is logarithm of life expectancy at birth (the first of in each 5 years period or the value from the previous year if the observations is missing for the first year), SCHOSE? is secondary school enrolment (computed as LNLIFEE?), G? is government consumption, INFL? is inflation rate, BD? is budget deficit, (EXPO?+IMP?) is the openness of the economy, and UNEM? is unemployment rate. The periods are 1961-1965, 1966-1970, 1971-1975, 1976-1980, 1981-1985, 1986-1990, 1991-1995, and 1996-2000. We reject absolutely the hypotheses of equality of variances between series for the residuals using the following tests: Bartlett (df: 93, value: 212.0552, probability: 0.0000), Levene (df: (93, 208), value: 8.984600, probability: 0.0000), and Brown-Forsythe (df: (93, 208), value: 4.716500, probability: 0.0000).

In the analyses of economic growth on different ways of computing the observations the most appropriate one is on 5 years periods. For one year and 10 years periods the residuals of the regressions are, in general, with a positive serial correlation and a Durbin-Watson statistic under the normal accepted value of 1.8.

Conclusion

Economic growth rates vary dramatically across countries over long period of time creating big differences in the standard of living per capita of its residents. Although the annual growth of per capita GDP in the world wide economies was about 2.0% during 1961-2005, which correspond to an increase of 2.4 times for per capita GDP, some economies has raised their GDP for more than 10 times, having average growth rates of more than 5.5%, and others have decreased their per capita GDP to a half from their initial level in 1961 with average growth rates lesser than -1.5%. The difference between Botswana one the most growing economy and Niger one of the slowest growing economies during 1961 and 2005 was more than 20 times.

The determinants of growth have an important role in explaining these differences. Empiric evidence confirms the conditional convergence and relates economic growth with tow type of variables: initial variables and the control or environmental variables. Using the general framework developed by Barro (1991, 1997, 2003) on a panel date for more than 150 countries with observations computed 5 years, 10 years, 20 years, 40 years period, and annually, during 1961-2000, we found that economic growth is positively correlated with a higher level of human capital through health, accounted by life expectancy at birth, and education in the form of secondary and tertiary school enrollment, and an increase in savings, in openness of the economy, an improvement in the development of the financial and banking system, a raise of gross capital formation, and foreign direct investments, an increase of the real interest rate. We also found economic growth is negatively correlated with a higher level of physical capital accounted by the level of GDP per capita, with government consumption, inflation rate, budget deficit, fertility and population growth, unemployment, and current account deficit. This finding confirm the relations between growth and its determinants from the previous literature on observations computed 10 years, 20 years, 40 years period and annually.

In the analyses of economic growth on different ways of computing the observations the most appropriate one is on 5 years time period because is diminishing the influences of short term fluctuation and encompass the dynamics of growth and its determinants.

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THE INTERNET AND THE BUSINESS ENVIRONMENT

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The technological progress made possible the accelerate development of the IT&C domain. On one hand it was developed the necessary equipment to sustain the computers' network, and on the other hand, it was developed new types of transport. It is easy to imagine that the future business will have as support the Internet, and what happens today in the markets, well localized in space, will be transferred somewhere in the "virtual space" where every meeting or negotiation of a transaction will be possible within seconds or more minutes... This diminishing of the distances and even their elimination, the time reduction for shopping in many cases, it makes that the definition given to the classical commerce not to be totally right. The Internet investment development and the appearance of new players are the results of the factors that contributed to the development of the electronic commerce.

The Internet services have been developed fast at the world level becoming a real star in the services world. These contribute to the development of many existent domains such as: education, culture, science, health, entertainment, business, social and governmental domain by creating new approaches as: electronic mail, informational transfer in real time no matter the distance, electronic commerce and online publicity.

Key words: Internet, Globalize, Router, Technologic process, Connection, Server

Introduction

The Internet can be considered a huge library of available information or a mean to "bound" people all over the world and from another point of view it represents a worldwide network of computers. The Internet services represent a very dynamic domain at worldwide level. Its roots came from 1960's and we can talk about several preparing moments such as:

- The first transatlantic phone cable installed in 1858, but it became operational in 1886 and it functioned almost 100 years;
- The Former Soviet Union launched the first artificial satellite of the Earth in 1958;
- In the same period USA was looking for solutions as in the case of a nuclear attack to have a properly communication canal between the commando centres all over the USA territory.

They became well known started from 1990's when it began their opening to population and companies. In 1981 it was recorded 1 million PC's all over the world and it appeared incorporated in the PC's the first types of data transfer modems of 300bps.

The Internet services appeared along with the development of the calculus equipments, the informational need increase in taking a decision, especially the bankers one, of insurance, transport and telecommunications, the deregulation of certain domains as telecommunications, transport and energetic system, the globalisation and the technological progress recorded the last decades.

The deregulation leaded to the opening of certain markets for the competition. The most important deregulation market was that of telecommunications, especially the telephonic one. The telephonic companies had the biggest voice infrastructures. These infrastructures were transformed in data's infrastructures, due to the competition from other domains (cable, fibre, radio suppliers), which leaded to the development of the data's communication market. The opening of the other markets leaded to the increase of the competition on these markets and the companies to face the stronger competition; the companies accorded a special attention to the information and data that had to be accessible in a facile and quicker manner.

The world distances were reduced and we can say that the data transmissions services conducted to the significant decrease of the world distances and also it permitted the administration of the data in real time.

The development of the Internet on the street level had been done by the network interconnectivity in different parts of the world. These interconnections were done step by step, started from the local level, than zoned, national, continental and world.

The Internet services are characterized by the services proprieties: the inseparability, the variability, the perishable ness and the intangibility. The Internet services are done both through the equipment and people mediators.

Due to their multitude of utilities, the Internet services tend to become a real starlet in the services world. These facts contribute to the development of many existent domains such as: education, science, health, entertainment, business, social and governmental domain, creating new approaches as: the electronic mail, the real time informational transfer, disregarding the distance, the e-mail or the on line publicity.

At the moment the Internet represents the support of two big categories of services: data transmissions and the Web services. The data transmissions are data packets propagated between two or more computers. Here are included services like: accessing web sites for information, e-commerce, radio and TV "streaming", telephony, e-mail and FTP.

The Web services can be structured in two major categories: the creation and the housing of the web sites. Regarding several criteria among them the economical and security ones, a web site can be hosted on a specialized server or on the firm server.

The internet evolution

We can easily imagine that the future's affairs will have as a support the Internet and what is happening today in real markets, well located in space, it will be transposed in a "virtual space", where every meeting, negotiation, end of the transaction will be possible in several seconds or minutes at least...

In 1992 the term "navigation" is attributed to the Internet and also then the World Bank began its on-line activity. It recorded 1000.000 host servers, the most important one being Michelangelo.

We can talk about an "explosive" development of the Internet by the increased number of the hosted servers, the appearance of the first Internet browser called Mozaic, of the first radio station, which broadcast Internet programmes.

It realizes the first commercial connection to Japan using a rental line. TWICS supplier began to offer dialup connections. Important institutes have begun their on-line activity: White House, United States Organization.

Starting with 1994 began the first virtual malls; the first bank that offers services using the net, called "FIRST VIRTUAL"; it appears the first Internet "banner" on the web.hotwired.com site which promoted an alcoholic drink called "Zima" and the "AT&T" company, it spread the radio programmes on the Net; the NFS network traffic overcome 10 trillions bytes/month; many governs appear online: Japan, Great Britain, New Zeeland.

We can say that starting with 1993-1994 Media and the Business Medium have become effectively interested by the Internet.

In 1995 has appeared:

- The first firms with the internet as a main activity and they are cited at NASDAQ exchange;
- The domains recording are no longer for free;
- It started the online activity other governs: Canadian and Vatican;
- World Wide Web and the search engine are voted the year technologies; new technologies are developed: Java, Virtual environments (VRML);
- New countries are recorded their domains: Ethiopia (ET), Ivory Coast (CI), Cook Isles (CK), Cayman Isles (KY), Anguilla (AI), Gibraltar (GI), etc.
- The number of the host servers reached 4.652.000;

1996 brings new events:

- Over 100 countries are connected to the net and transmit over 300 millions emails everyday;
- The internet suppliers want to have the possibility to ensure their services for many users;
- The Internet telephony attracts more and more the American traditional telephony companies that require the USA Congress to out law this new technology;
- There is a real war between Netscape and Microsoft browsers through new technologies developed in several months;
- The most wanted domains are: ".com, edu, net, uk, de, .ip, .us, .mil, .ca, .au".
- It was a first "chat" session between the Malaysian Prime Minister the Palestinian Leader Yasser Arafat and the Philippines President Fidel Ramos;

In 1997 there were 16.000.000 computers connected to the Internet.

1998 year:

- The number of domains is continually growing. It has recorded this year the domain number 2.000.000, and the web pages is estimated between 275 and 320 millions for the first trimester:
- In Canada has installed the first network with optical fibre;
- Several important events are broadcasted on the Net, generating an important traffic: Olympics Games, The World Football Championship;
- The year's attacks have been done to the web pages of the American Commerce Department, the New York Times, and the Chinese Study Society for the Human Rights and UNICEF Organization.

1999 year:

- New technologies: related to the Internet telephony;
- The year viruses were: Melissa and Explore Zip.

In 2000:

- The web pages are over 1 milliard
- It recorded 100 million systems of calculus all over the world connected to the net with over 250 million people accessing the Net
- The new technologies of the year 2000 were the Wireless equipments and the Ipv6 protocol, applied by Internet;

In 2001 was broadcasted on the net the first movie "The Technophobe & The madman".

In 2002:

- USISIP Association (USISPA) has recorded—the American suppliers association for the Internet services.
- The Internet 2 network has 200 Universities, 60 Companies and 40 affiliate members
- All the commercial sites from Spain must recorded to the govern due to important protests;
- The French Minister for Culture forbid the use of the word "e-mail" by the French ministers and adopts the French word "courriel".

In 2003 were several viruses that affected the Internet networks; Network Solutions begin to offer domain records for 100 years

In 2004 the no.1 problem the "Spam" –sending unwanted messages, and in China has launched a research network with 25 universities from 20 cities with a speed between 1 and 10Gbps.

Year 2005:

- The battle between viruses and the Spam;
- Were launched better versions for security;

• It continued the world level improvement of the networks, which leaded to a better speed for navigating on the Net.

Year 2006:

- It has significantly risen the number of Internet messenger users;
- It were recorded web sites with hundreds of unique accessing;
- Spam continue to represent a serious problem for the internet users;
- The online publicity has significantly risen at the world level.

The Internet revolution of the affairs world was the platform of the appearance and development of the e-commerce. The e-commerce represents an alternative of the commercial transactions unfurling against the traditional one. The e-commerce begins and knows the biggest evolution in the USA.

The internet evolution in Romania

The Internet in Romania has begun in 1993, it was hard due to the insufficiency of the material support: computers and communication equipments. The evolution of the net would be influenced by the politics. Until present the monopole of the Net was part of the USA, being imposed the American culture and politics.

In Romania the net appeared thorough the dial –up connections with 9,4kbps modems and calling the West Europe countries.

Id.est the most popular service was the e-mail access; all the users had e-mail addresses with the endings like: ".nl", ".de", ".at".

The most important moment was in 1993 when IANA (Internet Assignment Numbers Authority) admitted the Romanian right to enrol to the root domain (Top Level Domain) ".ro", the possibility of administration of a national domain registry and to record domains under ".ro".

It followed a continual development regarding the Net access as well as the domains number. There are many events that marked the Net evolution in our country but I will mention only several of them being important for the present level.

In 1984 it realised the first data transmission network between distanced computers. The project was called RENAC/RENOD.

In 1991 the Romanian Academy, the National Committee Of Informatics and The Ministry of Science and Education required the government the approval of the connection to the nods from ICI- The Central Institute of Informatics, IFA – the Atomic Physics Institute and IPB – Bucharest Polytechnic Institute at EARN (European Academic Research Network).

The Internet access was done through phone calls in other countries, especially Holland, Germany and Austria.

In 1992, ICI began the protocols to RIPE and IANA to record the root domain ".ro", and in December it realised the first permanent connection in Romania by connecting ICI to Vienna University using a rental line of 9,6kbps. This year it established the RNC framework – The National Research Network with attributions in promoting and developing the Internet access for the academic media.

In 1993, the ".ro" domain was recorded to IANA and ICI became the only organism to use the ".ro" domains opening the roads to the following types of domains "name.ro", done through a single phone call.

The first recorded domain in Romania was "mc.ro".

In the same year appeared in Romania the first Internet suppliers: ICI, EUNET (bought by KpnqWest and today used as GTS), PCNET (bought by RDS in 2004) and STARNETS (today EUROWEB).

In 1994, ICI connected with PTT Austria using a 64kbps satellite connexion with PHARE funds.

In 1995, the ".ro" domains are no longer free.

In October 1996, it installed the terrestrial connexion Bucharest – Budapest for connecting RNC to Europanet also with PHARE funds.

In 2001, it has constituted the National Association of the Internet Service Providers-ANISP and it functioned RONIX – Romanian Network for Internet eXchange, the biggest interconnection nod of the Romanian suppliers.

At 25.09.2002 take part ANRC – the National Authority of Communication Settlement.

We can mention the fact that when the first email addresses appear we can talk of the beginning of the Internet as an affair.

ITCNet was the first Internet supplier, which provided the Romanian market with a free e-mail service with phone connexion. At that time on the market there were free emails but the user needed an Internet connexion to access it. The user needed a computer, a modem and a phone line and he could benefice of a free e-mail address and he could access all the web pages hosted on the ITCNet server.

Nowadays the Romanian Internet market has a continual growth both as affairs and also as the client's number. The affairs cipher has doubled every year, whereas the users number has no precise cipher due to several factors among it:

- At the dial-up connexions the same cont can be utilised by several persons because the
 dial-up connexion implies knowing a cont name, a password and an access number,
 being a well known practice using it for "borrowing" to friends, relatives or using the
 work place cont at home.
- There are apartments networks with no recordation to ANRC (the National Authority of Communication Settlement.) for not paying the taxes. There are such types of networks with hundreds of subscribers, which distorted the real number of the clients.

Although we can estimate the number of the Internet users as 20% and 28% of the country population recorded the frequency of the Internet usage. Whereas the firms, we can mention that only 52% of the Romanian companies use the Internet.

We can say that the Internet became in Romania very indispensably for several domains such as the stock exchange, the media, the online publicity or the VOIP communication (voice over Internet Protocol), and so on...

The business development on the internet

The Internet remains a global phenomenon and to understand the Romanian market we must analyse the world one. The "Google" appearance brought a new development of the Internet life. A great merit of it is the opening door for the smaller competition and any web site owner can gain having his own page.

The present development of the e-commerce will revolutionise both the affairs conduct and the commerce one, which will globalise more and more. The Internet raises the sellers' field of action and destroys the barrels form the Net, even for the smaller and medium companies. The consumers have the possibility of choosing the products and the services and searching for the suitable ones form the market. They have rapid solutions which destroys the national or zone barrier.

The internet approach as a business medium represents the consequence of several factors as the computers- telecommunications relation, the implementation of the www technologies, the advantages offered by the electronics business compared with the classical ones, the easiness of the information transmission and the advantages which are offered by the web network to the participants.

Due to this technology both producers and consumer can beneficiate, because it opened the road to a new type of competition between organisations.

Due to the www technology we can obtain a multitude of information as: text, audio, video and can become form a variety of sources.

There are a lot of reasons why we buy products using the Internet: the rapidity of the transaction, the competitiveness of the prices, the selectivity, etc.

The easiness of the users to press the button to look for a book (this book could be in Australia), the information is easily brought to him in several seconds. In this way we reduce the time and the space using the computers' mouse.

We realise that doing the electronic business we have many advantages comparing to the classical ones: it diminishes the transactional costs, new services for the clients, it improves the business medium, etc. the access to many information help the buyer to take important decisions in ordering the products.

In this way the electronic market transactions became global. This market presents some disadvantages related to the human nature relation, to the need and custom of the clients to see, smell, taste or touch the products they buy.

Conclusions

The specialists estimate a real explosion of the Internet market until 2010.

The Romanian businessmen sense the Internet as a vital force for the 21st century marketing. Although the lack of education of the Romanian firms vis-à-vis of web is caused by the existent offer on the Romanian market. The interactive agencies and the software consultancy, as well as the web design agencies are the ones to "teach" the Romanian client in using the Internet. Whereas the Romanian web offer concentrates on a attractive design, sometimes abusive by Flash elements. A secondary motif is the lack of material resources that oblige the Romanian businessmen to pay no attention to the classical marketing instruments and to choose instead to promote their business among friends and relatives, to make deals with "relations" and to reduce the concept that "the image counts" to the "personal image, the car and the building counts". In this environment where the recommendation and the relation primes, the necessary creativity to overcome the financial obstacle is no longer present.

The Romanian businessmen want to include this new communicational canal in the marketing strategy. But they need a guide for this new territory and at the moment many Romanian web designs agencies are not prepared to assume such a role.

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BEING PROACTIVE VERSUS REACTIVE – THE SOLLUTION OF SELF- GOVERNMENT

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The one who wants to lead the others, first has to lead himself!

Philip Massinger

Abstract: Starting from selfknowing and the law of correspondence (the behaviour from the outside of one person is the reflection of its inside feelings) the authors try to define the meaning of proactivity. It is underlined that as we have the quality to be human beings we are responsible for our lives. The proactive persons do not blame the environment or the circumstances to justify their behaviour. As it was implanted in the literature of management, the meaning of proactivity is based on initiative, on responsibilities and actions; this gives priority to values in front of any feelings.

Key words: proactive, reactive, responsibility, rationalism, hope, life fulfillment.

In one of his most recent articles, Michael Gerber, the famous business advisor said that businesses do not fail because of "uncontrolled forces" (exogenous) as competition, lack of financial resources or employees less hardworking. It is presumed that they fails because only of internal causes. When going on with business development he says that a business "reflects" the person leading the business. To put it into other words the business persons have to lead their business and do not let their business to lead them. As a conclusion, he said: "If you want your business changes into a successful one it is you that has to change" as a first priority. And Gerber is definitely right! In order to have success in whatever we do, to run a business, to rise and educate children, to train the judo team of the Academy of Economic Studies of Bucharest, we have to be the managers of our own life, not to let us be lead by our actions! That means to take the challenge of a proactive attitude that might be definitely oriented towards success and achievement.

Our decision to be in the control of our life is the seed for our success.² Controlling your own life is similar with "being proactive". The proactive concept comes from the well-known words: pro (for); active (act). Act proactively is the sound of not sitting, passively, beside and look at it, but do something.

A Volkswagen TV commercial uses to keeps our eyes busy telling that there are "two kinds of people on the road of life: drivers and passengers". This commercial presents the drivers to us, in having the control of their own life. From this perspective, they are proactive people. In opposition to the rivers, the passengers take only a walk. They are reactive people that behave as simple witnesses of their lives. You and us, together, we have problems if we think about the facts that we can not control:

- Could the paper for Oradea be a successful one?
- Could the evaluation for the Faculty of Economy be done according to the imposed standards?
- Could we, the authors' team, get the contract for "Social Stress" financed?
- Could we be happier today than we were during the last years?

All these are the fruits of our lives. Do we need to focus on them? No! Focusing on them could induce us more worries, fears, manipulation etc.³. Keeping on to thinking this way, the natural question could be: shat is the best way to face that reality? It is highly better and recommended to focus on things that we can control: a fair attitude, a high and determined strong persuasion, and a strong commitment. This is why, if we are able to focus, hold and use our emotional energy (our feelings) in a positive way⁴ the pro-activity will become really efficient.

Specialists like to talk about the so-called "tree of life" and the different approaches in life. Thus, the proactive human beings are focused on the "roots" (the universal principles) while the reactive persons are focused on "fruits" (results). We can do a similitude between our inside battery that we use to face the reality or the flame of hope and our attitude as victims facing life.

If we are proactive – using initiative and action – the flame of hope, our inside battery could give us energy. And us, as human beings, we have the possibility to choose. There are not too many ways to make our behavioral choice when the temptation is around:

- We might choose to behave as persons that only react and they will definitely become
 the future victims:
- We might choose to behave as fighters, those persons able to take control of their own life and go for success.⁵

Talking about stress, a recent study emphasizes a particular definition referring that the stress is a normal part of reality⁶. The stress is that pressure that we feel it in our life as an important part of. We can react to stress in two ways: as victims – persons who suffer (reactions); as winners – persons who are active.

For any people it is simple to manage their own lives, if we consider also the fact that life is usually given to any of us and we are not their possessors. The book "Rationality and hope" ⁷ develops the following axioms with regard at Life:

- Axiom 1: Life is short (transition);
- Axiom 2: Nature is stingy (rationality);
- Axiom 3: Environment is uncertain (hope).

Trying to put these statements into mathematical equations we understand and must agree that, each of us has a certain period of time (Δt) to spend on this earth, where:

$$\Delta t = te - tb$$

te – end of life time; tb – birth time (existing as a result of birth).

During this period of time we can manage our patrimony, time, abilities, potential, and finances – all the gifts (assets) we were given at birth⁸.

Too busy to life a common life, the great majority of people forgets about Axiom 1 and forget its essence. Ignoring the deep meaning of a potential miss they forget behaving in a responsible to preserve and save their life. This kind of people prefers to catch the general tendency of blaming the others for their own problems while expecting from them to have good initiatives, appropriate mainly for themselves⁹. Easy to understand, more difficult to accept this becomes easily the fundamental reason of the most people failure. Those people keep forgetting that controlling their own life has the significance of appreciating and using that quality that each of us was enabled with, by birth: to choose between the two fundamental ways of life. All that we have to do is to use better what we were given as a gift: life. The way to accomplishment, fulfillment and success is marked by change. And we need to learn the change and focus on what we can change.

Jim Rohn, the well-known business philosopher demonstrates that changing life means changing the way of thinking (life's philosophy)¹⁰. Thinking this way he brings into actuality the confirmation of Solomon sayings about "we are what we think we are". By this saying we consider that success is for everybody and it really is. But this success depends on self-government, and this last one is the way we run on our own existence.

Peter Drucker, a great personality in the world of management, says the followings: "In fact are about an unprecedented change for the human beings conditions. For the first time – literally many people, and the numbers increase everyday, have the possibility to choose. For the first time in the history of human being, they have to face a great need, and that is self-government. But society is totally unprepared for this" ¹¹. The way how we lead (self-governing) our own life depends on the quality of principles of actions on which we build our life. They may last in the following 9 *principles* adding value:

- 1. Listen to every piece of information that can bring value to your future decisions and remember the old adage: People don't care how much you know until they know how much you care. It is still true today. Most people in business aren't impressed with what you know. They are more impressed with what you remember about them. Learn to listen more than talk. Most sales and customer service success stories involve successful listening skills. It has helped.
- 2. **Do your homework**. Today you have more information about people at your fingertips than at any time in human history. Use the internet to research every aspect of your client. I worked for a client one time that called me to do a presentation. I couldn't figure out what they did in their industry. Several clicks later I was an authority on their business.
- 3. *Dress for success*. What image does your clothing and appearance say about you and your business? Who would want to do business with someone who had a disheveled or lowly appearance? You shouldn't only look great, feel great!
- 4. Always be on time. There is no excuse for showing up late for a meeting with a busy client. Never tolerate missed deadlines or late arrivals in your performance in business. It tells people they aren't important. Get a watch and check it frequently. Find out how long it takes to get to the appointment if you are traveling. Don't allow phone calls, drop-in visits or traffic to make you tardy for the most important meeting of the day.
- 5. Listen more than talk. This isn't a repeat of Step 1. This is for the actual meeting. Let your partner taking the lead in conversation. You can do this by asking questions that require more than one-word answers. Who is in control of a conversation: the person asking the questions, or the person answering them? Obviously the person asking the questions is in charge. Use the homework you did to ask great questions. It's been said that no one cares how much you know until they know how much you care. You show you care by asking questions about them and listening to the answers.
- 6. Remember people's names and details. People like hearing their name spoken. Again it makes them feel important. Don't over do it but use their name in the conversation at specific moments to emphasize points. They will appreciate hearing their name spoken. If you have trouble remembering names, use simple techniques like repetition, association or just write them down in a convenient place you can access discreetly. Use the research you have done in your homework to ask about family members, their history with the corporation or their life. Everyone likes talking about themselves and even more they like hearing that you are interested in them and their lives.
- 7. **Be truthful.** Never tell a lie or stretch the truth so that you have to spend the rest of your time covering for yourself. Most people can tell when you are lying to them. Tell the truth even if it is painful. They will appreciate your honesty in the long run. It will build a reputation for you that no resume or marketing campaign cal equal. Bind known in the business community as an honest man or woman endears you to ever person you come in contact with. The word of mouth that your honesty generates will come back to you exponentially. One lie told can ruin your reputation and your business may never recover. It is easier to just always tell the truth.
- 8. *Find common ground.* As you listen to your partner, look for similar interests or backgrounds. I met with a gentleman last month who not only grew up in my home town but in my suburb. Wow! We spent most of the time connecting with our common past and it made both of us feel better about doing business with one another. Common Ground = Trust. Trust is the foundation for an open relationship that will grow

your (and their) business. Look for hobbies, sports, educational interests, cultural commonalities that will bind the two of you into a growing business relationship that will be that foundation for trust.

9. Show confidence. Be positive about your strengths without over-doing it. This will make a great impression on everyone you come in contact with. People can smell someone with low-self esteem. Your appearance says a lot but your remarks about yourself and your abilities can be sensed before you ever say a word. It is alright to occasionally use self-deprecating remarks in humor but once should be enough in any business arrangement. Just doing it twice leaves a negative impression. Don't bowl people over but show an air of confidence that leaves everyone thinking that you can be depended upon to deliver the goods you say you can. Never underestimate the power of a positive attitude in any situation and conversation.

Use these steps the next time you want to make a great first impression. You will be surprised at the results they generate. Your business will improve and your bottom line will increase.

Talking success and fulfillment many people bring into discussion the importance of the laws of physics that govern the Universe as the universal principles govern human existence. The principles are long lasting truth: universal, absolute, non-negotiable. They are as valid as the law of gravitation. Here are some of them: the law of cause and effect; the law of correspondence; the law of compensation; the law of attraction etc.¹²

We can not understand them, we can not accept them but all these things do not disable them. These principles do not vanish. All these principles remain stable on position.

So, we have to choose:

- We shall discover and totally accept them, and we may succeed in life as we wish;
- We shall ignore them and fail, without knowing why we did fail.

So, what we have to follow in our way to find success is truth, reflected by these Universal laws.

The truth is more important than the "fruits" wished by many others (see figure no. 1)

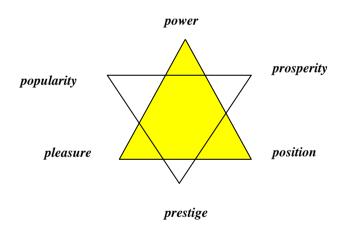


Figure no. 1: The fruits of life, wished by many people

This is the "basket" of the six P. The only truth is the real source of the fulfillment of life. If we want to succeed in life we must passionately look for truth and find how we have to use it in our life¹³. This is wisdom. On a better analysis of the word we can see that "wise" means "having and sharing knowledge". Learn from experience is another way to do the home work. And make a choice. As experience is a great but painful teacher, it might be some other better choices than to suffer and this may be given to them the benefit of some mentoring or coaching. This helps to face serious development and life decisions."

As Bud Bilanich says there five things all successful people have in common:

- Successful people are self confident.
- Successful people have powerful personal impact.
- Successful people are outstanding performers.
- Successful people have excellent communication skills.
- Successful people are interpersonally competent.

Many people do not make definite choices or decisions in their lives. Choose how you want your life to be. Choose how you want to be. Make a definite decision. It is only through making the choice, the decision that you will be able move towards what you want. If you do not do so, then you are going all over the place and dissipating your power. But when you do choose then you have formed a definite thought about what you want.

With this definite thought in place you will start moving towards that which you want. Holding this definite thought in your mind, focusing on this thought is what makes it come in to being. You are empowered in your life if you make the choice and hold the definite thought in your mind for then you are have the power of your mind to make your life and yourself as you choose and want it to be.

This is where your power lies. This is what meant by being empowered. This is all that it takes to be empowered in your life. It is simple, yet it takes effort. For you have a habit of thinking a certain way and you have to break the habit of those thoughts and form new thoughts.

As you practice doing this and forming a habit of being cognizant of what your thoughts are then you will become empowered in your life. When you are accomplished at doing this, then you will have a mastery of your life.

You have to be in control of your mind and thoughts. You have to be in charge and responsible for your self and not look to someone else or something outside of you to be so. You have the power within you through your thoughts. It is your inherent gift. If you want to be empowered in your life, if you want to change your life, use your gift. But they keep thinking that hearing or listening is the same with understanding while knowing could be transform into understanding. And as a rule we understand less than we know. For wiser it is easier to understand how to manage the own life. But there is also a time problem inside this idea. Now, today, have a serious and accurate meaning when deciding that with tomorrow you are ready to take your life in your own hands, you are in control of your life. That means you shall be in self-governance. It will be better for to forgetting that you have already said tomorrow meanings is less in front of today this one the first day of your life (Res(\Delta)):

Res
$$(\Delta t) = ta - tk$$
; $k = 0, 1, 2...n$

Going back to our 1st axiom, in order to get in control of our life, first we must get in control of our time, so Res (Δt).

This is not too much in reaching the best of the conclusions of the present case: Life each second of your life in the best proactive way!

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INTEGRATED QUALITY MANAGEMENT IN NATIONAL PARKS AS TOURISM PRODUCT

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Abstract: The management plan aims at becoming a framework for integrating issues connected to nature preservation and protection and those of social and economic development within the national park, as well as triggering a dialogue between the institutions managing the natural and human resources of this area. The management plan of the park is an instrument for determining and presenting all the park policies. Quality needs to be assured all along the tourism chain from first marketing messages through to the provision of accommodation, food, information, orientation. Each one of the ecotouristic products can make an important contribution to the overall level of visitor satisfaction. So it talks about Integrated Quality Management.

Key words: management plan, integrated quality management, ecoturistic destination, national parks

National parks represent a compromise solution between the local actors and the decision-makers at superior levels with the purpose of promoting the socio-economic development in correlation with the principles of environmental protection.

The management plan aims at becoming a framework for integrating issues connected to nature preservation and protection and those of social and economic development within the national park, as well as triggering a dialogue between the institutions managing the natural and human resources of this area.

The park management plan intends to integrate the goals of preservation and protection of natural resources into the preoccupations of local actors and promotion of their common opinion.

The management plan of a national park represents a document co-ordinating and regulating the use of park area resources and the building of the set-ups necessary to the development of human communities and tourism. The management plan also aims at creating an optimum framework for the training of the personnel able to participate in the process of informing the public and local authorities, in order to obtain their permanent co-operation.

The management plans are used in the decision orientation, and in some cases for creating certain multitask specialised planning teams. They should establish the basis of the park operation as eco-touristic destination

Thus, among the goals of the management plan we may mention:

- Protection and preservation of habitats and species of community and national interests;
- Integration of protection goals of the national park to the central focus of local actors with the observance of the local autonomy;
- Supporting the sustainable development of human collectivities with the observance of the natural and cultural values of the park;
- Promoting the inter-institutional co-operation with the purpose of efficiently solving the problems occurred within the national park area.
- Creating an informational framework for the local population and for their involvement in decisionmaking.

The management plan of the park is an instrument for determining and presenting all the park policies; it has a comprising character. The plans of the park contain a variety of topics, among which: how to manage tourism, how to reduce the impact and to to opportunities to good use. Developing a **tourism plan of the national park, as eco-touristic destination** requires that it should be integrated into other plans for the protected area, such as the management plans of the fauna, area and flora. Although these plans are often

strong points in terms of the way natural resources are managed in the park, they are often weak points also when it comes to describing the touristic goals and the way these goals can be reached. Consequently the issue of tourism in protected areas is very important, to be found in the management plan, in tourism and recreation-oriented policies.

Although one requires a separate plan for tourism in protected areas, its detailing level depends on the complexity of the issues considered. Such a plan may only present in detail the specific touristic management practices to be used, the location facilities, the policies of touristic guiding policies, the level of tariffs for the tourism operations, etc.

The topic can be developed in the future with the help of several specialised plans or strategies with the purpose of managing tourism and recreational activities within the protected area. For instance the visitors' organising plans, the management process of the visitors' activity, the management model of tourism optimising, the limits of an acceptable exchange, the management plan of the visitors' impact.

Due to the complexity of the marketing plan, it is important that the policies and plans be integrated with those at other levels, but the relation between them should be clear, so that all the management actions from different plans be co-ordinated.

Several basic principles that may be used in order to guide the policy of tourism development within the park:

- the natural and cultural environment within the protected area should form the basis for the other values that affect the park and its management. These fundamental aspects should not be neglected;
- tourism in the protected areas depends on maintaining the environment quality at a high level and on the cultural conditions in the area. This is essential in order to support economy and life quality through benefits brought by tourism;
- the management organisms of tourism in protected areas have the role to protect the values for which the area was initially established, but have other purposes also: active management of tourism and tourists, sharing the management responsibilities with the tourism operators, local communities and visitors, providing the opportunities for the economic tourism potential;
- visitors of protected areas hope to find facilities, programmes, opportunities of learning and recreation, but not all requirements can be satisfied, as certain expectations may be incompatible with the park goals and purpose;
- visitors actively search the best quality services they can afford. They do not obligatorily search for the cheapest available opportunities;
- visitors look for diversity in the recreational opportunities they can afford, but not all parks can or should provide any desired service;
- planning should be performed from the inside with the awareness of the regional context of the protected area particulars. This means that different touristic opportunities allowed in other protected areas should consider the tourism requirements and provisions of the neighbouring areas;
- the management process reunites the responsibility of the park managers and of other tour operators.

Another essential aspect when we think of integrated quality management in national parks regarded as eco-destinations refer to **the importance of the services quality.**

Tourists demand more and more quality recreational services and opportunities. Those who benefit from quality services during the working days require the same thing from those who organise their spare time. They want guides who have a lot of knowledge and communication skills, they wish that their hosts make them feel welcome, comfortable and part of the community they visit.

Ecotourism — as a constantly evolving form of tourism — means an increased demand of special recreational and hosting services, all focused on quality. Most park administrations have not set quality goals for those services, they do not have programmes for their monitoring, which casts a shadow of irresponsibility and primitivism on the activities carried on. The managers of protected areas and the representatives of the private sector should offer quality services to visitors, these challenges including a clear establishment of objectives of services quality, programmes for high-quality services providing and

the monitoring of programmes in sites. It is important that this type of sophisticated consumers recognise and appreciate the quality of services, being willing to pay for it.

Providing a quality facility or service for tourists is a fundamental part of developing a sustainable product, especially when dealing with the smaller market segments based on natural heritage.

Quality needs to be assured all along the tourism chain from first marketing messages through to the provision of accommodation, food, information, orientation. Each one of the ecotouristic products can make an important contribution to the overall level of visitor satisfaction.

So it talks about Integrated Quality Management. This approach is based on two key elements: a focus on visitors and the involvement of local people and local tourism business in the management of the destination.

The most obvious way of developing and advertising quality is to set common standards, which are recognised through labels or awards.

Quality standards can be sector specific or generalised, they can be developed locally or form part of national or even international schemes.

Under these circumstances we should refer to the issues connected to the quality strategies in tourism.

For the companies with touristic activities it is not about competition at a local level, but at a regional or global competition. In order to implement a strategy focused on quality we should observe certain fundamental principles:

- The close connection between the company and the client lies at the basis of a quality strategy :
- The company staff should be organised in multi-functional teams oriented towards the client;
- Starting new processes, the necessary procedures in order to fulfil the tasks within the company and results;
- Appealing to the clients in order to know exactly what they expect from the respective company, permanently studying the clients' reaction;
- Employing the best trained personnel and their continuos improvement at the company's expenses;
- The capacity of the firm, of its personnel, to adapt to any new situation occurring within the firm without waiting for guiding lines, the flexibility to act in the right place at the right time;
- A permanent open attitude, a continuous desire of self-improvement from the part of the company's personnel

At present, the tourism companies' managers consider that their main goals consist in improving the quality of touristic products and services they provide. The consumers – tourists will not settle for medium-quality services. For a tourism company intending to remain on the market and to earn profitableness, the unique solution is to adopt the total quality management: "quality is the best insurance policy for clients' fidelity, the most efficient protection against outside competition and the only way to develop and earn profits".

There is a close connection among the quality of the services provided by a tourism company, the tourist – client's satisfaction and the firm's profitableness. Focusing on the client as the central element, quality represents the ensemble of traits and characteristics of a product or service, consisting in its capacity to satisfy the experimented or implicit needs.

Total quality management is considered at present the most appropriate way to reach the tourist's satisfaction and firm's profitableness. The strategy of quality should be correlated with the permanent reduction of costs.

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CULTURAL TOURISM PRODUCT

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Apart from their tourism potential, the special events and festivals may lead to community development or to the development of arts; they may be considered entertainment opportunities and excellent ways of communication (due to sponsorship). Their importance and popularity is closely connected to their ability to reach multiple goals. A very important element of the cultural tourism product we wish to promote is the presence of authenticity, which means a genuine, undamaged thing, "a real thing", the term referring to a motivation, "searching for an authentic cultural experience."

Key words: cultural tourism product, authenticity, community events, three events authenticity

Tourism products are limited only about the creativity. Why that more and more events become "tourism" products: holidays, shows, international fairs, Olympics, festivals and many other events and parties all over the world. In the future we will have to reconsider the essence of the holidays-looking back to underline our cultural dowry and inheritance, or looking towards the future underlining the importance of the holidays in our individual and collective life.

How many of the events we are celebrating are really authentic and how much entertainment is it involved? Who and what gives importance to these special events? Are they organized for residents, tourists or do they target everyone? And what is the purpose of these events, are they considered attractions for the whole market or just alternative tourism?

The theory we underline is that the tourism benefits are higher than the costs involved, especially those addressed to community events. When communities or cultural groups decide what is important to them and take control over the exchange process with visitors, than the authenticity may be preserved and also improved. It is said that the authenticity is "a product of the community" and its definition is given by the local community.

Valee (1987) claimed that "Authenticity is a desired experience by the tourists and it is also seen as reflecting the genuine nature of every day life of the destination places." Redfoot (1984) noted that some researchers believe that the modern tourist is not interested in the authentic element (e.g. Boorstin, 1961), whereas others suggest that tourists are interested in finding the authenticity (e.g. MacCannell 1976). MacCannell, in his famous book, *The Tourist* (1976), suggested that tourists are searching for authenticity because it is rarely found. The tourist wants a spontaneous experience which may discover or share everyday life aspects of a different culture or community, but he rarely finds it. MacCannell used the term "backstage" to describe the physical environment where a visitor may notice, find or share something authentic. Greenwood said that (1982), "all viable cultures are in a process of permanent rediscovery." Pearce (1982) affirmed that the visitors' satisfaction depends not only on the event's nature (whether it is authentic or not), but also on the visitor's perception connected to the presence or the absence of authenticity and his need of authentic experiences.

Within the inheritance context, authenticity has a direct influence upon the way the buildings and places are preserved, repaired and interpreted. To an event planner and marketer this is an issue that targets a customer satisfaction and may be solved by a better product penetration on the tourist market.

We can illustrate with the three events authenticity perspectives: community control and acceptance, cultural importance, tourists' point of view. At the top of the pyramid, there is a traditional festival, non-commercial certainly based on a community high level control and acceptance. In the middle, there are

"invented" events or tourist-oriented events, may have at first a less cultural meaning, but this may change in time. The result may be a convergence of meanings, up to the creation of new traditions. At the basis of the pyramid there is the variable perspective of the visitor or tourist, whose perceptions and reactions may be unexpected. Those who are looking for authenticity high levels will be attracted by the top pyramid events and will refuse the other type of events. Strictly commercial entertainment events may be less authentic and less accepted by the community, but may still attract a lot of tourists. Tourism perspective is the subject matter of market research whose purpose is to match the proper event with the proper tourist.

Presenting the three perspectives upon the events authenticity, community control and acceptance; cultural value; tourists' perspective must define the cultural tourism product in order to be opened up in a constant competitiveness, attractiveness and sustainability.

The inherited events, the historical and cultural dowry are extremely interesting to nowadays society. A group of events having historic themes and events dealing with a dimension of the inheritance of a cultural group are very important cultural tourism services offered.

The inherited events are thematic, public festivals together with other special events celebrating community traditions, customs and values. They may have a certain topic linked to inheritance, commemoration, or other holidays. This is the reason why we especially appreciate the initiative of Cultural League for Romanian Unity all over the World, to celebrate the fulfillment of 1900 years from the conquest of Dacia by the Roman Imperial Army. For this event we developed an exceptional cultural tourism product "The Roman Road 1900", a multinational tourism product thorough Europe.

By a regional development of the event, a global tourism product, a series of sub products, of cultural tourism products may be also developed. Thus, we will show in the following paragraphs the exceptional cultural tourism product "The Roman Way-1900"; we will show the route of Roman troupes, from the entrance at Drobeta Turnu Severin –Traian's bridge- to Sarmisegetuza passing through Timis-Cerna corridor.

TURNU SEVERIN- DROBETA Drobeta was the first place in southern Dacia where the Romans entered. It was the most important center of southern Dacia. The Roman way from Dierna situated alongside Danube was passing through Drobeta and then through the middle of Oltenia to Romula. The large commercial and strategic road, coming from Upper Moesia, passing through Drobeta, was leading to Bumbesti and the valley of river Jiu up to Mures waterside where it was linked to the road to Sarmisegetuza Opia Traiana, the capital of Roman Dacia; to North passing Apulum (Alba- Iulia) Potaissa (Turda)-Napoca (Cluj)-Porolissum (Zaldu) it linked Rome to the Northen border of Dacia. The ruins of Roman Drobeta are spread on 2 km² surface, suffering important damage through centuries. In the 13th century when the new feudal fortress was built, the former Roman town became a real stone quarry. It was used until 1835, when the modern town was founded, the damage also continued on the whole area of the former Roman town being covered by private and public buildings even nowadays. Drobeta was attached to Roman Empire during Traian's first expedition against the Dacs in 101-102. It was Traian who built the first naval harbor in Drobeta, dug the first Danube shipping canal; and the famous architect Apolodor of Damask built the great bridge across Danube, having a length of 137m and a width of 123m. It was entirely built with stone, the most impressive bridge in the south -east of Roman Empire. Today, in the park of Drobeta, there is a History Museum and there are preserved the Roman camp and the military camp built and dwelled by Roman soldiers of III Campestris, I Sagittariorum militaria equitata, Legio V Macedonia cohorts; the Roman Spas; private and public buildings are visited by many tourists. Drobeta received the title of "town" in 124 when the emperor Hadrian visited Dacia; the inscriptions discovered mentioning the town exact Roman name municipium Aelium Hadrianum Drobetensium.

ORSOVA-DIERNA Dierna is mentioned as a Roman town ranked as "municipium" during the emperor Traian, within its name we can find an old Dacian toponymic written differently by many antique sources: *Aiapva, Tierna, Zernis* etc. Today both the antique Roman town and the medieval fortress are covered by the Danube and the Portile de Fier I dam (Iron Gates). The Roman town Dierna was not as developed as Drobeta; still it was an important place of road transport and naval traffic. At Dierna, the big imperial road turned to Drobeta, coming from Sarmisegetuza through Tibiscum, an important road for shipping the goods and wealth taken by the Romans from Dacia. From the administrative and economic point of view Dierna was one of the most important customs centre in Dacia, also mentioned as station *Tsiernensis*, a place where people used to pay taxes for the goods and the persons that got in and out of the country. Both

Dierna and Drobeta were Roman and Dacian-Roman places, even after the Romans left Dacia in the 3rd and 4th century, maintaining a strong connection with the south Danube Romanist.

BAILE HERCULANE- AD MEDIAM Baile Herculane, identified with the antique spa *Ad Mediam*. Romanian balneary and climatic place having arranged thermal springs, hot water pipes, thermae, private and public buildings, temples, sanctuaries, a Roman amphitheatre, and altars with many inscriptions dedicated to Health Gods and other Gods: Aesculap and Hygia, Hercules (Hercules Invictus Salutiferus, Hercules Sanctus), to Gods of Waters (Dis et Numibus Aquarum); to The Genius of the place (Lenus Loci), Venera, Venus, Mercur, Isis.

It was the most important spa in Dacia, mentioned during the reign of Hadrian up to the 4th century BC. There, it was the place where the Romans governors, commanders of Roman leagues and cohorts, important civil servants, soldiers and also the Roman-Dacian local community came for medical treatment or entertainment. Military units that brought their contribution to the construction and security of the Spa were: Claudia 7th legion, Flavia Felix 4th legion, Gernina 8th legion. Here, there are many visiting caves, maintaining traces from Neolithic to Romanian Middle Age; they are situated on river Cerna Valley: Diana Cave or Diana's spring, Hercules Cave or Hygia; Thieves' Cave, Steam Cave, Iorgovan's Cave, Cumont or Traian Cave, Banitii Cave etc.

MEHADIA-PRAETORIUM Mehadia village, Caras-Severin county identified with the Roman place *Praetorium*. Roman camp and civil Roman place, situated on the Timis –Cerna corridor at about 20 km from Baile Herculane, in Zidina. The Roman camp was established by the soldiers of cohort III Delmatarum during the reign of the Roman emperor Traian; it was also a house for the soldiers of Claudia 7th legion, Flavia Felix 4th legion, Gernina 8th legion and 8th Raetorum cohort. The roman camp had dimensions of 142/116, thick walls 1.30m, it can be easily seen even today and it is situated at about 100-150m from the national road DN6. Between the national road and the left shore of Belareka river, there have been found many civil buildings, temples and thermae, altars, funeral stones, Roman thesaurus and Roman coins, dating second and fourth century B.C.

DOMASNEA- AD PANNONIOS Domasnea village, Caras-Severin county identified with the Roman place *Ad Pannonios*. At the entrance of the village, at the right side of the national road, there is the spot called by the local people "Coveiu lui Iocsa", a Roman place, at the level of the ground there are some wall traces of certain roman buildings. At the North, on the Domasnea Hill towards Teregova, in 1828, it was discovered a military roman diploma, dated in 159 and issued by the roman emperor Antonius Pius.

In the basement of Românu Nicolae from Domasnea have been discovered pieces of Roman pavement and Roman coins from the 2^{nd} and 3^{rd} century. At Mala Lunga, it has also been discovered silver Roman coins.On the Cetate hill is localized a ground medieval fortress situated on the left side of the railway.

TEREGOVA- GAGANIS Teregova village, Caras-Severin county identified with the Roman place Gaganis. At the exit from Armenis pass , where Timis river meets Hideg river, at the crossroad to Rusca Montana, at 50m on the right side and on the right side of the national road , at a 2 km distance from the entrance of Teregova village, there are: The 8^{th} Raetorum cohort Roman camp whose walls can be easily noticed. The archeological discoveries revealed a monetary thesaurus from the 4^{th} century. At the western side of the camp, on the left shore of Hideg, there have been discovered thermae and other civil roman buildings. On the terrace of the spot Znamen, situated on the south, there is a Roman place dated from 2^{nd} and 3^{rd} B.C.

SATU BĂTRÂN In Satu Bătrân, Armenis village, Caras-Severin County, in the place named "Dealul Bisericii", there are localized traces of Roman places and some funeral stones having Latin inscriptions. Here we can also find a medieval church from the 4th and 5th century B.C.

SLATINA TIMIS In Slatina Timis, in a place not very clearly defined, there is a funeral stone raised by Publius Aelius Ariortus' son and grandchildren, an important civil servant in the administration of Drobeta, murdered by Dacian-Romans soldiers.

BUCO\$NIȚA On the terrace from the right side of Timis river, pretty close to DN6, thre are some traces of Roman walls, a spot full of Roman bricks with the inscription MID.

PETROŞNIȚA-MASCLIANIS At "La Lunca", a spot situated close to DN6, a Roman tower has been discovered. Here one can easily notice some Roman buildings belonging to a Roman establishment. It is possible to be the ancient place *Maselianis*.

VĂLIŞOARA On the high terrace, in front of the Valisoara railway station at "Seş" and "Ogaşul cu Țigle", different Roman buildings have been found, just across the spot "La Lunca –Petrosnita". This may be the ancient Roman establishment *Masclianis*.

CARANSEBES Inside and outside Caransebes town, many Roman traces have been discovered, traces of an important rural establishment from Roman times. Thus at *Mehala and Câmpul lui Poşta, Câmpul lui Andrei* many *villa rustica* from the 2nd and 3rd century have been identified and in Câmpul lui Corneanu there is a Roman temple. It has also been identified the crossroad of the Roman ways. One road is heading towards the capital of Dacia and the other one towards North, to Roman town Tibiscum-Jupa, then to Lugoj reaching the left shore of Mures river in front of Bulci town.

JUPA- TIBISCUM The most important town from the south –west of Dacia and the historic Banat, in the 2^{nd} and 4^{th} century. It is situated at about one kilometer away from Jupa village, on the left side of Timis River. In this place, The Archeological Reservation Tibiscum- Jupa covers 17 ha, having a scientific research institute and also a museum. Here, there are preserved two Roman camps, a military camp with more than 15 buildings, private and public Roman buildings, Roman thermae etc. On the right side of Timis river, at Troian , La Drum, Dâmp, there is a Roman establishment with many Roman buildings, a temple of Apollo, and two Roman places. There have been discovered many traces of Roman existence, even after the Roman administration withdrawal from Dacia, dated 3^{rd} and 4^{th} century B.C. The big Roman camp at Tibiscum has the following measures 320/170 m and it used to belong to the following military camps:

ZĂVOI- AGNAVIAE At the village entrance, on the left side of the national road, there is a big ground Roman camp built by the Roman soldiers during the first Dacian-Roman war between 101-102. Around the cementery there have been spoted Roman buildings, built by the I Sagittariorum cohort's soldiers.

VOISLOVA On the terrace in front of the railway station, it is preserved a small Roman camp with walls of stone, 43\37 m, and there is also a civil Roman establishment. It has been also discovered a votive altar dedicated to Mars God, for the health of Septimius Severus and Antonius Pius. This altar was built by the Roman general Caius Gallus, the governor of Dacia.

MARGA- PONS AUGUSTI The village Marga ,Caras-Severin county identified with the Roman place Pons Augusti is situated at about 15 thousand steps before Ulpia Traiana Sarmisegetuza. Probably here there has been a customs point, used for all the people who were crossing the mountains to the south of Danube. At Marga, we can see another votive altar dedicated to Nemesis Goddess. It was built by Aelius Diogenes and his wife Silia Valeria for their sons' health. Aelius Diogenes was a Greek, the leader of the leather bags manufacturers. Also at Marga there are goldfields from Bistra River.

BOUTARI- BOUTE Some historians mention an ancient Roman establishment called *Boute*.

BUCOVA-TAPAE A place situated at the border between Caras-Severin and Hunedoara County, where it is located the ancient establishment *Tapae*. There, two famous battles took place, the Dacian army lead by Decebal against the army lead by Domitian. 87 B.C. and also in 102, against Traian's army. At Santuri, there are many Dacian fortresses. On Prigor Hill there is an ancient marblefield since the Roman times.

SARMISEGETUZA ULPIA TRAIANA AUGUSTA At about 30 km away from Transylvania Portile de Fier (Iron Gates), there is an ancient establishment Tapae- Bucova. According to an old inscription, this was first established "by an order of emperor Cesar Nerva Traian Augutus, the son of divine Nerva and by Decimus Terentius Scaurianus, governor, they established Dacica Colony." (CIL, II, 1443). The foundation of the new Dacian capital between 108-118, took place on a ground where there was no other Dacian establishment. The population of Sarmisegetuza counted about 15000-2000 inhabitances on a surface of 1500 ha. Today tourists can visit historic places such as: amphitheatre, Augustans Palace, the Roman Forum, Roman thermae, suburban villas, and temples dedicated to warship Gods: Jupiter, Dolichenus, Dis Pater and Proserpina Liber and Libera, Aesculap and Hygeia, Mitras, Nemesis. In Sarmisegetaza village, identical name with the former Dacian capital, there is a Museum which offers the visitors the old image of political, economic and spiritual life of the inhabitances of Dacian Roman capital Sarmisegetuza Ulpia Traiana August.

We consider that this global tourism product "The Roman Road 1900" is necessary to be taken over by central and local authorities in order to value it (statues, inscriptions, scientific conferences, mass-media releases, organizing trips by different governmental and non governmental organizations, private

organizations) at level of the authenticity, showing a part of Romanian history, a history of those places, a history of the fact that we are an integrated part of Europe.

Thus, we have to create a promotional mix, a communication strategy for tourism marketing both at the central level and at the local one. This can be achieved with the help of students attending the classes of Management and Marketing Master. This is also an exceptional tourism product that is suitable for the national and international tourism demands.

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YOUNGSTERS INSERTION ON THE LABOUR MARKET. A COMPARATIVE ANALYSIS ROMANIA - EUROPEAN UNION

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The insertion of young people into the labor market represents an important issue amongst all the countries within the European Union and this process is studied differently from one country to another. At present the European Union counts about 75 million young people with the age between 15 and 24 years old.

This article main objective is to study insertion rate of young people the labour market as well as it deals with their problems.

Key words: labor market, insertion rate, unemployment rate

Professional insertion should be seen as a process taking place in time as there is a convergence as well as divergences in the dynamics among learning and work. The methods concerning the transition between school and labour evolved lately becoming far more complex and even longer.

Theories about insertion of young people on the labour market:

- Initially, *insertion of young people on the labour market* was explained by taking into consideration the main features/factors such as: age, gender, social origin, etc.;
- Thurow¹⁰ (1975) explained *insertion of young people on the labour market* starting with the theory of competition for a job which allows a better understanding of the role of education in the hiring process, as well as the compatibility among job requirements and the level of the preparation of a person;
- Diambomba (1995) and Paul (1989) explained insertion of young people on the labour market starting with the theory of human capital focusing on the year of studies;
- Vincens (1989) and Diambomba (1995) consider that the process of *insertion of young* people on the labour market could be explained by the mechanisms of labour market;
- Lepage (1987) and Vinces (1981) explained *insertion of young people on the labour* market starting with the theory of 'job search' which is focused on studying the behaviour of people while looking for a job;

However, each analysis concerning the insertion of young people on the labour market takes into account the period of time between obtaining a diploma and searching an employment.

In the process of professional insertion could be involved several actors such as: graduates- their evolution depends on the influence of various actors during this process, as well as their behavior do not submit to a strict economic rationality; employers **and universities** – education.

Main characteristics of young people:

In Romania as well as in the European Union was noticed a pattern according to which the insertion of young people become a very difficult process which involves longer period of time after graduating and actually finding a suitable job.

Currently, in the world there are around 1 billion of young people with age among 15 - 24 years, 85% of them live in the developing countries. The participation rate among young people decreased at world level

¹⁰ M. Bruyere, Ph. Lemistre, "La specialite de formation: un "signal" de competences specifiques et generales", 2006, pag.6,

from 59, 3% to 54, 4% between 1994 -2004 due to longer period of time for education. Currently, within the EU there are around 62 billions of young people, which represents 12, 7% of the entire population.

Table 1: Young population in European Union, year 2006

	% out of total population 2006		% out of forecasted total	population 2050
	less than 15 years	15-24 years	less than 15 years	15-24 years
UE27	15,9	12,7	13,4	9,7
UE25	16,0	12,6	13,4	9,7
Belgium	17,1	12,1	14,7	10,6
Bulgaria	13,6	13,6	11,5	8,2
Czech Republic	14,6	13,2	12,6	9,0
Denmark	18,7	11,2	15,7	11,8
Germany	14,1	11,8	11,9	9,2
Estonia	15,1	15,6	14,8	9,7
Ireland	20,5	15,2	16,0	10,2
Greece	14,3	12,0	12,3	8,9
Spain	14,5	11,9	11,5	8,2
France	18,4	12,8	15,8	11,0
Italy	14,1	10,4	11,2	8,4
Latvia	14,3	15,7	14,8	9,5
Lithuania	16,5	15,6	13,7	9,7
Hungary	15,4	12,9	13,8	10,0
Malta	17,1	14,4	14,5	10,7
Poland	16,2	16,2	13,0	9,4
Portugal	15,6	12,2	13,1	9,3
Romania	15,5	15,2	12,5	8,9
Slovenia	14,1	13,1	12,8	9,1

Source: www.eurostat.org

The table above shows that Poland, Slovakia and Cyprus have the larger segment of young population (among 15-24 years old). In the opposite direction are Italy, Luxembourg and Denmark. In 2006, Romania recorded a percentage (15,2) above the European average (12,7%). However, according to the estimates until 2050 the number of young people will drop significantly to 8, 9%.

According to INSSE there is a similar trend/pattern concerning the evolution of young population until 2025. It is expected a significant drop of young population to 29,3% (5,6 billions of young people) until 2025 (if fertility rate remains constant). The main explanations are: a drop in number of deliveries, longer period of time for education, social mobility, woman emancipation, etc. At urban regional level the young population will be around 10,8% (the lowest level) in Bucuresti-Ilfov in 2025 and 12,8% in North-Est.

Table 2: Evolution of young population during 2004-2025

	2004	2015	2025
Urban	14,4%	13,5%	11,6%
Rural	18,3%	16,4%	15,6%

Source: Projection of Romanian population per area, until 2025, page 19

The unemployment rate was 23,4% among young people in January 2007 (Romania), with Greece being the only one who recorded a higher rate - 24,7%). The rate is 3 times higher that the unemployment rate at the entire population level. Table 3 shows that EU member state recorded higher percentage for young people.

Table 3: Education level and occupation level

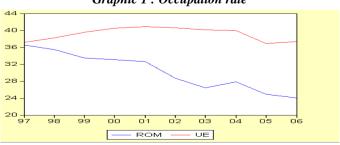
	Level of Education		Unemploymer	nt Rate 2007	Unemployment Rate 2006	
	20-24 years	25-64 years	15-24 years	Total	15-24 years	Total
UE27	77,4	69,3	16,8	7,5	36,0	64,3
UE25	77,5	69,1	16,5	7,5	36,9	64,6
Denmark	77,1	81,0	6,5	3,3	63,7	76,9
Poland	91,1	84,8	26,2	12,6	23,5	53,9
Portugal	49	26,5	17	7,6	36,1	68
Romania	76	73,1	23,4	7,5	24,9	59,6
Slovenia	90,5	80,3	10,2	5	35,3	67,1
Slovakia	91,8	87,9	23,4	11,2	25,7	59,3
Greece	84,1	60	24,7	8,7	24,5	61
Ireland	85,8p	65,2p	9,4	4,4	48,0	68,1
France	82,6	66,4	21,3	8,4	28,8	63,0

Source: www.eurostat.org

On the one hand, the current situation could be explained by lack of concordance among level of education (a theoretical one) and the demands of labour market and on the other hand by the desire of companies to hire more qualified personal. The importance of the diploma at the beginning of career is higher as the unemployment rate is smaller among the young people with a higher level of education compared to other categories as well as the period of time for finding a job is shorter for an educated person.

Occupational rate among young (15-24 year) is smaller than overall population as many of them are caught in the educational system and do not have a job. For the young aged 19-24 years was noticed an increase in education level (university level) from 26,7% in 1998 to 51,2% in 2005. In 1997 to 2006 **occupational rate** in Romania dropped from 36% to 24% while in UE was noticed an increase (less for 2005 year).

Graphic 1: Occupation rate



Source: www.eurostat.org

There was an increase of the gross rate for higher education mainly for women during 1996 - 2007. (Table 4).

Table 4: Rate for higher education

	1996/1997	1999/2000	2002/2003	2005/2006
Superior	22,2	28	38,9	47,5
Women	23,3	30,8	44	54,4
Men	21,1	25,2	34,1	40,9

Source: www.insse.ro

The phenomenon could be explained by an increase in private educational offer at university level as well as by higher qualifications requirements form the employers' part. The labour market requirements shaped the students profiles. This is the reason why there is a drop in the number of students with technical degree as well as an increase in numbers of students for other profiles both for men and women. (Table 5).

Table 5: Students distribution by profiles

	2000/2001		2005	/2006
Profiles	F	В	F	В
Total	53,5	46,5	55,4	44,6
Technical	28,4	71,6	29,4	70,6
Economic	60,9	39,1	62,6	37,8
Juridical	52,7	47,3	49,3	50,7
Medico-pharmaceutical	64,6	35,4	69	31
University	67,7	32,3	67,5	32,5
Arts	54,9	45,1	55,8	44,2

Source: www.insse.ro

The change was caused by the desire of higher incomes or a higher wage for a short period of time. According to a research made by INCMPS¹¹ the most wanted jobs are in the field of: marketing, sales, human resources, IT etc, and in many cases university degree is neglected in the favor of the opportunities in the market.

According to the Euro barometers of 2007 the most wanted jobs within EU are in the field of: commerce and administration (20,1%), engineering and constructions (13,3%), IT (10,2%).

The main methods¹² used by people at the beginning of their career in searching for a job are through: specialized web sites (40%) and acquaintances (22,86%).

Table 6: Methods to search employment for the current job 2007

acquaintances	22,86%
web sites	40%
newspaper	14,29 %
jobs fairs	2,86 %
recruitment firms	8,57 %
another	8,57 %

¹¹ http://www.mmssf.ro/website/ro/rapoarte studii.jsp

¹² Data from a research made for the PhD paper "Romanian labour market", author Mihaela Dobre

Based on indicators/ indices above could be concluded that the insertion of young people represents a major challenge, reason for why Ministry of Work and Social Protection took several measures aiming at: increasing occupational rate among young, human development, improving social status of young population, etc. According to Lisbon declaration there is a substantial effort towards diversification of educational system and developing of an European educational system focused on vocational training and involvement of firms in preparing the young even from university.

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DISCRIMINATION BY THE GENDER IN ROMANIA

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Generally discrimination appears when some individuals that have a certain feature (for instance belong to religion, race, gender, etc) are discriminated against because of this no matter what their labor productivity might be. Discrimination emerges also when two individuals with the same productivity are paid differently and these differentials correspond to some non-economic features (age, gender, nationality etc). According to the 'Global Report on Gender Discrimination' 2006 published by World Economic Forum total equality between men and women still reaches low levels. From 115 countries included in the top ranking, Romania is on the 46th with the same score as Ukraine, Uganda and Trinidad-Tobago. Romania is ok regarding education and health. In this paper we analyse the main differences between women and men, and also the measures which must be taking for eliminate these disfunctions from european integration point of view.

Keywords: labor market, statistical discrimination, discrimination, uncertainty, demand for labor

The main literature in this field analised the way in which the gender divide the power between men and women taking in account the age, race or other variables (H.L.Moore), in a firm frame, to explain or understand the role of the culture diversity (U Hannerz 1992, M Gullestad, 1991) or the interdependences between cultural and political representations.

By discrimination one understands any distinction, exclusion, restriction, preference, different treatment that puts a person or a group to disadvantage when compared to other persons /groups in similar situations. The discrimination reasons are several: race, nationality, ethnicity, religion, gender, sexual orientation, language, age, handicap, etc. In this case we speak of multiple discrimination. ("Ethnographical research showing multiple discrimination", 2007, ANES). Regardless of its basis, discrimination is forbidden by law in Romania as well as in the other European countries.

Discrimination is a general feature of social life and it is rooted into preconception. By preconception one understands rejecting the "other" as member of a group which is invested with negative feelings. Allport (1954) defined preconception as a negative attitude towards a group or towards its members, attitude that stems from a rigid and erred generalization. The social groups defined in terms of "us" versus "them" are the product of one of the most fundamental processes of the human being, namely: the social categorization (Taijfel, 1981). Discrimination is to be considered from both sides: the one of the worker who is discriminated against and the one of the employer who does the discrimination.

Modern economic theory of discrimination started with Becker (1971) and was later developed by Arrow (1974). They consider that people have certain attitudes towards their co-workers, towards people they supervise and also towards people they buy things from. Consequently they demand some sort of compensation for working with the members of the discriminated group.

Arrow and Phelp (1972) were the first to study statistical discrimination which is founded on the imperfect information in the labour market, determined by the employer's inability to know exactly how productive his workers are (that means that two people with the same productivity level but belonging to two different ethnicities will develop differently from a professional point of view.) This particular idea was later on developed by Arrow (1998).

Special attention must be paid to the discrimination model proposed by Welch, (1967). He considered that coloured and white workers are hired together due to the complementarity of production. Thus, cooperation among workers of different ethnicities imply a fixed cost that depends only on the number of members in each group and can be influenced by certain discrimination preferences of any group members and by communication problems. The cooperation costs are paid by the minority race and the efficiency of

education is decreased among the minority workers if they are hired together with majority workers. Consequently, the educated minority workers will tend to work with members of the same group only. D.J. Aigner and C.G Cain (1977) consider that discrimination based on ethnicity and on gender is a consequence of group discrimination and the latter is inevitable among the individuals of any group. The two researchers define discrimination as the situation in which average salaries are not proportional to average productivity, in other words: the groups with the same average productivity do not receive the same average compensation. Since different salaries are paid to different groups in which the educational standards are identical (by educational standards we refer to the level of training that the workers have before entering the labour market) the balance in the labour market is a discriminative one.

Statistical discrimination models are used for explain the inequality from the group. The main vision is that the race or gender can be a sign of productivity taking in account that, productivity is noticed imperfectly and correlated with the identity of the group. Also, if the workers are impatient and they are improving their productivity through the investments in human capital, than the groups which are similar with exception of observable identity of the group can be treat differently at equilibrium. (P. Norman, 2003). In those models this aspect is explain through the fact that workers in minority are hamper because the firms think that, is very probably that those workers to have low skills and because of this the firms will invest lower in human capital because they think that the workers are hamper on the labor market.

The discrimination by the gender can be parse also from the anthropology point of view. So, the british anthropologist H.L. Moore(2002) state that according with the feminist anthropology, in different social context the differences are important.

Taking in account the eurobarometer realized by the European Comission in july 2006 in Romania, the most prevalent forms of discrimination is due to *hindrances* (48%), followed by the *sexual orientation* (47%) and the last is due to the religion or faith (25%). In European Union, the most important shape of discrimination is due to race (64%), followed by that based on hindrances (53%).

The main shapes of discrimination in EU and Romania

	EU	Romania
Race	64%	39%
Hindrances	53%	48%
Sexual orientation	50%	47%
Age	46%	46%
Religion or faith	44%	25%
Gender	40%	32%

Source: www.eurostat.org

As regarding the life expectancy at birth, we see from the table below that women live much more than men and differences between the two genders declined in period 1998-2005 from 7, 8 years (1998) at 7,3 years (2005).

The life expectancy at birth

			•	•				
Year	1998	1999	2000	2001	2002	2003	2004	2005
Women	73.3	73.7	74.2	74.8	74.9	74.8	75.1	75.5
Men	65.5	66.1	67	67.7	67.6	67.4	67.7	68.2
differences between women and men	7.8	7.6	7.2	7.1	7.3	7.4	7.4	7.3

Source: HDR, 2007

As regarding the gross enrolment ratio for secondary and tertiary education, from the table below we can see that as well in the tertiary education as in the secondary education, women record a high level of enrolment in education. The growth of enrolment ratio for tertiary education is due to growth of educational supply from tertiary private education and also to the high skills enforce on the labor market. In last years, the number of students from the technical education declined.

Gross enrolment ratio for education

	1998	1999	2000	2001	2002	2003	2004	2005
		Gross	enrolment ra	tio for second	dary educatio	n (%)		
women	69	70.8	73	76.9	77.1	76.4	78.3	76.2
men	66.6	68	70.4	73.4	73	73	75.1	74.4
index	1.04	1.04	1.04	1.05	1.06	1.05	1.04	1.02
		Gros	s enrolment r	atio for tertia	ry education	(%)		
women	27.9	30.8	35.7	39.6	44.9	46.8	49	54
men	23.1	25.2	28.4	30.8	34.1	30	37	40.9
index	1.21	1.22	1.26	1.29	1.32	1.56	1.32	1.32

Source: HDR, 2007

As regarding the employment rate, we can see from the table that for the women this indicator is much lower.

Employment rate

	1998	1999	2000	2001	2002	2003	2004	2005
women	63.5	61.5	63.5	61.7	60.9	58.7	58.1	59
men	66.6	68.9	70.4	73.4	73	73	75.1	74.4

Source:UNDP.org

United Nations Development Programme calculate a gender-related development index (GDI) taking in account three indicators: life expectancy at birth, education level and the level of wages. This index is between 0 and 1. The index 1-GDI measure the gap toward a real equality between gender.

Year	GDI	1-GDI
1998	0.761	0.239
1999	0.758	0.242
2000	0.765	0.235
2001	0.778	0.222
2002	0.787	0.213
2003	0.791	0.209
2004	0.8	0.2
2005	0.801	0.199

Source: UNDP and own calculations

We can see that the distance that our country has to cover declined in the period 1998 and 2005.

According to the 'Global Report on Gender Discrimination', 2006 published by World Economic Forum total equality between men and women still reaches low levels. From 115 countries included in the top ranking, Romania is on the 46th with the same score as Ukraine, Uganda and Trinidad-Tobago. Romania is ok regarding education and health. But women' representation in politics reaches low levels and Romania's country profile shows that the ratio between a woman's wage and a man's wage is 0.64.

Within the EU opportunity equality between women and men was marked in 2006 by two major events: the adoption by the Commission of a framework to follow for equality 2006-2010 and the adaptation by European Committee of an agreement for opportunity equality between women and men.

In the spring of 2006 the European Committee highlighted that its policies aimed at opportunities equality between women and men are essential instruments for economic growth, prosperity and competitivity. In this way they have in mind:

- swiping out gender differentials in labor market;
- favoring a better equilibrium between women and men by sharing private and family responsibilities;
- warranting total support for the policies of opportunities equality between women and men by cohesion and rural development policies;
- warranting the enforcement of the law framework that will swipe out discrimination in labor market.

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THE SITUATION OF LONG TERM UNEMPLOYMENT IN BIHOR. FROM ILLUSION TO REALITY

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Around Bihor county, there has lately appeared this "myth" of a very low unemployment rate (values below the average in the Community, among the lowest in Romania). The trans-border migration, the presence of a high occupancy in the rural area, especially within an agriculture of subsistence are just a few aspects behind this myth. The long term unemployment is, at the same time, an important aspect that calls forth a realistic investigation. The necessary and inevitable restructuring in the regional economy will lead in the near future to major challenges in the field of occupancy. This study undertakes not only the investigation of the theoretical and operational approaches of the LTU in Romania and EU, but also the apparently favourable situation of the LTU in Bihor in the last three years, in order to identify the real problems and shape up a strategy that would allow active measures adapted to the individual situations and needs identified. The study presents preliminary results of the research within the project "eWork today – training program oriented towards adaptation / orientation of the active labour force to the requirements of the informational society", financed through the Program PHARE 2005. The data used were disclosed, on the basis of a collaboration agreement within the aforementioned project, by the AJOFM BIHOR.

Keywords: unemployment, long-term unemployment, active labour force, active occupancy measures, regional development, local development.

Introduction

Even if the unemployment rate in Romania is situated below the community average, fact explained first of all by the relatively high rate of occupancy in the rural area, the high level of unemployment with the youth (15-24 years old), the long term unemployed as well as the persons looking for a job in rural areas and the persons working in agriculture for low incomes represent structural "disfunctions" of the unemployment in Romania, whose defeat represents the key issue to approach, according to EU Directive Lines of the strategy of Labour Force Occupancy and to the objectives of the National Strategy for Labour Force Occupancy 2006-2010¹⁴. The necessary and inevitable restructuring of the Romanian economy especially the restructuring of agriculture and services will demand human resources able to meet the transformation of the economy and of the labour market, improvement in the quality of the labour force by substantial investments in the development of the human capital. In this circumstance the long term unemployment issue is more difficult as it requires active measures adapted to the individual situations and needs¹⁵. According to the operational approaches of the long term unemployment both in Romania and in EU we include in this category of long term unemployed: young unemployed (15-24 years old), after 6 months from the moment of getting out of work and the adult unemployed (25-64 years old), after a period of 12 months from getting unemployed. This work undertakes to analyse the situation of the long term unemployment in Bihor in the last three years.

Several aspects behind the "myth" of the very low unemployment rate in Bihor

Around Bihor county, there has lately appeared this "myth" of a very low unemployment rate (values below the average in the Community, among the lowest in Romania). In May 2008 the unemployment rate in Bihor is situated at 2.5%, under the European and national average (average unemployment rate in EU

¹⁴ National Strategy for Labour Force Occupancy 2004-2010, published in Monitorul Oficial no. 834/2004; National Action Plan for Labour Force Occupancy, published in Monitorul Oficial no. 698/2006

¹⁵ Short and medium term strategy for the continuous professional training 2005-2010, published in Monitorul Oficial no. 747/2005

6.9% at the end of 2007, unemployment rate at the end of May 2008 at a national level 7.4%), Bihor being one of the counties with the lowest unemployment rate in the country. Starting with 2000, in Bihor the unemployment rate has been decreasing: 4.6% in 2000, 3.2% in 2002 and 2.7% in 2005, 2.2 % in 2007.

The trans-border migration and the existence of an important occupancy in the rural area especially within the agricultural subsistence are only some aspects behind these generally positive data and evolutions. Another relevant aspect emerges if we analyse structurally the situation of unemployment and it is related to the vulnerability of the age and the qualification level of the categories most affected by unemployment: people aged between 30 and 49, both in general and in what the female population is regarded; young people between 18 and 24, respectively workers.

The long term unemployment is, at the same time, an aspect requiring realistic investigation. In the current terminology, the long term unemployed that come to register at AJOFM are classified in two categories:

- those that come from work, had benefited from unemployment benefits but exceeded this period of 6,9 or 12 months;
- those that do not come from work and thus could not benefited from unemployment benefits, 0 but come to register themselves at AJOFM just to receive a certificate proving their registration. On the basis of this certificate, according to Law 416 concerning the guaranteed minimum income, they get money allowance from the residence town hall. This aid is provided, in short, with the following conditions: those apt to work have to be registered with AJOFM and to perform 72 hours for the community. If they refuse the workplace they are sent to by AJOFM they do not get a certificate and, implicitly, they do not get a financial aid. Hence, once in 3 months, they regularly come for the certificate.

In what regards the implementation of the active measures of occupancy concerning the long term unemployment, the problem is the high rate (over 99.5%) of long term unemployed of the second category, that do not come from work and do not wish to get employed, being very little receptive to the active measures of occupancy and, implicitly, the low rate (under 0.5%) of the unemployed of the first category – whose period of unemployment benefit had expired and who usually find a workplace because they come from work.

The project "eWork - today" was based on these very aspects, identified as risk factors within the Bihor County Development Plan 2007-2013, namely low unemployment rates with the population aged 30 to 49 and, at the same time, high unemployment rates with the youth and the workers, a problem that requires attention from the educational system, with a special emphasis on the life long education and the vocational orientation 16.

Project "eWork - today"

The project "eWork - today - training program oriented towards adaptation / orientation of the active labour force to the requirements of the informational society." 17 tests an innovative and complete educational solution based on modern devices (eLearning platform, multimedia laboratory) on a target group formed of 40 unemployed persons: 20 young unemployed aged 18 - 24, with a low qualification level that do not meet the requirements of the labour force, with a view to obtain a qualification in order to get a well-remunerated work place and 20 long term unemployed aged 30 - 45 with a view to re-enter the labour force market, more active and better qualified. The project "eWork - today" has started from the idea that the motor forces, that can trigger the change in the regional reality in order to fulfil the general objective of appropriate regional development of the labour force market, are: mastering basic technical knowledge and insuring a degree of confort in using them, on one hand, as well as proving soft abilities

¹⁶ see http://www.cjbihor.ro/plan.php#- - The Bihor County Development Plan 2007- 2013

 $^{^{17}}$ "eWork – today - $\,$ training program oriented towards adaptation / orientation of the active labour force to the requirements of the informational society", Program PHARE 2005, Contract: PHARE 2005 / 017-**553.04.02.01.01.612** Active occupancy measures. Period of implementation: 03.01 – 31.12. 2008; Total grant: 118080 euro; Project Manager: prof. Anca Dodescu, PhD, Project Scientific Director: lecturer Ioana Pop Cohut, PhD.

that would insure the person's adaptation to the new forms of work – presenting labour offer compatibly with the demand, understanding modern organizational culture and a spirit of entrepreneurship, on the other hand. The two notions that represent the basis of the program of professional training are – an organizational culture in concord with the new economy and the entrepreneurship spirit that could support the economic development in the context of the integration to the single European market, extremely competitive. In this respect, the program of continuous education and training, eWork, includes modules designed for developing competences of the hard skills type: Computer ABC module, Module of using modern technology in performing the economic activity (administration, economic control, database operation - reporting) and soft skills type: Module Organizational/Entrepreneurship Culture, Module Preparing a professional CV and going for an interview, the services being personalized. The end goal of the project is successful placement on the labour market of at least 50% of the trained unemployed persons as well as the stimulation of their entrepreneurial spirit aiming at their starting own businesses that could be administrated according to the competences gained.

The situation of the long term unemployment in Bihor county from January to April 2008

The current study was called forth by the escalation of the difficulties emerged in the identification and selection of the target group formed of long term unemployed persons in Bihor county within the aforementioned project "eWork today". The study presents the preliminary results of the research. The data used were disclosed, on the basis of a collaboration agreement within the aforementioned project, by the AJOFM BIHOR.

According to the data provide by The County Agency for Labour Force Occupancy (AJOFM) Bihor, valid for April 2008, there are currently 6108 unemployed persons in the county, 2597 of whom are women. The number of those receiving an unemployment benefit comes to 1688 and of those not receiving one to 4420. From the statistics disclosed by the AJOFM it can be seen that the total number of unemployed persons arising from the private sector is 2663. The number of the long term unemployed persons is 943.

Regarded structurally, the situation of the long term unemployed persons in Bihor county in the years 2006, 2007, 2008 is presented in Figure no. 1.

Fig. no. 1. Situation of the long term unemployed persons in Bihor county in 2006-2008

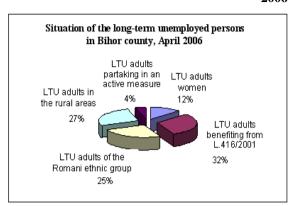
Indicator	April 2006	April 2007	April 2008
TOTAL LTU adults registered from which:	1780	763	943
LTU adult women	711	286	355
LTU adults benefiting from L.416/2001	1780	763	943
LTU adults of Romani ethnic group	1460	610	773
LTU adults from rural environment	1530	671	801
LTU adults participating in an active measure	251	301	181
From which women	72	107	74

Source: AJOFM – Bihor, April 2008

The number of long term unemployed persons registered with AJOFM was of 1780 in 2006, 763 in 2007, respectively 943 in April 2008, which indicates a decrease with approx. 42.86% in 2007 as compared with 2006, respectively a growth of 23.59% in April 2008 as compared with 2007.

As for the structure of the long term unemployment, we can note the following evolution, namely: the percentage of LTU adult women registered a slight fluctuation during the three years analysed from 12% in 2006 to 11% in 2007 and a recovery to 12% in 2008 as we can see in Figure 2,3 and 4.

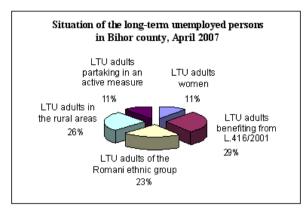
Fig. 2 Situation of LTU in Bihor county, April 2006



Source: AJOFM – Bihor, April 2008

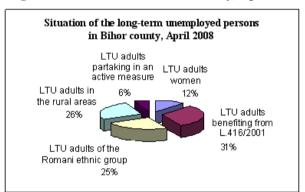
At the same time we may note that the number of LTU adults participating in an active measure altered significantly from 251 people in 2006 (4%), increased to 301 in 2007 (11%) and then decreased quite substantially to 181 people, i.e. a percentage of only 6%. It is also relevant to observe the large number of persons benefiting from Law 461/2001: 1780 in 2006 (32%), 763 persons in 2007 (29%) and this year's substantial increase to 943 people.

Fig. 3 Situation of LTU in Bihor county, April 2007



Source: AJOFM – Bihor, April 2008

Fig. 4 Situation of LTU in Bihor county, April 2008



Source: AJOFM - Bihor, April 2008

What is worrying for the years 2006, 2007, 2008 is the percentage of 100% of long term unemployed persons benefiting from L. 416/2001 and the very low percentage of those benefiting form active measures. The explanation is related to the high percentage of long term unemployed people of the Romani ethnic group – over 80% (82% in 2006, 81.19% in 2007, 87% in April 2008) and over 85% people from the rural areas (86.97 % in 2006, 87% in 2007, respectively 85% in April 2008), both categories replying very hardly, almost not at all, to the formative measures. As a matter of fact, the percentage of those that benefit from active measures, counselling, mediation, training courses etc. is quite low – 10.81% in 2007 and 19.19% in 2008 but although they registered for these measures for occupancy they do not participate except from a very small percentage; at the same time they manifest a low interest in the unqualified jobs they are sent to by the AJOFM. The only aspect that is not worrying is connected to the percentage of women in the category of the ling term unemployed, fewer than 50%, in all the cases considered.

Taking into account these data, for the mentioned project, aiming to select the target group – long term unemployed people aged between 30 and 45, we focused on the 943 long term unemployed people in Bihor county. At a closer analysis we noticed that in this age category there are approx. 30%, from who only a percentage of approx. 8.66% have as completed education form at least a complementary training for apprentices, a professional school or specialised highschool. From these, a percentage of 7.69 (i.e. 2 people) were willing to meet the representatives of the project, neither registering for the free courses offered, though.

These peculiar problems could become the basis of some active measures of occupancy that would answer the need featured by the long term unemployed. By now, the programs addressed to the long term unemployed have not considered these particularities and the special programs have not yet been implemented in Romania. In our opinion, a more intensive use of *the active measures focused on the professional formation*, as well as a promotion of *occupancy local partnerships* to identify the vulnerable groups and secure their inclusion in the labour market are possible solutions to be applied, at this very moment, in the issue of the long-term unemployment.

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THE INTERNE, THREAT OR TOOL FOR TRAVEL AGENCIES?

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The popularity of the Internet changes the way the travel business is conducted, changing the patterns of traditional distribution of tourism services and products. The Internet represents a tool for travel agencies but can also be a powerful weapon against the traditional distribution. The process of breaking the usual distribution channels is known as disintermediation. Nowadays, in the travel industry, the majority of the travel agencies and tour operators have developed into "brick-and-click" organizations – traditional operators who expanded into the e-commerce area, named cybermediaries. The competition between travel intermediaries is based on the need to reach the clients as directly and fast as possible, and the Internet comes to fulfill this issue. Suppliers attempt to use the Internet as a device to promote their products and services directly to end-users and thus try to avoid the commissions paid to intermediaries.

Keywords: tourism distribution channels, travel industry, Internet, travel agencies, disintermediation.

The tourism distribution channels revolution

The future trends affecting the travel industry, such as demographic developments, changes in consumer demand, changes in product development and distribution channels, but also the climate changes and new tourism flows, can significantly transform the business travel in the coming years. Tour operators and travel agencies must understand these changes and adapt their business way of thinking to the needs of tomorrow's travelers: how people will travel, how they will want to spend their time on trips and holidays, the future alternatives for transport, accommodation and other services available, the boost in those motivations for travel that are less important today, all these questions about tomorrow's travel must get an answer today. Identifying the business strategies to cope with all these evolutions and trends will be the best guarantee of success for the market players savvy enough to use them in their advantage.

Between all these aspects, the progress of technology brings in a number of issues for travel agents and tour operators to deal with, especially those related to the distribution of the tourism products and services. The distribution revolution that occurred a few years ago impacts the travel supplier sector, creating a new reality that companies in the field must face.

"In tourism, the position of the distribution sector is much stronger: trade intermediaries (travel agents and tour operators of course, but also charter brokers, reservation systems and other travel distribution specialists) have a far greater power to influence and direct demand than their counterparts in other industries do. Since they do, in fact, control demand, they also have increased bargaining power in their relations with suppliers of services and are in a position to influence their pricing, product policies and promotional activities" (1)

Tourism distribution channels can be either direct or indirect: direct channels normally link suppliers and consumers without the aid of intermediaries, while indirect distribution channels involve a wide range of intermediaries such as tour operators, wholesalers, consolidators, travel agents, corporate travel departments, incentive travel companies, as well as diverse organizations or associations. All of these channel operators have the potential to significantly influence the travel patterns and behaviors of specific travel markets. Generally, the closer the destination is to the consumer in physical, product awareness and experiential terms, the more direct the channel of distribution becomes. But, in the past years, Internet has significantly changed the distribution channels in the travel industry.

Traditionally, travel agencies give advice on destinations and make arrangements for transportation, hotel accommodation, car rentals, tours, and recreation, but at the same time, travel agents have to provide information on many other aspects, such as destinations, types of packages available, weather conditions, attractions, visas, and currency exchange rates. Also, they have to study a large number of sources for information on departure and arrival times, fares, hotel ratings and accommodations, but also organize famtrips in order to check the quality of the hotels and restaurants and evaluate the standards of comfort and cleanliness of the services they recommend to their clients. Tour operators are those who assemble holiday

packages, and, in Europe, those who contribute to the development of the tourism industry by generating tourist flows and by providing access to affordably-priced vacation packages. Tour operators are creators of vacation packages focused mainly on the leisure segment, with a role of intermediary between suppliers of tourism services and end-users of such services, a role that is fulfilled by assembling the various elements of supply (accommodation, travel, food, and entertainment services) and distributing them either directly or through travel agencies. We can argue that tour operators are the key intermediaries across the entire chain and their role is decisive in moving the tourism product from suppliers to end-users. Other players like wholesalers and consolidators are more recent on the market and rely on the use of various IT platforms.

But, what has the most significant role in distribution channel nowadays is the Internet and the way it changes the pattern of traditional distribution, shocking the market by the rapid transformations which it generates across the whole industry.

The popularity of the Internet led to new companies entering the market, creating an explosion of virtual operators. Therefore, the Internet must not be treated simply as a promotional aid or distribution device, but as a major force in itself that profoundly changes the way tourist business is conducted. Indeed, the Internet represents a tool for travel agencies and tour operators to develop their business, to market it, to get information and partnerships, but it can also be a powerful weapon against the traditional distribution.

The major threat for travel agencies is disintermediation

Right now, traditional travel agencies are being threatened not only by integrated tour operators, which control their own distribution channels, but also by the expansion of alternative distribution channels such as the Internet, Teletext, call centers, and even travel TV channels. This process is called "disintermediation" (2). Disintermediation means suppliers getting closer to their customers and eliminating all types of intermediaries that impede this process and add needless costs.

The competition between travel intermediaries is based on the need to reach the clients as directly and fast as possible, and the Internet comes to fulfill this issue. Suppliers have the opportunity to use the Internet as a tool to promote their products and services directly to end-users and thus try to avoid the commissions paid to intermediaries. The airline industry already took a number of important measures regarding the level of commissions paid to the travel agencies for their services (capping or reducing these commissions – these days zero commission is the norm – represented a strong blow for ticketing agencies that used to rely on the reservation fees charged to airlines). Airline companies encourage customers to call the airline directly, saving commissions and disintermediating their travel agents. Hotels also create their own websites to reach their clients and more than that, they can now employ various price policies and loyalty programs that yield a higher price transparency and more user-friendly interfaces.

Suppliers believe they no longer need an intermediary to sell their products. Direct marketing on the Internet is cutting into the traditional intermediaries' business. Using information technology to develop and tighten supply chain relationships can reduce costs and bring higher quality travel products to the market. This technology can also contribute to minimizing transaction costs, lowering uncertainty, sharing market information, and aiding in distribution channel efficiency. Providing computer systems that integrate travel businesses with suppliers, distributors, and retailers is the crucial first step toward developing a successful e-commerce business model(3).

Now, the suppliers rely on GDS systems (Global Distribution Systems) for connecting their products to the travel agencies networks, which subsequently, distribute them to the final consumer. As the Internet developed, several alternative distribution systems have emerged (among which, giant search engines such as Kayak.com, Sidestep, Inc., and Yahoo/Farechase), offering travelers multiple possibilities to choose and book their travel, while traditional suppliers only have access to their own offering of products and services posted on their websites. At the same time, some GDS have been moving into the direct distribution of these services, using their own websites: Expedia, Travelocity (owned by Sabre; Travelocity, the European online travel leader also owns several well-known brands, such as lastminute.com, holidaysauto.com, Site59, Travelocity Business, Travelocity on Location, etc), Orbitz (part of Travelport). The strategy of these companies focuses on the continuous adaptation to the evolution in market demand, relying on several research studies that suggest that the future of the travel industry belongs on the Internet.

Nowadays, in the travel industry, the majority of the travel agencies and tour operators have developed into the "brick-and-click" organizations – traditional operators who expanded into the e-commerce area. Also, a

few years ago, new companies appeared on the market; these cybermediaries are the new Internet-based intermediaries who have arisen and are independent of travel agents and airlines (although, in some cases, the more traditional players invest in them). In fact, when an intermediary offers its services over the Web, it is called a cybermediary. With the wide adoption of e-commerce in travel and tourism industry, the Internet has become an important travel service delivery channel, and the traditional travel agency has been under a severe disintermediation threat. A good example of Internet disintermediation in this industry was represented by the companies like Expedia, Priceline, Travelocity, which put out of jobs an important number of travel agents virtually overnight.

Rapid growth of online travel

These days, the online travel market is experiencing a profound evolution. Information and communication technologies on one hand, and tourism/travel on the other are among the largest and fastest developing industries in the world. Online travel markets in the US, Europe and the Asia-Pacific region are at various stages of development. The US is the world's largest and most mature market; growth is strong, but it is slowing down. Europe, less than half the size of the US market, still has much upside potential. While the UK, France and Germany are approaching maturity, Southern and Eastern Europe have untapped potential (4).

Tabel no. 1

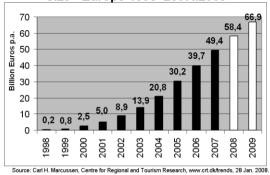
US Online Leisure / Unmanaged Business Travel Sales			
(2003 – 2010)			
Year	Billions USD	Increase vs. prior year (%)	
2003	\$ 41.0	100.0 %	
2004	\$ 52.3	27.6 %	
2005	\$ 64.9	24.1 %	
2006	\$ 78.8	21.4 %	
2007	\$ 93.8	19.1 %	
2008	\$ 109.7	16.9 %	
2009	\$ 126.9	15.7 %	
2010	\$ 145.8	14.9 %	

Source: eMarketer, March 2007, http://www.emarketer.com/

According to eMarketer, US online sales of leisure and unmanaged business travel (consisting of airline, hotel, rental car, cruise and vacation package reservations) will reach \$108 billion in 2008 and is estimated to reach \$126.9 billion by 2009. Sales will remain strong out to 2010, although growth rates will steadily decline. Tourism in U.S is mainly domestic and 90 percent of sales are made online.

In the meantime, in the European market, online travel sales reached EUR 49.4 billion in 2007. A further increase of about 18% during 2008 to about EUR 58.4 billion may be expected (22.5% of the market). The European online travel market could increase by another 8.5 bn. EUR or 15% in 2009 to reach EUR 67 bn (5).

Trends in overall online travel market size - Europe 1998–2007..2009



David Roche from Expedia submits that the online European travel market is still immature, with millions of e-buyers entering the market annually, with very little web experience, perhaps placing a brake on the level of innovation that firms can undertake."(6) But, in Europe, the Internet is now nearly twice as important generally compared to travel agents as an information source, although the travel trade is still very important in terms of travel distribution. And, given the rise in dynamic packaging offered directly by tour operators to clients booking online, the travel trade is not about to lose its importance as a distribution channel (7). The European online travel market is not following exactly the same pattern as the US, Europe remains a package holiday market (nearly 60% of Europeans opt for a package, or create their own as shown in IPK reports) with consumers buying traditional packaged holidays as well as dynamical packaged breaks via the Internet.

Tabel no. 2

Breakdown of European pre-bookings (Jan. – Aug. 2007)		
Packages	59 %	
Accomodation only	16 %	
Transport only	24 %	
Others	1 %	

Source: IPK International's European Travel Monitor, November 2007.

The figures show that concerning online travel sales by channel, the largest share is held by supplier web sites (56%), and only 12% by tour operators.

Tabel no. 3

Online Travel Sales in Europe, by Channel, 2006 (% of total)	Percentage (100%)
Supplier Web sites	56%
Online travel agencies	32%
Tour operators	12%

Source: PhoCusWright, "Europe Online Travel Overview" preliminary results, April 2007

In 2007, the breakdown of the market by type of service was as follows: Airtravel 57%; Hotels (and other accommodations) 17%; Package tours 14½%; Rail 7½%; Rental cars (and car ferries) 4%. The European online travel market (including the 12 newest EU member countries) may reach EUR 67 bn. by 2009, which is about 25.2% of the total market for selected travel and tourism services.

The future of travel agencies

Numerous marketing research studies forecast for 2008 some interesting changes in the customer behavior. "The online travel industry has reached a point where 80% of travelers are online and growth for online

bookings, which currently stands at \$112 billion, has virtually stalled – with only single-digit gains. Satisfaction with online bookings is decreasing as only 49% of online bookers feel it's enjoyable to book a trip online, down from 53% last year. 24% of people feel it's more convenient to research travel offline, versus 20% last year"(9). But despite the fact that travel and tourism products can easily be distributed and sold on the Internet, and despite the impressive growth rates of the online travel market shown above, the market share of online travel sales in the total travel market still remains relatively small, being estimated by Marcussen at 19.4% in 2007 and 22.5% in 2008.

Despite the rise of online travel sales, the travel agency distribution channel represents a large and dynamic opportunity. Travel agencies must focus on consulting and niche markets. Those who are experienced in the trade are now freed up from completing basic tasks and can concentrate on planning complex itineraries and using their expertise to sell. The role of agents has changed from taking reservations to offering advice and consulting services for customers. Travel agencies now look out for a consumer's best interest by using IT resources to help them find the best products. In the future, travel agents will increasingly become agents of the travelers rather than agents of the suppliers, focused on customizing travel packages and services.

As the Internet increasingly becomes the standard tool for travel planning, travel agencies can use the Internet opportunities not only for promotion, but also for new purposes, such as collecting and researching information and gaining access to new business partners, suppliers, and services. At the same time, the Internet is primarily used as a source of information and product & price comparison instrument, especially in Europe. Not all individuals visiting travel websites also book online, while others, from the very beginning, prefer the personal contact either face to face, or via phone or e-mail.

Due to the increase of Internet technologies, more traditional travel intermediaries are adopting IT to provide added value to travel consumers. "IT has thus become a vital competitive advantage for travel agencies, as they use ecommerce development strategies to retain performance advantages. Therefore, ecommerce creates opportunities for the re-intermediation of the on-line travel agency"(10)

The level of experience, knowledge and expertise of travel agencies already convinced some customers willing to pay for the extra value incorporated into the tourism services and products they are looking for. In their role as information consultants, many agents now have access to a far wider audience than they have had traditionally. Currently, travel agents tend to market to local consumers, but the Internet gives travel agents the opportunity to market to non-local consumers who wish to travel to those agents' own vicinity. The incoming agents will be able, more than anyone else, to handle the travel plans of non-local customers.

It's obvious that now it's much harder, but not impossible, for travel agencies to sell and compete. Tour operators and other players at the wholesale level in markets that traditionally rely heavily on retail sales through independent travel agents will start launching websites offering the possibility of direct bookings, thus bypassing the travel agents. For example, airlines are increasing their percentage of direct sales that bypass the travel agents. Thus, the survival of threatened intermediaries depends on their ability to differentiate themselves in areas other than those in which economies of scale are the sole distinguishing feature. Research indicates, for example, that much of what travel agents do for airlines is routine and transactional, providing little added value, and thus easy to disintermediate.

"As the use of the Internet becomes second nature for travelers, they will expect capabilities well beyond simple rate search and reservations. These include features such as electronic folio access, virtual concierge and integrated trip planning". (11)

What travel agencies can do is enter the online travel segment and add value to the products they recommend to their customers, and also adopt survival and adaptation strategies based on new technologies that will allow them not only to stay in business, but also to thrive in the new competitive environment.

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THE BOUNDARIES OF THE FIRM.THE CASE OF OIL INDUSTRY IN ROMANIA

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The economic theory of the firm has met an exponential growth in the last decades different from the traditional neoclassical approach. In the first part of the paper we are skimming through the most spread approaches, namely the theory of incomplete contracts and evolutionary school. In the second part we apply the explications on integration provided by the economics of transaction costs with an example on the oil industry in Romania. A brief qualitative analysis reaches out the conclusion that cutting transaction and agency costs is one of the factors that leads to integration within the studied sector.

Keywords: transaction costs, agency theory, evolutionary economics, integration, oil

JEL Classification: D23

Introduction

The fast organizational and technological changes of the last years, globalization and the more noticeable restrictive character of resources have lead to the reconsideration of the economic theories of the firm and development of new approaches. But what are the reasons that lay beyond the existence of the firm? How much can it develop? These are opened questions to which microeconomics provides a large offer of answers, in the form of a system of new theories or just interdependent hypotheses.

The movement of the borders of the firm in the global economy due to mergers and acquisitions carried on at global, regional or just local level leads to the increase of the degree of horizontal or vertical integration. As an example, in the region of Central and Eastern Europe in 2007 mergers and acquisitions summed 192.6 billion dollars of which 4.4 % carried on in Romania increasing by 83.8% compared to 2006. By these processes similar or different interdependent activities are placed under the roof of the same firm. Studying the causes of integration can't be separated from the analysis of the nature of the firm even though in this paper our goal is to explain the limits of the development of firms. The causes of integration as economic theory presents them can be grouped in a few categories and these are: acquiring or increasing market power and monopoly profit, protection against competition, cutting transaction costs and agency costs, correction of market imperfections, skipping some regulations, increasing the degree of security in supplying production factors.

By the present paper we don't realize an exhaustive presentation of the nature and limits of the firm but the most important features within the theory of incomplete contracts that includes transaction cost economics, theory of property rights and agency theory. Yet while exposing the economic literature in this area we'll refer to other approaches, too for a clearer delimitation of the topic against contemporary theoretical background.

Theoretical Background

It was in 1926 when Pietro Sraffa in his article "The laws of returns under competitive conditions" that questions the model of perfect competition. But the paper to be the cornerstone of what today we call economic theory of the firm is "The nature of the firm" published in 1937 by Ronald Coase, in which the author asks himself why the firm exists if according to the model of general equilibrium shows that the market allocates efficiently the resources. Coase argues that using the mechanisms of prices is not for free in a world dominated by uncertainty and information asymmetry. The Nobel winner calls transaction costs "the costs of carrying out a transaction by means of an exchange on the open market or simply marketing costs" 18. The transaction is seen both as a transfer of rights of use on goods and services between separable technological units (Menard, 2000) and a potential source of conflict that assumes a transfer of social rights within a certain institutional framework (Commons, 1934). Transaction costs mainly include negotiation and contracting costs, the reduction of the number of contracts inclusive, costs corresponding to potential conflicts and costs as a result of the authorities differentiate approach of transactions. In his paper published in 1988, Coase suggests that studying and understanding the structure of an industry implies explaining from the perspective of transaction costs the relations between the firm with the lowest cost and the market, relations between firms and the interdependencies between different activities carried out within the same firm. The limit of the firm "is set where its costs of organizing a transaction became equal to the cost of carrying it out through the market", 19.

Transaction costs economics, research-orientated by Coase's papers, is developed and consolidated by the reference papers of Oliver Williamson. The latter defines three features of the transaction, considered the cornerstone of the analysis in microeconomics, interdependent and these are: frequency, uncertainty and asset specificity against the background of two behavioral hypotheses limited rationality (according to H. Simon) and opportunistic behavior. Between the frequency of transactions and the probability of integration there is a direct correlation since there are many opportunities for the moral hazard to appear and therefore much more potential losses to compensate the internalization cost of that transaction. To support this statement there are a few empirical proofs (Majumadar and Ramaswamy, 1994) or a few studies that have shaken it (Anderson and Schmittlein, 1984). Uncertainty, direct correlated to the probability of integration (empirical proofs are provided by Lieberman, 1991 and Majumadar and Ramaswamy, 1994) has 2 shapes: an environmental uncertainty, a pre-requisite of the business environment and behavioral uncertainty, the most important, a result of bilateral dependence and information asymmetry. Asset specificity is the main characteristic of a transaction. Williamson shows that: "asset specificity has reference to the degree to which an asset can be redeployed to alternative uses and by alternative users without sacrifice of productive value"²⁰. Asset specificity is important against the background of behavioral hypotheses mentioned above since the take the form of sunk costs in case of contract breaking. After the parties of a contract, incomplete by its nature, sign the contract that has as object a specific asset takes place what Williamson calls "fundamental transformation": if initially the parties have chosen the partner from a competitive market, after signing the contract their relation turns into a bilateral one. The continuation of the relation between the parties whose identity is now important produces quasi-rents established as a differential of the capitalized value of the asset controlled together and the sum of the values of the asset controlled separately by the two parties²¹. Depending on the characteristics of the transaction, three governance structures may appear: market, hierarchy and hybrids (such as franchising). Governance structures are supported by different forms of contract law. The market is based on the classical contract law in which the identity of the parties doesn't matter, the continuation of the contract doesn't add value and the contract complies with strict rules, well defined, possible disputes being solved by the Law Court. The hybrid has as cornerstone the neoclassical contract law and excuse

 $^{^{18}}$ Coase R. H., The Firm, the Market and the Law, The University of Chicago Press, Chicago and London, 1988, pp. 6

¹⁹ Ibid., pp.7

²⁰ Williamson, Oliver, The Mechanisms of Governance, Oxford University Press, 1996, p. 59

²¹ Holmstrom, Bengt, Roberts, John, The Boundaries of the Firm, Journal of Economic Perspectives, vol.12, no.4, 1998, p. 75

doctrine, in which the parties maintain their independence and to a certain extent depend one on each other. The contract is a flexible framework that allows post-adjustment and disputes are solved by arbitrage. The hierarchy is characterized by forbearance, more precisely by an internal juridical contract that stipulates that any post-adjustment will be made by hierarchical relations. There are other three elements that differentiate governance structures; the intensity of incentive tools, administrative controlling and adaptation to the unpredictable. The market is characterized by the highest incentive, no administrative controlling and an autonomous adaptation through price mechanism (walrasian model). If unpredictable changes appear, the negotiation may be expensive and the adaptation may fail (the transaction stops). The hierarchy is a structure within which the intensity of incentive is lower than in the case of the market, administrative controlling higher and the adaptation is a coordinated one: the individuals accept the decision of the superiors and cooperation since they consider it's in their interest. This way are saved resources otherwise wasted by negotiation and solving disputes, possible sunk costs (if the adaptation fails) but with the price of a diminishing incentive and bureaucracy costs. Within the hybrid keeping the autonomy of the parties leads to higher incentives than in hierarchy but bilateral dependence and nonneglectable asset specificity assumes accepting some protective measures that lower the incentive towards market and increase administrative controlling and coordinated adaptation. It results that the costs corresponding to governance structures are mainly influenced by asset specificity. When the specificity is zero the market has an advantage since there are no potential losses to compensate bureaucracy costs specific to the hierarchy. As asset specificity raises governance costs raise faster that in the case of transactions through the market than those through the firm since the importance of the adaptation for prolonging the contract grows exponentially (the hybrid is in between the two). For this reason there is a given specificity level beyond which the organization as a hierarchy has the lowest transaction costs (for Williamson these are costs of the economic system functioning). The firm appears as a governance structure that allows minimizing transaction costs. The statement according to which asset specificity has a significant impact on vertical integration given the incomplete character of contracts and the need of adaptation form the paradigm problem of Williamson. Integration is a reply to contractual difficulties driven by asset specificity and explaining integration is in fact explaining why administrative coordination may be preferred to market coordination. Integration turns out to be a vehicle "to safeguards the gains that arise from exchange characterized by high physical asset specificity and human relationships"²² (quasirevenue). But why at one moment the expansion of the firm stops? The explanation offered by the economics of transaction costs is based on incentive issues and bureaucracy since integration drives distortions and specific costs. These arise especially because it's impossible to keep within the firm the incentive intensity specific to the market therefore there is a permanent trade-off between bureaucracy costs and gains from adaptation leading to "disintegration" or "dismergers" as Coase argued.

The analysis of transaction costs is linked to that of property rights: the existence of property rights makes the system of property rights to affect resource allocation and the efficiency of the allocation since like contracts are incomplete the same way property rights are defined incompletely. The way they are defined and allocated sets the diversity and characteristics of organizational structures. The firm is a nexus of contracts that stipulate a certain structure of property rights and "on one hand allows making use of the advantages of specialization and on the other hand to provide an effective incentive and controlling system". The idea of a firm as a nexus of contracts between the holders of resources (production factors) and clients is taken over by agency theory (Meckling and Jensen, 1976) that fills in the theory of property rights. The firm is a legal fiction, an environment of negotiation and contracting similar to the market: there is no opposition between market/firm but 2 forms of the market concept: the firm and the neoclassical market. Therefore there is no point to try to explain the limits of the firm but the contracting relations between individuals (that pursue to minimize agency costs) no matter the environment where they arise.

A completely new vision is introduced by the evolutionary school that considers as cornerstone for the microeconomic analysis: Homo sapiens oeconomicus (HSO). Who is he? He is "Homo sapiens as a rule-

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²² Majumadar, S.K., Ramaswamy, V., Explaining Downstream Integration, Managerial and Decision Economics, vol.15, no.2, 1994, p. 121

²³ Coriat, B., Weinstein, O., Les Nouvelles Theories de l'entreprise, Le livre de poche, Paris, 1995, p.85

making and rule-using animal in economic contexts, such as production, consumption and transaction"24. One should make a difference between elementary basis-unit HSO and what evolutionists call a micro-unit itself, in the economic theory of the firm a socially organized productive unit with a knowledge base. The firm is a community based on rules (Nelson, 2005) within which knowledge is created, adopted selectively. learnt, adjusted and used repetitively. By repeated use rules appear, also called organizational routines. Routines seem to be specific assets, non transferable leading to differences between enterprises and different positioning on the market. The firm survives on the medium-long run due to a type of governing named generically governance different from governance structures mentioned above that evolutionists call operant governance. Generic governance takes care of the management of the knowledge base and therefore organizational changes within complex social network that the firm represents. As a result the dynamics of the firm is established endogenously and path dependency and routines lead to a certain technological path of the firm that will set the limits of the latter's activity.

Some synthesizing statements are required in the end of this short theoretical background: the research concerning the limits of the firm are interdependent with those on the nature of the firm; TCE suggests a present dichotomy between the firm and the market, the limits of the firm being given by incentive constraints: TPR and TA consider the market and the firm are two market forms that is transaction environment and contracting nexus so there is no point to study the limits of the firm; evolutionary school associates the firm with a knowledge and technologies integrated system formed by learning within which routines and learning processes lead to a certain technological path that will set the limits of the activity of the firm.

Short empirical application: the oil market in Romania

The empirical applications of the TCE on the oil market that formed the base of the present study belong to O. Williamson (1996)²⁵. Andrea Shepard (1993). Margaret E. Slade (1996). Our goal was to answer the question: are transaction costs a cause of the disintegration/integration of the activities on the oil market in Romania? In our empirical try we made use of the information public available on the websites of the corporations within the industry and official studies and statistics. The opacity of the information didn't allow us yet to carry out a quantitative research therefore the conclusions that we'll expose are based on a qualitative research.

In the Romanian oil sector we could identify three big operators: Petrom (holds two refineries, Arpechim and Petrobrazi), Rompetrol (with two refineries, Vega and Petromidia) and Lukoil (Petrotel refinery). In our paper we focused on the first two players whose evolutions allowed us to identify some conclusions with reference to the target of the research. In short, the firms that activate in the Romanian oil sector may be represented like this:

[RESOURCES(oil, gas)]=>REFINERIES=>RETAIL(own or autonomous)] + IDUSTRY SUPPIRT **SERVICES**

The sketch drawn above is significant for the high degree of integration specific to the area. Thus the two selected firms carry out or are to carry out activities of exploration and production, refining, oil production and petrochemical products, retail, support services such as trading petrol and oil products, construction and positioning, quality management and so on.

The evolution of the Rompetrol group by chain expansion to complementary transactions underlines the strategy of diversification of the latter in order to increase profit and reduce bilateral dependency and an organizational pattern named by Porter by two categories of activities: production/distribution and support. The development of the group started from a firm of intermediation of oil products transactions. Step by step this firm bought refineries (supplying with transacted products), fuel stations (supplying/expanded

²⁴ Dopfer, Kurt, Evolutionary economics: a theoretical framework, in The Evolutionary Foundations of Economics, Cambridge Univerity Press, 2005, p.23

²⁵ In the paperThe Mechanism of Governance published in 1996, chapter 5, the 6th part (Petroleum Exchanges), p. 137, O. Williamson draws a short analysis based on a study with reference to the Canadian market, The State of Competition in the Canadian Petroleum Industry.

distribution both in Romania and abroad), and built new business units of transportation, maintaining, research, financial, quality and environment management. All the business units are specialized in oil industry, transact (with a few exceptions) mainly within the company (but also outside) and assume making use of assets specific to this industry. The integration pursued the profit but also according to us the specificity of physical and human assets had a key role. It is interesting to notice that specificity was two-way orientated: on the one hand because specific assets existed new business units were created in order to exploit competences and on the other hand because the new activities that the firm needed assumed asset specificity and the possibility of hold-up their integration was preferred to the free market. Concerning the uncertainty we could notice the acquisition in August 2007 by KazMunaiGas of 75% of the Rompetrol Group the stated target of the buyer being to enter European market. Before the acquisition the Rompetrol Group relied exclusively on imported oil, 80% of the costs of the group were driven by the mentioned imports. Starting from 2005 the oil price met a high volatility with an obvious increasing trend that significantly increased the uncertainty of the environment for Rompetrol with a negative impact on the financial results. The integration in KMG under the umbrella of the provider was the solution to reduce environment uncertainty proving a positive correlation between uncertainty and integration.

Concerning Petrom-OMV its organizational structure is similar to that of Rompetrol but the independence of the business units seems smaller. Integration is technology-driven but in 2002 an event revealed the importance of transaction costs: at that moment Petrom decided to externalize maintenance services by setting an independent firm called Petroserv, later Petromservice. Later this firm due to asset specificity had an opportunistic behavior being reintegrated in 2006 in Petrom-OMV. The acquisition cost of Petromservice by Petrom-OMV, summing 328.5 million euro, offers an image of the quasi-revenue generated by specific assets corresponding to the transaction.

In the relation between production and distribution the studies carried out for the fuel stations in USA and Canada showed the variety of contracting forms and significant differences between the ownership of the stations. In Romania there are two ways of organization: stations the ownership of the producers and dealer stations (for Petrom-OMV) or partner (for Rompetrol) with diverse activities (fuel and auto products marketing, cafeteria, carwash and so on). The resulted governance structure is of hybrid with a certain degree of dependence supplier-retailer. More than this recently Petrom has externalized the retail activity appealing to dealers showing that the integration of the activity within the company was a right decision because of diminishing incentives. By externalization the sales of carburant raised by 23% and those of complementary products by 76% in 2006/2007. As a result incentive *reduction by internalization is a limit to the development of the firm*.

Some brief conclusions are required for this market in Romania: the theory of incomplete contracts is useful and applicable; asset specificity is a cause of integration together with the technological factor, the increase of security degree in resource supplying, entering external markets and increasing profit and monopoly power, the increase of uncertainty thrives integration and the statute of residual claimant for retailers considering a hybrid structure increases incentive without a negative influence on adaptation and controlling.

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THE FACULTIES OF ECONOMIC STUDIES – SUPPLIERS OF SERVICES FOR STUDENTS

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Abstract This paper approaches the services offered to the students by the faculties of Economic studies. We use the results resulted from an investigation of the students' perceptions about these faculties. We try to find out the aspects that matter when students evaluate the universities. Based on certain aspects, we also try to compare the services offered by a faculty from a state owned university and its competitors, faculties from the private universities.

Keywords: Education, Services for Students, Romanian Universities

1. Introduction

In Romania the university education is in full change. Beginning with the 1990's a reform began that aimed to adapt the Romanian Universities to the new circumstances of a democratic regime and to the market economy. Until now this process objectives were not achieved completely because of many incoherencies. Besides the changes implied by the reform, there are the effects of the Bologna Process that aims the European universities competitiveness increase. Among the objectives it is included a big degree of universities orientation towards the services beneficiaries — the students. In Romania some recommendations were issued regarding the increase of practical knowledge weight in the education process and the facilitation of communication between the students and the teachers. Moreover, when evaluating the teachers some results of questionnaires applied to the students were taken into consideration.

For the Romanian universities, the concentration on the services offered to the students has significant financial reasons. Calling a high number of students represents a priority not only for the private but also for the state universities that receive low financing from the public authorities. In the recent years the important increase of the competition made many universities adapt their offer of services to the students' requirements.

The services offered by the universities made the object of different approaches. Some of these deal with the Bologna Process implications on the relations between the students and the universities (Capelari, Lucifora; 2008). Others describe the impact of the education reform from Romania on the quality of the services of ered by the universities (Marga; 2000).

In this paper we approach the services offered by the Faculties of Economics based on the situation of the one from the University "Dunarea de Jos" Galati. This faculty succeeded in calling many students from Galati County and from the close counties, both for the classical type of education and for the Distance Learning.

However, in the recent years it was felt the more and more intense competition of some faculties from private universities placed in the same area. Many students of the Faculty of Economics from the University "Dunarea de Jos" Galati, especially at Distance Learning, transferred to private universities. The explanations are found not only in the efficient policy of the private universities but in some deficiencies of the services offered by the public faculties. We try to describe the students' perceptions about the services offered by the faculties based on the results of an investigation we did.

2. Data collection

In order to study the perceptions about the services offered by the universities we used the results of an investigation we realized in the period October 2007 – March 2008. We used a sample of 236 students from the Faculty of Economics – University "Dunarea de Jos" Galati.

In the sample we included students at different specializations and in different years of study (we did not include the students in the first year because we considered they did not have enough time to evaluate the services offered by the university and nor the students from the Moldova Republic because their perceptions are not relevant for this paper).

When composing the sample there were also taken into consideration other aspect of the students' perceptions about the services offered by the universities: type of education (classic or Distance Learning), the existence of the fee-paying places and of the public places, the fact that some students have jobs linked to the profession of economist (for example as accountants, salesmen, cashiers) a.s.o.

The students' perceptions were investigated firstly by group interviews (each group included 8 - 12 persons) and then the students were questioned under the protection of anonymity.

3. Relevant aspects for the offered by the universities services evaluation

In the phase of the group interviews it resulted the students evaluated the services offered by the universities mainly from the perspective of obtaining a job after the graduation. The utility perceived for these services is given by several aspects:

- a) The faculty prestige;
- b) The utility of the knowledge supplied by the education process;
- c) The evaluation exigency;
- d) The receptivity of the teachers for the students requests;
- e) The studies programs administration;
- f) The material endowment of the universities (table 1).

Aspect Degree of importance	Pres- tige	Utility of the know- ledge	Evalua- tion exigency	Receptivi- ty of the teachers	Studies programs adminis- tration	Material endow- ment
Very big importance	119	87	95	92	94	21
Big importance	59	46	41	55	56	71
Medium importance	34	55	83	61	60	122
Little importance	16	29	13	23	21	19
Very little importance	8	19	4	5	5	3
Total	236	236	236	236	236	236

Table 1 - The importance allotted to the relevant aspects for the universities services evaluation

In order to facilitate the comparisons, the degrees of importance associated to the six aspects were transposed on a rating scale from 1 to 5 (1 for very little importance, 5 for very big importance). For all these aspects the values of Standard Deviation, Skewness and Kurtosis indicate a big distance from the normal distribution (table 2).

Factor	Pres-	Utility of the know-	Evalua- tion	Receptivi- ty of the	Studies programs adminis-	Material endow-
Indicator	tige	ledge	exigency	teachers	tration	ment
Mean	4.12	3.65	3.89	3.87	3.90	3.37
Standard Error	0.07	0.08	0.07	0.07	0.07	0.05
Median	5.00	4.00	4.00	4.00	4.00	3.00
Mode	5.00	5.00	5.00	5.00	5.00	3.00
Standard Deviation	1.10	1.30	1.06	1.10	1.09	0.81
Sample Variance	1.21	1.70	1.12	1.22	1.19	0.65
Kurtosis	0.54	- 0.85	- 0.81	- 0.66	- 0.57	0.28
Skewness	- 1.17	- 0.54	- 0.41	- 0.57	- 0.61	0.10
Range	4.00	4.00	4.00	4.00	4.00	4.00
Minimum	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	5.00	5.00
Sum	973.00	861.00	918.00	914.00	921.00	796.00
Count	236.00	236.00	236.00	236.00	236.00	236.00
Largest(1)	5.00	5.00	5.00	5.00	5.00	5.00
Smallest(1)	1.00	1.00	1.00	1.00	1.00	1.00
Confidence Level (95.0%)	0.14	0.17	0.14	0.14	0.14	0.10

Table 2 - Descriptive statistics for the relevant aspects of the services offered by the universities

a) The faculty prestige For a big part of the students, the graduated university prestige has a big or very big importance from the employment point of view. The investigation of this aspect revealed significant differences between the students with jobs similar to the profession of economist and the other students (table 3).

Categories of Degree students of importance	Students with jobs similar to the profession of economist	Other students	Total
Very big importance	17	102	119
Big importance	27	32	59
Medium importance	25	9	34
Little importance	11	5	16
Very little importance	5	3	8
Total	85	151	236

Table 3 - Students' perceptions on the importance of the university prestige

In the sample there were included 85 students with jobs similar to the profession of economist. The investigation revealed they are, in general, less interested than other students in the graduated university

prestige (table 4). The explanation is given by the fact that many of them do not intend to look for another job, but they prefer to consolidate their positions at the present jobs.

Category		
Indicator	Employed students	Other students
Mean	3.47	4.49
Standard Error	0.12	0.07
Median	4.00	5.00
Mode	4.00	5.00
Standard Deviation	1.13	0.90
Sample Variance	1.28	0.81
Kurtosis	- 0.49	4.21
Skewness	- 0.41	- 2.08
Range	4.00	4.00
Minimum	1.00	1.00
Maximum	5.00	5.00
Sum	295.00	678.00
Count	85.00	151.00
Largest(1)	5.00	5.00
Smallest(1)	1.00	1.00
Confidence Level (95.0 %)	0.24	0.14

Table 4 – Descriptive statistics for the importance of the universities prestige perceived by the students

b) The utility of the knowledge supplied by the education process For more than a half of the students, the utility of the knowledge offered by the education process has a big or very big importance and, in this situation, our investigation revealed significant differences between the students with jobs similar to the profession of economist and the other students (table 5).

Categories of Degree students of importance	Students with jobs similar to the profession of economist	Other students	Total
Very big importance	4	83	87
Big importance	8	38	46
Medium importance	32	23	55
Little importance	24	5	29
Very little importance	17	2	19
Total	85	151	236

Table 5 - Students' perceptions on the utility of the knowledge supplied by the education process

A big number of the students with jobs similar to the profession of economist assign a little or very little importance to the practical knowledge offered by the universities. From the group interviews the results

show that the students consider the experience in their jobs offered enough practical knowledge. The scores obtained by transposing on a rating scale highlight the differences between the two categories of students.

Category		
Indicator	Employed students	Other students
Mean	2.51	4.29
Standard Error	0.12	0.08
Median	3.00	5.00
Mode	3.00	5.00
Standard Deviation	1.06	0.94
Sample Variance	1.13	0.87
Kurtosis	- 0.27	1.09
Skewness	0.32	- 1.26
Range	4.00	4.00
Minimum	1.00	1.00
Maximum	5.00	5.00
Sum	213.00	648.00
Count	85.00	151.00
Largest(1)	5.00	5.00
Smallest(1)	1.00	1.00
Confidence Level(95.0%)	0.23	0.15

Table 6 – Descriptive statistics for the importance of the practical knowledge supplied by the faculties perceived by the students

c) <u>The evaluation exigency</u> A considerable part of the students assign a big or very big importance to the evaluation exigency. In the investigation significant differences were revealed between the students from the classic type of education and from the Distance Learning (table 7).

Categories of Degree students of importance	Students from the classical type of education	Students at Distance Learning	Total
Very big importance	24	71	95
Big importance	29	12	41
Medium importance	74	9	83
Little importance	11	2	13
Very little importance	4	-	4
Total	142	94	236

Table 7 - Students' perceptions on the evaluation exigency

From the 236 investigated students 94 are from the Distance Learning (DL). In general, they assign a big importance to the evaluation exigency meaning they would prefer passing the exams very easily. They explained they did not have enough time to learn (89 had a job) and they were disadvantaged in comparison with the students from the classical type of education who could obtain more information from the teachers. Anyhow, they do not necessarily want big marks but they are pleased with passing the exams. For the students at the classical type of education the number of those assigning a big or very big importance to the evaluation exigency is much smaller in comparison with the one of the students at DL. The students from the first category want not only to pass the exams but also to obtain big marks about which they consider useful for getting scholarships and attractive jobs after the graduation. The scores obtained after transposing the degree of importance in a rating scale reflect the significant differences between the two categories of students (table 8).

Category		
Indicator	Classical type of education	Distance Learning
Mean	3.41	4.62
Standard Error	0.08	0.08
Median	3.00	5.00
Mode	3.00	5.00
Standard Deviation	0.95	0.75
Sample Variance	0.91	0.56
Kurtosis	- 0.05	2.67
Skewness	0.09	- 1.90
Range	4.00	3.00
Minimum	1.00	2.00
Maximum	5.00	5.00
Sum	484.00	434.00
Count	142.00	94.00
Largest (1)	5.00	5.00
Smallest (1)	1.00	2.00
Confidence Level (95.0 %)	0.16	0.15

Table 8 – Descriptive statistics for the importance of the evaluation exigency

d) The receptivity of the teachers for the students requests A significant part of the students assign a big or very big importance to the receptivity of the teachers for the students' requests. The investigation of this aspect revealed considerable differences between the students who pay fees and the students with the education financed from public funds (table 9).

Categories of Degree students of importance	Students on fee – paying places	Students on public places	Total
Very big importance	84	8	92
Big importance	38	17	55
Medium importance	18	43	61

Little importance	8	15	23
Very little importance	3	2	5
Total	151	85	236

Table 9 - Students' perceptions on the receptivity of the teachers for the students requests

From the 236 investigated students 151 are fee – payers. In general, they assign a much more importance to the receptivity of the teachers for their requests (concerning especially the accessibility of the courses and the orientation towards the knowledge they may use in the future jobs) in comparison with the students on public places. This situation was confirmed by transposing the degrees of importance on a rating scale (table 10).

Category		
Indicator	Fee - payers	Public places
Mean	4.27	3.16
Standard Error	0.08	0.10
Median	5.00	3.00
Mode	5.00	3.00
Standard Deviation	1.00	0.91
Sample Variance	1.00	0.83
Kurtosis	1.30	0.06
Skewness	- 1.38	0.24
Range	4.00	4.00
Minimum	1.00	1.00
Maximum	5.00	5.00
Sum	645.00	269.00
Count	151.00	85.00
Largest(1)	5.00	5.00
Smallest(1)	1.00	1.00
Confidence Level (95.0%)	0.16	0.20

Table 10 – Descriptive statistics for the importance of the receptivity of teachers

e) <u>The studies programs administration</u> An important part of the investigated students assign a big and very big importance to the studies programs administration. Our investigation revealed this time also significant differences between the fee – payers students and the students on public places (table 11).

Categories of Degree students of importance	Students on fee – paying places	Students on public places	Total
Very big importance	88	6	94

Big importance	35	21	56
Medium importance	19	41	60
Little importance	7	14	21
Very little importance	2	3	5
Total	151	85	236

Table 11 - Students' perceptions on the studies programs administration

In general, the fee – payers students are more interested in the studies programs administration than the students with public places. This situation is highlight by the descriptive statistics obtained by transposing the degrees of importance on a rating scale (table 12).

Category		
Indicator	Fee - payers	Public places
Mean	4.32	3.15
Standard Error	0.08	0.10
Median	5.00	3.00
Mode	5.00	3.00
Standard Deviation	0.96	0.91
Sample Variance	0.91	0.82
Kurtosis	1.31	0.11
Skewness	- 1.39	- 0.02
Range	4.00	4.00
Minimum	1.00	1.00
Maximum	5.00	5.00
Sum	653.00	268.00
Count	151.00	85.00
Largest(1)	5.00	5.00
Smallest(1)	1.00	1.00
Confidence Level (95.0%)	0.15	0.20

Table 12 – Descriptive statistics for the importance of the studies programs administration

f) The material endowment of the universities More than half from the investigated students assign a medium importance to the material endowment. Significant differences between the fee – payers students and the students on public places were revealed (table 13).

Categories of Degree students of importance	Students on fee – paying places	Students on public places	Total
Very big importance	19	2	21

Big importance	59	12	71
Medium importance	56	66	122
Little importance	15	4	19
Very little importance	2	1	3
Total	151	85	236

Table 13 - Students' perceptions on the material endowment

On the whole, the fee – payers students assign a bigger importance to the material endowment of the faculty in comparison with the students on public places. This situation is confirmed by the descriptive statistics resulted by transposing the degrees of importance on a rating scale (table 14).

Category		
Indicator	Fee payers	Public places
Mean	3.52	3.12
Standard Error	0.07	0.06
Median	4.00	3.00
Mode	4.00	3.00
Standard Deviation	0.89	0.57
Sample Variance	0.78	0.32
Kurtosis	- 0.14	4.26
Skewness	- 0.23	0.43
Range	4.00	4.00
Minimum	1.00	1.00
Maximum	5.00	5.00
Sum	531.00	265.00
Count	151.00	85.00
Largest (1)	5.00	5.00
Smallest (1)	1.00	1.00
Confidence Level (95.0%)	0.14	0.12

Table 14 – Descriptive statistics for the importance of the material endowment

4. Comparison between the services offered by the faculties

The services offered by the Faculty of Economics from the University "Dunarea de Jos" Galati were compared with those offered by the main competitors - faculties from private universities in Galati and in the close counties. For the beginning the students were asked to evaluate the services offered by the public faculties, taking into account six considered relevant aspects (table 15).

Aspect Mark	Pres- tige	Utility of the know- ledge	Evalua- tion exigency	Receptivi- ty of the teachers	Studies programs adminis- tration	Material endow- ment
Very Big	12	4	84	5	-	7
Big	168	41	102	23	11	16
Moderate	48	94	31	46	37	61
Little	6	59	12	69	86	119
Very Little	2	38	7	93	102	33
Total	236	236	236	236	236	236

Table 15 – Students evaluations of the services offered by the FE from U "DJ" Galati

More than three quarters from the questioned students evaluate the prestige of the Faculty of Economics from the University "Dunarea de Jos" as being big or very big. This perception is given by the fact it is one from the oldest existent in the country. More than 40 % from the students evaluated the utility of the knowledge offered by the faculty as being little or very little. Most of them have jobs linked to the profession of economist and they consider some knowledge offered in the faculty would not be brought up to date. More than three quarters from the students thought that evaluation exigency was big or very big. However, most of the respondents noticed that the exigency decreased because of the teachers' evaluation by the students. More than half of the investigated students evaluated the receptivity at the students' requests as being little or very little. Most of the respondents consider that teachers' evaluation by the students did not bring a plus in this field.

The studies programs administration received the most unfavorable evaluations from the questioned students. In the group interviews they complained about some problems: they did not choose the optional matters, the delay in supplying the course for the students at D L a.s.o. More than half from the questioned students evaluated unfavorably the material endowment of the faculty. However, some of them said in the recent period there are changes in this problem. In order to facilitate the comparisons, the marks offered by the students were transposed on a rating scale from 1 to 5 (1 for very little and 5 for very big) (table 16).

Aspect Indicator	Pres- tige	Utility of the know- ledge	Evalua- tion exigency	Receptivi- ty of the teachers	Studies programs adminis- tration	Material endow- ment
Mean	3.77	2.64	4.03	2.06	1.82	2.34
Standard Error	0.04	0.07	0.06	0.07	0.06	0.06
Median	4.00	3.00	4.00	2.00	2.00	2.00
Mode	4.00	3.00	4.00	1.00	1.00	2.00
Standard Deviation	0.62	1.00	0.98	1.08	0.86	0.91
Sample Variance	0.38	1.01	0.96	1.17	0.75	0.82
Kurtosis	3.62	- 0.67	1.25	- 0.32	- 0.15	0.77
Skewness	- 1.34	- 0.08	- 1.16	0.76	0.80	0.79
Range	4.00	4.00	4.00	4.00	3.00	4.00

Minimum	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	4.00	5.00
Sum	890.00	622.00	952.00	486.00	429.00	553.00
Count	236.00	236.00	236.00	236.00	236.00	236.00
Largest(1)	5.00	5.00	5.00	5.00	4.00	5.00
Smallest(1)	1.00	1.00	1.00	1.00	1.00	1.00
Confidence Level (95.0%)		0.13	0.13	0.14	0.11	0.12

Table 16 – Descriptive statistics of the students perceptions about the services offered by the Faculty of Economics from the University "Dunarea de Jos" Galati

The 236 students were invited to evaluate, with respect for the six relevant aspects, the faculties of economics from the private universities considered as the main competitors for the Faculty of Economics from the University "Dunarea de Jos" Galati. However, in this comparison it must be taken into consideration the fact that for some aspects the students are not enough informed for being able to express their opinions (table 17).

Aspect Mark	Pres- tige	Utility of the know- ledge	Evalua- tion exigency	Receptivi- ty of the teachers	Studies programs adminis- tration	Material endow- ment
Very big	-	5	=	8	108	64
Big	6	38	4	39	84	146
Moderate	61	87	42	55	41	24
Little	121	47	137	60	3	2
Very little	48	31	53	42	-	-
No answer	-	28	-	32	-	-
Total	236	236	236	236	236	236

Table 17 - Students' perceptions about the services offered by the rival faculties

It is obvious the students consider the studies programs administration and material endowment from the private universities better than the same aspects at the public universities. On the other side, they think the prestige of the public universities is much bigger than the one of the private universities and the evaluation is more severe in the first case.

Aspect Indicator	Pres- tige	Utility of the know- ledge	Evalua- tion exigency	Receptivi- ty of the teachers	Studies programs adminis- tration	Material endow- ment
Mean	2.11	2.71	1.99	2.56	4.26	4.15

Standard Error	0.05	0.07	0.04	0.08	0.05	0.04
Median	2.00	3.00	2.00	2.50	4.00	4.00
Mode	2.00	3.00	2.00	2.00	5.00	4.00
Standard Deviation	0.74	1.01	0.69	1.13	0.79	0.62
Sample Variance	0.55	1.02	0.47	1.28	0.62	0.39
Kurtosis	- 0.37	- 0.56	0.10	- 0.86	- 0.59	0.45
Skewness	0.20	- 0.12	0.33	0.22	- 0.65	- 0.33
Range	3.00	4.00	3.00	4.00	3.00	3.00
Minimum	1.00	1.00	1.00	1.00	2.00	2.00
Maximum	4.00	5.00	4.00	5.00	5.00	5.00
Sum	497.00	563.00	469.00	523.00	1,005.00	980.00
Count	236.00	208.00	236.00	204.00	236.00	236.00
Largest (1)	4.00	5.00	4.00	5.00	5.00	5.00
Smallest (1)	1.00	1.00	1.00	1.00	2.00	2.00
Confidence Level (95.0 %)	0.10	0.14	0.09	0.16	0.10	0.08

Table 18 – Descriptive statistics of the students' perceptions about the services offered by the private universities

In order to facilitate the comparisons, the marks offered by the students were transposed on a rating scale (table 18). Anyhow, the comparison based on the descriptive statistics is affected by the fact that quite many students did not express their opinions regarding certain aspects.

5. Conclusions

In this paper we approached the services offered by the universities. As an illustration, we used the situation of the Faculty of Economics from the University "Dunarea de Jos" Galati. We analyzed the students' perceptions about these services using the results of an investigation applied to 236 students. We found out six relevant aspects: the faculty prestige;

the utility of the knowledge supplied by the education process; the evaluation exigency; the receptivity of the teachers for the students requests; the studies programs administration; the material endowment of the universities. With respect to these aspects we presented the students' perceptions about the services offered by the Faculty of Economics from the University "Dunarea de Jos" Galati and by other rival faculties from private universities.

It results that students assign a superior prestige to the state owned (public) universities and they consider these universities evaluate more severely the students in comparison with the private universities. On the other side, the private universities are superior in the fields of studies programs administration and of the material endowment.

These perceptions may be linked with the competition increase between the Faculty of Economics from the University "Dunarea de Jos" Galati and the faculties from some private universities. The fact that in the recent years quite many students, especially at the Distance Learning, transferred at private universities may be the effect of the favorable perceptions for the studies programs administration, for the material endowment and also the effect of a lower exigency in the students' evaluation. On the other side, the fact

that some students prefer to remain at the Faculty of Economics from the University "Dunarea de Jos" Galati may be the special of the superior prestige.

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MACROECONOMIC IMPLICATIONS OF BRAIN MIGRATION

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Increasingly, immigration policies tend to favor the entry of skilled workers, raising substantial concerns among sending countries. The 'revisionist' approach to the analysis of the brain drain holds that such concerns are largely unwarranted. Sustained migratory flows may be associated with an equally large flow of remittances, but also, migrants may return home after having acquired a set of productive skills. Finally, the ability to migrate abroad may boost the incentive to acquire skills by home residents.

Brain drain, migration, human capital formation

In a time when the economic development seems to be long awaited in Romania, one can notice an ever increasing tendency of the highly qualified labor force, and not only, had to choose to reorient their destiny towards more developed economies. It is, therefore, the migration phenomenon that we are currently dealing with and such phenomenon prevailed in Romania subsequently to the 1989 Revolution, and was favored once the country borders were opened to the population to leave. International economy analysts expected a considerable level of migration by both the Romanians and all other citizens pertaining to former communist countries, and yet it did not happen so, given the high expectations people seemed to have once freedom was regained and restored.

Most East-European countries (former communist countries) seemed to have a certain economic development a few years after communism was eradicated. It was not the case for Romania, since reformation and reforms processes failed from the very beginning, which led to our country being positioned long behind other countries, economically speaking. It is only now that we could talk about a beginning of migration in Romania when the highly qualified labor force and trained professionals acutely experienced a lack of clear domestic opportunities. For the past few years, this phenomenon has been a major problem in Romania, triggered by the migration of the highly qualified labor force, actually of the specialized professionals that were supposed to get our country out of the economic dead-end. We shall further on explain the steps a future emigrant must take the concept of intelligence and brain export and we shall analyze both positive and negative effects as generated by this phenomenon, which seems to become more and more internationally spread. We shall, thus, start by explaining the role of the human capital for the countries of origin of the migration. This will assist us in understanding that the migration of the highly skilled and qualified labor force actually prevents the development process of emerging economies. Nevertheless, a new migration-related perspective started to be visualized regarding certain rather subtle benefits.

The human capital acquisition is particularly relevant for the emerging economies that must catch up with the already developed countries. If considered from this point of view, the migration issue gains a new significance and the highly qualified labor force migration particularly turns into a sensitive issue with development –related implications. The brain drain concept refers to the international resources transfer as human capital, e.g. migration of relatively high-educated persons from emerging economies towards developed countries²⁶. Although definitions do not always tend to have a uniform line, the "high education" concept generally refers to persons having obtained at least a bachelor level.

The brain drain reduces the economic growth by actually "draining" the active human capital of the source country and additionally by the fact that education investment is not rewarded. The "brain gain" concept

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²⁶ http://www.cenpo.ro/files/08%20Migration.pdf

was first used at the end of the 60's when developed countries started to absorb highly qualified and skilled personnel. Nowadays it is again a current event and issue, given that the highly qualified labor force migration fluctuation increased considerably as part of the brain "poaching" policy.

In order to underline the loss a country faces due to migration, we must commence by explaining the way that particular country trains its labor force by allotting a considerable amount of the state budget to education in all its stages and levels. If during communism the access to higher education was provided exclusively by the public education institutions, once communism was eradicated there were numerous private education institutions incorporated and which supported the development of the Romanian education system and, implicitly, the increase of the higher education graduates number.

A survey that the CEPES (Centre Européen pour l'Enseignement Supérieur²⁸) has recently performed on 7 European countries revealed that the number of persons having attended university courses increased between 1990 and 2000 by 182%.

Table 1. Evolution of the number of persons having attended graduate courses.

Total 1991 1993 1999 1990 1992 1994 1995 1996 1998 2000 31.1 30.3 31.4 33.2 35.4 39.4 41.2 43.96 42.72 40.82

immutably percentage Bulgaria 31 Czech 16 14.7 14.6 19.6 20.8 21.8 23.5 26.05 28.66 29.84 87 Republic Hungary 14.2 15.1 18.1 20.9 23.6 33.48 36.69 40.01 182 Poland 21.7 21.5 23.4 33.8 45.68 55.54 26.1 24.7 50.44 156 9.7 18.7 Romania 10.7 16.1 19.7 18.3 22.5 21.27 23.21 27.32 182 17.1 20.2 22.1 26.50 28.85 Slovakia 16.1 18.7 30.22 88 24.5 27.8 28.2 29.8 31.5 34.5 36.1 53.33 60.55 147 Slovenia

Source: http://www.cenpo.ro/files/08%20Migration.pdf

The preoccupations regarding the education adjustment process to the permanently changing society requirements as well as to those related to the European Union adhesion, led to significant modifications of the Romanian education structure, organizing and management. The main changes occurred after 2000 subsequently to the introduction of Act no. 268/2003²⁹ regarding the amendment and completion of the Education Act no. 84/1995³⁰.

The new act regarding adult professional training (Act no. 375/2002³¹) is focused on the accreditation of professional training providers to the purpose of quality increase of both public and private offer. By this Act, the National Council for Adult Professional Training³² is given the main role in the accreditation procedures. Also, the new Employment Code published 2003, stimulates the development of continuous professional training by forcing employers to provide periodical participations of employees to continuous training courses based on training programs as mutually agreed upon by employers and employees or union representatives.

²⁹ http://legislatie.resurse-pentru-democratie.org/84 1995.php

²⁷ http://www.cenpo.ro/files/08%20Migration.pdf

²⁸ http://www.cepes.ro

³⁰ http://www.cdep.ro/pls/legis/legis pck.htp act?ida=6696

³¹ http://www.parlament.ro/pls/legis/legis pck.htp act?ida=37858

³² http://www.cnfpa.ro

In this context we must also mention two social acts: Act no. 219/2001 regarding the opportunity equality when it comes to higher education attendance by means of study social grants, and Act no. 16/2003 regarding the approval of the Government Emergency Decree no. 96/2002 regarding the supply of I to IV grade pupils with milk and bread-related products. Therefore, given a continuously developing education system, with both lacks and advantages, after the 2007 international school Olympiads, the Romanian pupils obtained 12 gold medals, 30 silver medals, 14 bronze medals and 15 honorable mentions and also two 1st prizes, one 2nd prize and two 3rd prizes.

These results obtained by the Olympiad participants become, in time, true performances and excellences in various lines of business and specialized fields, which places Romania among the countries that are recognized as real specialist's sources. According to an IT IQ report performed by the Brain bench Company, Romania dominates Europe with it's over 16.000 certified specialists. Research revealed that Romania occupies the 6th place worldwide and the 2nd place in Europe regarding intellectual competences and professional training. Said research was conducted based on qualifications in several fields of activity: software, general knowledge, medicine, industry, technology, foreign languages and communication, management and executive positions. Brain bench is the most important agency that performs online research regarding professional qualifications and skills.³⁵

Romania occupies the 1st place in Europe as number of IT qualified and certified persons.

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IT Certifications in Europe Europa

Source: http://www.absoluteitsolutions.com/romania.php - visited at 15.04.2008

There are over 300 Romanians as well as an entire software specialist's community working for Bill Gates in Redmond. The most eloquent proof of the Romanian specialized qualification as well as the professional potential thereof was the decision Microsoft made to purchase the RAV Romanian Company. Along with the purchase, Microsoft relocated part of the employees to the Microsoft USA Redmond headquarters. 40 Romanian specialists contributed along with the 200 computer programmers to the Windows 2000 operating system creation. In Germany, the Romanians occupy a third position as IT specialist's number.

In 2006, the Romanians incorporated more than 17000 companies in Italy, i.e. 25% more than they did in the year of 2005. Most of them have civil engineering and constructions as main line of business (75%), trade and commerce (7.6%) and production/manufacturing (5.6%). Most of the Romanian-owned companies were incorporated in Rome (2 700), in Torino (2400), Milan (1300) and Verona (900)36Migration plays a very important part within the contemporary social transformations and it is both the consequence of global changes and an impulse for future changes in the origin countries and the host countries. Migration has, first of all, a direct impact on the economic level but it also affects fields such as: employment, society, social protection system, national culture and policies, and international relations, and the inevitable outcome are the incredible ethno-cultural diversity in all countries.

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³³ www.edu.ro/index.php?module=uploads& func=download&fileId=2216

³⁴ http://www.edu.ro/index.php?module=uploads&func=download&fileId=6807

³⁵ http://www.edu.ro/index.php?module=uploads&func=download&fileId=6807

³⁶ http://www.absoluteitsolutions.com/romania.php

Job access opportunities in a member state stand for a fundamental aspect of the free movement of persons within the European Union. This freedom includes a person's right to freely move from one state to another either for employment or residential purposes, as self-employed or as employee. The access to the member states employment market implies the right to the equality of treatment and chances regarding work conditions as well as the right to social, economic and cultural integration of the emigrant worker and his/her family in the host country. The workers' right to free movement is completed and supported by a system of coordination of social security systems, as well as the mutual recognition and equivalence of diplomas and degrees. At the European Union level, legal immigration stands for a factor that favors the economic growth provided it is efficiently managed and directed towards deficit sectors.

At the community level, there is no clearly defined policy; there are simply collective policies regarding certain migration-related aspects. Migration is actually regulated by means of standard decrees and legal instruments, which are updated in order to comply with the economic needs of the host countries. The origin countries also intervene in this economic migration process, despite the fact that most of the times, their contribution is a mere reaction to the regulations of the target countries and the main objective is to avoid, for example, an overly selective or an excessive employment flow. In compliance with the provisions as stipulated by Regulation no. 1612/1968 regarding the free movement of workers within the Community, in the European Union the social and fiscal advantages granted to migrant community workers are similar to those of that particular country's citizens. The family of a worker also benefits from the same social advantages. The concept of social advantage as defined by Regulation no. 1612/196837 is different from the concept of social benefits as defined by Regulation no. 1408/197138 regarding the coordination of the social security systems. As an example of social advantage: the preferential tariff for the railways tickets or the application of the national regime of the minimum wage guarantee in order to provide living means, allowances for the disabled persons, allowance upon child delivery, etc. As to fiscal advantages, the European Community Treaty clearly forbids Member States to stipulate within their legislation that the wage income tax, paid-as -you-earn, be charged to the taxpaying worker when said worker only resides on the territory of that particular State for a certain period of time of the fiscal year. The family members of a Member State citizen that is employed in another Member State and the spouse thereof as well as the descendants under the age of 21 and who are financially supported by said worker, as well as ascendant line dependant relatives of the worker and spouse are entitled to settle down with the worker and to perform, respectively, any paid activity in that particular State, even if they might not be community citizens39.

Brain drain has its origin in Antiquity when Athens inhabitants complained about their most brilliant minds having left the territory. The direct origin of the phrase is located in a report that the London Royal Society presented in 1962 concerning the migration of the scientists and specialists from Great Britain to the U.S. Bibliographical documents have been more and more available and abundant starting the '70s, particularly in the directly affected countries. The phenomenon was initially analyzed and scrutinized almost exclusively from the economic point of view, by considering the differences between "the muscle power" and the "brain power". Once the role of the human capital within the economy was defined (and implicitly the influence of the "brain" migration) the concept of brain drain is suitable particularly from the sociological point of view40.

The complexity of the brain drain concept is generated by the new specialist's flows towards industrialized countries or emerging economies, due to the activity performed by the highly qualified personnel recruitment transnational agencies, which create their own migration network. While the specialized literature tends to focus mainly on the economic consequences, the "brain drain" impact goes beyond the economic level. The impact has significant implications for the development of the social and political sectors of the countries of origin and reveals the trajectories of the international qualified migration, which, despite its relatively reduced dimension as compared to the unqualified migration, is targeted on strongly developed geographic regions. An emblematic definition explaining the perspective of reports stating that "the irony of nowadays international migration is that many of those having legally migrated from poor

³⁷ http://www.ectap.ro/articole/211.pdf

³⁸ http://www.mmssf.ro/website/ro/dms/281206reg1408_71.pdf

³⁹ http://www.ectap.ro/articole/142.pdf

 $^{^{40}} http://facultate.regie live.ro/referate/sociologie_economie/brain_drain_cauze_efecte_si_solutii-2810.html$

countries to developed ones are the ones that the Third World Countries cannot afford to lose because of their highly qualified skills and accumulated professional experience. Ever since migration turned into a real phenomenon, this brain drain not only stands for a loss of valuable human resource but may also seriously influence the Third World countries economic progress"41

As for the country of origin, the loss of a part of its highly qualified human capital represents an impediment of the economic development process. Public investments in the human capital professional training are made in order to have professionally qualified personnel, in all fields, and who may contribute to the economic development of the country in question. By leaving the country, the emigrant indirectly causes financial prejudice to the country since he/she leaves the country in order to work for the benefit and profit of another country. Emigration may cause the country a double loss: on the one hand, the loss of the emigrant person and on the other hand the loss, in most cases, of the family too. In time, the emigrant tends to influence the persons close to him/her (i.e. family members, friends, former co-workers) and persuade them into emigrating themselves. Another aspect that was noticed is the significant increase of student mobility. Students participate in a variety of activities in various countries, and most of these activities are funded by Romania in cooperation with other countries, to the purpose of acquiring new knowledge, to get familiar with other cultures and to promote teamwork. Lately it has been thought that this might actually be an emigration strategy, the country losing an ever-increasing number of qualified labor forces from the very period of training, since the students choose to continue their studies in a different country and they shall subsequently capitalize their knowledge in that new country.

Despite the tempting idea of leading a higher standard of living, the emigrant leaves his/her country of origin for another country where the possibility of achieving their dream seems greater. The Romanian emigrant often ignores the consequences he/she might face, such as family break up and interruption of the relations with the Church, Immigrant workers are more often predisposed to compromises regarding the type of activity they are to perform abroad as compared to their professional qualification level and the professional skills as acquired in the country of origin. Interruption of specialized activities has a negative impact on the professional continuity as well as on the skills required in order to continue practicing the old profession when returning to their country. Immigrant workers are often confronted with the lack of knowledge or data regarding their rights or various opportunities they may have abroad. Emigrants may also be lacking information regarding life and employment conditions in the destination country and therefore they sometimes become the victims of human trafficking. Time is a resource the immigrant needs to learn how to be efficient when coming into contact with people belonging to different cultures. An immigrant may easily spend a considerable amount of money in a very short period of time: by losing certain contracts (provided the immigrant leaves the country based on an employment contract that he/she signed in his/her country of origin, e.g. Work & Travel), because of the inefficient relations with persons surrounding him/her, a low moral at the workplace, etc. The adjustment of both the life partner and the family is a widely spread problem. The emigrant may have excellent multicultural skills and may do very well at work, but research indicated that the family members encounter adaptability problems, which means that the emigrant himself/herself shall encounter problems that may lead to his/her prematurely losing the job.

Upon his/her return to the country of origin, the non-community country migrant worker may not benefit from certain social security advantages or may not value his/her abroad employment seniority, because there are no bilateral agreements regarding social security issues. On the opposite side of the Brain Drain concept there is the Brain Gain concept, which refers to the migration positive effects. The concept was created following a symposium that took place in Canada in 2000, when many of the highly qualified Canadians were emigrating to the USA while many of the highly qualified people of various worldwide countries were emigrating to Canada. This phenomenon was given the name of "brain exchange". We shall try and organize the migration positive effects in two categories, i.e.: the "before effects"42 (ex-ante-the notion was derived from Latin, meaning before the event) which refer to the positive effects that are identified before the migration takes place, and the "after effects"43, the effects that turn visible once migration began. Under the ex-ante effects, we may mention the fact that migration can be a strong

⁴¹ http://www.ad-astra.ro/library/papers/Aferro_Brain_Drain.pdf

⁴² http://www.cenpo.ro/files/08%20Migration.pdf

⁴³ http://www.cenpo.ro/files/08%20Migration.pdf

stimulus for knowledge and skills acquisition that may be of help during the adjustment process and the professional accomplishment in both the origin country and the foreign country. Given how fast things work, at the end of the century Romania could not only be a "brain supplier" for foreign countries but it may also reach an education level way superior to the average, which may impact future generations. A child's evolution as a person is not exclusively influenced by a well-developed educational system but also by the family that must be able to impact the child through its own educational positive environment. The imitation of their behavior as well as the development of certain positive convictions and attitudes clearly favors a harmonious growth of the child44.

Among the ex-post effects (the after effects) we can include the combined effect of economic growth and migration, which led to an unemployment increase from 8.4% in 2002 to 6 % in the third semester of 2007. Romanian emigrants play a very important part in the economic growth of their country of origin, since the amounts they send home (approximately 3.4-4 billion Euro) are enough to cover almost half of the account current deficit in 2005. The economic pressure that motivates Romanians to emigrate keep decreasing since Romania's economy recorded one of the fastest growth rhythms in Europe. Economy specialists believe that, given the current economic growth rhythm, it might take up to 20 years for Romanians to reach the Western European standard of living 45.

Another advantage for the emigrant worker is the contact with the specific civilization and the culture of that particular country. Thus, the new experiences, knowledge and customs the emigrant acquires may have a positive influence on their subsequent individual evolution.

Another favorable aspect of migration: one can easily notice that when living in highly civilized countries, the migrating Romanians see and learn to develop a society –friendly behavior, to observe law and order, to keep clean and to respect their job-related duties, all these combined turned into one big gain for Romania. The employment movement facilitates the spread of technical knowledge and of modern work methods between the countries that are affected by the migration phenomenon. When returning to the country of origin, the migrant worker may take advantage in his/her experience abroad, thus chances are greater to get a job or becoming himself/herself the employer of other persons, and this fact has a major contribution to the unemployment rate reduction. The abroad experience also provides increased employment flexibility.

An increase of migration shall determine an increase of the amounts the emigrants send to their country of origin. The extremely favorable implications on development result from the fact money sent by emigrants are the most stable currency source for poor countries which is their main destination. The State may have both financial-fiscal and social advantages due to the income of its own citizens that perform their activities on a foreign territory. Should the migration possibilities tend to decrease, Romania shall be left with significant brain resources, which will bring but gains. Educated people are more inclined towards emigration even when the income opportunities corresponding to their aspirations are low. At the same time, these people have less adjustment problems since they speak foreign languages and have better skills and competencies that allow them to learn fast. The increase of economic competitiveness is closely related to the importance of increasing technical and informational competences of the labor force. In a nut-shell, we may state that the reform of the vocational and technical education system must lead to the increase of high qualification offer and stimulation of pupils and students to acquire as high as possible a professional training.

The specialists of the wealthy countries start emigrating and shall be immigrating more and more to poorer countries, in order to look for jobs that comply with their professional qualifications and expectations. We considerate that if, on one hand, the negative effects on Romania are of the short-term kind, on the other hand the positive effects are medium and long-termed. Up to present time, our country policies have been as mild as possible; we believe that the State is entitled to claim its investments in the professional training of the people who left the country. We propose the recuperation of the money invested by the Romanian state, in the education of the immigrations directly from the emigrants or from the countries in wich they emigrate.

⁴⁴http://articole.famouswhy.ro/influenta_climatului_familial_asupra_dezvoltarii_sistemului_de_valori_mor ale_ale_copilului/

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USING MACROECONOMIC INDICATORS FOR MANIPULATING

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The data of macroeconomics is very important for all actors of economic stage. Many times this data generates dissatisfaction, confusion, even revolt. We'll try to identificate the limits of macroeconomic indicators, insisting on its manipulating character. For example the limits of the income per capita are quite numerous and may be organized by three main categories: the report variables related uncertainties, the effects of the exchange variations and the difficulties of a price system international comparison.

Macroeconomic indicators, manipulate, limits, optimize

Essential elements in achieving macroeconomic indicators are in facts microeconomics indicators which integrate at different structure levels of national economy. Through the market the value of the merchandises is achieved, their transfer from producers to consumers and anticipated level of utility on the consumption process.

An identification macroeconomic result makes up one of the essential elements which leave its obvious mark on the national economy profile. Also, macroeconomics results represent the starting point and one of the most important elements on strategy substantiation and tactic over national economy development. They also represent one of the indicators through the agency of which one can establish the place a national economy absorbs in global economic system, same as in different state structures.

National economics must be seen as multidimensional realities. Each of them has a certain dimension, an established structure; a certain potential; defines as a technological and technical level, and through some economics performances, level of urbanization, making progress system, etc.

All national economy dimensions can be valued, measured and evaluated on an indexes system. For analyzing and comparing national economies, World Bank uses over 30 groups of indexes.

As about Romania's Statistic Yearbook, we find the presentation of GDP on different type of resources with the help of 20 indicators and 17 indexes, GDP on utilities – using 8 indicators and 5 indexes, institutional macroeconomic aggregate (7), the main macroeconomic aggregate per capita – with 4 indicators etc.

Economical quantification of these results is sustained by a specific theory and methodological conception, according with market and planed economy. Now the science of economy is using two methodological systems for calculating macroeconomic results:

- a) The system of national accounts
- b) The system of material production

National account system is based on the theory of the production factors and the way of recompense of each of them: labor – salary, land –rent, capital – profit

This system is used especially in states with market economy, but also in some states with planed economy. The beginnings of this system is at the end of 17 century when national accounting system of developed countries calculated only national revenue and wealth of the nation. The system of national accounts after the Second World War became more complex, and starts to offer the main information for implementing strategies of development

The system of material production is based on the theory o productive labor, where only the labor in the sphere of material production creates economical goods, in conclusion incomes too. Actually this theory knows two extremes: first consider that only the labor that creates material goods is productive labor, and the second extreme consider all human activities are productive.

Both systems try measuring the economical results using synthetic indicators. Both systems have to accomplish the next three functions:

- Instrument for statistical evidence
- Instrument for economical analyze
- Instrument for substantiation the decisions and strategies for economical and social decisions

Between these two systems are also some differences. The most important is how they make the identification the sphere of national revenue.

The limits of the income per capita are quite numerous and may be organized by three main categories: the report variables related uncertainties, the effects of the exchange variations and the difficulties of a price system international comparison.

Uncertain or ambiguous variables

The GDP per capita is a two variable ratio regarded with certain doubts when it comes to emerging economies. A national accounting aggregate that underestimates the fortune production reality in such countries occupies the numerator position. First of all, the domestic consumption production activity, which is quite important in the rural areas, is hardly accounted for when it comes to book keeping, since it does not actually involve merchandises and it only generates few money flows. Besides, the informal economy is in itself hardly noticeable by the national accounting. Yet, this sector may stand for a very significant part of the economic activity, 30% of the non-agriculture active population in Latin America, 45% of the Indian urban occupation, 40% of the Peru's GDP.

The population number, occupying the numerator position, is also debatable. Both the accuracy and the reliability of demographic data highly depend on administrative capacities, which are weak in most part of the underdeveloped economies. The census, which is an irreplaceable instrument yet a very expensive one and extremely difficult to organize, already presents a reduced frequency in developed countries as well, and moreover in the emerging economies. The announcement regarding the fact the India has one billion inhabitants, that Nigeria has 120 million and Brazil has 160 million requires great precautions. One must also add that the population level and the GNP/ inhabitant may be conferred upon a political use.

The result is that no indication is made available regarding the income distribution, which proves to be the central issue in various Southern economies. The calculation of the inhabitant income leads to an implicit hypothesis of an income egalitarian distribution. We obviously refer to a highly debatable hypothesis in such context. The very analysis of the Gini coefficient underlines the way the same income level may describe very different situations when referring to inequalities. Brazil and the Czech Republic have comparable development levels but Brazil is characterized by a very inequality distribution (0.634), which is definitely not the case for the Czech Republic (0.266). The same may be stated for both Kenya (0.575) and Bangladesh (0.283).

Exchange variations

In order to compare data, it is necessary to convert the information resulted from various national accounting systems into one currency: the dollar. The evolution of bilateral exchange rates between each national currency and the dollar actually disturbs the significance of operated calculations. One modality is introduced when we shall observe and analyze the product per capita in current dollars throughout several periods of time. A country whose currency tends to depreciate, as compared to the dollar, shall see its product per capita facing a cut back without such situation signaling deterioration in the domestic fortune production. Conversely, any appreciation shall lead to an artificial increase of the living standard. Throughout the past 30 years, the dollar has registered irregular oscillations as compared to many world currencies. The obvious solution is to set a reference year for the bilateral exchange rates and such year to remain unchanged, which shall allow for longitudinal comparisons although the solution in question may not solve all issues.

Price systems

The international comparison of living standards based on the product per capita criterion implicitly states that the price systems as applied for each national accounting system are comparable. If one is to reckon that one economy consists of two main sectors (the changeable goods sector and the domestic goods sector), it is easily provable that one positive way was introduced. We shall accept that the unique price

law is imposed for internationally exchangeable goods while the price of the domestic goods is itself endogenous as compared to the development level. The price level of non-exchangeable goods is inferior in the emerging economies as compared to the prices in the developed economies: this is what we call the Balassa-Samuelson effect. Thus, one understands that the current dollar-converted national income shall undervalue the actual living standard of developing countries. In order to assess the living standards one must evaluate the size of the accessible basket of consumer's goods and to neutralize the issue involving the price at which goods are appraised. It is therefore our duty to rectify such disparities of price levels by taking into consideration the internal currency purchasing power, i.e. using the corrected bilateral exchange rates with the *purchasing power parity* and not the official exchange rates.

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DIRECT FOREIGN INVESMENTS AND THEIR IMPACT ON ECONOMIC DEVELOPMENT

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This is a topic of great interest for society nowadays.

When there is infrastructure in a country, it becomes an economic good in the following years that can be achieved only through direct foreign investments.

Direct foreign investments are carried out by companies aiming at getting total or partial control over production, marketing and other activities within another national economy.

Key words: marketing, corporation, multifunctional, law, prosperity, capital, competence, strategies, promotion, fiscal concerns.

In the post-war period, there was a vast expansion of international trade that accompanied economic growth and the reduction of barriers against imports. Thus, in the 1950s and 1960s, international competition was measured through the level of imports in national economies and the market quota of a state on the international level. Then, at the end of the 1960s and all through the 1970s, direct foreign investments grew remarkably.

Direct foreign investments are carried out by companies pursuing total or partial control over production, marketing and other activities within another national economy. Investments may be materialized in services, in manufacturing industry, or in supplies production

Direct foreign investments may entail either the acquisition of certain already existing economic activities (mergers or acquisitions), or the creation of new facilities (investments, such as Greenfield).

The expansion beyond the borders of the country of origin is accompanied in most of the cases by international alliances with companies of other nationality.

Direct foreign investments are used as part of a global strategy of the corporation to establish a permanent position in another economy. Once the beginning of the 1990s, most countries liberalized their regulations concerning foreign investments and actively encouraged foreign investments towards the interior.

In the span covering 1991-1996, 95% of the 599 worldwide alterations to national regulations referring to direct foreign investments envisaged a progressive liberalisation. This trend was particularly important for investments in services, especially in financial services, where foreign companies had faced several national restrictions before.

We may notice the impact of direct foreign investments on Romania through the massive growth of direct foreign investments of certain companies of different nationalities, crossed investments amongst national economies, and the growing integration of commerce. Direct foreign investments led to the disappearance of hostile attitudes. If there is a legal and political incentive, the development of direct foreign investments, the development on local, regional, and national levels have a beneficial finality.

Lately, the trend of foreign investments in Transylvania and Banat has altered. Foreign businesspeople prefer the so-called Greenfield investment, which means the growth of factories from zero. So far, they used to invest more in purchasing and modernising plants built during the communist regime.

This trend alteration was also encouraged by Law 332 of 2001 that supported important investors by granting certain fiscal facilities.

One of the important companies that has entered on the market in Transylvania is the Austrian company "Holtzindustrie Schweighofer" that has invested since 2002 over 54 million Euros in the sector of wood processing in Sebes, Alba County, and has created 320 new jobs. The unit thus values the wood in the area of the Apuseni Mountains. SNR "Roulments" from France has declared investments in the field of car

industry of 60 million Euros and an estimate of 1,000 jobs in Sibiu. The factory might become one of the most important providers for the Renault factories in Romania and Russia.

According to the ARIS statistics, there is a series of investors that are undergoing a process of achieving the announced investments; they are to be gradually finished by the end of 2008.

One of them is the "Selgros" group that has investments in the main cities of the country to open 13 new units, as well as the German group "Tengelman" – which is specialised in retail – that announced the opening of 15 new units and a warehouse.

Another investment in progress is the German company "Ina Schaeffler" in the field of fine mechanics that develops a factory in Brasov of 35 million Euros with 220 employees.

"Celestica" from Canada may be framed here, as they invest 84 million Euros in Bors, Bihor County, in the field of electronics. They will create no less than 1,000 jobs in 2008.

According to Law 332/2001, direct investments with significant impact in economy have a value exceeding the equivalent of 1 million USD and contribute to developing and modernising the economic infrastructure of Romania. They have a positive impact on stimulating economy and creating new jobs.

These investments may be carried out in any walk of life, except for the financial, banking, and insurance sectors, as well as those with special regulations.

Besides, local authorities may provide tax exempt for the land for these investments for a period of up to 3 years starting the beginning of works.

At the same time, according to the Fiscal code, direct investments with significant impact in economics benefits from overwriting from a fiscal point of view in the month the investment is carried out of a 20% quota of the total value, as well as the possibility to use accelerated depreciation of the investments carried out, without needing to get previous approval from the territorial fiscal body in charge.

The growing role of transnational companies (TNC) within global economy has become an extremely controversial topic. The supporters of transnational corporations consider them as beneficial for industrialised economies, as well as for those on their way to industrialisation, as they consider they contribute to efficient and productive use of world resources, which increases world assets and economic welfare. Internal economies are still a core feature of global economy and, at the same time, multinational companies and their investment activities have an incontestable impact on the location of the economic activities worldwide and the national growth rate and productivity.

Transnational corporations are the main capital, technology and market access source for almost each and every country.

Due to the benefits of direct foreign investments, transnational corporations have a considerable economic and political power, while their activities are legitimate objectives of concern for any society. Direct foreign investments have important distributive effects within internal economies, particularly upon the distribution of income between capital and labour force.

According to the law concerning foreign investments in Romania, natural and legal entities may invest under a great variety of legal forms, such as: direct investments in economy, investments in state bonds, and so on.

The authority competent in the field of foreign investments is the Romanian Agency for Foreign Investments (ARIS). The conception of the strategy to promote foreign investments by ARIS is based on a programme for 2005 – 2008 that assumes the following points:

- establishing a strategy to promote foreign investments in tight relation with the private sector and the local/regional and central authorities;
- promoting a new foreign investments incentive law;
- placing ARIS as a central contact point for potential foreign investors, or already existing investors, in Romania.

The agency is in charge with the project on "Romania, attractive destination for foreign investments" that suggests the revival of the Romanian business environment, so that the existing reserves of the investors may disappear. The introduction of the single tax of 16% for natural entities' income and the profit of private companies is meant to strengthen fiscal order, to reduce bureaucracy and to build a friendly business environment.

The effective involvement of the foreign investors' representatives in the decision-making process on a governmental level may contribute to eliminating obstacles and improving the investing climate.

An efficient policy needs not only intelligence, it also needs money. Important privatisation finished in 2005-2006 and in 2007-2008 proactive investment policies are needed, where attracting investments of a Greenfield type is crucial.

The ARIS activities, tightly related with the external promotion of the Romanian investing climate will be reorganised by adopting a system focused on target countries. Re-identification of destinations is based on the latest global evolution of the foreign capital exit flows and the trends of localisation towards the emerging markets, according to the flying geese Japanese model.

Direct foreign investments are carried out by companies pursuing total or partial control over production, marketing and other activities within another national.

ASPECTS OF IT RISK MANAGEMENT FOR A COMPANY

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In the computer age, management information system represent an important component for the management of a company, strong linked to the rest of management subsystems. Inside of this subsystem, IT (information technology) is a fundamental element, which allows for a company to survive or to growth on a global market.

IT risk management is a continuous process, integrated in structure and culture of a company, that has as a goal to analyze and to find solution for minimize negative effects and maximize positive effects of risks.

The paper develops these main aspects to analyze risk software and the direction to implement it in a company.

Key words: types of IT risk, risk management, categories and impact of risks, control of risks, reporting systems of risks

Definition of IT risk

In general, risk refers to those factors, both technical and managerial, that are elements to success or a major source of problems on software projects.

From Wikipedia, risk is "a concept that denotes a potential negative impact to an asset or some characteristic of value that may arise from some present process or future event".

The American Heritage Dictionary defines risk as "the possibility of suffering harm or loss".

Risk can be defined using an appropriate definition for the risk, based on two directions: proposal risk and performance risk. Proposal risk referred to those risks inherent in the venture and is associated with the contractor's approach. Performance risks referred to those risks inherent in the proposed approach as is associated with the contractor's track record.

All organizations manage the two groups of risks: financial risks and operational risks.

Operational risk, defined by the Basel II committee of the Bank of International

Settlements is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". In the category of operational risk is included and IT risk.

The types of IT risks using as criteria the business operating conditions that can produce them are:

- Long-term IT risks result from global circumstances and national and transnational legislation and regulation.
- Medium-term IT risks result from changes in the market and competition.
- Short-term IT risks result from interactions with customers, suppliers and partners.
- Ongoing IT risks arise from the normal use and functionality of processes, systems and networks.

The period of time associated with these types of risks are: years, months, days and hours or minutes, respectively.

Risk management is a process that includes the identification, analysis, planning, tracking, controlling and communication of risk [3]. In the vision of Donald Reefer, risk management can be defined as the process of identifying sources of the problems for the project, analyzing them, quantifying their effects, and implementing plans that counteract their negative effects [6].

Barry Boehm defines the practice of Risk Management in two terms: risk assessment and risk control. Risk assessment includes:

- risk identification creating a list of all of the potential dangers that can affect the project;
- risk analysis assessing the probability of appearance and potential loss of each item listed:
- risk prioritization ranking the items from most to least dangerous.

Risk control includes:

- risk-management planning setting the techniques and strategies to mitigate the highest ordered risks;
- risk resolution implementing the strategies to resolve the high order risks factors;
- risk monitoring monitoring the effectiveness of the strategies and the changing levels of risk throughout the project

By analysis the software risk, Boehm determines 10 software risk items [1]:

- Personnel Shortfalls;
- Unrealistic schedules and budgets;
- Developing the wrong functions and properties;
- Developing the wrong user interface;
- Gold-plating;
- Continuing stream of requirements changes;
- Shortfalls in externally furnished components;
- Shortfalls in externally performed tasks;
- Real-time performance shortfalls;
- Straining computer-science capabilities.

IT Risk Management methodology - Symantec Corp.

A lot of IT companies proposed different methods to manage the risk. Symantec Corporation is one of these, which propose Symantec Integrated IT Risk Management methodology [10]. This methodology offers to companies the possibility to control of IT risks from threat detection and prevention to the overall strategic direction of the business.

Symantec has developed a five-step process to assist in the management of IT risk, as follows.

- develop awareness of IT risks implies understanding all defined main elements of the IT risk;
- quantify business impacts implies to quantify and measure the impact of all categories
 of IT risk over all stages of the business and identified the main risks for critical
 business;
- design solution implies to find/create the appropriate solutions to manage the identified risks;
- align IT/business value and implement solution implies to implement the designed solution to mitigate the identified risks, especially for the critical stages of business;
- build and manage unified capability implies to manage the risks in the general line of management of the company, at all levels of decisions.

Categories of IT risks

The failure of the company in management of IT risk is generate by difficulties in one of the following directions: security, availability, performance or compliance.

Risk Category	Source	Potential Impact
Security Compromise of information, confidence in it and technology and processes for managing it Availability Failure or delay in delivering IT processes or information needed for business transactions and operations	- External attacks - Malicious code - Physical destruction - Inappropriate access - Disgruntled employees - Proliferation of platform and messaging types - Hardware failures - Network outages - Poor change management processes - Data center failures - Force majeure	- Corruption of information - External fraud - Identity theft - Theft of financial assets - Damage to reputation and brand - Damage to assets - Abandoned transactions and lost sales - Reduced customer, partner, employee confidence - Interruption or delay of business critical processes - Reduced IT staff productivity
Performance Slow or inefficient operation of IT processes supporting business transactions and operations	Poor system architecturesNetwork congestionInefficient codeInadequate capacity	 Reduced client satisfaction Reduced client or partner loyalty Reduced user productivity Interruption or delay of business critical process Lost IT productivity
Compliance Penalties, fines and loss of reputation from failure to comply with laws and regulations, or consequences of noncompliance with IT policies	- Regulations unique to each jurisdiction, including: • Graham-Leach-Bliley Act • EU Data Protection Directive • Health Insurance Portability and Accountability Act (HIPAA) • Sarbanes-Oxley Act - Legal actions - Internal IT safeguards supporting compliance - Inadequate third-party compliance standards - Expansion from central to end-point	- Damage to reputation - Breach of client confidentiality - Litigation - Executive productivity

Table 1: Categories of IT Risk, with examples of the sources and potential impacts associated with each (source: [11]).

For IT applications, these categories of IT risks can be refine in more categories. Thus, appears two new categories: recoverability risk and scalability risk.

The term of IT recoverability risk defines the activities of creating and testing IT backup solutions, in ways that minimize the risk. Known as a "disaster recovery", recoverability takes two forms: backup and recovery tests. If backup implies to realize copies on different removable media and store them outside the affected area of an anticipated disaster, the recovery tests implies to restore the data and apply logs against that data to bring them to consistency at a particular point in time up to the last transaction in the logs.

In practice, the both forms are used together. Thus, is eliminated the danger that bugs or human error have corrupted the backups

Scalability for IT risks can be evaluated from two perspectives [5]:

- the ability to have an acceptable response time under increased load on the same system;
- the ability to have an acceptable response time under increased load when using more hardware or software resources.

Thus, we can conclude on a large definition of scalability, as the ability to utilize additional resources efficiently in order to maintain a required response time.

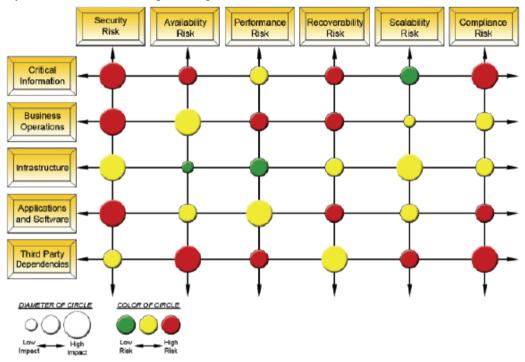


Figure 1. Level of Risk and Impact are critical facets of evaluation that should be considered when analyzing a portfolio of IT focus areas (source: [4]).

Control of IT risks

The problem of control of IT risk is very important for a company. The control will be treated over three visions: threats, vulnerabilities and impact.

These implies following aspects:

- Controls that will detect threats and issues in good time and will anticipate or prevent them where necessary and appropriate
- Controls that will enable vulnerabilities to be fixed and system weaknesses resolved
- Controls to manage the impact of any issues or threats that have succeeded in exploiting vulnerabilities or unresolved weaknesses

The responsibility for IT risk control belong to all departments of company, from the departments of IT services to the departments of Business Organization.

For the IT departments, the main activities to manage the risks are: detection and prevention, vulnerability fixing and response and recovery.

For the departments of business organization, the main activities to manage the risks are: strategic detection, program management and risk analysis.

The responsibilities of the employees for the largest organizations are shown in the table 2.

Control — Role	Detection and Prevention	Vulnerability Fixing	Response and Recovery	Risk Analysis	Program Management	Strategic Detection
Information Technology	×	×	х	×	×	×
Information Security	X	×	х	×	×	×
Audit and Compliance	х	×	х	x	×	×
Human Resources	х	×	х	x	×	×
Finance			х	×	х	х
Unit Management			х	х	×	х
Chief Information Security Officer			х	×	×	х
Legal Team				x	×	х
Chief Information Officer				x	×	х
Chief HR Officer					×	х
Chief Finance Officer					×	×
Chief Auditor						х
Chief Legal Officer						х
Chief Executive Officer						х

Table 2: Responsibilities in relation to IT risk management (source: [10]).

A performing reporting system implies three levels of reporting, as is shown in figure 3.

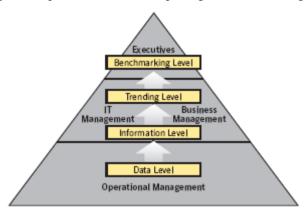


Figure 3: Reporting levels in relation to communities of practice (source: [10]).

The primary information is data about the everyday issues that arise at each of control layers. Form the middle reporting model, data are processing as information about importance of the aspects taken into account and transformed in trending information. At the highest level, information are used to formulate strategic directions by benchmarking the organization's risk, both internally and externally.

We can make a connection between the four levels of reporting (data, information, trending and benchmarking levels) with their specific control layers and risk performance indicators as is shown in table 3.

Control Ayer	Report Level	My Risk Performance Indicators				
Strategic Direction	Benchmark	Monthly risk index				
_	Benchmark	Month-on-month change in effectiveness of riskduc tion program				
Program	Trend	Monthly trend in progress of implementing risk-reduction program				
Management	hfo rmation	Weekly progress in implementing risk-reduction program				
D: 4	Benchmark	Index of month-on-month change in percent of applications at critical risk				
Risk Analysis	Trend	Monthly trend in number of applications at critical risk				
7 mary 313	hfo rmation	Weekly progress in assessment of applications				
	Benchmark	Month-on-month change in downtime of applications				
Response and	Trend	Monthly trend in response to incidents affecting applications				
Recovery	hfo rmation	Weekly report on response to incidents affecting applications				
	Data	Weekly report on number of incidents affecting applications				
	Benchmark	Month-on-moetife ctiveness in deployment of patches				
Vulnerability	Trend	Monthly trend in deployment of patches				
Fixing	hfo rmation	Weekly report on number of patches deployed				
	Data	Weekly report on number of vulnerabilities				
Threat	Benchmark	Month-on-month risk from software threats				
Detection	Trend	Monthly trend in speed of deployment of definition files				
and	hfo rmation	Ifme betw een vendor release of definition files and deployment				
Prevention	Data	Names and frequency of oft ware issues				

Table 3: Key performance indicators for reporting levels across the risk control spectrum (source: [10]).

Conclusions

Now a days, each company use computers equipments in every stage that suppose processing data. An effective and efficient using of IT is a key factor that differentiating successful firms from their less successful counterparts. Many companies understood the possibilities to exploit IT capabilities and made high IT investments without deriving any benefits from IT. But using a new IT system implies appearance of risks that must be managed and mitigated in order to control the evolution of business in the established limits. As a bigger company or more complexity activity, IT risk factors can occur.

Using a performance IT risk management, the company must take into account the risk in every stage of the application development cycle in order to realize a significant improvement in their processes of design, develop, test and maintain the integrity of the applications.

In the same time, there are positive effects in two directions: on one hand, a normalize development of the business/applications and maintenance the costs in the settlement limits, on the other hand, the raising the quality and the competitiveness of the business/applications.

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THE ROMANIAN BUREAUCRATIC SYSTEM OF THE PUBLIC ADMINISTRATIONS

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In this paper I would like to present a few links between bureaucracy and economy. First of all the bureaucracy is always a cost to society, but this cost may be accepted insofar as it makes social order possible, and maintains it by enforcing the rule of law. On the other hand the bureaucrats are having a lot of access to much public information, but they are not always transmitting the information further to the citizens. Unfortunately they are the only ones who can transmit this information's and in this case we can talk about the monopole over the public information's. Also, in this paper I would like to present the problems that a businessman can have to invest in Romania because of the suffocating bureaucracy and the approvals that is obligated to get from the public administrations.

Key words: bureaucracy, opportunity cost, corruption, artificial jobs

Introduction

The origin of the term bureaucracy can be traced to eighteenth-century French literature (Albrow 1970). The early usage referred to an official workplace (bureau) in which individual activities was routinely determined by explicit rules and regulations. As modern systems of management, supervision, and control, bureaucracies are designed to rationally coordinate the duties and responsibilities of officials and employees of organizations. The delineation of official duties and responsibilities, by means of formal rules and programs of activity (March and Simon 1958), is intended to displace and constrain the otherwise private, idiosyncratic, and uniquely personal interests and actions of individuals. Bureaucratic systems of administration are designed to ensure that the activities of individuals rationally contribute to the goals and interests of the organizations within which they work.

If the word "bureaucracy" appeared in the 18th century, it doesn't mean that bureaucratic systems and bureaucracy appeared in the same time. It is known that bureaucracy was present long time ago in the ancient Babylon, Egypt, Greece and The Roman Empire.

In ordinary usage, "bureaucracy" refers to a complex, specialized organization (especially a governmental organization) composed of non-elected, highly trained professional administrators and clerks hired on a full-time basis to perform administrative services and tasks. Bureaucratic organizations are broken up into specialized departments or ministries, to each of which is assigned responsibility for pursuing a limited number of the government's many official goals and policies — those falling within a single relatively narrow functional domain. The departments or ministries are subdivided into divisions that are each assigned even more specialized responsibilities for accomplishing various portions or aspects of the department's overall tasks and these divisions are in turn composed of multiple agencies or bureaus with even more minutely specialized functions (and their own subdivisions). Bureaucratic organizations always rely heavily on the principle of hierarchy and rank, which requires a clear, unambiguous chain of command through which "higher" officials supervise the "lower" officials, who of course supervise their own subordinate administrators within the various subdivisions and sub-subdivisions of the organization.

In the literature dealing with bureaucracy we can often meet a continual shift between two points of view. The first point of view defines bureaucracy mainly as a tool, or a mechanism created for the successful and efficient implementation of a certain goal or goals. Bureaucracy is seen as an epitome of rationality and of efficient implementation of goals and provision of services.

The second point of view sees bureaucracy mainly as an instrument of power, of exercising control over people and over different spheres of life, and of continuous expansion of such power either in the interests of the bureaucracy itself or in the interests of some masters. This point of view tends mainly to stress the process of bureaucratization, the extension of the power of a bureaucratic organization over many areas beyond its initial purpose, the growing internal formalization within the bureaucracy, the regimentation of these areas by the bureaucracy, and in general a strong emphasis by the bureaucracy on the extension of its power.

In Marx's theory, bureaucracy rarely creates new wealth by itself, but rather controls, co-ordinates and governs the production, distribution and consumption of wealth. The bureaucracy as a social stratum derives its income from the appropriation of part of the social surplus product of human labor. Wealth is appropriated by the bureaucracy by law through fees, taxes, levies, tributes, licensing etc.

Bureaucracy is therefore always a cost to society, but this cost may be accepted insofar as it makes social order possible, and maintains it by enforcing the rule of law. Nevertheless there are constant conflicts about this cost, because it has the big effect on the distribution of incomes; all producers will try to get the maximum return from what they produce, and minimize administrative costs. Typically, in epochs of strong economic growth, bureaucracies proliferate; when economic growth declines, a fight breaks out to cut back bureaucratic costs.

Whether or not a bureaucracy as a social stratum can become a genuine ruling class depends greatly on the prevailing property relations and the mode of production of wealth. In capitalist society, the state typically lacks an independent economic base, finances many activities on credit, and is heavily dependent on levying taxes as a source of income. Therefore, its power is limited by the costs which private owners of the productive assets will tolerate. If, however, the state owns the means of production itself, defended by military power, the state bureaucracy can become much more powerful, and act as a ruling class or power elite, because it controls directly the sources of new wealth, and manages or distributes the social product.

Bureaucracies emerge to mediate conflicts of interest on the basis of laws, but if those conflicts of interest disappear (because resources are allocated directly in a fair way), bureaucracies would also be redundant.

Weber described the ideal type bureaucracy in positive terms, considering it to be a more rational and efficient form of organization than the alternatives that preceded it, which he characterized as charismatic domination and traditional domination. According to his terminology, bureaucracy is part of legal domination. However, he also emphasized that bureaucracy becomes inefficient when a decision must be adapted to an individual case.

According to Weber, the attributes of modern bureaucracy include its impersonality, concentration of the means of administration, a leveling effect on social and economic differences and implementation of a system of authority that is practically indestructible. A bureaucratic official must exercise his judgment and his skills, but his duty is to place these at the service of a higher authority; ultimately he is responsible only for the impartial execution of assigned tasks and must sacrifice his personal judgment if it runs counter to his official duties.

Because bureaucrats have more information than elected officials about what they are doing and what they should be doing, bureaucrats might have the ability to implement policies or regulations that go against the public interest. Because bureaucrats have so much information they have a huge advantage to us all: "the power of information". If we wish to believe that we live in a democracy, then it must be true that appointed bureaucrats cannot act contrary to the interests of elected officials.

The Romanian bureaucratic system

The Romanian bureaucratic system is a legacy of the communist regime and mostly the effects of bureaucracy can be seen in the public administrations where most of the employers (bureaucrats) work there from the period of the communist regime. But also there is a typical system which can be found in all the Balkan's countries, mostly the behavior of the bureaucrats from the public administration and the corruption from this system.

For example nowadays is becoming more and more difficult to open a business in Romania or try to invest in one. Therefore, a businessman must sacrifice most of his time and energy to get all the necessary approvals for opening the firm and must also enter in contact with the not so willing persons behind the desks.

The businessman starts his "journey" with lots of trust and hope for the future, but after passing through almost all the public administrations to get the approvals necessary for the function of the firm he gets overwhelmed due to the Romanian bureaucratic system. This bureaucratic system is driving away many foreign investors. Unfortunately not only the time that is losing by going to an public administration to another for getting the approvals makes the businessman to renounce but the time that is waiting for an response from them is very long. In this time he can try to do something ales because his not losing only time but money as well or he can invest his time and money in another country.

In this case we ask ourselves how many gave up starting a business because of the bureaucracy and how many are willing to sacrifice their time and nerves running to obtain the approvals, stamps, signatures, not to mention the waiting in front of desks.

That's why the bureaucratic system can easily encourage corruption; many people who really want to start a business have to make this bride compromise that they are willing to give something to the bureaucrats instead of loosing weeks or even months waiting for the approvals.

A solution to these problems would be opening more headquarters of these administrations, eventually all in one building so, people will not be forced to run from one place to another, or trying to solve the problem by offering an authorization to one administration which incorporates all the others, very difficult to achieve. Another solution can be the use of the Internet where the businessman's can complete a form and sending it via Internet to the public administrations for obtaining the approvals. In this case they don't have to go all the way there and they can resolve a problem that could take them a few hours or even a day in a few minutes.

An effect generated by the bureaucracy is the opportunity cost because businessmen's have to go to many public administrations in order to start a business and lose a lot of time as well as for common citizens. Time that they chose or sometime are force to lose by waiting in front of the bureaucrats desks' instead to do something ales. I can mention that the citizen sits for hours waiting to pay his taxes to the sate, or to get some information, and we can say that the citizen have nothing to lose by sitting in line and waiting to get his turn, but the reality is quite different. This information offered by bureaucrats has its cost that is lost time and the things one can do in that time. Maybe in that time the person could produce something useful for other people or for himself.

Therefore, in the happiest case I can say that bureaucracy and information cost time but we can also mention the loss by choosing to loose this time. What could they loose? That depends on each individual. Some could loose a few hours to relax; others could loose money, or the opportunity to open a new business.

Bureaucracy and corruption

Unfortunately the most obvious problem is that bureaucracy encourages corruption especially because of this complicated way of solving simple problems that become complicated when dealing with bureaucrats. Since most of us don't have any time to loose we arrive to certain compromise that is to offer a "small attention" to bureaucrats, to get the necessary information in the shortest time or to solve a certain problem as soon as possible.

The problem is that bureaucrats got used to the idea that they have a certain power, artificially created and for offering free information or services they ask something in return. Usually it is enough to offer some flowers, coffee, but of course it depends on the nature of the problem we must solve. If the problem gets bigger then the "gift" we have to offer to the bureaucrats must be bigger, must have a big value. It came to the point in which you have to give something in order to be taken into consideration or addressed nicely.

Bureaucrats have an important influence although they are merely public clerks. From where or why they posses such power is very simple to realize. First of all due to the information they posses and give with difficulty although it is their obligation to do so (the monopole over public information), and second of all it depends on their good will how much time you must wait until they will help you solve your problem. When you wait in line in front of a desk you se that some people are served before you either they are friends or relatives of the clerks (being privileged) either they came with "gifts".

What bothers the most is that the employees do not even care that the others waiting in line see this improper conduct. We can refer even to nepotism in the case of bureaucracy because solving certain problems depends on being someone's relative who works in the system. Knowing someone who works

"behind the desk" (bureaucrats) is an advantage that puts you on a privileged position. Mostly this is a frequent practice in the bureaucratic system.

A solution can be the assembling of video cameras in all the areas where bureaucrats are working. Another solution can be a security system at the entrance in public administrations where the bureaucrats have to declare all the goods that they have in possession when they start the working day and all the goods they have at the end of the working day. In present in Romanians public administrations there is a security system that is trying to put an end to corruption, mostly by not allowing the persons to enter in bureaucrats offices with "gifts".

The creation of the artificial jobs

The bureaucratic system from our country (Romania) still creates a lot of artificial jobs. Those jobs are created to offer something to work to certain persons or not to fire others in the same position. A job is created or a task is divided between two employees (two employees with one responsibility) for both of them to have a job.

In this case we can discuss about a suffocating bureaucracy. We can imagine someone who must get certain documents being forced to wait in line in front of three or four desks or offices for stamps, deposit and petitions. In one place petitions apply, in another they are approved and somewhere else they take signatures and stamps but it is possible to wait in two places for the last two. In a way those who work in that system are helped but the state must pay their salaries, which implies further costs for the institution. People who get in contact with this system have their loss by being forced to run from one place to another. This can imply certain costs for the citizens (for them this cost implicates the lost of time in front of the offices). The solution for this problem is very simple: the reduction of the employees that are having that job only because they have to work somewhere only because the government wants to reduce the unemployment.

The public administrations image influenced by the bureaucrats behavior

Because most of the bureaucrats in Romania think that they have a lot of power in front of everybody they have a bad behavior when they get in touch with the citizens. Most of the bureaucrats are in the bureaucratic system since the communist regime and there behavior is an effect of that regime as well as an effect of the bureaucratic system. That's why in many cases the way they are dealing the problems can reflect into the image of the organization in which they work.

For example people are not treated with respect; mostly they are neglected, offended and looked down at by the clerks. The citizen looses time not only on his way to the public administration but in the public administration for different reasons:

- The clerk is very slow and doesn't pay interest in his work:
- He speaks on the phone but not related to his job;
- He takes lunch break and gets nervous if he is interrupted;
- He is away solving personal matters in the working hours;
- Only one desk is functional from the two or three existing.

As an effect of bureaucracy we can mention the citizen's health put at stake because of this particular moving from place to place and waiting for hours to solve his problems. The lack of trust citizen's show to different public administration systems is due to the suffocating bureaucracy. And because of the behavior of the clerks (bureaucrats) the public administration can lose most of their clients or all of them and they can get inefficient from the economic point of view.

Conclusions

The bureaucracy from the public administration can affect their image and in this case these administrations can have an economic disadvantage in front of other administrations. With a reduce bureaucracy the public administrations and the private administrations can have a bigger productivity and the economy of our country can develop better in the future. All in all the bureaucracy from a country can act like a barrier in the economic development if it is not stopped in time or at least if it is not reduced. That's why the people who are working in public administrations must have all the new equipment and

technology in their domain of activity and a better communication system between them and the citizens (their clients). For example they can have an Internet page where you can find all the information's you need in the shortest time and also you can use their Internet page for paying some taxes and incomes.

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ROMANIAN CAPITAL MARKET – PEST AND SWOT ANALYSES

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Abstract: the objective of this paper is a complete analysis of the Romanian Capital Market. In this respect we choose the "PEST" and the "SWOT" Analyses, which give the possibility of a complete overview from the perspective of the Political, Economic, Social and Technological factors, which are classified as Strengths, Weaknesses, Opportunities and Threats in a SWOT Analysis. The result of the analyses certifies that since the beginning of 2004 the Romanian Capital Market registered a sustained positive evolution. The main cause of this evolution was the acceleration of the liberalisation process of the whole Romanian market. The European Legislation introduces new rules in order to protect investors, safeguard market integrity by establishing harmonised requirements governing the activities of authorised intermediaries and promote fair, transparent, efficient and integrated financial markets, factors which will have a further positive impact on the capital market.

Key Words: Romanian Capital Market, PEST Analysis, SWOT Analysis

JEL Classification: E22

Introduction

The "PEST" Analysis of Romanian Capital Market evaluates the external macro-environment of this market from the point of view of the Political, Economic, Social and Technological factors who can give us the possibility to understand market grow or decline, potential and direction for operations. These factors affect all firms belonging to the analyzed market, factors which usually are beyond the firm's control and sometimes present themselves as threats, but however, changes in the external environment also create new opportunities. The PEST factors are classified as Strengths, Weaknesses, Opportunities and Threats in a SWOT Analysis.

The SWOT Analysis is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in market. This analysis is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s.

The "PEST" analysis takes into consideration the following factors:

- a) **Political Factors:** Current legislation of the market, European legislation, regulatory bodies and processes, government policies, trading policies.
 - g) **Economic Factors:** Romanian economy situation, economy trends, general taxation issues, taxation specific to product/services, market and trade cycles.
 - h) **Social Factors**: Number of inhabitants, consumer attitudes and opinions, media views, law changes affecting social factors, buying access and trends, advertising and publicity.
 - i) **Technological Factors**: Information and communications, mechanisms/technology, innovation potential, global communications.

Conclusions of the analyses

The conclusions of the "PEST" analysis of the Romanian Capital Market from the point of view of the Political, Economical, Social and Technological Factors are spitted in the four categories of a SWOT analysis: strengths, weaknesses, opportunities, and threats. The scope of using both of analyses is to analyze from all the aspects the Romanian Capital Market and to identify which are the strengths, weaknesses, opportunities, and threats on this market.

Strengths

1. Political Factors

- 1. The situation of the Romanian capital market begins to become more stable through implementation of the European directives. The scope of the European Legislation is to protect investors, safeguard market integrity by establishing harmonised requirements governing the activities of authorized intermediaries and to promote fair, transparent, efficient and integrated financial markets
- 2. Following the evolution of the stock exchange indexes on the Romanian capital market and of the evolution of the competition on the capital market, it can be easily noticed that beginning with the year 2004, the whole market has a substantial ascending evolution.

The cause of this conjuncture was the liberalisation process of the market.

The Romanian government published the stages of the liberalization process and the characteristics of the market open to competition:

1st Stage (before 2003)	2nd Stage (2003- 2004)	3rd Stage (20 2005)
Exclusive rights	Beginning of the liberalisation	Acceleration of liberalisation
-partial liberalisation	-liberalisation of	process
-few diversified	each segment of	-strong competit
offers	the market	-diversification
-high costs	-new competitors	offers
S	on the market	-lower rates

Weaknesses

1. Political Factors

- 1. The Romanian political situation is very tense.
- 2. Reject of the fusion between the Bucharest Stock Exchange (BSE) and the Sibiu Monetary-Financial and Commodities Exchange (BMFMS). The fusion between these Stock Exchanges, which was on discussion a long time, was rejected 2006 by the shareholders of the Bucharest Stock Exchange. Under these circumstances, BSE announced the launch in the near future of its own platform for trading the derivatives⁴⁶, platform which will use the Bucharest Compensation House (CCB).

As a consequence the BMFMS will also launch its own platform for trading stocks.

3.The country rating for Romania is staying at A4 also at the beginning of 2008 according to the Rating Agency Coface, although Fitch Ratings lowered in January 2008 its credit rating outlook from stable to negative for Romania, citing deteriorating economic imbalances.

2. Economical Factors

1. Even if the main macroeconomics indicators registered in the last years a positive evolution, they have not already reached a stable point.

The analysis of the main macroeconomics indicators (GDP, real GDP, real GDP per capita, inflation rate, unemployment rate etc.) in comparison to the indicators of other countries from EU shows a big negative difference. Romania started the process of catching-up the other countries, but this process will last for a long period of time.

2. Dependence of Romania on the foreign capital is growing.

153

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⁴⁶ Derivatives are financial instruments whose value changes in response to the changes in underlying variables. The main types of derivatives are futures, forwards, options, and swaps.

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							9 companie		

2. Economical Factors

- 1. The main macroeconomic indicators registered a positive evolution in the last years, which will also have a positive impact on the capital market.
- 2. During the last years, the main stock exchange indexes on the Romanian capital market had a positive evolution.

The yearly performance of the BET Index remains stable in the last years in comparison to the medium interest rate for deposits on the Romanian market, being about 3 times more than this interest rate for deposits in the years 2006 and 2007.

The increase by 22% of the BET index in the year 2006 is its most reduced yearly increase in the last six years. The composite index of the Bucharest Stock Exchange, BET-C registered an increase by 28,49% in the year 2006.

The value of the transactions with shares listed on the Bucharest Stock Exchange increased 2006 only by 27% in comparison to the raise by 223% in the year 2005 and by 140% in the year 2004.

3. Social Factors

1.The Investors' access on the Romanian capital market became easier during the last years, but the transaction fees applied to the investors by the

Brokerage and Financial Investment Companies are

furthermore high.

The same thing can be observed in the financial institutions which operate in Romania. Even if the number of these financial institutions rose in the last years, the charges billed, the services and the products offered to clients are far below the level of those offered in a developed country.

More than this, the Brokerage and Financial Investment Companies which are a part of a bank group don't offer the possibility to credit automatically the investment account by the bank giro account of the same person, both of the accounts being opened at institutions from the same group.

2. There are information sources on the Romanian capital market, but they are not as detailed as in the developed countries.

Only a few Brokerage and Financial Investment Companies offer analyses of the Romanian capital market and of the companies listed at BSE.

3. The attitude of the most investors is a

Year	Evolution of the BET index	Medium interest rate for deposits (ROBID)
2003	28 %	16,33 %
2004	71 %	17,9 %
2005	46 %	6,57 %
2006	22 %	7,50 %
2007	23 %	6,84 %

speculative one. They want to obtain big profits in a short time. The raises and drops of the stock prices of a company listed on BSE don't reflect in the most cases the real state of that company.

4. Investors' lack of basic know-how and of experience on the capital market.

3. The unique income tax rate by 16% (this rate is equally applied to income tax and to corporate income tax) since January 1st, 2005 is lower compared to other countries.

4. Technological Factors

1. There is no system on the BSE which could permit to route automatically the orders, so that the order via internet is automatically introduced in the trade system after its specifications were verified (market, quotes, price, pieces, validity date, if there are really the shares were are to be sold, enough money on the investment account in order to buy the shares). The systems presented as an on line trading system are only systems which can take over the orders on-line.

Opportunities

1. Political Factors

1. The country rating for Romania is staying at A4 also at the beginning of 2008 according to the Rating Agency Coface. The country rating made by Coface shows the capacity of companies from a country to make the payments in due time. A4 corresponds to the Investment Grad and symbolize a low risk and a stable payment history.

Country Rating

Countri es	Jan 02	Jan 03	Jan 04	Jan 05	Jan 06	Jan 07	Ja n 08
Romania	В	В	В	B+	A4	A4	A4
Czech Republik	A3	A3	A2	A2	A2	A2	A2
Hungary	A2	A2	A2	A2	A2-	A3	A3
Poland	A4-	A4-	A4	A3	A3	A3	A3

Threats

1. Economical Factors

- 1. Romania's economic growth reached ia high level of (8,4%) in 2004 and 7,7% in 2006 as an effect of the effort made by Romania to be accepted in the European Union, but after the EU accession its level began to be lower (estimation for 2007 is 5.8% and forecast for 2008 is 5.2%).
- 2.The Government Budget Expenditures will grow this year because 2008 is an electoral year.
- 3. Fitch Ratings lowered in January 2008 its credit rating outlook from stable to negative for Romania.

The main factors for this downgrade are:

• increase of the negative balance of current account.

	Slovakia	В	A4-	A3	A3	A3	A3	A3
	Bulgaria	В	В	В	B+	B+	A4	A4
L								
	Turkey	C	C	В	B+	B+	В	В

Source: Rating Agency Coface

2. Though the implementation of the European Legislation, the companies which action on the capital market has the right to action on the entire European market without being necessary to apply for a new authorisation.

Other advantages offered by the European Directives are:

- Stability,
- Fair, transparent, efficient and integrated financial markets.
- 3. Finalization 2006 of fusion between BSE and Rasdaq, which conducts to a better visibility both at regional and international level.
- 4.2006 was settled up the Central Depository which offers services as clearing, custody, depository and registry of titles traded on regulated markets and using the alternative traded systems, as well as any operations in accordance with the above mentioned services.
- 5.Other factors which influenced the capital market starting 2004 and the positive evolution of the BSE Indexes were:
- beginning of the 3.nd stage of the liberalisation process,
- the unique income tax rate is 16% (this rate is equally applied to income tax and to corporate income tax) since January 1st, 2005,
- Presidential elections held in Romania on November 28, 2004 were won by Traian Basescu.

2. Economical Factors

- 1. The unique income tax rate of 16% is an important opportunity for the capital market.
- 2.The value of transactions with shares listed at BSE rose 2006 by about 30%, from 2.152 Mil EUR in 2005 to 2.801,7 Mil EUR and by about 48% in the year 2007, the reasons being these one which determine the

- requirements regarding the external financing,
- rapid increase of the government credits.
- 4.The international financial crisis began to have also consequences on the Romanian market.
- 5. The high oil price (forecast 150 EUR/barrel) will represent 2008 an important risk for the Romanian Economy.

This increase will have an impact on the evolution of the fuel price and this will influence of course all the Romanian imports.

6. The Stock Exchange Indexes had 2007 a positive evolution, but a decline can be observed starting with the end of 2007. This happened also to other European and American Stock Exchanges, the main reason being the real estate crisis on the American market which led to a liquidity crisis on this market.

As an effect of the liquidity crisis, the banks could refinance under very difficult conditions and at a higher price as before (for example the refinancing costs before the financial crisis were ca. 0,2% over the Euribor interest rate and at the beginning of 2008 they reached values of 0,6% - 0,8%).

7. The number of new companies listed at the BSE is very low, which can influence the volume of the transactions at the BSE.

Year	New companies listed at the BSE
1995	9
1996	8
1997	59
1998	50

evolutions of prices (lack of new companies listed at the stock exchange, reaching the correct prices for many companies listed at the stock exchange).

3.The market capitalization had the same dynamics as the value of transactions, registering an increase of 39,6% in 2006 as compared to 2005, but the increase registered 2007 was only by 14,88%.

3. Social Factors

1. The Investors' access on the Romanian capital market is very easy; they must just choose a Brokerage and Financial Investment Company. The number of these companies is 73 companies in the year 2007, the bigger one being the companies which are part of a bank group.

The more such companies are active on the market, the lower their fees will be.

4. Technological Factors

1. The fact that the investors can trade stocks and other titles via internet is a really important opportunity for the Romanian Capital Market. This is a common procedure in the developed countries.

1999	15
2000	1
2001	3
2002	1
2003	0
2004	3
2005	5
2006	2
2007	3

The higher number of new companies listed at the BSE was registered between 1997 – 1999, the main reason being the new formation of the Bucharest Stock Exchange which happened 1995.

In summary, the Romanian capital market has good strengths and opportunities to record a medium- and long-term positive evolution. On the short term the capital market can be seen as less stable because of the causes described above.

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NATIONAL CURRENCY INSTABILITY

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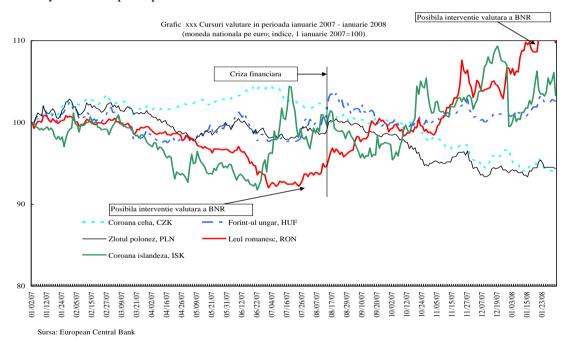
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The concept related to currency stability includes internal currency stability as intern price stability, the money demand and supply stability and the stability of the interest rate. Also it includes external currency stability through exchange rate mechanism. The equilibrium of national economy is determined by the evolution of inflation and by the evolution of nominal exchange rate mechanism as an expression of external stability.

Key concepts: monetary policies; financial crisis; currency stability

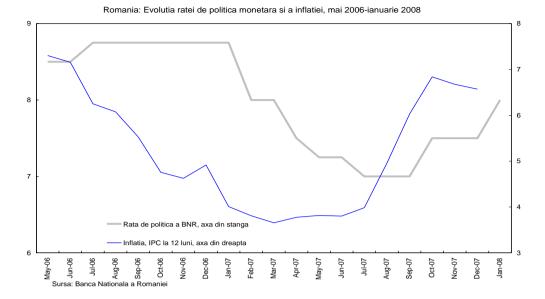
The financial crisis from august 2007 tests the credibility of emergent economies and also the foreign investors' attitude related to this crisis. As a consequence, the Romanian leu was the most affected currency in the European space.



In the first half of 2007, the Romanian currency became very powerful towards euro (Graphic I), as a consequence of diminishing the risk prime for RON. Taking into consideration a decreasing rate of anticipated and effective inflation, but ignoring the tensions for the other half of the year, the Central Bank decides to reduce the rate of monetary policy from 8,75% to 7% (Graphic II). After the financial crisis has started, the Romanian currency registers a continuous depreciation, being not correlated any more with the other currencies (Polish zlot, Czech corona and Hungarian forint).

Taking into consideration Graphic I there is a similitude between the evolution of Romanian and Islander currency, explained by some common elements from these two economies, even worse in Island, such as: flexible exchange rates, over 23% from GDP current account deficits in Island, 8% rate of inflation which is over the target and also the expansion of credit and of financial-banking sector.

Grafic II: Evoluția ratei de politică monetară și a inflației, mai 2006-ianuarie 2008



In spite the continuing economic growth process, some major intern disequilibria's occur as inflation, salary increases over productivity level but also external disequilibria's such as the increasing current account deficit.

The fast national currency depreciation has three main causes:

- The unsustainable current account deficit
- The monetary and fiscal policies mix which was improper
- The use of national currency against the currencies in a fixed regimes from the neighbor

Currency stability is the result of the economic evolution expressed both through price and exchange rate mechanism stability. The volatility of exchange rate mechanism is the result of intern economic evolution and of the economic policies measures but also of the economic evolution on the international markets. In Romania, the positive economic evolution having as a main characteristic sustainable economic growth, disinflation and continuous structural reform but also the adhere perspective to European Union has lead to an increase in confidence of the foreign investors having as a result an increase in foreign direct investments. This element led to a nominal and real currency appreciation, a phenomenon which deepened towards the end of 2006, following the complete liberalization of capital transactions.

Financial markets turbulences urge the investors to re-price risks. During this process Romania comes to be considering a riskier destination than neighboring countries in what concerns foreign capital flows. Rating agencies pick up on this trend and act to lower the country grading, thus fueling a strong currency depreciation tendency. The monetary policy is the only instrument used to reduce the apparently ever growing risks the Romanian economy is subject to.

The soar in inflationary pressures is brought about by a combination of external factors, internal policies and RON depreciation. Referring to the consequences of this unfortunate mix, it soon becomes clear that importers, being exposed to exchange rate changes, transfer the currency related risks to the consumer. Therefore, it is the consumer who bears the loss in case of depreciation, while any potential gains resulting from currency appreciation are retained by the importer.

Even though the strong appreciation of Romanian currency taking place in mid 2007 seemed to have had a positive contribution in the inflation targeting process, this economic phenomenon should be rather regarded as a threat to the current account stability. This is precisely why the Central Bank took the option of halting the appreciation, despite its self imposed objective of directly targeting inflation, which ought to leave out any intervention on other elements, such as the currency in this case.

However drastic the efforts made by the Central Bank to contain price fluctuation, if monetary policy fails to be appropriately complemented by the fiscal – budgetary policy, the results will come short of expectations. The pro-cyclical fiscal policy applied by the Finance Ministry encourages the expansion of internal demand, implicitly touching upon price stability and external economic unbalance.

A stable currency and a healthy economic evolution stand as prerequisites in the two stage transition process: firstly to a tighter currency regime – ERMII, and secondly to a fixed regime – the single European currency, the Euro.

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MONETARY STABILITY VERSUS FINANCIAL STABILITY

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Abstract

Studies on the importance of monetary stability for the achievment of sound economic environment have always been among the most searched economic works. The experience of last decades illustrates the fact that low inflation has not proved to be a hedge against financial instability. The question is if there is a trade off or contradiction between monetary stability and financial stability. Perhaps the most important lesson that need to be drawn from recent episodes of financial instability is that monetary authorities are much more impotent when it comes to prevent crises than we thought they are.

Keywords: financial stability, monetary stability, monetary authorities, crises, financial markets, prices

1. Introduction

Studies on the importance of monetary stability for the achievment of sound economic environment have always been among the most searched economic works. More precisely, "the question whether there is a trade-off between monetary and financial stability has been one of the most interesting areas of research for central banking for many years." (Issing 2003, p. 16)

The experience of last decades illustrates the fact that low inflation has not proved to be a hedge against financial instability. Recent banking crises have incurred costs similar to the losses suffered in the periods with high inflation. "In short, the successful war against inflation has not yielded as big a "peace dividend" as we might have hoped." (Crockett, 2003, p. 1)

2. Monetary instability and financial instability: conceptual clarifications

Even if notions like "monetary stability" and financial stability" are widely used in the academic literature, some clarifications of their meaning is needed.

Monetary stability is currently associated to price stability. In turn, price stability means an inflation rate close to zero, i.e. keeping the price level approximatively constant.

Financial stability is a more difficult to define.⁴⁷ It points to a monetary and financial system able to support, without systemmatic distorsions, an adecqate alocation of savings toward the most efficient investments projects.⁴⁸ To the extent that the financial system vitiates the proper allocation of savings and thus sow the seeds of its own failure, it is characterized by *financial fragility*.

It is important to note that financial stability is not incompatible with the occurrence of sporadic banking failure, or with a major fluctutation of a small group of assets. On the contrary, bankruptcy is the proof that market selection mechanism is working and that only the most efficient financial institutions survive to serve the public. We can speak of financial instability only when financial institutions are systematically endangered by insolvency.

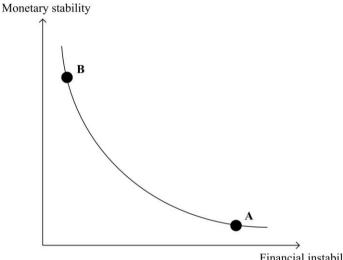
⁴⁷ See Schinasi (2004) for a more detailed presentation of this issue.

⁴⁸ Mishkin (1991) holds a similar perspective.

3. Prices and financial stability – a complex relation

The conventional view is (or rather was until very recently) that there is no tradeoff between monetary and financial stability. Some economists maintain that price stability represents a sufficient condition for financial stability. Most people hold a slighty different view. They consider price stability as only a precondition for the achievement of financial stability. For example, M. Bordo maintains that a monetary regime that produces aggregate price stability will, as a by-product, tend to promote stability of the financial system."49

According to these writers, inflation is an essential ingredient of financial instability. Rising prices, it is argued, affect economic calculation and send to economic agents false signals about the real relative return of various investment projects. By contrast, "stable prices and a monetary policy focused on that objective play an important role for stable financial markets... Price stability and financial stability tend to mutually reinforce each other in the long run. This widespread view is supported by empirical evidence that many financial crises were caused by major shifts in the price level. Moreover, historically most banking crises occurred during recessions often following periods of high inflation... According to the conventional view there is no general trade-off between monetary and financial stability." (Issing, 2003, p. 17-18)

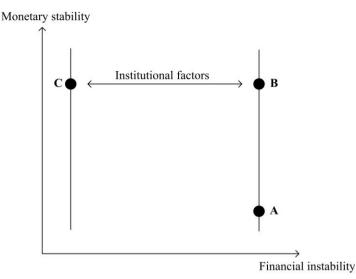


Financial instability

Anna Schwartz, for example, argues that a central bank "that was able to maintain price stability would also incidentally minimize the need for lender-of-last-resort intervention." Persistent inflation, says Schwartz, encourages speculative investments and indebtedness based on the expectation of rising prices. When inflation rate declines suddenly, as it happenned at the beginning of 1980s, debtors' income can be insufficient to sustain the repayment of past loans. The rising number of bankcruptcies reduces creditors' capital and may lead to a higher rate of failure among financial institutions.

⁴⁹ Quoted by C. Borio and P. Lowe, 2002, "Asset prices, financial and monetary stability: exploring the nexus", BIS Working Papers 114, p. 18

⁵⁰ Anna J. Schwartz. "Financial Stability and the Federal Safety Net," in William S. Haraf and Rose Marie Kushneider, eds., Restructuring Banking and Financial Services in America. Washington, D.C.: American Enterprise Institute, 1988, p. 53



According to most macroeconomists, the value of money is given by the general level of prices. Therefore, the monetary ideal could be achieved by price level stabilization. A monetary policy that maintains price stability in a credible and lasting way will make the best overall contribution to improving economic prospects and raising living standards the achievement and preservation of price stability is the iron principle of a sound monetary policy.

4. From monetary stability to financial instability: historical perspective

The most elocquent historical example of financial imbalance that developed in a non-inflationist environment is the Great Depression. In United States, the price level has declined by 10% between 1925 and 1930, a period otherwise characterized by a strong credit expansion.

Although perhaps the most relevant case, because of its magnitude, the Great Depression is by no means the first financial crisis of the type we are discussing here. In 19 century several similar events occurred. We can mention the australian banking crisis of 1893, which represented the turning point of an artificial economic boom fueled by a considerable credit expansion, whose share in GDP has increased by 2/3 in a decade. In that period, despite a marked rise in real estate prices (which doubled), prices had an overall falling trend.

Among the more recent examples, we can mention the case of Japan in 1980-1990. An insignificant inflation rate (zero between 1986 and 1988) has been accompanied by a skyrocketing evolution of stock and real estate prices. In this field, prices tripled in only four years (1985-1989). After this episode, Japan's economy entered a long recession, with numerous bankruptcies and banking failures.

The recession of Japanese economy has been preceded by a similar financial crisis that affected profoundly many south-east asian countries in 1997. In Korea, for instance, 1990s were years of significant disinflation, the rate of inflation declining from 11% at the beginning of the period to 4% before the crisis ocurred. Thailand, Indonesia and Malaysia experienced similar trends of the rpce level, but in all the region credit expanded strongly. The expansion of financial institutions has determined a boom in stock and real estate markets, exactly as it happenned in US during the 1930s and in Japan during the 1980s.

⁵¹ Among other economists, I. Fisher, M. Friedman have contributed significantly to the theoretical foundation of the stabilization policy.

⁵² ECB, Monthly Bulletin, January 1999, p. 39.

⁵³ B. Bernanke, 2003, "An Unwelcome Fall in Inflation?", paper presented at Economic Roundtable, University of California, July.

5. Causes of financial instability

What all these episodes of financial imbalances have in common is a boom and bust cycle in lending. The idea that credit expansion (and a consequently artificial lower interest rate) is responsible for economic fluctuations is not new. Economists like Irving Fisher, Friedrich Hayek, Hyman Minsky, Charles Kindlberger and others have associated their names to it. A number of reasons explain the instability of lending.

First, the modern financial system is based on fractional reserve banking. Diamond and Dybvig (1983) suggest that the maturity mismatch of bank assets and liabilities provides a source of instability within the banking system. Banks transform illiquid assets into liquid financial assets by offering liabilities with a different, smoother pattern of returns over time. The illiquidity of bank assets leaves banks vulnerable to depositor runs, however, and only the presence of a lender of last resort or deposit insurance can prevent banking panics.

Secondly, asymmetric information, in which lenders are less informed than borrowers about the potential returns of alternative projects, provides an alternative source of financial instability. Lenders, unable to distinguish good from unsound loans, might ration credit or disproportionately discourage good quality borrowers by adding a lemons premium to interest rates. Heightened uncertainty, perhaps caused by instability of the price level, that makes screening of borrowers more difficult can worsen such adverse selection problems.

Thirdly, central banks may increase the money supply by decreasing the interest rate and thus, they fuel a credit expansion. This process may not lead to open inflation, because deflationary pressures coming from the real economy may offset the effect of monetary stimulus on the price level.

6. Challenges for monetary authorities

Perhaps the most important lesson that need to be drawn from recent episodes of financial instability is that monetary authorities are much more impotent when it comes to prevent crises than we thought they are. The merits of inflation targeting have become a myth. The strategy of inflation targeting, widely embraced by central bankers around the world in the last two decades, has managed to deliver low inflation *and* financial instability.

From the fact that monetary stability is not synonymous with financial stability we can derive several ideas.

- 1. First, the monetary authorities may not be able to identify the financial imbalances sufficiently early and with the required degree of comfort to take remedial action. If so, attempting to respond to financial imbalances could add to the volatility of the economy.
- 2. Second, the risk of destabilising the economy may be compounded by the unpredictability of the effect of the policy response. Calibration may be exceedingly difficult. On the one hand, for instance, small interest rate increases may not be sufficient to contain financial excesses. It has even been argued that, paradoxically, they could be counterproductive if they help to dispel doubts about the central bank's credibility as a guarantor of price stability, thereby possibly fuelling market participants' optimism about the sustainability of the boom.
- 3. Third, even if technically possible, any such response may be too hard to justify to the public. Political economy considerations militate against the use of the instrument. It takes a brave central bank to raise interest rates in the absence of obvious inflationary pressures, given the risk of being perceived as undermining prosperity.

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REGIONAL DISPARITIES OF ECONOMIC GROWTH IN THE ENLARGED EUROPEAN UNION

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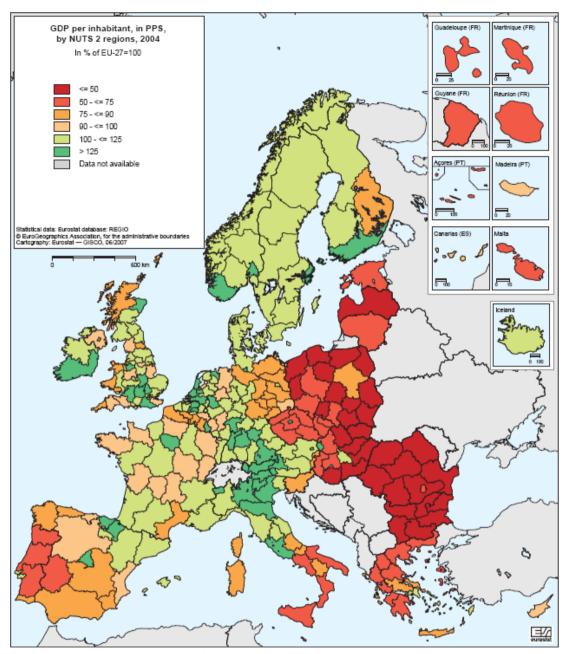
Abstract. The enlargement of the European Union by the entry of 10 new Member States in 2004 and another two in 2007 led to a significant rise of the economic regional disparities both in absolute and in relative terms. There are considerable and persistent regional contrasts between the old and the new Member States, although many of the regions with a low GDP per inhabitant in the new Member States are catching up fast due to a higher dynamics of economic development. There are some regions under EU-27 average growth rates of GDP per inhabitant, all them belonging to three NMS: Romania, Czech Republic and Bulgaria. Disparities in the levels of development in the enlarged European Union imply the need for assistance on the least developed regions and Member States, by means of an appropriate allocation of structural and cohesion funds.

Key words: regional disparities, regional growth, convergence objective, European Union, Romania.

Increase in regional disparities following the EU enlargement

The enlargement of the European Union by the entry of 10 new Member States (NMS) in 2004 and another two in 2007 led to a significant rise of the economic regional disparities. Gross domestic product per inhabitant (in PPS) become about five times higher in the top 10 % regions than in the bottom 10 % of the EU-27, compared to less than three times bigger in the EU-15 (Eurostat data, 2007). The ratio between GDP per inhabitant in the top and bottom 25 % regions also moved upwards as a result of the enlargement, rising from two to three and the average GDP per inhabitant in EU-27 reduced by almost 12 % compared to EU-15 (Eurostat data, 2004). These synthetic measures of disparities, combined with the regional distribution of wealth among NUTS 2 regions in Map 1, are giving an overview of EU-27 development inequalities.

Map 1. GDP per inhabitant in PPS (% of EU 27) 2004



Source: Eurostat Regional Yearbook 2007

By using regional GDP per inhabitant (in PPS) relative to EU-27 average as a measure of economic development, we find a very large gap separating the 302.9% for the richest region - Inner London (in UK)- from the 23.58% of the poorest one- North-East Romania. Moreover, in most of the new Member States regions GDP per inhabitant is considerably smaller than in EU-15 regions, lying below 50 % of the EU-27 average in 31 regions out of a total 55 regions in NMS. There are only a few exceptions, Prague region in the Czech Republic reaching the highest GDP per capita (157% of the EU-27 average) in the NMS regions.

In order to measure the economic discrepancies we used Gini Inequality Index (GI), a statistical indicator initially employed for the analysis of income differences between individuals, but also appropriate for the territorial disparity measurements. Gini Inequality Index (GI) is given by the formula:

$$GI = \frac{\sum_{i=1}^{n} (2i - n - 1) \cdot x_i}{\sum_{i=1}^{n} x_i},$$

where x_i represents the regional values of the variable, in a non-decreasing order, and n is the number of regions. The values of Gini Inequality Index strongly amplified following EU last two enlargements, reaching a level of 0.2083 (2004 data). This is the consequence of higher discrepancies among the NMS than within EU-15 countries as proved by an overall value of 0.2286 for the Gini Inequality Index within the 12 new Member States NUTS 2 compared to the considerably lower 0.1478 value for the regions in the EU-15 countries (authors' own calculations). The development gap between NMS as a group and EU-15 states also added to this result. Within each individual country inequalities are notably lower (see Table 1, column 4).

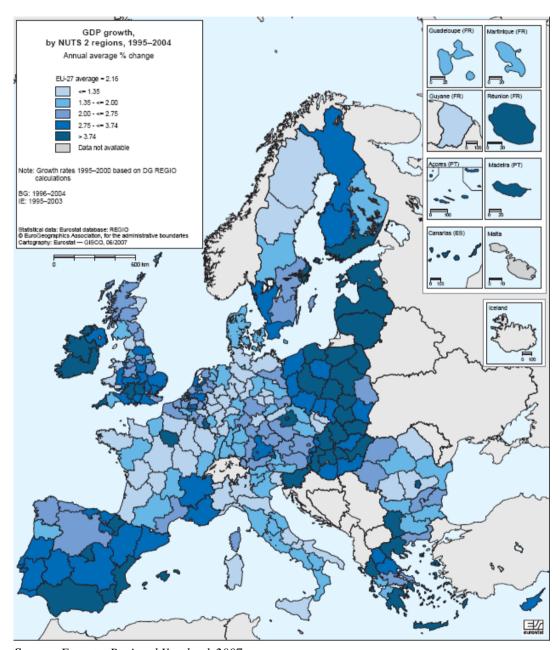
Table 1. Statistic measures of economic disparities and convergence objective funding

Country	GDP per inhabitant in 2004, Euro PPS	Highest / lowest regional GDP per inhabitant in 2004	Gini Inequality Index in 2004	Structural and cohesion funds, 2004-2006 mil euro	Indicative convergence allocations 2007-2013 mil euro
1	2	3	4	5	6
Bulgaria	7200	1.917	0.119	-	6674
Czech Republic	16400	2.628	0.155	2404	25883
Estonia	12300	-	-	615	3404
Cyprus	19700	-	-	108	213
Latvia	9800	-	-	1031	4531
Lithuania	11000	-	-	1379	6775
Hungary	13800	2.426	0.173	2837	22890
Malta	16400	-	-	81	840
Poland	11000	2.184	0.109	11202	66553
Romania	7200	2.734	0.159	-	19213
Slovenia	18300	-	-	423	4101
Slovakia	12200	3.054	0.246	1544	10912

Sources: Eurostat, 2007 and author's calculations

The economic dynamics in EU-27 and the catching up process

The increased economic development disparities in the European Union due to the entry of the NMS are counterbalanced by encouraging high dynamics of growth in these countries, leading to a steady trend towards narrowing the development gap. Map 2 captures the variation in economic dynamics in the 268 NUTS 2 regions of EU-27, measured by the annual average GDP growth by region considering the overall 1995-2004 period.



Map 2. Annual average GDP growth in EU-27 by NUTS 2 level over 1995-2004

Source: Eurostat Regional Yearbook 2007

The highest rates of growth in the new Member States was recorded in the three Baltic States (above 6% average annual real GDP growth), followed by Poland, Slovakia, Hungary, Slovenia and Cyprus. Even the newest two Member States, Bulgaria and Romania, recovered after the long economic decline in the 1990s, achieving substantial growth rates after the year 2000.

This above the average growth trend is leading to a rapid catching up process for many less developed regions in NMS. Although the time perspective considered when addressing processes of convergence at the European scale is too short, one can already see some signs of convergence. Eurostat statistical analysis revealed regional convergence at the EU-27 level based on the last years decreasing values of both Gini coefficient and the coefficient of variation (Eurostat, 2007). This proves that the initial increase in inequalities brought about by the enlargement of the EU was soon followed by a decreasing trend based on the bigger growth rates in most of the NMS. Economic convergence between the regions of the EU-27 in the last years is also proved by the fall in the ratio of GDP per inhabitant in the richest region -Inner London in UK- and the poorest one -North-East Romania- from 13.9:1 in 2002 to 12.8:1 in 2003 and 2004. Another encouraging evolution is the reduction in the number of regions with GDP per inhabitant lying below 40% of the EU-27 average: from 23 in 2002 to 21 in 2003 and 17 in 2004.

As in the past, the disparities in economic levels of development measured in GDP, have been significantly reduced between the EU-15 Member States and the former 'cohesion countries' (Greece, Spain, Portugal and Ireland) there is hope of simply reproducing, across the NMS, the levels of economic development successfully achieved in the past evolution of these countries.

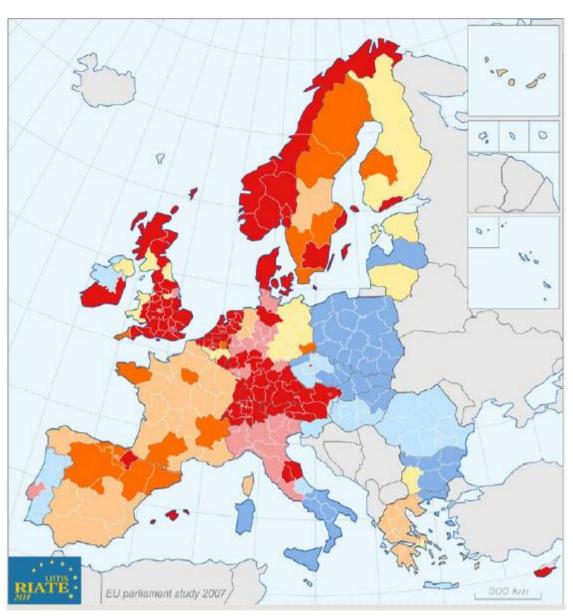
According to Eurostat data the NMS are catching up with the EU-27 average growth at a rate of 0.8 percentage points per year (Eurostat, 2006). Unfortunately, there are still 15 of the 55 regions in the NMS growing at a rate of less than two percents annually, which is the EU-27 average dynamic. All these regions belong to three of the new Member States: Romania, Czech Republic and Bulgaria.

Regional differences within countries

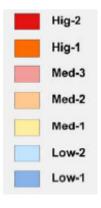
The variation in dynamics of economic development among the regions in one country can diverge almost as widely as among regions in different countries, as Map 2 points out. The highest gap is experienced by Romania, a country where the GDP per inhabitant - increased six times faster in the most developed region –Bucharest-Ilfov compared to the least developed one – North-East. In the new Member States, the highest regional GDP per inhabitant in a country is two to three times bigger than the lowest one (Table 1, column 3), regional differences reaching the peak in Slovakia.

Most of the NMS are characterised by a marked economic dominance of their capital regions which concentrate most of the economic activity in the country, thus increasing the development gap. In all the NMS and in some of EU-15 countries the capital regions, have the highest GDP per inhabitant (see Map 1), a substantial share in the national economy, and bigger rates of growth. The bigger GDP per inhabitant mainly results from the notably higher productivity than in the rest of the regions. In-commuting, which provides larger labour force relative to the inhabitants of the capital region, is another explanation of their considerable economic power.

Map 3. Typology of performance of the EU-27 regions in 2000



Source: European Parliament, 2007



A hierarchical cluster analysis (European Parliament, 2007) for the 268 regions in the EU-27 reveals the existence of 7 types of regions (Map 3) each group having some main characteristics.

- **Type Low-1** (regions in Poland, Slovakia, Bulgaria and Southern Italy) indicates a very negative situation on all parameters and clearly identifies the most lagging regions in Europe, characterised by very low GDP per capita, high unemployment, low life expectancy and relatively low levels of education.
- **Type Low-2** is very similar to previous type Low-1 but with has the advantage of a relatively low level of unemployment rate. However the performance is smaller for indicators such as education or life expectancy.
- **Type Medium-1** is characteristic of regions with low-medium situations across all criteria except education. Displaying better levels of highly skilled labour force, these regions could base their future development on this specific advantage.
- Type Medium-2 is also characteristic of regions with a medium situation in respect of GDP per capita and education, higher levels of life expectancy, but specific weakness relating to employment. They should therefore focus on the reduction of unemployment without diminishing the of social provisions indirectly revealed by the good life expectancy.
- Type Medium-3 is comprising regions which are generally considered as being "without problems" as they have high levels of GDP per capita and relatively small unemployment. These regions are characterised by rather poor performances in respect of life expectancy and the share of people with a high level of education. Regional policy here should therefore focus mainly on the development of infrastructures for health and education.
- **Type High-1** includes regions with good global performance on all criteria, except employment, higher than the EU average. These regions can generally rely on good social conditions relatively high economic competitiveness. As in the case of type Medium-2 regions, their problem is how to reduce unemployment without breaking the good level of performance in respect of the other criteria.
- Type High-2 is also experiences good global performance on all criteria but with some differences as compared to type High-1. The situation is clearly better in terms of employment (low levels) and slightly better in terms of GDP per capita. Performance levels are clearly less good than type High-1 however in respect of life expectancy and education.

Final remarks

Large regional disparities in the levels of economic development already existing in the European Union were enhanced because of the last two enlargements, thus increasing the need for assistance especially for the least developed regions and Member States. Consequently the convergence objective was designed for the next programming period - 2007-2013 - as a tool for reducing the amplitude of the inter-regional disparities, by means of an appropriate allocation of structural and cohesion funds.

Many of the regions with a low GDP per inhabitant in the new Member States are catching up fast, as was revealed by Eurostat periodic statistical analysis and confirmed by our own calculations of Gini Inequality Index. Economic convergence between the regions of the EU-27 significantly improved in the last years, based on significant above-average growth rates in most of the NMS and this trend is expected to continue if the NMS will be able to successfully make use of the structural financial assistance associated to the cohesion policy.

APPENDIX

Country/Regions	GDP per inhabitant, in PPS, 2004 (in % of EU-27=100)	Annual average % change in GDP 1995- 2004	Objectives*
Bulgaria			
BG31 Severozapaden	25,5895	1,40	Conv
BG32 Severentsentralen	26,42142	2,03	Conv
BG33 Severoiztochen	29,29375	2,73	Conv
BG34 Yugoiztochen	29,85669	2,00	Conv
BG41 Yugozapaden	49,06268	4,94	Conv
BG42 Yuzhen tsentralen	25,6211	1,90	Conv
Czech Republic			
CZ01 Praha	157,1132	3,83	RCE
CZ02 Střední Čechy	69,86933	3,83	Conv
CZ03 Jihozápad	69,58104	2,03	Conv
CZ04 Severozápad	60,68463	0,28	Conv
CZ05 Severovýchod	63,65526	1,46	Conv
CZ06 Jihovýchod	67,3529	1,86	Conv
CZ07 Střední Morava	59,78916	1,32	Conv
CZ08 Moravskoslezsko	61,11449	1,23	Conv
Estonia EE00 Eesti	55,70194	6,83	Conv
Cyprus CY00 Kypros/Kıbrıs	91,3755	3,45	PI
Latvia LV00 Latvija	45,4593	6,37	Conv
Lithuania LT00 Lietuva	51,06963	6,04	Conv
Hungary			
HU10 Közép-Magyarország	101,5528	4,99	PI
HU21 Közép-Dunántúl	61,14363	5,52	Conv
HU22 Nyugat-Dunántúl	66,77693	5,16	Conv
HU23 Dél-Dunántúl	45,62485	3,18	Conv
HU31 Észak-Magyarország	42,49484	3,56	Conv

HU32 Észak-Alföld	41,86695	4,03	Conv
HU33 Dél-Alföld	44,15043	2,93	Conv
Malta			
MT00 Malta	74,35278 -		Conv
Poland			
PL11 Łódzkie	46,73357	4,27	Conv
PL12 Mazowieckie	76,84177	6,18	Conv
PL21 Małopolskie	43,36250	4,23	Conv
PL22 Śląskie	57,01667	3,53	Conv
PL31 Lubelskie	35,19549	2,70	Conv
PL32 Podkarpackie	35,42153	3,45	Conv
PL33 Świętokrzyskie	39,26442	4,02	Conv
PL34 Podlaskie	37,89028	3,92	Conv
PL41 Wielkopolskie	54,54114	5,88	Conv
PL42 Zachodniopomorskie	47,19911	2,84	Conv
PL43 Lubuskie	45,41177	3,48	Conv
PL51 Dolnośląskie	51,67907	3,68	Conv
PL52 Opolskie	43,61174	2,79	Conv
PL61 Kujawsko-Pomorskie	45,37136	3,15	Conv
PL62 Warmińsko-Mazurskie	39,3841	3,97	Conv
PL63 Pomorskie	49,56785	3,96	Conv
Romania			
RO 11 Nord-Vest	32,98676	2,34	Conv
RO 12 Centru	35,47916	1,77	Conv
RO 21 Nord-Est	23,57835	0,73	Conv
RO 22 Sud-Est	30,74909	1,36	Conv
RO 31 Sud — Muntenia	28,41957	0,92	Conv
RO 32 București — Ilfov	64,46439	4,50	Conv
RO 41 Sud-Vest Oltenia	28,75252	0,89	Conv
RO 42 Vest	39,04176	2,39	Conv
Slovenia			
SI00 Slovenija	83,33668	3,92	Conv
Slovakia			
SK01 Bratislavský kraj	129,2922	3,43	RCE
SK02 Západné Slovensko	52,71793	3,98	Conv
SK03 Stredné Slovensko	46,6664	3,89	Conv

GEO A TAZA I A ZOL II	42 22002	2.01	C
SK04 Východné Slovensko	42,33092	3,81	Conv

Sources: Eurostat regional yearbook 2007, Eurostat and DG Regional Policy estimates

* Categories:

Conv Convergence regions
PO Phasing-out regions
PI Phasing-in regions

RCE Competitiveness and employment regions

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THE CONNECTION BETWEEN LABOUR PRODUCTIVITY AND WAGE IN ROMANIA. TERRITORIAL AND SECTORAL APPROACHES

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Abstract Labour productivity and wages are both essential economic factors and the way they interrelate is a constant concern for the economists, as well as for employers and policy-makers. The target of this paper to estimate to which extent is the variation of productivity consistent with the distribution of wages, employing two patterns of comparison: by region and by economic branch. For this purpose, we developed a revised form of the coefficient of structural changes, in order to determine the regional/ sectoral dissimilarities between productivity and wage.

Key words: labour productivity, wage, disparities, Romania

Introduction

This paper explores the inter-region and inter-sector labour productivity and wage variation employing transversal data sets for 2000 and 2005. The main idea is to determine the dissimilarities between labour productivity and wage, both by regions and by main economic branches. For this purpose, we developed a modified form of the coefficient of structural changes (Kazinet, 1955, Tövissi, 1979), in order to enable comparisons between qualitative variables such as labour productivity and wage.

This paper is structured as follows. Section 2 outlines the two major economic lines of thought that provide explanations for the relations between labour productivity and wages. Section 3 briefly describes the methodology used to work on our spatial and sectoral data. Sections 4 and 5 focus on the results of the regional and sectoral analysis of productivity - wage dissimilarities. Section 6 provides some concluding remarks on the topic.

Theoretical background

The labour economics literature displays two main approaches to the connection between labour productivity and wages. In neo-classical theory the level of wages is supposed to be determined by the marginal productivity of labour. Firms are activating on a competitive market and the level of wages is established exogenously on the labour market, like other prices in the economy.

From the standpoint of the profit maximizing goal, the decision to hire an additional unit of labour is entirely based upon its effect on the profits. Considering the wage as the cost of hiring one more worker and the revenue as the marginal productivity of the unit of labour, in order to maximize profit, the firm demands each factor of production until the marginal productivity falls equal to the real price of that factor (Mankiw 2003, p. 46-48).

This judgement establishes a clear link between wage and the average productivity of labour: the economic sector with bigger labour productivity would also have higher wages. Increases in labour productivity in one economic sector would magnify the demand for labour, thus producing an increase in wages, at least on the short run. In the long run, this wage surplus is difficult to maintain, since more workers will be attracted by the sector offering higher wages, thus increasing the supply of labour and exercising upon the wages a downward pressure that can bring them back to the average wage. Considering the supply of labour is mobile, from a theoretical point of view the long run effect will be the convergence of wages between sectors, together with an increase in employment in the higher productivity sector, owing to migration of workers.

There is empirical evidence to support this theory derived from the standard neo-classical model. A research for Sweden and Finland, over 1950-2000 period, found that the dispersion (by economic sector) of labour productivity and wages develops in the same direction for the most of the period (Svanlund, 2007), Finland better fitting the neo-classical theory.

Some authors consider this neo-classical theory about the relationship between labour productivity and wage is wrong (Bruce, 2002, Huizinga, 2004). First, they say there isn't necessary a correspondence between output per worker and revenue per worker because, if decline in the demand for the output of a certain sector occurs, market prices will have to reduce too, thus causing a decrease in the revenue per worker, despite any presumable productivity gains. A higher labour productivity may produce a price reduction because it determines the increase of the total output of the sector and, by the laws of supply and demand, when supply rise, the price fall. This decline in prices furthermore produces a reduction in revenue per worker. The agricultural sector of the developed countries represents such an example, the farm incomes being under permanent downward pressure despite constant productivity improvements.

Second, even if revenue per worker actually increase in the higher productivity sector, the consequent higher level of wages may not be sustainable on the long run because the increasing labour supply generated by the workers migrating from lower wage sectors puts a downward pressure on wages.

To sum up, there may be only partial, time-limited connection between labor productivity and wages from the sectoral point of view. Empirical evidence supports these assertions. An example is a research employing statistical data covering 1961-1995 period for Canada, that discovered that regardless of an industry's growth in relative multifactor productivity, relative wages remained unchanged Bruce (2002). Another made in Nederland's showed that a wage push only temporary raises labour productivity in the short run, but it is inefficient in the long run (Huizinga, 2004). Therefore, the author concludes that it is probably best not to use wage policy at all as a tool to influence productivity, but it is very effective as a tool against unemployment.

Methodology

The aim of this paper is to measure the dissimilarities between labour productivity and wage variations from the standpoint of their regional and sectoral values, as compared with the national average. We started from the coefficient of structural changes (Kazineţ, 1955, Tövissi, 1979) that measures the average variation in the structure of a population over a period of time using the quadratic mean of the absolute differences between the present (t) and the previous (o) shares owned by the elements (i) of this population:

$$CS = \sqrt{\frac{\sum_{i=1}^{n} \left(\frac{x_{i}^{t}}{\sum_{i=1}^{n} x_{i}^{t}} - \frac{x_{i}^{0}}{\sum_{i=1}^{n} x_{i}^{0}}\right)^{2}}{n}}$$
(1)

We developed the formula for a coefficient of dissimilarities (CD) that enables comparisons between the structures of two different variables. For qualitative variables, such as wage and labour productivity,

instead of the share of each unit $i(\frac{x_i^t}{n})$ we employ the ratio between the value of the variable for unit $i(\frac{x_i^t}{\sum_{i=1}^{n} x_i^t})$

and the arithmetic mean, as in the formula below:

$$CD = \sqrt{\frac{\sum_{i=1}^{n} \left(\frac{P_i}{P_m} - \frac{W_i}{W_m}\right)^2}{n}}$$
(2)

where:

 $\frac{P_i}{P_m}$ is the ratio between region/sector "i" productivity and the national average;

 $\frac{W_i}{W_m}$ is the ratio between the average monthly wage in region/sector "i" and the

national average monthly wage;

n – number of regions/sectors.

This indicator measures the overall dissimilarities between the spatial/sectoral distributions of wages and labour productivity and its values lays between 0 and $\sqrt{2n}$. For example, when territorial inequalities of labour productivity perfectly mirror the ones of wages, that is for each region i the position it holds against productivity national average is exactly the same as for the wage, there is no discrepancy between the two distributions and the coefficient of dissimilarities is zero. On the opposite, when the regional labour productivity hierarchy is totally different from the one of wages (e.g., the region with the highest wage has the smaller labour productivity) the dissimilarities reach their maximum level: $CD = \sqrt{2n}$, where n stands for the number of regions. Romania has eight development regions, so the regional CD may vary between 0 and 4. Taking into account that we employed 12 main branches for our sectoral analysis, in this case CD may vary between 0 and 4.9.

Regional productivity-wage dissimilarities

In this paper we first investigate the relationship between wage dispersion and labour productivity dispersion in the Romanian development regions. Absolute values of labour productivity and wage presented in the table 1 show little regional variation. In 2000, the territorial coefficient of variation for wages was 13.35% against the 16.31% variation of labour productivity. In 2005 the coefficient of variation for labour productivity recorded a sharp reduction, falling to 3.96%, but the wages variation slightly increased to 14.06%.

Table 1. Regional productivity-wage dissimilarities

	2000			2005				
Regions (i)	Labour productivity (GDP/person in thou RON	Wage (RON /person current	$\frac{P_i}{P_m}$	$\frac{W_i}{W_m}$	Labour productivity (GDP/person in thou RON	Wage (RON/ person, current	$\frac{P_i}{P_m}$	$\frac{W_i}{W_m}$

	current prices)	prices)			current prices)	prices)		
0	1	2	3	4	5	6	7	8
North- East	15.2208	185	0.8754	0.864	60.6997	663	0.9606	0.889
South- East	16.4368	217	0.9454	1.014	62.4436	702	0.9883	0.941
South	15.8948	208	0.9142	0.972	64.9609	716	1.0282	0.960
South- West	17.4566	226	1.0040	1.056	65.3714	734	1.0347	0.984
West	15.9466	204	0.9172	0.953	61.1393	718	0.9677	0.962
North- West	16.4948	191	0.9487	0.892	61.0493	679	0.9663	0.910
Center	16.2320	197	0.9336	0.921	61.1211	661	0.9674	0.886
Bucharest	23.9761	275	1.3790	1.285	67.1918	977	1.0635	1.310

Source: Romanian Statistical Yearbook 2006, Labour cost survey and authors' calculations

These divergent evolutions of labour productivity and wages explain the increase in the dissimilarities between the territorial distribution of their values since 2000:

$$CD_{2000} = 0.0551 \text{ or } 5.51\%$$

 $CD_{2005} = 0.1031 \text{ or } 10.31\%.$

The level of this indicator is near the lower limit of its variation range, proving that the regional distributions of wages and labour productivity are highly connected.

The ratio between the maximum and the minimum wage by regions was 1.49 in 2000 and 1.47 in 2005. For labour productivity, these ratios were 1.58 and 1.10 respectively.

The evolution of the coefficient of dissimilarities shows a big increase in productivity-wage regional differentials in 2000-2005 period. Although it almost doubled, the regional productivity-wage dissimilarities are still very low, especially if compared with the ones by economic sectors.

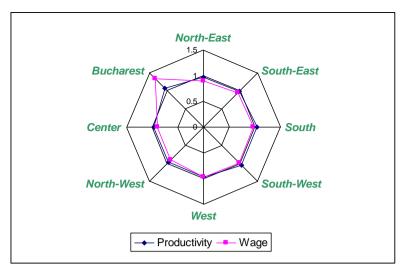


Figure 1. Regional productivity-wage dissimilarities in 2005

Productivity-wage dissimilarities by main branches of economy

In the second part of our empirical study we are testing whether differential levels of labour productivity across economic sectors are reflected in their relative wages. Starting from the wage and labour productivity levels of 12 main branches of the economy in 2000 and 2005 (table 2) we measure the overall

dissimilitude between the distribution of these two indicators by using relation (1), where $\frac{P_i}{P_m}$ is the ratio

between the productivity of branch "i" and the national average and $\frac{W_i}{W_m}$ represents the ratio between the

monthly average wage in branch "i" and the national monthly average wage.

Firstly we measure labour productivity as gross value added /employee, by dividing the gross value added in each branch by its number of employees (table 2). Fundamental problems of labour productivity measurement by this formula arise in agriculture, hunting and sylviculture, where the employees are only a small part of the employed population. These leads to an unrealistic high value of labour productivity, as the gross value added is created by all the population employed in agriculture and the employees hold a smaller share of the employed population, as compared to other sectors of the economy. When labour productivity is measured as gross value added per person employed (table 3), the value of labour productivity in agriculture sharply decreases.

The overall differences between labour productivity and wage distributions of values by branches are far bigger than the regional ones. The coefficient of dissimilarities is:

$$CD_{2000} = 1.1370 \text{ or } 113.70\%$$

 $CD_{2005} = 0.9240 \text{ or } 92.40\%$.

Although the differences between sectoral distribution of wages and labour productivity are significant, considering the full range of variation of this indicator (from 0 to 4.9), there is still considerable productivity-wage connection.

Table 2. Dissimilarities between labour productivity (gross value added/employee) and wage by main economic branches

	2000				2005			
Branches (i)	Labour productivity (Gross value added/person in thou RON current prices)	Wage (RON/ person, current prices)	$\frac{P_i}{P_m}$	$\frac{W_i}{W_m}$	Labour productivity (Gross value added/person in thou RON current prices)	Wage (RON/ person, current prices)	$\frac{P_i}{P_m}$	$\frac{W_i}{W_m}$
0	1	2	3	4	5	6	7	8
Agriculture, hunting and sylviculture	45.40*	164	2.8844	0.7664	169.25*	438	2.9533	0.7312
Fishing and pisciculture	1.00	135	0.0635	0.6308	5.23	361	0.0913	0.6027
Industry	11.72	223	0.7445	1.0421	41.48	658	0.7237	1.0985
Construction	12.43	186	0.7899	0.8692	52.56	558	0.9171	0.9316
Trade	14.50	150	0.9213	0.7009	42.88	458	0.7482	0.7646
Hotels and restaurants	22.67	138	1.4402	0.6449	67.75	425	1.1821	0.7095
Transport, storage and communications	21.72	284	1.3797	1.3271	92.74	795	1.6182	1.3272
Financial intermediations	17.41	526	1.1064	2.4579	81.51	842	1.4222	1.4057
Real estate and other services	58.97	216	3.7466	1.0093	150.76	461	2.6305	0.7696
Public administration and defense	23.38	304	1.4853	1.4206	105.93	550	1.8483	0.9182
Education	5.71	205	0.3631	0.9579	26.06	515	0.4548	0.8598
Health and social assistance	5.17	177	0.3284	0.8271	23.59	443	0.4117	0.7396

Source: Romanian Statistical Yearbook 2006, Labour cost survey and authors' calculations

^{*} This unusually high value is due to the low share of employees in the total population employed in agriculture.

If agriculture, hunting and sylviculture and real estate are excluded because of their extreme values which distort the results, the level of the coefficient of dissimilarities decreases to 54.27% for 2000, respectively 39.24% for 2005.

Better results are obtained by measuring labour productivity as gross value added per person employed (table 3).

Table 3. Dissimilarities between labour productivity (gross value added/person employed) and wage by main economic branches

	2000				2005				
Branches (i)	Labour productivity (Gross value added/person in thou RON current prices)	Wage (RON/ person, current prices)	$\frac{P_i}{P_m}$	$\frac{W_i}{W_m}$	Labour productivity (Gross value added/person in thou RON current prices)	Wage (RON/ person, current prices)	$\frac{P_i}{P_m}$	$\frac{W_i}{W_m}$	
0	1	2	3	4	5	6	7	8	
Agriculture, hunting and sylviculture	2.49	164	0.3025	0.7664	9.115	438	0.3006	0.7312	
Fishing and pisciculture	0.6	135	0.0728	0.6308	3.925	361	0.1295	0.6027	
Industry	10.95	223	1.3287	1.0421	35.15	658	1.1593	1.0985	
Construction	11.13	186	1.3502	0.8692	39.5	558	1.3029	0.9316	
Trade	10.61	150	1.2876	0.7009	27.97	458	0.9223	0.7646	
Hotels and restaurants	20.48	138	2.484	0.6449	45.84	425	1.512	0.7095	
Transport, storage and communications	19.18	284	2.3265	1.3271	70.78	795	2.3343	1.3272	
Financial intermediations	16.71	526	2.0269	2.4579	69.73	842	2.2999	1.4057	
Real estate and other services	38.52	216	4.6726	1.0093	93.73	461	3.0915	0.7696	
Public administration and defense	23.54	304	2.8554	1.4206	102.3	550	3.3725	0.9182	
Education	5.53	205	0.6703	0.9579	23.09	515	0.7617	0.8598	
Health and social assistance	4.62	177	0.5609	0.8271	20.47	443	0.6751	0.7396	

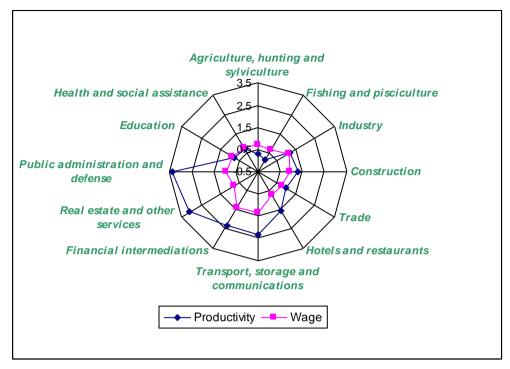


Figure 2. Sectoral productivity-wage dissimilarities in 2005

The ratio between the maximum and the minimum wage by branch was 3.90 in 2000 and decreased to 2.33 in 2005. For labour productivity, these ratios were 64.20 and 26.06 respectively. Based on this reduction of the distances between the extreme values of the distributions, the overall dissimilitude coefficient also decreased in 2000-2005 period:

$$CD_{2000} = 1.3349$$

 $CD_{2005} = 1.0978$.

The values of the coefficient of dissimilarities are relatively low, showing a significant connection between labour productivity and wages from the sectoral point of view.

Final remarks

The relation between labour productivity and wages is an issue of great interest for economists. Against the neo-classical theoretical belief upon the strong connection between labour productivity and wages, empirical evidence reveals important differences in their variation.

In this paper we investigated the cross-section relation between the dispersion of wages and productivity in Romania, both by regions and by economic activity. We found insignificant differences between the territorial variations of those two variables. However, the distribution of labour productivity across economic branches is in a much bigger dissonance with the sectoral distribution of wages. There is a tendency favoring the reduction of these differences in time, mainly due to a faster increase of labour productivity in the less favored branches of the economy, thus reducing the gap.

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EVALUATING THE COMPETITIVENESS OF THE TOURISM IN ROMANIA

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Abstract: The tourism competitiveness is a relative, multidimensional, complex concept when its applicability area includes national economies and tourist destinations, due to the variety of the economic, ecologic, social, cultural and political factors that provoke it. Therefore, the economic literature abounds in definitions and quantifications methods of competitiveness in tourism, most of them being independent, each expressing however different points of view and pointing out the preceding factors. The competitiveness of tourism is defined as being the ensemble of the policies and actions that sketch out the ability of a country of creating and maintaining an environment that supports the value for its companies and prosperity for its residents. The International Economic Forum has developed an index of the competitiveness of the tourist attractions that reflects, in this particular study, the facto state of the Romanian tourism.

Key words: competitiveness, tourism, factorial endowments

1. Theoretical background

The travel and tourism (T&T) competitiveness index is based on three categories of variables that determine the T&T competitiveness. These categories are summed up into three subindexes: (1) the regulatory frame of the T&T; (2) the infrastructure and the business environment; (3) natural, cultural and human resources. The first subindex catches the elements that will make the governmental politics become the object of discussion, the second subindex incorporates the elements of the business environment and of the infrastructure of each economy; the third subindex includes human and cultural elements of the factorial endowments of each country.

Each of these indexes consists in exchange of 13 pillars of the T&T competitiveness. They are: (1) Regulations in the domain of the tourism policies; (2) Environment regulations; (3) Safety and security; (4) Health and hygiene; (5) Prioritization of travels and tourism; (6) The infrastructure of airway transportation; (7) Infrastructure of the terrestrial transportation; (8) The infrastructure of the tourist attraction; (9) Informational technology and communications infrastructure; (10) Price competitiveness in the T&T industry; (11) Human resources; (12) The perception of the national tourism; (13) Natural and cultural resources.

The regulations in the tourism policies area refers to how much do the political environment influences the developing of the tourism and travels sector in each country. This pillar facilitates the foreign direct investments, the protection of the rights of intellectual property, the visa request as a barrier before entering a country, the opening for bilateral agreements of air service transportation.

The importance of the natural environment in ensuring an attractive tourist location is incontestable, the environment regulations being a premise of the fact that a country will continue to be an attractive destination in the future as well.

The safety and security are determinant factors of the competitiveness in the tourism and travel sector of one country. The tourists avoid the countries or the regions with a high degree of dangerousness, thus contributing at diminishing the attractiveness of tourism in these locations. In the case of this pillar, the criminality rate, the violence, the terrorism, and how the police gets involved in ensuring the protection against crimes, are evaluated.

Health and hygiene are as well determinant factors of T&T, through the access within the targeted country, to tap water and sanitary system for the comfort and health of the travelers.

Travel and tourism prioritization is concerned with clearly acknowledging the fact that the tourism and travel sector is a priority which has to be reflected in its budgetary priorities.

The infrastructure of the airway transportation is very important because it facilitates the access to tourist destinations. The airway transportation is appreciated both from a quantitative point of view – the number of departing plains, number of kilometers, the density of airports, the number of airway operators - , as well as from a qualitative point of view, including the domestic flights, as well as the international ones.

What is essentially in order to move around in a developed country is the quality of the infrastructure of the terrestrial transportation. In this case, the quality of the roads, highways, ports comes first, as well as the way in which the national transportation network allows efficient movement and accessible to the main business centre and tourist attraction in one country.

The tourist infrastructure includes the accommodation infrastructure (the number of hotel rooms), the existence of the rent a car type companies and the financial infrastructure (the ATMs' availability).

Given the growing importance of the online environment for a modern T&T industry, in order to plan itineraries and organize travels and accommodation, incorporating the ICT infrastructure quality becomes vital, in the structure of the competitiveness index of the tourism and travel sector.

In this case, the rates of penetration of the informational technology and communication (Internet and phone lines etc) become the object of evaluation, namely the usage of Internet for doing business transactions in an economy.

The price competitiveness in the travel and tourism industry is, obviously, an important element of the T&T competitiveness through the fact that the diminishing of costs increases the attractiveness in some countries for many tourists. In order to quantify the price competitiveness of a country, factors such as airport taxes, the price of the tickets, the level of the price for gas compared to other countries, the purchasing power parity, are taken into account.

The human resources are evaluated through the level of health, education and training in each economy. The education and training evaluate the rate of participation to the early education, as well as the quality of the educational system in each country. From the perspective of the formal educational system, it is appreciated the involvement of the private sector in improving the human resources, including the availability of the services of specialized training. This subpillar practically measures the qualified work availability and evaluates the degree in which the employments and the firings are prevented by the regulations, and whether the work legislation facilitates or limits the employment of the foreign manpower. The health subpillar of the manpower takes into consideration a series of health indicators such as the prevalence of some specific diseases and the average life hope of the citizens of a country.

The perception of the national tourism measures the opening of the society towards tourism and its foreign visitors. The general attitude of the population towards tourism and foreign travelers has a great impact on the T&T competitiveness. In this case, it is evaluated to what extent the population of one country has a positive attitude towards the foreign tourists, to what extent the business leaders are disposed to recommend rest travels in their country to the important business partners and the degree of the tourism opening (the tourist expenses and gains as a percent from GDP).

The countries that are capable to offer the tourists access to their cultural or natural assets definitely hold a real competitive advantage. Within this pillar, are included the appreciation of the cultural heritage, quantification of the attractiveness of the environment and estimating the health risks, especially in the case of some tropical diseases.

2. Travel & tourism competitiveness index. The case of Romania

Table no. 1. indicates the fact that Romania is positioned among the less competitive states in the world regarding tourism and travel, the 76th place held by our country out of 124 countries being due to, mainly, the deficiencies that characterize the airway and terrestrial infrastructure. In ensemble, Romania has totalized 3.9 points out of 7 compared to 5.6, the points obtained by the leader of the classification, Switzerland, and 2.6 given to Chad, that has occupied the last position, out country occupying the position between Azerbaijan and El Salvador.

Table no. 1. The T&T competitiveness index for Romania

	Rank/124	Scor
The T&T competitiveness index	76	3.9
The environment of the T&T regulations	87	3.9
The regulations within the tourism policies area	67	4.6
Environment regulations	101	3.3
Security and safety	72	4.3
Health and hygiene	99	3.7
Travels and tourism prioritization	82	3.4
The infrastructure and the business environment	74	3.2
The infrastructure of the airway transportation	93	2.4
The infrastructure of the terrestrial transportation	77	3.0
The tourist destinations infrastructure	50	3.5
The ICT infrastructure	56	2.8
The price competitiveness within the T&T industry	87	4.2
Natural, cultural and human resources	71	4.7
Human resources	76	5.0
Training and education	52	4.9
The availability of the qualified manpower	91	3.9
The health condition of the manpower	76	6.1
The perception of the national tourism	95	4.4
Natural and cultural resources	46	4.6

Source: World Economic Forum, Travel and Tourism Competitiveness Report, 2007

The first places of the 2007 top are occupied by European states such as Switzerland, Austria, Germany and Island, followed by USA, Hong Kong, Canada, Singapore, Luxemburg and United Kingdom. Bulgaria occupies the 54th place, with a total of 4.3 points and France, the most popular tourist destination in the world, occupies the 12th position, situation which is determined mostly because of French people's attitude towards foreign tourists.

The most critical aspects that our country faces in tourism are the business environment and the infrastructure that have accumulated 3.2 points. The lowest credits have been given to the airway transport infrastructure (2.4 points), ICT infrastructure (2.8 points) and the terrestrial infrastructure (3 points). The airway transportation has received a derisory mark first of all because of the insufficient number of airports in our country and again, because of their limited area. The terrestrial transportation and ICT have received low scores because of the insufficient development of their infrastructure. Out of 13 categories taken into consideration in calculating the competitiveness index of the tourism and travel sector, Romania has had competitive advantages in only 6 categories: the natural and cultural resources (the evaluation takes into account the level of carbon dioxide, the number of national reservations and places protected by UNESCO) – 46th position, norms and regulations (the requirements for visa for tourist purposes and the opening for bilateral agreements of airway service transportation) – 67th position, tourism infrastructure - 76th position. The chapters where Romania faces difficulties are: safety and security – 72nd position, environment regulations – 101st position, health and hygiene – 99th position, tourism promotion – 82nd position, tourism tariffs competitiveness – 87th position, the weight of spending of the foreign visitors on the tourist services – 95th position.

Romania has been penalized in what concerns the regulations as well which have totalized 3.9 points. In this case, the environment regulations have received the lowest score, 3.3 points, at the other end being the rules and regulations in the domain of tourism policies with 4.6 points.

Romania has received the highest score for the human, natural and cultural resources (4.7 points). Thus, the highest score has been given to human resources (5 points), followed by the natural and cultural resources (4.6) and national perception of tourism (4.4 points). The evaluation of human resources has taken into account the population percentage of elementary, secondary education, the existence and preventing of certain diseases, such as HIV and tuberculosis, and the life span hope.

Romania occupies the 107th position by the importance that the government of our country gives to the tourism sector compared with the other domains of the national economy. According to the same criteria, Bulgaria occupies the 58th position. From the point of view of the importance that the government offers to the long term development of tourism and transportations, Romania occupies the 115th position, the first three places being held by Singapore, New Zeeland and Tunis.

The promoting of the Romanian tourism has received a score of 3.4 points which has placed our country on the 82nd position in the world, and the low efficiency of the marketing strategies and branding have ensured us the 111th position in the world top.

The competitiveness of the tariffs from the Romanian tourism has placed us on the 87th position, with a score of 4.1 points. The competitiveness of the tariffs has been calculated according to the airway transportation taxes, the purchasing power and the price of carburant.

The amount spent by the foreign visitors on the tourist services in the country has placed us on the 95th position, with a score of 4.4 points. The access to improved sanitary facilities and to the adequate sources of potable water has placed us on the 85th, respectively on the 103rd positions.

The airway and terrestrial transportation has placed us on the 93rd place in the world with a score of 2.3 points, respectively on the 77th place with a score of 3 points. The quality of the land transportation, ruttier and maritime has ensured for Romania the 111th place, respectively 54th place, and regarding the maritime infrastructure, Romania has occupied the 75th position.

The Romanian infrastructure from the tourism and ICT sectors have placed us on the 50th position in the world, with a score of 3.5 points, respectively on the 56th position with a record of 2.8. Regarding the safety and security, Romania has occupied the 72nd position in the world with a score of 4.2, and for health and hygiene in the Romanian tourism, we have occupied the 99th position in the world with a score of 4.2.

The taxes in Romania are relatively high given the specific conditions of the state, our country occupying the 108th position from this point of view. The lowest taxes are in Bahrain, and the highest in Brazil.

The degree of freedom offered to the foreign properties in the country has ensured us the 81^{st} position, and respecting the property rights which concerns as well the financial assets, has placed us on the 76^{th} position in the world top.

The degree of trust in the police force concerning protecting the business in Romania has placed us on the 79th position, the first positions being occupied by Finland and Germany.

The states with the most appreciated governmental rules for foreign direct investment are Singapore and Ireland, Romania occupying the 88th position after Ethiopia and before Greece. Regarding the people's attitude towards the tourists, Romania occupies the 76th position.

The analyze of regional competitiveness, based on the data offered by the Tourism World Council, makes a comparison between 8 countries close to Romania which are considered to be competing countries in tourism: Bulgaria, Croatia, Serbia and Montenegro, Hungary, the Czech Republic, Slovakia, Poland and Ukraine.

The competitiveness index of the tourist industry has been obtained by calculating the arithmetic average between the following indexes: price, infrastructure, environment, technology, human resources, opening and social issues, whose values on a scale from 0 to 100 shows the performance of each country compared to the other states. The data sources for these indicators consist mainly of development indicators elaborated by the World Bank, but of UN and Tourism World Council reports as well. According to this calculation, the competitiveness index of the Romanian tourism industry is 58.91. In the plan of the tourist competitiveness, Romania is surpassed by the most representative that adhered to the European Union on the 1st of May 2004, Hungary (78.44), the Czech Republic (74.47), Slovakia (62.84), Poland (66.03), as

well as Bulgaria (68.57) and Croatia (68.04). Even so, our country keeps an advantage towards Ukraine, Serbia and Montenegro.

Romania is more competitive compared to some of its competitors in the prices, environment, opening towards commerce and tourism and in the social areas, and less competitive in the technology, human resources and infrastructure areas. Compared to Bulgaria, Romania is more competitive when it comes to prices (regarding the fares for the hotel rooms, in 2004; the parity index of the purchasing power; the level of taxing in tourism), infrastructure (only regarding the roads and the railways – with superior indexes to Bulgaria), environment (less carbon dioxide emissions than Bulgaria, but a higher density of the population), technology (only for the high-tech exports chapter), social (for the TV sets and newspapers indexes).

Compared to Croatia, Romania is more competitive in the prices area (only at taxing level chapter in tourism), environment (less carbon dioxide emissions than in Croatia, but a higher population density), international opening (only for the level of taxing in the international commerce) and the social domain (the TV sets and newspapers indexes).

Compared to Hungary, Romania is more competitive only in the prices area (fares for the hotel rooms, in 2004 and the level of taxing in tourism) and social domain (only for the TV sets index).

Compared to Slovakia, Romania is more competitive only in the prices area (fares for hotel rooms, in 2004), human tourism (only for the people's involvement in the tourism), environment, technology (only for the high-tech exports), international opening area (visas) and the social area (TV sets and newspapers indexes).

Compared with the Czech Republic, Romania is more competitive only when regarding the prices (fares for hotel rooms, in 2004 and the level of taxing in tourism) and the social domain (only for the TV sets and newspapers indexes).

Compared to Poland, Romania is more competitive only when it comes to prices (fares for the hotel rooms, in 2004 and the level of taxing in tourism), human tourism (the economic impact in tourism), technology (only for high-tech exports), international opening (the index of opening in tourism and the index of opening in commerce) and the social domain (only for the TV sets and newspapers indexes).

Compared to Ukraine, Romania is more competitive in the prices area (for the fares on hotel rooms, in 2004, the purchasing power parity and the level of taxing in tourism), human tourism (the population's involvement in tourism), environment (less carbon dioxide emissions than in Ukraine, but a higher population density), technology (the number of Internet users, mobile telecommunication, high-tech exports), the international opening (visas, the level of taxing in the international trade) and the social domain (human development indexes, newspapers index, computers and TV sets indexes).

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YESTERDAY'S ACTIVISTS, TODAY'S ACTIVISTS? ORGANIZATIONAL CAREER AND COMMUNITY INVOLVEMENT IN PRESENT DAY ORADEA

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The article investigates the relationship between the organizational careers of residents of condominiums from Oradea – holding leadership positions before or/and after 1990, belonging to the regime's organizations and their present day social activism. Data from a random sample of 300 shows that a rich organizational biography correlates with high level of community involvement. The results are discussed from a theoretical point of view and considering their consequences for politics of community development.

Introduction

The studies on identification of characteristics associated to participatory behavior, political entrepreneurship (Frohlich, Oppenheimer, & Young, 1971) or leadership (Kouzes & Posner, 1997) are marked by several ambiguities, methodological shortcomings or unanswered questions. In Romania such questions are even more sensitive as the issue of participation has to be balanced with ethical problems as belonging to leading structures of the former regime or the moral nature of the qualities which defines a person as being active. This paper is trying to contribute to the explanations of the relationship between social activism of oradean adults and their functional positions through their biographies. With this aim we will investigate the relationship between community participation and the fact that they held leading positions before and after 1990, using survey data from 2007 conducted with 305 people.

Theoretical considerations

To start our analysis we need to review several theoretical standpoints regarding the relationship between social activism and functional and associative career.

A first relevant perspective to explain social activism is the one that attributes it to a psychological predisposition, talent or tendency. According to this theory, an active person is born with this predisposition, or at least activism is the result of deep socializing mechanisms, which occurred most probably during childhood and are hard to be controlled. Brady, Verba and Scholzman (1995) use these mechanisms to explain political participation rates, and support for this theory can be found also for Romanian studies (Dodescu, Hatos, Chioncel, Săveanu, & Titieni, 2004; Hatos, 2006).

In political studies in the 70's and the 80's there was a popular approach to explain participation through the additional resources derived by a higher status. The lack of specification of causal mechanism which link socio - economical status with participation, besides the direct effect of money and time, was later completed by Brady, Verba and Scholzman (1995) who introduced the concept of civic competencies defined as "communication and management skills essential for political action" (p. 272), but which can be defined also as general competencies acquired during ones life which can be transmitted to other fields. There are several factors which explain the different investments of people with civic abilities. One is formal education which determines involvement in two ways: the better educated are more capable to understand their environment, to communicate and organize themselves, and also have more central positions in the social networks. More, work, voluntary associations and churches are institutional frames in which one can acquire civic competencies. In the field of social movements there have been gathered important data supporting the idea of a previous activism which raises the probability of a future activism. Even if the know-how obtained through direct participation can explain involvement, other intermediary factors were also investigates (McAdam, McCarthy, & Zald, 1988) (McAdam, McCarthy and Zald, 1988). For example, during participation in different voluntary associations one can develop an activist identity together with to correspondent role sets and searches to act accordingly. The longest to activism history, the more important is the role of activist in ones identity (Becker, 1963).

In light of these findings, a question less studied in Romania is the impact of previous involvement in voluntary associations on present activism, with an obvious reason: the short democratic history can not justify a significant history of association membership - as the communist organizations can not be considered voluntary so their impact on civic competencies and abilities is limited. In a recent article Marc Morie Howard (2003) proved the somewhat counter-intuitive correlation between the lack of activism in the communist period and the skepticism for involvement after communism in Eastern Germany and Russia. The reciprocal is also true: referring to members of communist parties from the former socialist republics from the East of the Iron Curtain Bahry and Silver (1990) noticed that these match, from several points of view, with the typical image of the western activist. Nevertheless, the impact of membership and activism in general voluntary organizations as the Communist Youth Union and the Communist Party are under-investigated. For most of Romanian adults aged above 35, these organizations where the only ones in which they could behave as activists. Did these organizations promote the acquisition of civic competencies and abilities which sustain future activism? Did they develop activist identities, people which always get involved in social dilemmas, which still act and motivate others? Or, on the contrary, consequent to the negative learning will consider the idea of voluntary actions as old-fashioned and illegitimate.

Synthesizing these three perspectives the obvious empirical hypothesis is that there should be a positive relation between current activism and the positions held by a person in the past. Either that the past positions are merely a reword and a clue for a predisposition for activism, either that because the person acquired through these positions different civic competencies, we expect that between previous positions held and current civic involvement to have a significant relation.

Data

The data presented in this section have as basis the results of a survey conducted in November 2007 in Oradea on a random stratified sample of 410 subjects. From these, about 66% live in flats from buildings built before 1990, these being the sub-sample on which I have conducted the analysis from this chapter

Variables

a. Community involvement

Community involvement was measured in our survey through three scales with a different referent: a factual scale regarding the subject, another regarding members of the family and one measuring subject's disponibility for participation.

Table 1. During the last 12 months have you participate at the following activities?

	NO	YES	It was not the case	I do not know	no answer
Participation at a public meeting regarding the neighborhood's problems	69,8	19,0	10,5	,3	,3
Participation at a public meeting regarding the building's problems	41,6	51,5	5,9	,7	,3
Voluntary contributions for the neighborhood	44,9	46,9	6,6	,3	1,3
Voluntary contributions for the building	75,4	13,1	9,8	,7	1,0
Making formal notices regarding neighborhood's problems	77,7	10,2	9,8	1,0	1,3
Church Donations	42,6	53,1	1,3	1,0	2,0
Help for poor	34,1	60,0	2,3	,7	3,0
Discussions with neighbors regarding solutions for area's problems	48,7	41,8	6,6	1,3	1,6

Table 2. During the last 12 months have anybody from your family participate at the following activities?

	NO	YES	It was not the case	I do not know	no answer
Participation at a public meeting regarding the neighborhood's problems	62,3	23,3	5,2	7,5	1,6
Participation at a public meeting regarding the building's problems	43,9	43,9	3,9	6,2	2,0
Voluntary contributions for the neighborhood	47,5	39,0	4,6	6,9	2,0
Voluntary contributions for the building	69,7	13,5	6,9	7,9	2,0
Making formal notices regarding neighborhood's problems	72,1	11,1	6,9	7,5	2,3
Church Donations	38,4	49,5	1,6	8,2	2,3
Help for poor	34,4	52,1	1,3	10,2	2,0
Discussions with neighbors regarding solutions for area's problems	49,8	35,4	3,3	9,5	2,0

Table 3. Would you participate at the following activities?

	NO	YES	It was not the case	I do not know	no answer
Public meeting regarding the neighborhood's problems	32,5	59,3	1,3	4,9	2,0
Public meeting regarding the building's problems	19,3	75,7	,3	2,3	2,3
Voluntary work for local problems	40,3	48,5	1,6	7,2	2,3
Making formal notices regarding neighborhood's problems	40,0	48,5	1,6	8,2	1,6
Church Donations	16,4	77,0	,7	3,3	2,6
Help for poor	8,9	85,6	,7	3,0	2,0
Discussions with neighbors regarding solutions for area's problems	19,7	73,1	,7	4,9	1,6

The most frequent, in the case of the 305 people who live in flats, are the philanthropical actions which revels both socially altruist trends as well as respect for traditional social norms. A higher frequency for positive answer we have in the case of semi-voluntary collective actions in the neighborhood such as public meetings regarding the building's problems or "voluntary contributions" for the building. Each of the questions sets are valid scales with high fidelity (alpha>0.7), obviously after adding median scores for missing cases for each item. The three scores are strongly correlated, which indicates the fact that community participation's intensity characterizes in the same manner families as its members taken separately, and that these are indicated by the disponibility for participation. This result is significant as it allows the usage measures at individual levels for the family level.

The items of the first scale and those from the third we can create a score with a high fidelity (alpha = 0.854, N = 305), which can be considered an individual community participation score. This score has an

range between 0 and 15, with a mean of 7.6 and a standard deviation of 3.8 points from the scale. This variable's histogram reveals a bi-modal distribution, with a peak at the null value of the scale - indicating that there is a significant category of subjects which neither participate nor have the disponibility for it, and another peak for the high levels of the scale.

b. Functional biography

The relevant functional biography is indicated by the fact that one held leading positions and membership in political organizations of the communist regime. These were control structures for social activism and also promotion structures for higher status hierarchy, their capacity to indicate the adhesion to the communist ideology being obviously limited. As the social status is transmitted through family we introduced also items regarding holding leading positions for family members.

Table 4. Functional biography (percentages)

	NO	YES	Not case	the
Did you hold a leading position before '89?	82,3	10,8	6,9	
Have you been chief for at least three people before '89?	79,0	12,8	8,2	
Currently, are you chief for at least three people?	84,6	9,5	5,9	
Currently, some of your close relatives is chief for at least three people?	66,9	24,9	8,2	
Before '89, have you been member of Communist Youth Union?	66,9	22,6	10,5	
Before '89, have you been member of Communist party?	76,4	13,8	9,8	
Before '89, did you hold leading position in CYU?	86,9	3,3	9,8	
Before '89, did you hold leading position in the Communist party?	88,2	2,6	9,2	
Before '89 did you hold a leading position at your working place?	81,0	10,5	8,5	
Before '89 did you hold any other leading position?	86,2	4,9	8,9	
After 1989 did you hold a political leading position?	94,1	1,0	4,9	
After 1989 did you hold a leading position at your working place?	81,0	15,1	3,9	
After 1989 have you been chief of your building?	91,5	4,3	4,3	
After 1989 have you worked in tenants association?	91,5	4,6	3,9	

I have presented the percentages in table no. 4 both to show that the organizational history of our apartment owners from our sample reflect known life stories, the distributions being dependent on the moment of life cycle at which the interview was conducted, as well as to warn about the fact that due to the reduced occurrence of some events (having political leading positions after 1990 or having leading positions in the communist party for example) some statistical tests will be difficult.

Relationship between community participation and functional biography

Testing the influence of leading positions or the membership in organizations of the communist regime was done simply, by calculating t test of means difference between those that answered positively at functional biography questions and those who gave negative answers.

Table 5. Moments of functional biography and community participation

	The common and the between	score of articipation differences	
	NO	YES	Not the case
Did you hold a leading position before '89?	7,51	9,06*	6,86
Have you been chief for at least three people before '89?	7,58	9,10*	5,88
Currently, are you chief for at least three people?	7,62	8,76	5,94
Currently, some of your close relatives is chief for at least three people?	7,40	8,76**	6,12
Before '89, have you been member of Communist Youth Union?	7,57	8,59*	5,94
Before '89, have you been member of Communist party?	7,85	7,74	5,80
Before '89, did you hold leading position in CYU?	7,81	8,30	5,83
Before '89, did you hold leading position in the Communist party?	7,78	9,75	5,57
Before '89 did you hold a leading position at your working place?	7,62	9,06*	6,00
Before '89 did you hold any other leading position?	7,70	9,60*	5,85
After 1989 did you hold a political leading position?	7,62	9,67	7,40
After 1989 did you hold a leading position at your working place?	7,40	9,02**	7,17
After 1989 have you been chief of your building?	7,58	9,69*	6,62
After 1989 have you worked in tenants association?	7,57	9,86**	6,58

^{*}p<0,05; **p<0,01

Each situation between the above items corresponds to higher scores of community participation. Yet, mostly due to big standard errors generated by the small number of cases with positive answers, the differences are not significant using t-test. We can thus say that if we could repeat the survey on a larger number of cases more of the comparisons from the above table would be significant.

Discussion and conclusion

As expected, each situation of having a leading position or membership to communist party or communist youth union has a correspondent current score of community participation higher then in the cases when these situations were not recorded. More, people who say "it is not the case" to questions of functional biography have the lowest scores of community participation. This means that people from the generation of over 35 has the lowest disponibility for social participation.

Diverse leading positions held before 1990, the positions held after the Revolution, as well as membership in the Communist Youth Union have the strongest links with the measure of involvement in solving neighborhood's problems. From this result we can consider as explained at least one of the unclear social transformations of transition: the socially active persons from the present day are, generally, the same as those that were active in the old regime. The causes of this activism remain though unclear. The constant positive correlation between different functional moments and community participation suggest the manifestation of a general activism independent of political institutional or ideological context, consequent with the general participation mechanism developed by Conway and Hachen (2005). The same data support also the hypothesis of acquiring by the current participants specific civic competencies and identities at their work or in organizations in which they held leading positions.

The important impact of social context, revealed by the significant score of the item "currently one of the close relatives is chief for at least three people" warns us, on the other hand, that understating activism as a

matter of strictly personal determination, maybe psychological is a mistake. This correlation indicates the fact that we can talk of socially active families, as well as inactive families from the same perspective. Overtaking the naïve determinism of heredity or common socialization we believe that a plausible interpretation is that the resources for participation are transmitted through families as in the case of socioeconomical status. The observation is more relevant as we know the fact that social involvement is influenced by actor's status resources, as educational level or occupational status.

Our results lead to several conclusions. First we find that holding a leading position before 1990 or the membership in the Communist Party is not necessarily the result of opportunism or ideological short-sightedness but rather the path of manifestation of a active personality under the conditions of that period. From this point of view, the communist organizations had, paradoxically, a rather positive effect on our lives. Second, we can think that any organizational responsibility or the mere participation in organizations can support the disponibility for social participation, either through acquiring civic competencies or by creating settings in which participatory roles can be learned and practiced. Third, it is highly probable that the participatory personality is not derived from a genetical heredity or mysterious psychoanalytical processes, but rather from social position - characteristic with an intergenerational reproduction trend - and specific with its culture.

Studies of this type must be improved with through analysis which should investigate with refined means the impact of context and biographical variables on participation. Managing civil society organizations as well as the resources for activism and leadership, along with the efforts of development could benefit from such a research area.

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EUROPEAN ECONOMIC INTEGRATION: AN ANALYSIS OF SMES

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Summary: The European Integration is a complex process that, in time, proved to bring advantages to all the member states. However, in order to get those advantages it is highly necessary for each economic operator to know, understand and respect the mechanisms of The Single Market and its exigencies.

The European integration is confronted with two big challenges of the whole process developed on a period of 50 years, which are the 27 members expansion and the insertion of the unique coin.

Keywords: Small and Medium Sized Enterprises; SMEs; entrepreneurship; European Economy.

Introduction

The world we live in is marked of uncertainties because Europe is confronted with a deep ageing of population and a crisis of the social and health insurance system. We can talk of a New Industrial Revolution where we find a strong competition between U.S.A., Japan and China.

Each extension of the market gives an economic advantage to the concerned parts in different ways. The little and weak economic countries will win by producing low quantities from the products they hold comparative advantages. These countries will export the products to the big sized integrated market which has the ability to absorb them. The integrated space will strengthen it's power compared to the nearby competitors and to the world economic market.

Situation of European SMEs

Spot-checking reflects that many Romanians have confidence in EU and have a realistic representation of it. When they think at EU most of Romanians associate it's positive image with the success of the Romanian economy and with the expression of the liberty movement of persons as result of eliminating visas. When they are asked about the negative aspects of the integration of Romania in the EU few of them beware of the risks we assumed like the high-possibility of more unemployed persons because of the incapacity for some sectors to become competitive.

Opening the new markets brings pressure to the enterprises, especially those operating in industrial fields with a long history.

The accession to the European Union represents for the Romanian companies the access to a 450 million-consumer market through the removal of the barriers to the free movement of goods and services. The business community must therefore understand that there are both long-term advantages and short-term risks and these must be optimally managed. We want the business community to be informed as well as possible about the procedure of alignment to the Community standards. To this end, the Ministry of European Union aims to reinforce communication with the business people and provide expertise on various sectors of the acquis, in association with the other institutions concerned and the employers associations. If business people are better informed, they will be able to prepare more efficiently for the Internal Market of the Union.

The small and medium-sized companies have a major contribution to the success of the Romanian economy. This sector of companies constituted – in the last years – the principal pillar of the member states of EU. The small and medium-sized companies are the key sector that could generate economic growth and it's durability.

Compared with other states from the EU, the small and medium companies prevail in the Romanian economy – 99.5% from total companies, and have a substantial contribution in yielding GDP and to the degree of occupied labor forces. But, analyzing the density of the SMEs, Romania has a density of 20.38 SMEs / 1000 habitants (Source: Calculations based on information from Annuary Statistics, year 2006),

very much underneath Bulgaria (27.6 SMEs / 1000 habitants) or Czech Republic, Hungary or Poland with an average of 42.3 SMEs / 1000 habitants. (Source: Fezability study for gaining access to SMEs finances, start-up and micro-enterprises from Romania, Global Partners 2005).

The small and medium companies represent the backbone of economy in all the countries of EU and they generate a factor of economic progress. They also absorb an important part of labor force (approx. 70% of labor market) and yield a generous part of GDP (approx.60%). They have the capacity to answer in real time to a competitive market and to adapt very fast to cyclic and structural economic changes.

The European Entrepreneurial model will constitute the key to realize with success the European integration which was started last century. The major challenges for the European Model, the extension by acquiring new members, The Single Market and the Economic and Monetary Union – when Euro is introduced, will have chances of success only if the entrepreneur sector will be even more supported. The latest studies show that economic results of China are better than Japan, and is very possible that European Union will have weaker economic results than other regional groups.

The small companies and especially the ones that have economic activity only in Romania, are less informed about institutions that work in the EU, they know few issues about the communitary acquis, and aren't very well trained for achieving what they need in this direction.

Companies expect information mainly from the Chamber of Commerce an Industry. In some cases the companies do not have sufficient initiative nor the chamber has a proactive campaign in informing SMEs.

Business support structures

We must analyze the costs of direct modernization of the product capacities, how to raise the capacity of our products to be more competitive on the EU market. In this category of costs we find direct connected costs of modernization the product capacities in the economy sectors (increase the technological levels, increase the quality of products) without including the costs of modernization the equipments of production which can assure the standards of production, environment, and safety needed in the EU.

We must analyze he costs like the "Indispensable investments" for the economic and social development of Romania but it is difficult to calculate distinct costs directly connected to the process of Integration.

As you can see the majority of afferent integration costs of Romania to European Union exist because of the different institutional structures, priorities and national economic politics. At the micro level, the majority costs of integration to EU drift from a reduced level of competitivity of some sectors.

The participation to European pan-nets for the purpose to establish new commercial relations is very recommended to increase the competitivity of small and medium companies. For example: new cooperation in the industrial sector or identifying potential investors. It is known that promoting this type of networks will have as result cheaper services for business.

In 2005, were 36 authorized industrial parks law according, and supported by the Government and which benefit of certain fiscal exemptions settlements emitted from The Ministry of Interior and Administration Reform(MIRA): 9 private parks, 21 public parks and 6 public – private parks. The allocation of industrial parks to regions is disproportionate, from 1 park at West to 12 parks in The Center Region.

We have 21 business incubators and most of them are located in the South-West region (24%) and in Center (19%). These incubators host approx. 11 SMEs, very much under the average of EU (34 business incubators). Most of Romanian incubators have a lack of resources and experience in business.

The weak endowment with infrastructures, including utilities and the lack of spaces and of technologies of information and communication are the major problems of the structures that support business. In few cases, the industrial parks offer assistance in accessing founds from financial institutions.

After analyzing the sources of finance, it was demonstrated that ponderosity of loans, leasing and factoring raised proportionate with the SMEs. Micro – enterprises use own sources of finances and this is the reason why they bankrupt very often.

Financing sources	Percentage in total SMEs				
	Micro	Small	Medium		
Own resources	79.53	74.30	77.95		
Bank loans	37.84	59.78	72.44		
Leasing	20.10	41.62	58.27		
Loans from financial institution	1.74	3.35	7.87		
Factoring	1.12	5.59	11.02		
Guarantees from the Romanian SME Guarantee Fund	0.12	0.00	0.00		
Other financing sources	0.37	0.56	0.79		

SMEs financing sources by size classes
Source: White Charter of Romanian SMEs, 2006

Entrepreneurship needs larger support

Entrepreneurship contributes in creating places for labor force and economic growth. The new firms, especially the small ones are the main creators for labor force. The states that have a bigger rate of entrepreneurship record a smaller rate of unemployment. For example, in Holland, between 1995 – 1999, 8% first companies created 60% from the growth of workplaces. In U.S.A. 350.000 of companies with fast growth created 2/3 from the total number of workplaces between 1993 and 1996. The studies suggest that entrepreneurship has an important contribution to economic growth, even if the growth of GDP is influenced by other reasons.

Entrepreneurship is vital for the competitivity. The initiatives of entrepreneurship must be oriented in creating a new company or transferring the property to another "stockholder", or achieving a higher productivity. These actions stimulate the competitivity, determining other companies to react by improving their productivity or introducing innovations. The growth of productivity and innovations inside the companies, determines the organization, the technological processes, products, services or the commodity market, or has a result a stronger purchasing power. This process gives to consumers benefits because of more variate choices and lower prices.

Entrepreneurship brings out to light the full potential of humans. A business it's not just a way of earning money. Business men have also other criteria when choosing a career, like social security, the autonomy level or the general interests in the activity. A bigger salary determines bigger needs like personal satisfaction or autonomy. The British proved in their scientific studies that beside material motivations (money and social position), people choose to become entrepreneurs as a way for personal satisfaction (freedom, autonomy, challenge). For some persons, becoming entrepreneur can offer them a very comfortable position.

Entrepreneurship can play a positive role in offering efficient services in health, education, and social system. Social economy encourages the participation of employees in providing social services with benefits like policies oriented to the large public.

Conclusion

Romania's integration into the EU has proved to be a tremendous process in terms of redesigning our strategy and our way to formulate public policies. We are already prepared to act in a responsible, European manner; we know how to establish short- or middle- term goals and objectives, we are able to set appropriate deadlines and define responsibilities. The real integration process, will inevitably mean short-term costs. But the medium and long term benefits will prevail and will be as inevitable as the short term costs.

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SOME COMPARATIVE ASPECTS REGARDING CHILD LABOR AND STREET CHILD

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One of the problems that many countries are facing nowadays represents child labor.

In 2004 there were 218 million children working illegally in the eyes of international treaties. There are countries were this thing is happening due to the underdeveloped economic situation; children have no other chance except working from early ages more than 8 hours in a day for a small wage. In other cases we find different situation such as: child slavery, child trafficking, or more worst - child soldier's .We all have seen more than once images with children who have switched toys with guns, bombs and mines. Romania is dealing during last years with the unpleasant situation of street children and beggars.

Key words: child labor, street child, employment

1.1 International problems regarding child labor

In 2004 there were 218 million children working illegally in the eyes of international treaties.

Child labor is defined as all economic activity for children less than 12 years, any work for those aged 12-14 of sufficient hours per week to undermine their health or education, and all "hazardous work" which could threaten the health of children under 18.

Almost all child labor occurs in developing countries, largely in agriculture but also including domestic service, factory production and backstreet workshops. Despite a fall of over 10% in the figure since the last assessment in 2000, over 25% of children in Sub-Saharan Africa and 18% in Asia remain trapped within the cycle of poverty of which child labor is part.

More than 126 million of these children are engaged in hazardous work, such as mining or handling chemicals, which is otherwise described as the "worst forms of child labor". A further class within this latter description is known as the "unconditional" worst forms of child labor and refers to any form of slavery or coercion, trafficking, prostitution and military enrolment – no statistics are available for this category but the numbers are likely to be close to 10 million.

There is an additional category of "working children" not included in these statistics because the profile of age, nature of work and hours is not regarded as harmful. For example, light work of a few hours per week could be regarded as beneficial; "child labor" by contrast should be eliminated.

Poverty is the seed-bed of child labor. Poor parents send their children to work for reasons of economic expediency, the consequent denial of education setting in motion a mutually reinforcing cycle liable to pass down the generations. It is nevertheless over simplistic to attribute the problem solely to poverty; schools are often prohibitively expensive, of poor quality or inaccessible. Cultural pressures can undermine perception of the long term value of education, especially for girl children.

The HIV/AIDS pandemic has regenerated the supply side of the child labor equation. Households where adult members suffer prolonged periods of illness suffer dramatic cuts in income and forced sales of assets which are compensated by withdrawing children from school and sending them to work. Africa in particular has seen a dramatic rise in the new phenomenon of child-headed households, brought on by AIDS mortality. An estimated 10% of all children orphaned by HIV/AIDS in Africa are heads of households, compelled to provide for siblings. There is evidence that the global fall in child labor is being reversed in African countries most affected by HIV/AIDS.

This supply of child labor is accommodated by the demand of employers for a cheap and flexible workforce, including small-scale enterprises whose owners exploit their own family members. It is a mistake to think of globalization as a force for improvement in labor standards. Although large-scale manufacturing industries may not directly rely on child labor, backward linkages created through subcontracting labor-intensive segments of the product may be less compliant. For example, corporations such as Monsanto and Syngenta have been accused of bidding down cotton seed prices to the point that farmers are unable to afford adult labor.

Girl children are in demand for domestic service, the invisible nature of which adds to their vulnerability to exploitation and abuse. Absence from official statistics is even more likely for those girls kept away from school in order to work for their own families in the home or on the land.

Unfortunately, 20 countries have not yet ratified the ILO convention, notably India and Nepal where child labor remains stubbornly widespread – estimates suggest there are up to 25 million Indian child laborers with many more millions unaccounted for, whilst in Nepal 42% of boys aged 10-14 are working. In 2006 India strengthened legislation by extending its definition of hazardous work to include domestic labor and catering establishments but there is deep skepticism that attitudes towards children will change. The worst form of exploitation of girls - child prostitution - is being fought in part by extra-territorial laws that permit prosecution of citizens who sexually abuse children in another country. For example nationals from many European countries and the US can now be charged at home for engaging a child prostitute in Thailand.

Universally recognized children's rights are however insufficient means of combating child labor. Although almost every country has laws prohibiting the employment of children below a certain age, the legislation may exempt certain sectors - often the very sectors where the highest numbers of working children are found. In other countries, penalties for violating child labor laws are inadequate. And probably the most common obstacle to adequate legal protection for children is that legislation is not enforced.

1.2 Development Solutions

The integration of child labor concerns into national development strategies is therefore the preferred route to a lasting solution. Reduction of chronic poverty through broad-based economic and social development, with a strong emphasis on human resource development, will create the environment for fundamental change in cultural attitudes towards children. Tanzania and Brazil are countries which have been singled out as adopting development strategies which recognize the importance of child labor.

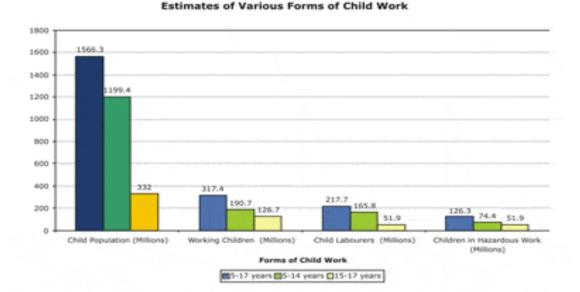
1.3 Child Soldiers

The grotesque abuse of children for military purposes survives seemingly beyond the powers of development strategies or human rights law. Programmers for reintegration of child soldiers call for complex psychological therapies rather than mere schooling. Children are vulnerable to this most extreme form of labor typically in countries suffering longstanding civil conflict, in regions of extreme poverty and a complete breakdown of central authority. The proliferation of lightweight but deadly small arms of sophisticated modern design – a child of 10 can be trained to strip down a Kalashnikov – enables a cheap, unquestioning and expendable army to be conscripted from children. Warlords will abduct or purchase child soldiers from their families with impunity.

The UN lists 12 countries in which an estimated total of 250.000 children are found in military service, amongst them Sri Lanka, Uganda, Nepal, and Philippines. There may be as many as 70.000 child soldiers engaged in government and rebel armies in Burma. These countries are now under pressure to sign the "Optional Protocol" to the CRC which would compel new laws and reintegration of child solders into normal life. The International Criminal Court already considers the recruitment of children under age 15 for military purposes to be a war crime.

Sub-Saharan Africa has the greatest incidence of economically active children – 26.4 per cent of all 5-14 year-olds, compared to 18.8 per cent for Asia and the Pacific and 5.1 per cent for Latin America. It ranks second behind Asia in absolute terms, with 49.3 million children working. All are children who have no fair chance for a real childhood, an education or a better life. Child labor persists even where it has been declared illegal, and is frequently surrounded by a wall of silence, indifference and apathy. The persistent

challenges of widespread and extreme poverty, high population growth, the AIDS pandemic, recurrent food crises, and political unrest and conflict clearly exacerbate the problem.



Graph 1: Estimates of various forms of child work Source: www.ilo.org

There are some 317 million working children in the world in the age group 5-17 years, an incidence rate of more than 20 percent of the child population in the age group. Unsurprisingly, in the fragile conflict ridden Sub-Saharan Africa one in every four children below 14 years of age is economically active which is also home to nearly half the worlds out-of-school children. This is the only region where the number of children workers has actually increased since 2000. There has been progress in eliminating child labour, but it is still modest. Boys slightly outnumber girls amongst working children in the world in the ILO estimate. In fact it is generally accepted that the number of working girls is often underestimated by statistical surveys; however, reality says that a large proportion of children involved in child labour are girls, especially when the unregulated, informal sector such as domestic work is concerned.

1.4 General facts about situation from Romania

A recent study concluded that about 8% of the country's 7 to 15 year olds work.

According to the 1992 Population and Housing Census in Romania, about 9,000 children under the age of 15 worked.

Street Children - A recent survey on street children found that the main types of work they did was agriculture, begging, delivery work, loading/unloading goods, car wash in the street or at the crossroad, sorting the junk scrap which can be recycle and prostitution.

Street children can be very easy recognize due to their dirty, second hand clothes,a phisical nondevelopment due to a bad nourishment, diseases and an exposure to dangerous and very toxic substances.

From the point of view of communication it is very easy to observe that they are using just a few words ,short sentences , and jargon language specific for some categories .

In most of the families ,kids are working because this is their contribution to the family budget , a part of it is spending mostly for food .A 35% of the girls interviewed during the research have confessed that were practising prostitution as an alternative for earning money .

Apart school abandonment, children who workers do not have the neccesary time to go to school, this having a negative impact because they have to switch between time for lessons with time for work. As a consequences of this fact a large percent of the stret children are illiterate.

During last years, it can be observed a change regarding the level of employment by ages. The number of kids under 14 years was in 2002, 3818 thousands, last years it was 3346,9, a decrease of 14 %, a very good thing for our society. Children of 15 ages and up, who have the right to work legally, of course a number of hours per day, are no longer implied so many in economic activities, from the database provided by Laborista (www.ilo.org). More than 5 % of them have droped out this kind of work.

1.5 Conclusions

What is the most sad thing about this is the fact that children are representing our future. We all will have a better life after ten or twenty years if we are taking care of the new generation , which at its side will look after us when we will be old enough not to be able to work . If we don't protect them , who should be more in charged to do it ? In our country the social systems has move on , even if we have a number of NGO , still it is not enough to say that children are now the beneficiaries of very good life conditions , that in a couple years we won't see street children or beggars .

Our lives are in our hand and their future depends of our actions.

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EUROPEAN GOVERNANCE – THE STABILITY AND GROWTH PACT

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The Stability and Growth Pact was conceived in order to create a institutional uniform frame which could regulate the economic policies in the European Union. Even if it promotes strict fiscal discipline, in the last years the discontents over this document had an ascendant flow. Its reforming in the near future is undoubtedly necessary and represents one of the big challenges of the European system in the next years.

Key words: Fiscal policy, global budget deficit, Multilateral Surveillance, Ecofin

Is the Stability and Growth Pact an efficient instrument for the governance of the European economy?

In order to back up or criticize this European Union measure of creating an uniform frame for the whole system, we have to understand the foresights and the objectives of this instrument. The European Community Treaty substantiates the coordination of the macroeconomic policies on three main levels:

- a common monetary policy designed by ECB with the main objective of the price stability
- fiscal policies delegated to the authorities from the member states with the primary objective of respecting the excess budget deficit procedure
- the procedure of Multilateral Surveillance of economic policies substantiated by ECOFIN and implemented by DLEP (Directive Lines of Economic Policies)

If we would try to reduce the SGP objectives to a primary one , this would be the limitation of budget deficits and the prevention of eventual crises in the members economies. There are experiments in order to find new possibilities to coordinate the macroeconomic policies in the EU , because the inconsistency between the monetary policy and fiscal policy are extremely visible. Theoretically , any asymmetrical shocks should be adjusted by the monetary policy designed by ECB , while the symmetrical shocks should be regulated by the decentralized fiscal policies .In reality , things get more complicated. The history proved that an efficient monetary policy is tightly correlated with a high credibility of the monetary institution , in our case , the European Central Bank.

Unfortunately, in the last years the ECB credibility suffered from various causes:

- 1. the lack of decisional transparency There are voices who criticize the policy designed by ECB as being favorable to Germany while being unfavorable to states like France or Italy. This ultimate objective of price stability at any costs, seems to be in reality, the creation of a defensive instrument prepared to fight with the Germany nightmare inflation. We should not forget that, in the last century from all the European countries, Germany suffered the most because of inflation (It is known, that during the First World War, the burning of banknotes for warming became more economic than the purchase of raw materials for heating). In this context, there is a real threat regarding the cohesion of the Monetary Union, especially because of the disputes between France and Germany on monetary subjects. The French authorities consider that ECB should use the rate exchange mechanism to equally stabilize inflation and secure economic growth, while Germany considers the price stability as the only viable goal of the monetary policy.
- 2. the economic growth of Euro Zone compared to the other rival commercial zones is relatively small (1%-1.5% 2%-4% US and Japan or 8%-9% China)

The SGP foresights

- On short term the budget could be in deficit, but cannot exceed 3% of GDP, while the structural budget deficit should be lower than 0.5% of GDP
- On long term the state, social security and local communities budget should be balanced or in excess

In case a country runs a budget deficit bigger than the superior margin of 3%, and the budgetary situation isn't improving, the state in cause will be penalized with a sum equal to 0.5% of GDP. In order to strictly follow the Pact recommendations, an eventual recession would bring negative consequences through the simple fact that the Pact stimulates pro-cycle fiscal policies (Wyplosz). What do we understand through pro-cycle fiscal policies? A short example could enlighten us: in case of entering into a period of recession, the Pact stimulates restrictive fiscal policies (small budgetary expenses, high taxation level), it is known that the economic theory considers that in case of a recession, the state should intervene for stimulating the aggregate demand through high budgetary expenses or a reduced taxation level. For avoiding these contradictions in period of crises, the SGP should be suspended in case of extraordinary circumstances in the global economy.

This document does not replace the fiscal policies of each member , in reality , through SGP the states only assume the consequences in case of infringement the 3% margin. In order to avoid these unpleasant situations , ECOFIN annually analyzes through Multilateral Surveillance the budget projections designed by the members through the Stability Pact (euro zone members) and Convergence Pact (members outside the euro zone) . In fact , Multilateral Surveillances , represents an economic policy guide designed by the Council , in which the economic performances of each member can be analyzed. Unfortunately , there are cases in which the projections created by the governments get a negative notification from the Council. For this purpose it is used an instrument named peer pressure which consists in preliminary warnings , the sanctions being strictly limited to the Euro Zone members.

Is the fiscal goal from SGP reasonable in the actual context?

In the last years , the Pact was often criticized to the high-point in which Prodi referring to it used the description – **Stupidity Pact** . Most of the critics refer to the 3% global budget deficit mark .The theory reveals that global budget deficit is formed from the structural budget deficit and cyclic budget deficit. The specialists are annoyed that the document underlines the global deficit , maintaining that it would be more efficient to be analyzed the structural deficit . What fundamentals has this affirmation? It bases on the fact that by managing the structural deficit , the influence of the business cycles or other fluctuations would be eliminated and the underlining of the structural deficit would allow economies to not sacrifice public investments. At this point, it appears the second main critic , which states that referring to the same target of 3% for all the members is unfair because their level of development is not similar. Unfortunately , respecting the budgetary criteria is expensive from the economic growth and unemployment point of view , and also on the other hand , it decreases the possibility of states to react to shocks.

The last 10 years analyze of the Monetary Economic Union , shows that the budget discipline was efficient. However , in the last years , after 2000 , most of the countries in the Euro zone didn't succeed in running budget deficit close to the equilibrium . This thing was determined by the fact that the states from the Euro zone no longer benefit from the reaction of the financial markets to the chronic deficits , the budget deficit evolving in an interesting modality of budgetary expenses adjustment.

The SGP credibility was deeply threatened when Germany and France violated the mark of 3%. It was an extremely strange situation because one of the initiators of the Pact, Germany, was amongst the first to infringe this document. It was a tensioned situation which had negative effects on the credibility, it was a new case of discretionary policy by the European Union, in which the states were treated different.

Anyway, the Pact of Stability and Growth has a series of advantages:

- Sustains budget discipline The consequences could easily be recorded, in the actual
 context the European Union policy was restrictive, but less risky on the long term,
 compared to the US which created an economy of fabulous profits from the money
 market bubble to the housing bubble, with the cost of strong crises
- A coordination modality of economic policies

- Eluding the states conduct to adopt incoherent and risky budget policies to the whole system
- Budgetary harshness from the angle of public finances balance affected by the ageing process

Proposals for reforming the Pact

- The Pact should aim at the relation between public debt / GDP instead of budget deficit/GDP
- Multilateral Surveillance should be enforced in all the states studies show that
 foreseeing the GDP can produce errors and omissions of 1% from GDP, the countries
 that infringed the 3% mark had tried to justify the failure by involving the errors in order
 to escape of the consequences.
- The theoreticians experiments of proving the compromise between inflation and deficit is no longer of present interest, the examples reveal that deflation is far more dangerous in the global context.
- SGP should be less strict on the 3% mark the deficit target should be adjusted in relation with the business-cycles, but unfortunately in this case, we need an efficient statistic foreseeing on medium term. Meanwhile, this mark can be easily affected by several consecutive adverse shocks. We should be aware that budget investments along with the private ones have an extremely important role in economic growth and reducing them because of the strictness of the fiscal target would negatively affect the member states
- The creation of fiscal models by European Union's specialists which can be used as viable examples for certain members that run an incoherent fiscal policy and adopt a clandestine passenger comportment the actual form of the Pact encourage economies to reduce taxes and raise budget expenses in expansion periods, meanwhile in the recession periods it promotes the taxes raising and low budget expenses
- SGP, in its actual context creates big discrepancy between the member states economies

 Ireland profits of the ECB monetary policy combined with a loose internal fiscal policy, running strong economic growth and a housing boom influenced by massive credit. Meanwhile, countries like England, and recently Spain start to experience the shock caused by the American housing crises, their economies recording a slowing of the economic growth. But moving the fiscal policy competences from the member states to the EU would raise the membership costs. In contrast with national governments, the European institutions are subject of a limited democratic control and so, the enjoy reduced democratic legitimacy (Wyplosz).

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THE ORIGIN OF FREE MARKET. AN INSTITUTIONAL PERSPECTIVE FROM A NON-INSTITUTIONAL POINT OF VIEW

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There are many factors which explain the origin and existence of institutions. One such factor refers to controversial human nature and also to the idea that each individual is a sum of pluses and minuses, of challenges and opportunities. Additionally, it is well-known that due to human nature, a strong negative tendency at the personal level cannot be neglected. Is there a solution to the undesired negativity which is within us? Adam Smith found it! It is the free market. Mises, Hayek, Kirzner, Buchanan, Hazlitt and others offer similar explanations; as well as all advocates of new institutionalism. The paper discusses the non-institutional contribution to this issue.

Key words: institution, market, human nature, division of labour.

Theoretical background

Institutions generally appear as and with a role of rational mechanism in order to comply with the market imperfections, informational disorder, uncertainty, risks and transactional costs. Thus, they appear as instruments which are employed to make a decent living in an imperfect world. Remaining within the realm of institutional phenomenology but getting into further detailing of the general factors, we could say that institutions appears as a solution to undesired negativity but existent in human behaviour.

North follows Adam Smith in explaining the origin of institutions defining the innate negativity of human nature.⁵⁴ He includes the institutional construction to his view on the nature of human cooperation. His chapters entitled *Cooperation: the theoretical problem* or *The behavioural assumptions in a theory of institutions* aim at showing the fact that cooperation between people without institutions is possible only in a society formed of angels, in other words, without any constraint.⁵⁵

If *constraint* is the key term used by North when he talks about origin of institutions, then his philosophy echoes what Thomas Paine thought when he wrote that government is the ,product of our meanness'. We do not believe that what we have here is a sign of a limiting and revenging necessary meanness which is a characteristic of any governance⁵⁶, but of something necessary as to intervene as to show the way and separate difficulties from opportunities or to make visible and notice what is unseen: general rules which are created for everybody and each of us (in hayekian sense) or, in one word, of that something necessary to create concordia and equilibrium.

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Douglass North addresses several positive remarks to Marx. The author of *Capital* is acknowledged to be the pioneer in pointing out the role of social structures in production. For these reasons there are people who blame North for being a "left" supporter. We disagree because we consider their position to be fundamentally different both at the start and over time. North makes out of human cooperation not only the explanatory basis for institution building but also the support for economic and social progress. Marx sees the class struggle as the guide of progress.

We believe that even this type of "society" relies on rules.

⁵⁶ Further explanations can be found in Ion Pohoață, "Argumente pentru studiul instituționalismului și reforma instituțională în România", *Economie teoretică și aplicată*, Nr. 7(502), 2006, p.4;

The philosophy of ,necessary evil' used to explain the origin of institutions takes us to "philosophy of the wall" envisaged in the famous poem *Mending Wall* by Robert Frost.

Silent dialogue between neighbours separated by the wall offers indirectly the meaning of it and, thus, of any constraint, named institution in a world populated by people. Arguments in favour (a solid wall offers protection and safety) and against (any wall separates and limits freedom, and not only in terms of space) could be very well used to explain origins of any institutional constraint. We know that our existence not being similar to that of Robinson Crusoe, the place where we produce and consume needs resources for functioning. Referring to this truth, our attitude to law as to that of tax evasion is contradictory. We feel comfortable and safe when we realise that such a rule forces everybody to common contribution for the benefit of the entire community; the benefit which offers common goods and services (roads, schools, hospitals, etc). As taxpayers, we are not as happy about tax deadlines or penalties, when we have to prove our obligations as members of community by paying taxes and fees. Something in us (the human behaviour) tells us that we could interpret law and have a lower level of rent or income disclosed to authorities

The same human qualities as described by Smith contributed to the negative image attributed to tax agents and official receivers. Rules still apply and are obeyed. As old English saying "good fences make good neighbours" points out, similarly, good rules make the cooperative effort possible and our whole existence and especially the economic one.

In conclusion, rules also appear as to balance evil character of people, as to stop the exaggerated drive towards evil, selfishness and individualism. The awareness of evil, in a way, solves the problem. Obeying rules, we behave as the two neighbours that need the wall even though they are ready to respect each other's property.

A special case. The origin of competitive market

Without ever pretending to be the creator of any theory on how and why market appeared, Adam Smith, followed by the same tradition by mill and Ricardo, is still a genius in his inspiration to look for origin of this fundamental institution within man's behaviour. Adam Smith did not dedicate any special chapter to this issue. His philosophy on rational self-interest and existence of free market – can be followed in his entire work, especially from The Theory of Moral Sentiments and The Wealth of Nations. He starts from natural order and individual. Smith keeps from physiocrats the natural order with its non-contractual meaning. The natural order refuses to be organized as it is more in the nature of things. Its "invisible hand" intervenes to help human nature. This is where the problem appears. Human nature is not composed just of a set of qualities, pluses, but a set of contrasts. The desire to work is intertwined with idleness, accumulation with selfishness and affects generosity and altruism. Smith finds a solution. As a professor of the History of Moral Thought he was aware of the tendency towards evil, a tendency of the individual more towards bad than good. Ho offered one solution to individual - market competition which forces individual in developing just his good side in order to survive. Competition forces him to be rational and efficient, obey contractual obligations and follow the rules established by competitors. Even if, affectively he does not enjoy it, the individual is sent to market **instinctively** and **objectively**. This happens because man always needs help of other people' (Smith, 1962, p. 13). He is forced to accept that there is a natural division of labour, that he cannot do everything and need others for survival.

Thus, he needs the products of other people's work and vice versa. "Anybody who offers to somebody something needs to do the following: give me what I want and I'll give you what you want. This is the meaning of any offer of this kind and, thus, we get fro each other best services for what we need" (Smith, 1962, p. 13). The example of needle manufacturing is famous for emphasizing the role of labour division in increasing productivity and satisfying needs at the highest level. Smith's conclusion is valid even today. A good answer to the question: What should be done for better living? We should use our skills in fields and places where we could use them better. And where else but on the market. The competition market stratifies socially and put everybody where he or she belongs under the work efficiency criteria. Market gives compensation to those who deserve it and punishes idleness, failure, bankruptcy and lack of initiative. Smith still inspires modern approaches to economic analysis of the origin and role of institutions. The Austrian school still follows his model. Mises, Hayek, Kirzner regard market in new terms but still in Smith's tradition. Buchanan follows the same line of thought as well as Henry Hazlitt with the principle of "invisible hand" which, in his view, leads to spontaneous market order.

If we start with Mises, with his work *Human Action*, he tells us that human action under labour division is the source of human cooperation, as without cooperation, life itself is an empty metaphor (Mises, 1985). He starts from labour division, as Adam Smith, in which he sees "a fundamental institutional arrangement" determined by both natural factors and societal. All these factors, establish both seen and unseen rules as to allocate a definite place foe everybody in the machinery of human energy. The fact that each person does something else forces people to cooperation. Only within this framework, human effort could flourish. Even if human action is individual, it is socially recognised. Work is individual but it needs other people's work and vice versa. The role of exchange is a necessary aim and the market appears to coordinate this complex and contradictory phenomenon where independence of individual movement is conditioned by the effort of the others.

Even to Buchanan, market is "the institutional process by which individuals cooperate voluntarily (as a result of individual, separate aims)" (Buchanan, 1986, p. 87). Cooperation is, thus, fundamental; the market is its expression. It is worth noticing the contradictory meaning of this institution. Along with private ownership and free association, market defines free world and is one of its main pillars. At the same time, as an institution, it also has a normative component; it is created to ensure coordination of human activity.

Conflicting reality of the market is not irrevocable. Society would seize to exist if such a conflict did not have a solution (Hazlitt, 1988).

In Austrian tradition, Hayek presents the market as the main institution of a free society, and the only one meant to optimize human action. Passing from archaic world based on "precise rules' to civilized world of "Great Society" based on "abstract rules" was an objective process. This happened not because precise rules weren't good, but because life had become too complex to be depicted by simple, visible rules. Market is the only institution capable of adjusting individual action by feed-back. These "abstract rules" were seen by Hayek as an alternative to planning. Accepting the role of market in coordinating individual human action, Hayek refused, even a complementary role, of macro planning (Hayek, 1990).

Surely the image of market as abstract synthesis of a network of relations which condition human activity could be criticized. We refer here especially to the Hayekian affirmation that the market is the only institution with the role of optimization. Specialized literature offers critical opinions (Lachmann, 1986; Ege, 1992). It is true that L. Lachman, one of the critics, is correct when he sustains that we talk about "types of market", market producers and consumers, market with perfect competition or monopoly; local or regional, national market, etc. Generally, we refer to market, an institution with a set of rules. Once they have been respected, cooperation and valorisation of human effort, becomes possible. It is also true, that only in an illusory perfect competition market gets closer to Hayekian optimizing ideal. It still has its imperfections, recognized by the most fervent advocates of free market economy. With all its shortcomings, compared with centralized planning, it is a solution. We do not know whether it is the best one but till now humankind has not invented anything better. Hayek has foreseen it and those who have had the experience of planned economy know that he was right.

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THE FACTORS OF COMPETITIVENESS IN THE HOSPITALITY INDUSTRY AND THE COMPETITIVE STRATEGY OF FIRMS

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The present study is based on the results of research conducted in 2007 by a group of researchers in the Tourism-Services Department of the Commerce Faculty in ASE Bucharest. In the first part of our paper the complexity of the concept of competitiveness, the factors of competitiveness as well as its particularities in the hospitality industry are highlighted. The factors that influence competitiveness in the hospitality industry, as apparent in specialized literature, are outlined and explained. A strong point of our study is represented by research on the relation between strategy, competition and competitiveness. The research method chosen was the survey based on a questionnaire on a representative sample of hotels in 7 cities of the country. The paper presents the main results of the research, as well as the elements (the main levels) of the competitiveness model in the hospitality industry, a model created on the basis of the results of this research, as well based on the synthesis of research existent in specialized literature.

Competitiveness, the factors of competitiveness, the hospitality industry, the competitiveness model, competitive strategy

Introduction

The current context marked by globalization and the increasing recognition of interrelations has imposed new rules of conduct: the prosperity of nations is based on competitiveness on international markets, and that of enterprises, on the integration in the worldwide value chains. Therefore, the competitiveness issue has become a topical subject for all the actors in economy, from the regional level to the organizational one.

Defining competitiveness has preoccupied both renowned names in economic thought as well as scientific centers and associations. A few definitions are listed below (Hornianschi, 2004):

- *Porter* (1990): 'the only complete indicator that defines the concept of competitiveness at a national level is national productivity';
- Management Forum (1994): 'competitiveness on an international level is the capacity of the country or firm to coordinate economic growth with the external balance; at the basis of the external performance of industrialized countries lies the fundamental importance of international trade
- At an international (global) level, the World Economic Forum has perfected the modalities of assessment of competitiveness to reflect the remarkable evolutions of the global environment. The report entitled « The Global Competitiveness Report 2006-2007 » is at its 27th edition and it defines the competitiveness of a country as being the result of the totality of factors, policies and institutions that determine the level of national productivity. Competitiveness therefore represents

the global expression of medium and long term development being the result of three main categories of factors regarding: the competitiveness of the national macroeconomic environment, the quality of the activity of public institutions and the positive results of the policies they promote, along with the technological efficiency and receptiveness to new technologies (WEF, The Global Competitiveness Report 2006-2007, p.3).

At the level of the European Union, a strategic reference in the defining of competitiveness is represented by the Lisbon Strategy. According to this strategy, the competitiveness of European economies represents the main objective of the EU, an objective to be reached by 2010. In the services' competitiveness, the most important aspects refer to: liberalization, intensiveness in knowledge, financial services, the increase in the quality of public services and the efficiency of administration, educational services, human resources formation and sustainable development.

Particularities of competitiveness in the hospitality industry

Tourism is a sector in which the structure of supply is extremely volatile and the solid and consistent part is the demand. Tourism exists only because, for various reasons – pleasure, business etc. – people want to travel and are willing to spend money; consequently, they create demand for tourism products and services. Thus, the decision to travel precedes the acts of consumption (Keller, 2005). Travelers are willing to consume a large variety of goods and services produced and supplied by various industries, among which the most important are transports, hotel and restaurant services or segments of activity related to entertainment, culture and sports.

The fact that *competition* is firstly between destinations becomes obvious, since this is what visitors choose in the first place. Only after this choice another form of competition occurs, that between the *suppliers* of products and services at the respective destination. We can therefore speak about a duality of competition forms, with the following implications:

- the competitiveness of destinations is an essential topic, and it can depend, for instance, on the existence of specific attractions visitors are willing to pay for;
- the tourism firms that contribute to the formation of the package of goods and services consumed by visitors on arrival benefit from the uniqueness of the destination:
- at a certain destination, firms (e.g., hotels) can be competitive on the basis of specific advantages that differentiate them from the rivals and give them an advantage.

Another duality of tourism markets – which includes the hospitality industry – is structural. Numerous destinations are dominated by small firms that offer hotel and restaurant services and leisure activities etc., forming the SME segment. On the other hand, tourism is a very dynamic sector in the world economy and one of the most internationalized, which lead to the formation of large companies operating on a global level. This development was possible especially because of important innovations, such as charter flights, the forming of hotel chains – some originating in family businesses, rent-a-car services, debit and credit cards that easily allow for international money transfers etc. At the same time, the innovations of the kind mentioned allowed for a high degree of standardization of services, so that the segment of the large international companies can offer clients quality services at affordable prices. Standardization does not mean, however, the elimination of the services supplied by small firms, since a lot of tourists prefer the life experiences they offer.

• Referring strictly to the hotel services sector, in most cases a strong brand competition is manifest. However, along with the basic monopolistic competition, other types of market structures can exist on various segments, for instance oligopolies (Ioncică and Stănciulescu, 2006). Therefore, a specific analysis of the relevant markets is necessary, as they should be defined both form the point of view of the product as well as geographically, because on certain sub-markets the situation can be different form free competition, and anti-competitive behavior could be noticed.

The relation competitiveness – strategy in the hospitality industry

Changes in the political and economic environment in the last century had strong effects on the way companies operate. Turning from a production economy to a market economy and globalization have confronted companies with new realities based on competition in which they needed new tools to succeed.

The key to attracting and making clients loyal is offering an unforgettable experience and not just accommodation; hotel chains innovate to create a unique environment, from hotel rooms to lobbies and the restaurant. Thus, changes in the design of Marriott restaurants and in the menus – so as to reflect the particularities of different regions – have lead to up to 50% increases in sales recorded in rapport to the number of rooms occupied (Hotels, 2004).

Along with innovation, technology is an important strategic asset that allows hotel chains to improve their performance and competitiveness. On a global scale, the role of technology in strengthening the competitive advantage of a hotel is recognized, hence its contribution to the hotel's success (Nyheim, 2004).

Since the hospitality industry, as any other branch of services, is capital intensive, human resources can represent a source of competitive advantage for a company. Failite Ireland, in the research conducted among 3, 4 and 5 star hotels in Dublin to analyze successful practices in hotels underline the fact that the industry depends on the know-how of personnel, of the knowledge and understanding of the clients' requirements that would make the client feel at home.

Another source of competitive advantage can be found in the management of the acquisition-delivery chain. As Harold Sirkin notes for the Boston Consulting Group: the acquisition-delivery chain can enhance the performance of a company by developing advantages in specific sequences: quality, trust, flexibility, agility and cost efficiency. The achievement of improvements by observing this order will ensure long term benefits that will offer a sound foundation for future improvement initiatives and a better positioning of the chain to successfully deal with future challenges (Henkoff, 1994).

Another strategy recently adopted by some hotels is integrated in the current trends that aim at making tourism a **sustainable activity**. Thus hotels are encouraged to adopt new methods for protecting the environment in their daily operations and to help the local community.

Factors that influence competitiveness in the hospitality industry

The hospitality industry is increasingly confronted with the intensification of competitiveness at a global level, the rapid advance of technology and higher expectations form clients. Among the most important factors of influence highlighted by research are the ones described in the following.

- 1. Interaction abilities (Rodríguez-Díaz, M.&Espino-Rodríguez, T.F., 2006). These are understood as superior abilities to manage resources shared by several companies. Methodologies of developing the capacity to interact have already been outlined, consisting of a 4 stage process. The first targets the internal analysis of the resources and capacities of the organization. The second stage is represented by the analysis of relations between activities. Stage three is represented by the integration process. Stage four consists in actually developing the ability to interact that targets the degree of cooperation and the integration process attained.
- 2. 'Learning organization'. Transforming the hotel in a learning organization represents a new globalizing strategy (Bayraktaroglu and Kutanis, 2003).
- 3. *Human resources*. People represent the central point in all aspects of activity in the hospitality industry, from creation and design to the development and delivery of services (Lashley, 2001; Mullins, 2001; Failte Ireland, 2005).
- 4. *Technology and information technology*. Technology represents an important strategic asset in obtaining competitiveness (Nyheim et al., 2004; O'Connor, 1999; Siguaw et al., 2000).

Research on the relation strategy – competition – competitiveness

In 2007, in the project 'Modeling the determining factors in the relation competitiveness – competitive strategy in the hospitality industry' research was undertaken, with the following objectives: - knowing the degree to which the concept of competitiveness is understood and valorized by managers in the hospitality industry in Romania; - identifying a set of determining factors in the increase of the competitiveness of firms in the hospitality industry; - identifying strategic concerns of firms in the hospitality industry in Romania, so as to establish the connection between the strategy and the competitiveness of firms in this sector. From the total sample of 282 hotels, the number of respondents was of 108 in 7 cities: Brasov, Bucharest, Cluj-Napoca, Constanta (including Mamaia), Iasi, Sibiu and Timisoara.

The conclusions of research:

Regarding the **perception of competitiveness**, most respondents (49%), especially managers of 3 and 4 star hotels, have associated competitiveness with the concept of competition, referring to it directly or using the notion of comparative advantage. The second group of respondents (26%), represented by 2 star hotels, associate competitiveness with profit. Only 17% of the hotel units related competitiveness with the capacity of being present on the market on the long term. **We can notice a fairly wide variation and a certain degree of imprecision in the conceptions regarding competitiveness among managers in the hospitality industry.**

One of the important questions in the questionnaire aimed at identifying the factors of competitiveness in the hospitality industry that hotel managers considered important in obtaining current results. The main external factors mentioned (in the order of importance) were the following: - the level and evolution of demand; - the competitive environment; - the location of the hotel; - legislation in the field; - general infrastructure (access, communications, public utilities etc.). The major internal factors are

(in the order of importance): - the quality of services; the diversity of services offered; costs control; the level of tariffs; promotion; the brand; the capacity to innovate. The analysis of the competitiveness factors in the present is completed by the perception of factors associated to competitiveness on the long term, in the future. In this respect, the key success factors in the view of actors in the hospitality industry in Romania are: - quality (68 respondents), costs control (55 respondents), - the capacity to innovate (47 respondents), - legislation (41 respondents) and the quality of human resources (38 respondents).

As to the measures by which the hotels questioned could ensure the increase of competitiveness in the future, out of a list of 9 specific to the hospitality industry, the following three were chosen, in order:

- Improving the standards of accommodation/ food services (48 answers).
- Increasing marketing efforts (33 answers). Increasing marketing efforts was mainly indicated by managers of independent hotels. Although their budgets are generally lower, there is a higher awareness of the role played by the image on the market and by the notoriety of the hotel name.
- Flexibility towards clients' demands (30 answers). We must notice the recognition of the role of clients in the very existence of the business. Thus, hotel managers show interest in their demands and are willing to adjust their supply to the clients' needs.

Regarding the relation between competitiveness and competition, answers highlighted the managers' perceptions on the evolution of the hotel. Thus, managers see the business they run as being in a development process (48, 2% of respondents) or stable (30, 4%); only 21, 4% see the business as declining. Regarding the current level of competitiveness: 38% of answers point to a 'high level' of competitiveness, and if we add all the values that indicate at least a medium level, the share of hotels increases to 70,5%, almost two thirds of the hotels questioned.

Regarding the assessment made by managers for competition on the market, most of them see the intensity of competition as being medium. The second question that arises refers to the adequacy of answers regarding the level of competitiveness, since, without being subjected to a stronger pressure from rivals, hotels might overestimate their own competitiveness. Hotel managers identify their competitors especially based on spatial proximity, and similar degree of comfort. In the future, the vast majority of hotel managers tend to forecast an increase in competition. Even in the conditions of an increase in competitiveness, most respondents are optimistic regarding the resources they have to face competitors. They appreciate that relatively reduced efforts are needed to adapt resources so as to face competition. (53, 8% of respondents

think they need minor adjustments). This attitude shows a high level of confidence in the elements that ensure their market position. Competition is not to be feared, on the one hand because of the fact that differentiations can be easily copied, and on the other hand because of the increasing demand for hotel services. In general, managers of 4 and 5 star hotels are the most optimistic, while managers of 1 and 2 star hotels are the most pessimistic.

Regarding the existence or lack of existence of an explicit strategy for the future of the business, answers describe the following situation:

- hotels of 5* (2), 27 four* hotels and six 3* hotels have a strategy formulated for more than 3 years
- 42 three* hotels have a strategy formulated for an interval of 1-3 years
- 17 two* hotels have a strategy formulated for maximum one year
- three 3* hotels, eight 2* hotels and the three 1* hotels have no strategy at all.

When the problem of indicating strategic objectives and the temporal framework for achieving them was put forward, from the answers received one can notice that these are formulated quite imprecisely (for instance, maintaining the brand, consumer satisfaction, training personnel), and they are also focused especially on investments in endowment and expansion (for instance, buying a pool table, setting up a computer room, building a new wing, a pool, opening new hotel units).

Therefore, following the collection, analysis and processing of data, a series of conclusions were obtained that further contributed to the elaboration of a radiography of the situation existent in Romania. Thus, a lot of specific aspects, certain less than correct interpretations and some unprofitable practices were noticed. Competitiveness, according to the research, is based on four determining factors, i.e. human resources, innovations, services and costs that influence all the operations in the hotel. Each determining factor comprises a different number of attributes as was shown by the results of the research. Determining the competitiveness factors and their attributes represents a first level in elaborating the competitiveness model. A second level consists of including the attributes of the competitiveness factors in the processes and operations in the organization with a view to reaching the objectives and obtaining a competitive advantage. The third level of the model shows the dimensions of competitiveness as a social and economic impact, namely: clients' satisfaction, the position on the market and the social internal and external responsibility. As a conclusion, we should underline that integrating the competitiveness model in the strategy of Romanian firms would contribute to an understanding of the dynamism involved by obtaining and maintaining competitiveness in hotel organizations. At the same time, adopting the right behavior in reaching competitiveness is a complex process and is determined by both internal and external factors.

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TOURISTIC DESTINATIONS LONG-TERM MANAGEMENT AND THE INCREASE OF THEIR COMPETITIVENESS

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English Abstract: Global trends and priorities are changing so that, nowadays, the biggest challenge for tourism is to be both competitive and long lasting, taking into consideration the fact that, on a long-term basis, competitiveness depends on durability. Moreover, climate changes represent nowadays a fundamental aspect that requires tourism industry to diminish its activities that contribute to pollution and destinations to comply with the demand and the types of tourism they provide.

A proper balance between tourists wellbeing, natural and cultural environment needs, as well as destinations and companies development and competitiveness calls for a global and integrated political approach, where all interested parties should share the same objectives: economic development, social equality and cohesion, protection of natural environment and culture.

Key words: durability, competitiveness, sustainable management, cooperation.

Tourism represents one of the economic activities with the highest potential of generating development and more jobs in the EU. According to some estimates, at presents, tourism has a contribution of 4% to the European Union GDP, having different values between 2% - in a certain number of some new member states – and 12% in Malta. Actually, tourism indirect contribution to GDP is higher, that is more than 10% of the European Union GDP, assuring at the same time more than 12% of the existent jobs.

Tourism also has a special importance regarding the jobs offer for the youth, who are two times more numerous in tourism field than in other economic departments.

Having in view the number of jobs in the tourism field, it has been obviously that tourism has brought its contribution significantly to the objective from Lisabona, that is, to create more and better jobs. Tourism importance within the community economy should be increasing, as one may expect an over 3% increase in the yearly demand.

To find the proper equilibrium between the autonomous development of destinations, as well as their environment protection, and the development of a competitive economic activity can represent a real challenge. Tourism can, more than any other economic activity, develop processes closely related to environment and society. And this is possible due to the fact that touristic destinations development depends on their natural environment, on cultural features, social interaction, security and the local population wellbeing. These characteristics make tourism the main engine of preserving and developing destinations, both directly, by supporting income, and indirectly, by offering an economic justification for providing other types of support.

Global trends and priorities are changing so that, nowadays, the biggest challenge for tourism is to be both competitive and sustainable, taking into consideration the fact that, on a long-term basis, competitiveness depends on durability. Moreover, climate changes represent nowadays a fundamental aspect that requires tourism industry to diminish its activities that contribute to pollution and destinations to comply with the demand and the types of tourism they provide.

In the near future, European tourism will focus on the quality of tourists experience – they will realize that the destinations which give much attention to environment, employees and the local communities are the

ones that are more likely to show more concern for tourists needs. The interested parties will protect competition advantages that make Europe the most attractive destination in the world – they will protect its intrinsic diversity, as well as the landscapes and the culture. By approaching sustainable development matters in a responsible way from the social point of view, tourism industry will be able to provide new products and services, of a high quality and increased value.

A proper balance between tourists wellbeing, natural and cultural environment needs, as well as destinations and companies development and competitiveness calls for a global and integrated political approach, where all interested parties should share the same objectives: economic development, social equality and cohesion, protection of natural environment and culture.

These objectives should also guide the interested parties in their policies and activities that influence the impact of the European tourism, as well as in supporting tourism as a tool for sustainable development in the holding countries.

Destinations sustainable management is essential for tourism growth, especially by planning the efficient use of land, as well as by checking the development way and by the decisions of investing in infrastructure and services. Guarantying the fact that the new tourism development is proper to the needs of the local community and the natural environment, long-term management can enforce the economic performance and the competition position of a certain destination. This requires a support team that should involve all interested parties on regional and local level and an efficient structure that should facilitate partnerships and efficient leadership.

A main requirement for enterprises is to stay competitive. The activities developed in this view should be considered as part of the effort to create a long-term character, one of the most important competition advantages. Hence, in order to assure its competitiveness, viability and prosperity on a long-term base, enterprises should focus more on integrating these concerns within the making-decision process and within their management tools and practices. An important role in this process is held by services and support associations of enterprises.

Finally, in order to progress more steadily, the demand, both on the part of spare-time activities and on that of enterprises, should send more powerful signals. First of all, it is necessary to make tourists sensible for being able to develop and enforce their ability to make choices in favor of the long-term development. Making them sensible about durability and ethics can facilitate of some responsible individual attitudes and practices to arise on the tourists' part. Consumers increasing undurstanding of the concept of durability can influence enterprises to show their interest in this respect and take proper actions.

In order to achieve the purpose of a competitive and sustainable tourism, all activities should respect the following principles:

- A global and integrated approach In the process of tourism planning and development one should take into consideration all types of impact that can arise. Tourism must also be well balanced regarding the activities with great impact on society and environment.
- Long-term planning the sustainable development refers to protecting the needs of our present and future generation. a sustainable planning calls for the ability of supporting different types of actions in the course of time.
- **Finding a proper rhythm for development** The level, the rhythm and the form of development should reflect and obey the character, the resources and the needs of communities.
- All interested parties' involvement A sustainable approach requires a serious participation to the making-decision and applying process on the part of all interested parties.
- Using the best available knowledge The activities and policies should be drafted on the base of the best available knowledge. The information concerning trends and effects in tourism, as well as competences and experiences, should be disseminated all over Europe.
- Diminishing and managing risks (the caution principle)- If there are any doubts
 concerning the results, an overall assessment should be done and certain measures should

be taken for preventing and avoiding harmless effects on the environment and the society.

 Setting and obeying limits (if necessary) – Certain sites and regions should admit their limit capacity, and if it is necessary, tourism development and the number of tourists should be limited.

The interested parties should share their knowledge, making public their positive and negative results, with a view to enforcing the relation between knowledge dissemination and the application of sustainable and competitive practices. To this extent, the interested parties should have a recurrent cooperation at their most often activated levels – either on beneficiaries level or on regional, national or international level – and discuss the problem of sustainable development within these cooperation structures. An example for this type of cooperation is the social dialogue among employers and employees and the companies they are represented by.

The European Commission is said to be available to finance in Romania (seen as a the EU member state) tourism development for the next period – 2007-2013 – by the means of structural funds (the European fund for regional development, the fund of cohesion, the social fund, the European fund for agriculture and rural development, the European fund for fishing). Between 2007-2013 Romania will be the beneficiary of 30 milliards. Structural Funds include the European Fund for Regional development, the Fund of Cohesion and the Social Fund.

- The European Fund for Regional Development will provide tourism financial support by means of two operational programs:
- The Operational Regional Program of Competitiveness where funds are given for tourism development on national level, for building center national networks for touristic information and promotion.
- The Regional Operational Program for Regional Development where funds are meant
 for tourism development on regional and local level by means of projects of the local
 public authorities and other projects for increasing services quality and developing the
 touristic environment.
- The Social Fund will support human resources projects, including those for tourism jobs training.
- The Fund of Cohesion will finance infrastructure and environment projects, including projects for protected areas management that also includes the tourism field.
- The European Fund for Agriculture and Rural Development will support tourism projects
 that will contribute to activities improvement and reshaping and the labor force in rural
 regions.

All these operational programs are now working for drafting complement programs that will decide on the ways of access to these funds. Mention should be also made of the fact that ANT is the beneficiary of the Regional European Fund for Development that will be used for promoting and preserving the cultural patrimony, will stimulate the private initiative and will support the policies in the field, will encourage transbordering change of experience, will stimulate inter-regional, domestic and foreign cooperation that contribute to economic development and operates in accordance with the legal provisions and the international agreement concluded in Romania.

The Romanian Government together with the International Organization of Tourism has developed a Master Plan for tourism in order to establish a sustainable approach of tourism development in Romania.

This Master Plan for tourism development refers to a 20 years period, until 2026. More specifically, it includes an action program on 6 years (2007-2013), together with the financial support offered by the structural funds, to which Romania is given access as a consequence of its integration in the European Union, in January 2007.

The next project is to form a general framework of policies for the sustainable and competitive development of the tourism industry concerning natural and cultural resources and to present this project in the form of Master Plan, referring to 2007-2013.

This Master Plan has included certain regions with valuable touristic potential, some of them being unique. such a region is Valcea county, able to provide a competitive type of tourism. This fact is supported by the following arguments:

- Watering potential Valcea is the only county in Romania where almost all types of affections can be cured, due to the wide range of mineral waters; here one can include three resorts of great touristic interest: ⁵⁷ Calimanesti-Caciulata, Govora and Olanesti.
- Mountain tourism is less representative in Valcea county even though the mountain area
 has a significant percent of its territory.⁵⁸ Due to this situation the highest chances for
 tourism development exist in all mountains.
- Cultural-Historical-monastic tourism has the best chances to develop, taking into
 consideration the great number of touristic objectives, proper to this type of tourism,
 some of them included in UNESCO patrimony (Hurez monastery). Valcea county has the
 greatest number of churches, hermitages and monasteries in the country⁵⁹, which,
 unfortunately, have not been included in any program international or national
 promotion.
- Rural and agricultural tourism represents an alternative activity for agriculture and forestry in Valcea villages, having a large variety of forms.
- Other forms of tourism such as transit tourism that includes the main driving roads that
 cross the county and that include places for having a rest, fishing and hunting tourism
 that takes place in the mountain lakes Bradisor, Calimanesti, Ionesti, week-end tourism
 that has developed lately due to a decrease in incomes Malaia, Bradisor, Voineasa,
 Vladesti, Olanesti, Comanca, Govora, Horezu, scientific events tourism that usually takes
 place in Calimanesti Caciulata and in Rm Valcea, pupils and youth tourism, in school
 camps with national and international character Caciulata, Bradisor, Voineasa.
- Supporting tourism development on regional and local level and the improvement of its
 competitiveness requires human recourses training. To this extent, Valcea county
 provides a special educational system at Calimanesti Highschool, Economic College Rm
 Valcea, and different types of tourism faculties.

All these components mean a certain potential of developing complex touristic products and opportunities for attracting foreign tourists.

Tourism management and the resort authorities have to solve four weak points that risk to hinder the competitiveness of this field, that is, infrastructure, promotion, that is seldom done at present, lack of public and private partnerships and the staff age.

Small and medium size enterprises play a fundamental role in Valcea county tourism, but they run the risk, due to their dimension, to be less prepared to integrate aspects related to sustainable development and to launch themselves on the market as a part of their activity.

To this extent, more conferences should be organized and more research studies done to increase the awareness concerning some challenges, such as the access to structural funds in the field of tourism, to the working methods that could be applied on local and regional level (for example, a study concerning the impact of great cultural and sport events on the Small and Medium Size Enterprises based on tourism) or to professional courses that aim to improve Small and Medium Size Enterprises services and the human potential in the tourism field on destinations level.

The commitment on local and regional level will be supported by different types of agreements among different types of destinations (rural destinations, mountain ones, town destinations) regarding the

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⁵⁷ An attraction index between 2 nad 3 (regions and present national and international interest)

⁵⁸ according to some tourism studies made by INCDT Bucharest, Valcea is on the first place in the top of mountain regions for its touristic potential

⁵⁹ The National Institute of Research and Development in Tourism (2004) – study for the development of monastic tourism in Muntenia and Oltenia, coordinator T Simon, Bucharest.

sustainable management. To encourage the exchange of good practises related to the sustainable management means to contribute significantly to the touristic destinations competitiveness.

Turning Valcea county into a competitive touristic destination on the base of its natural and cultural patrimony that should comply with the European Union standards and attaining a sustainable development in the touristic field in a superior rhythm is not possible without involving Small and Medium Size Enterprises in public and private partnerships. Valcea county has also to become a touristic brand, both national and international, without a tough exploitation of the natural environment that renders it a unique area.

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ASPECTS OF THE EUROPEAN ECONOMIC CHALLENGE FOR THE ROMANIAN HUMAN CAPITAL. THE CASE OF HIGH EDUCATION SERVICES

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Abstract: The paper aims at critically analysing components, gains and costs of the economic action in the field of high education. Some cultural and national conditions and determinatives are shown.

Starting from some didactic and knowledge principle, analysis is raising questions in the European integrated knowledge based economy, highlighting some actual aspects of the Romanian recently reformed high educational system (in comparison with the usual in Western education). In a correlative approach and in a multi-disciplinary view, special important features of the educational system in the market economy, European challenges and potential effects of some issues are considered, with their impact on our future within the European Union.

Interesting and paradox conclusions concerning the natural regulation logics, corruption and lessons for improving the coherence of the reform processes result.

Key words: education, market economy, principles, corruption

1. Some introductive (principia) differences

The human principles, the high intellectual, spiritual and artistic search, the social relations, the effects for the environment etc. are the most important for science and knowledge. They make the difference between human people, as humans, and the other creatures. Even in that what concerns the activities for accomplishing the needs (named economic activities), they represent the main difference between the economy of the human society (developed by humans), on the one hand, and the economy that a lot of animal species are developing, on the other hand [6]; this could be a mean for keeping us as *humans* and for the goal of rising our individuals upper than the animal status: it should be done not just by techniques applied, but rather by the purposes they have in view and by the real humanism they should keep in mind and prove, *by* and *to* maintaining and encouraging the fundamental superiority of mankind inside the living kingdoms of the planet. In this area we can observe that, from its beginnings and through the times, mankind carried a permanent fight between humanism, moral, law, on one hand and instincts, animal bents and passions, on the other hand.

The economy and economics is the single field that still is founding, also today, on hedonistic reasons, on the cult of primordial or degrading bents, on stimulating to the instinctual level or to under—conscious (and not mostly by conscious or intellectual). This state of economic conception still let the "market moral" to be promoted and generalising, even if the service society already created the conditions for re-coming to the adequate performing, to service for other people and for the whole environment (including society and nature). We called it [1] "the coming back to the genuine invisible hand".

2. Most principles for the human capital forming

In actual knowledge society, the issue of economic education is more important than never, but professional-economic elements remain the most easy to teach and to learn: that is because they are consistent rather to that what any living creature on the earth learns: they are in our instincts and need no special educative intervention: education in their direction does not need special efforts from individuals, being on a most "natural" line, from the point of view of the millenniums of surviving on this planet; *special orientations and transformations of the human being are not necessary*, because they are not mostly related to cultivation and to human personality development, but rather to *surviving*. But for human people, the human superior ones are essential, defining for our species (human type, by difference with other creatures).

Strictly speaking, the mercantile value is not a *human* value (at least it is not at all the most important human value; ancient Christianity even considered it a counter-value): it is just a tool for managing resources, in the purpose of more efficiently creating welfare and as a condition for the existing and developing high-level human spirituality. But today, in globalization, humanity and spirituality risk to loose high values because of overestimating economic principles in the detriment of other higher human principles (including moral).

In the tradition of civilization, education consists in seven main components [2]:

- a) moral, social living principles, law;
- j) spirit and spiritual-intellectual faculties development (including memory, logics);
- k) formation of artistic, sensible and soul values perception;
- sharing from the most human accumulations (culture in general, but also other aspects of spirituality, religious);
- m) didactic principles (for learning *further*);
- n) scientific principles, science laws etc.;
- o) principles and professional and speciality details, in the purpose of future practical utility, necessary for *economic* work of individuals (for gaining their staff for living).

Instincts, economic reasons and material interests tend to make the "money interest ethics" overwhelming. That is why humanity must mostly bank on intellectual activities rather than on money: they can produce also money, but they also can keep us human and they are our chance of re-coming to a genuine "normal" way of living and of making business, our chance of growing our superiority, and like a chance for maintaining humanity in a superior rising trend. We should adapt to the most recent developments of natural sciences and go further from the obsolete approach of economics on the industrialist bases.

The care for young people education was mostly for cultivating the qualities that put and keep them over the animal kingdom (and not firstly the last ones). Even in the modern times of market culture, teaching should contain all the components, in different proportions, by its nature, level and speciality, it should not be partial, simplistic or conducting young people to perceptions that could badly make them not human (non-superior) beings.

The above mentioned educational principles are defining the role and message of education. *In the purpose of keeping formation a human one, people should care for principles, should* **guard and treasure** *them*: mostly against of the market culture and "moral". In the purpose of not jeopardizing the humanity's chances of having a really *human* future, the human being must not be reduced to just some of its less noble features and components.

3. The economic challenge

In theory, the market competition is usually approached like a fair play, by individual quality. Accordingly to such principles, in the market functional economies, the best ones are usually the best paid. Having bigger financial power than the public institutions (based on founds collected from the tax payers) and well paying, private teaching institutions gain the best teachers and have the most performing teaching tools. Image and fame of teaching institutions is consistent with this same hierarchy (in the favour of the private ones). In Romania, wages differences between private and state teaching were not so big after 1989: they could not counteract the image; and this is plainly in the favour of those having tradition – the state ones. Like railways and other big investments, national teaching organisation and expenses were made, in modern Romania, at the initiative and by the state: business-men preferred quick profits and not "national charity work"... (mostly if they are not extremely powerful from financial point of view).

Unfortunately, in the poorest countries, the economy is not 'suitable' to the education and instruction. In Romania, for instance, this last one, which was very performing in the last century, in the last decade is not anymore: the "disagreement" between the high level of the teaching system and our doubtful economy of the last decades gave win to the underdevelopment level...

After 1989, private teaching institutes are some too seldom big business: just a way for living of mostly little enterprisers. Most of them are organized at university level, addressing to clients having already their own incomes (and less to those supported by their parents). Those clients are business-men themselves,

thinking practically, materialistically, like in business. Therefore, if they pay, they want to buy something concretely: such individuals (honest buyers on the market) rather do not imagine to give money for watching some theoretical considerations of some "philosopher" of university professors; but they want to get a diploma by their money; because they do not think philosophically or at elevate intellectual principles level (that is what they are interested in, not in knowledge itself). Those preferences from the demand side may be generated by the market itself: because market economy reality are proving such a scale of values in what, too frequently, competition mechanisms (life fight) bring success for those having less or no real intrinsic value; and too often dissatisfactions, non-achievements, drawbacks, helplessness and problems are for some most hardworking, intelligent and cultivated ones. A university teacher may loose his or her job to a private university if keeps high professional exigency: market demand is ruling and such behaviour can make the institution loose its students (customers).

Thus, market principles go to extreme in Romanian education, clients often having the conception that they buy not immaterial highly intellect-intensive services, but very material diplomas: they demand materialization, they request not "talking" in courses, but exams promotion and faculty graduating: concretely, thy want the piece of paper on what is written "economist" or, generally, "bachelor". This is our market. And there where there-is private system, market works in priority to any supposed principles or imposed regulations: everything is sold and everything can be bought. We made some research and developments concerning corrupting, seducing, bribing, suborning etc. in resulting (we have not here the space for developing the matter., but we can say that even corruption can be thus also better understood) [3, 5 and others].

Unfortunately, from here results the inferior level of a big part of our private teaching; mechanisms of the same type – market mechanisms – can give high level quality, like in occidental teaching, but also the just mentioned under-level, like it happens sometimes to us. Worst is the fact that, by market competition, also the state teaching institutes, focusing on market demand and following this very demand, must supply that what is requested by the clients who pay; therefore they must diminish standards, they also and the general intellectual level of education. By this working and behaviour, a big number of candidates are admitted and promoted, and they are "graduating" most of them". If state teaching institutions do not make it, private ones will gain the plus of potential costumers, because if there-is a market demand, entrepreneurs will always be to get it.

The propensity to not learning in market economy (mostly in the far developed ones) is a paradox of education: the market system of reward gives incentives for *economic activities*, but not for *learning at high levels*. It means that the returns of the high level human capital are the diminishing returns of intellectual efforts in the market system, more diminishing than the returns of the material (physical and money) capital and of the medium qualified labour. Just less qualified labour "gain" less returns, but this problem is solved in the most advanced economies, by importing foreign labour from less rich countries. The extension of the market beyond economic limits, even over the teaching system, is shown by the (new) hierarchies into this system: they are often made by market criteria, the business-men are most successful (in obtaining incomes, but also in gaining university titles, in appropriating didactic and administrative functions and positions in managing educational institutions), than the real professionals of the field of science and education. Those last ones rather remain to their scientific research and high level didactic courses, but the first ones are assimilating the powers and leading of those organisations and institutions and thus are obtaining the best work conditions, are gaining the titles and image and have the best wages, get the paid contracts (grants) and develop their private connections.

Also, the university research tends to diminish its level: grants are given for services and activities at the usual level of the industrial manufacturing enterprises; but the high level research is not appreciated enough anymore: the recent market system and the system of gaining grants are not rewarding enough such projects, but rather some not that profound (the short run most directly applicative ones are preferred). *The highest level* ones remain unpaid and, as a result, they *are diminishing* and the best high specialists are *diminishing* their *qualification levels* or they are *living Romania*, trying to valorise themselves elsewhere.

4. Some conclusive issues

Ian Brinkley put in 2006 (in the paper "Defining The Knowledge Economy") the question: "If knowledge economy is so economically important as it is supposed to be, why did we see until now such a little impact on growing productivity performance". The answer to that question is: because the effects are on long run,

and because we should not expect just (or mainly) short term effects: the impact is much more profound and extended than the narrow productivity question. It is enough to think o servicity for enlarging our horizon of understanding. In just a few pages it is impossible to really well prepare and even to well enough present conclusions. Despite the efforts of limiting our expose, they still can be underlined some of the most important issues:

Without doubt, *economy* in our days means *market*: market rations and interests, market rules, material principles and even market moral. All those are - at least beginning with 1990 - included in our economy, in our society, in our lives, in the Romanian educational system itself too. But despite this reality, the word *European* has a lot of meanings (and this one was not changed in 1989; even if in the last time the European authorities pointed out and underlined some features that make us – and also our economies – different from the most marketed one, like the American one, for instance: even if we speak about economy, the sense of the word *European* makes the economy not to be reduced to the restricted (narrow) economic meaning; but it involves a larger horizon, pluri- and inter-disciplinarity and makes our (European) economy to include also the care for the environment, and especially for the nature, the interest for the equilibrium, including the equilibrium between solving the developing problems (of the most poor people - and nations, on a larger scale) and the care for the future generation: the care for the poorness problem is a special challenge for knowledge in modern world, thus knowledge is no more reduced to most direct short run material individual interests, but may give us all its valences; in this approach, the core of the economy meaning *knowledge based economy* is much rich.

That is why forming human capital means not just making most productive "human machines", but educating means also haw we (teachers) are forming young generations of humans: and not just from the cold strictly scientifically point of view, but also from the angle of moral, of principles that we are inoculating in their souls or what we are proving our selves to them to be applied in their life and practice: we are not just saying, but proving them day by day, by our behaviour and own direct and implicit example. We must prove about noble and chivalrous behaviour, about merits, like from the antic Chinese meritocracy, about the difference between honour and bribery, about moral, humanism and high intellectualism.

Agreeing with Manoilescu, we mean that the high quality of the economic activity is not given mainly by how much it can buy. It should be better by science, management, innovation and the new technology it invents (please see the concept of *servicity* in [6] and others). Human capital must be better created in the ethical ground of the market system *based on the law state*: it means people to apply accurately that what they learned; we need not "paper graduating", but real professional specialists, who use their scientifically skills and who really want to put it in practice, not to let it in a "formal land", else than the real world of work. We should be against abdication from noble principles of high intellectual spheres, in the favour of racketeer's speculation.

We do not speak about ignoring the commercial principle as a whole (including the honest fair way) but it must be done at high and professional (not mean petty) level, in a dignified manner, without rebate from the status of science, professional high competence, excellence and unchallenged integrity. Basing education on more efficient and solider sounder fundamentals must not be substituted by leaving it without economic support or to some inexpert-in-spiritual-field-businessmen's will, neither conceptually, nor in practice. Teaching must bring to the individuals and to the human society the human capital they need. This is in the favour of the economy. But formation should bring not just the skills needed by business, but should go to the essence of this capital of mankind.

In the knowledge society, the economy itself should not be a battle, a war, a destructing (or, at least, an isolating) confrontation or fighting competition, but an orchestra, a constructive common effort in the purpose of the wanted well being. It can be better realised by using well distributed functions and roles (and, of course, stimulating methods, including the market mechanisms). The well being should be conceived from the very beginning - and mostly realised - *for all*, for everyone *through all*, *by the well being of the human society* as a whole, well used; and it should not be for one *from* or *in the detriment of* the others, of the future and of the planet; the market should not be conceived and used like a destructive rivalry, but rather like a fair and constructive competition.

The economy and formation should create a potential being adequate to the people culture, not by marginalizing the own culture of the nation, because by this mean people became culturally marginalized from the very beginning and by definition, transforming the nation in the periphery of other the dominating

nations or companies, also from the cultural point of view, not just from the economic point of view. In any decision, the whole society counts, not just the economy. The priorities we mentioned in the matter of knowledge theory are sustaining the profound scientific basis of the knowledge concepts in economy an in society as a whole (with accent on the formation role): in a correlative approach, reference should be made to main role of education in humanity (including the economy – if its basing on knowledge is actually and essentially considered).

Hedonism stops to be the main criteria for the most elevated and cultivated people, keeping this role just for those who obeyed or surrender to the instinctual attractions and primarily motivations.

The teaching centres which respect themselves (and what do not abandon themselves to the passing worldly values of the market) actually have the mission and task to conserve the true values of humanity and to promote them. They must be saved especially from the aggressiveness of the expansion of the economic ideology and moral in all the areas of mankind life; including in spirituality.

In any case, the economic must stay remaining at its level of mean (way) for sustaining and developing humanity, and not transform itself from tool in purpose (goal), because it corrupts the human nature, taking it down to actions and features perverse for itself: not just pure selfish, not only un-human, but anti-humanistic too. Else, in a country like Romania, the total subordination of superior areas – like health and education - to the economic, putting them at the back and call of business, would mean taking them down to the same underdevelopment like in the economic sphere. This could not be in the benefit of the best integration and coordination into the UE community.

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SOME DETERMINANTS OF ECONOMIC GROWTH IN ROMANIA: FOREIGN TRADE AND FOREIGN DIRECT INVESTMENTS

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Abstract: This paper presents some theoretical arguments for which trade and foreign direct investments can be considered among the main determinants of economic growth. Through foreign direct investments positive externalities inside the economy has to enhance the economic growth. The liberalization agreements of foreign trade with European Union stimulated exports and more intensively, imports of Romania with this group at which she belongs now. Whether or not the foreign trade and the foreign inflows contribute to the economic growth of the country remains an open question. We try by this paper to focus on these issues.

JEL classification: F21, F14, O11

Keywords: trade, foreign direct investments, economic growth, regressions

1. Introduction

After the communism, in Romania followed a period of transition and there has been a general positive view that the liberalization of trade and of foreign inflows can generate positive externalities inside the economy. It is important that this question should be addressed and solved as the answer can represent a good reference for the policy makers.

In this paper we are interested to understand the theoretical arguments that exist about this relationship. In M. Pop Silaghi [2006] we were interested to see if trade can be considered a main determinant of economic growth from a causal point of view. Our results were not the most optimistic ones but they encouraged to further assess these issues and to try to extend the model.

There are many studies that use regressions to explain the relationship. Even if regressions are considered spurious and can lead to positive associations thus causality would be preferred, for Romania little work has been done with both FDI and foreign trade in an integrated framework.

Our paper is part of the literature that seeks to establish the determinants of economic growth. We will proceed as follows: in section 2, we will present some theoretical and empirical arguments regarding the relation between FDI- economic growth, respectively foreign trade-economic growth, in section 3 we will present some aspects of Romanian economy, section four we will run multiple regressions (with FDI, trade and growth) using yearly data and section 5 concludes.

2. Literature review

The international exchanges bring gains of welfare and efficiency of which benefit all the countries, no matter what their initial situations, their level of development, their technological level or their natural resources endowment are. These gains are different with respect to their belonging and the specialization is being underlined by the classical theories of Adam Smith and David Ricardo or by the advantages of the large markets, implied by the new trade theories (see [Krugman & Helpman, 1988]). In sustaining this positive view, the empirical studies have a major importance.

A high number of empirical studies were oriented upon the relationship between exports and economic growth identified in many cases with the increase of output or the increase of GDP ([Michaely, 1977]; [Tyler, 1981]; [Feder, 1983]; [Kavoussi, 1984]; [Balassa, 1985]). Most of the studies were based on simple

regressions between exports and growth and the results were in all cases the finding of a correlation. In the less developed countries, there was found a weak correlation and the problem which had been raised was to determine the minimum level of the economic development that has to be attained by a country in order to benefit as a result of the economic growth (see [Michaely, 1977]; [Tyler, 1981]). For example, [Tyler, 1981] worked over a sample of 55 developing countries and confirmed the positive relation between the expansion of the exports and the increase of production. But, during his analysis, he renounced to some countries from the sample due to the fact that he observed that it was necessary a minimum level of development for countries to benefit of the exports' expansion, mainly of the manufactured exports. The author used a Cobb-Douglas production function, incorporating three production factors as: capital, labor and exports. In the conditions of an increased specialization, due to the comparative advantage law, the countries can use the abundant labor resources and the productive capacity, and the exports can also increase more rapid than in other situation, as Tyler [1981] states. The dimension of time was used in his study, all the variables being expressed in function of time. The author replaced in the initial function the total exports with the manufactured exports, and the impact on growth was also positive. More than that, under the assumption of neutral Hicks progress, it was observed that the manufactured exports were accompanied by a higher level of technological progress.

The studies based on the relation between imports and GDP, even they were weaker in what concerns the statistical methodology, had also an important role in the strengthening of the global relation between trade and growth. As examples, we mention the study of Dominiguez [1970] which showed that if the countries are oriented upon the import policies, the import extent is determined by two important factors: their degree of production diversification and the way of allocating resources in these countries. The evolution towards a high productive allocation – associated with the high level of the incomes can influence imports in two different ways. Firstly, in an indirect manner, high levels of the income determine a more diversified demand and secondly, in a direct way, the level of imports can be explained by the need of completion the lack ness. This last effect is explained by the fact that the needs for primary goods are increased and they won't be fulfilled through the internal disposable resources so it will result a high demand for the finite and intermediate goods, obtained in insufficient quantities. Grossman & Helpman [1991] demonstrated the important role of the imports of goods or of foreign equipments in the process of economic growth of a country. The role of these imports is to introduce foreign equipments which do incorporate foreign technology in the internal manufactured production of the country, in order to create a more efficient national production system. As a consequence, they will encourage the increase of the productive capacity, the increase of the global productivity of the factors in the final production and the development of the technological capacity of the importing country, through the international diffusion of the knowledge. Other studies that were oriented upon the import-growth relation were those of Perreira [1996] and Larre & Torres [1991] which also reached to favorable results of the impact of technology imports over the process of economic growth.

Fogel [2006] proves the way in which can attain the desired objective of quadrupled rate of GDP till the year 2020. The author is interested to observe the interaction between economic growth and its main determinants in China. The richness of China's objective in growth' trajectory is facilitated, in the author's opinion, by the improvement of the quality level, education, political stability, institutions' quality. Constantini and Monini [2006] analyze the causal relation between human capital, natural resources and economic growth. The sample they worked upon was composed of developing countries as well newly industrialized countries. The first conclusion that they reached after a rigorous econometric testing was that for attaining a sustainable level of capital accumulation is a difficult task inside the first stage of economic development. The second conclusion was that the human capital accumulation represents a valid means of maintaining an equilibrated growth rate of consumption on long term. The positive role of the life's quality correlated with the education level represent key elements in assuring a sustainable economic growth. The third conclusion was that a high technological level will transform the natural resource intensive economies in technology intensive economies and this thing will be correlated with a reduction of the process of degradation of natural resources and it will reinforce the virtuous circle of the economic growth and human development. Jones and Schneider [2006] realizes an interesting approach of the process of economic growth by the interaction with the human capital doing a survey in the psychological literature of the intelligence tests. The authors reached the conclusion that a proper measure of the human capital is revealed by the IQ tests. Using new national data basis, the authors show that in the regressions of the economic growth, which include robust control variables, the IQ coefficient is significant. in 99.8% of those 1330 regressions, passing easily the Bayesian tests of robustness. A one-percentage growth of the medium national IQ is associated with a growth of 0.11% of the GDP.

Using panel data for 14 transition countries, Funke and Ruhwedel [2005] are interested of the link between production variety and economic growth. The empirical calculus is based of HS 5 digit classification data posed at disposal by OECD. The study results show the fact that in the open economies; the economic growth attains higher levels than the closed economies. Walde [2005] starts from the current explanations given to the situation in which a country passes through periods of boom or recession as those based on the predictability of the research- development investments circles. Because this thing is empirically controversial, the author starts from a model of the endogenous growth cycles as the stochastic Poisson model in which there are analytical studied the determinants of the cyclical behavior of research-development investments. The providing of an explicit expression regarding the expected value of a cycle shows that the most frequent fluctuations can be explained in a proper manner by this model. Also, it is proved the way in which the reduced technological improvements can determine intense fluctuations.

Concerning FDI, it seems to be generally accepted that the main channels through which they can contribute to economic growth are: technological transfer, capital accumulation, access to international markets, managerial and marketing practices and job creation (Lall [2000], Te Velde [2001], Borensztein [1998]). Another consensus is that FDI and growth are positively correlated under the conditions of existence of a minimum level of human capital, technology and infrastructure in the host country. This is what Blomstrom and Kokko [2003] define as the "threshold level of development". According to Serbu [2007], FDI are given an enhancing role for growth by the characteristics of the country. Athukorala and Chaud [2000], and also Balasubramayaur et al. [1996] sustain that countries which promote open trade policies benefit significantly from the growth enhancing effect of exports- oriented FDI. Continuing this idea, Blomstrom [1994] identifies as a necessary condition for positive correlation a sufficient level of per capita income. Borensztein [1998] underlines the importance of human capital in attracting FDI inflows and therefore technological transfer, but also FDI's crowding-in effect on domestic investment, private or public, advancing in an indirect way the overall economic growth. Another condition taken into consideration is the technological gap between foreign and local enterprises; a smaller gap should determine a greater spillover effect [Borensztein, De Gregorio, Lee, 1998]. Rajan [2005], more interested in policies, argues that local policies, instead of offering financial or fiscal incentives for FDI, should concentrate on improving the country's absorption capacity, meaning better infrastructure, qualified labor force, technology and local management.

Many studies concerning FDI and growth have shown a positive association between FDI and GDP, but the direction of the causality is not very clear. Is FDI encouraging economic growth or is the high rate of growth that attracts FDI, in search of high profits and new markets? On one hand, Carkovic and Levine [2002] argue that, once the country specifics and endogenous FDI inflows accepted, FDI has not a robust influence on long-run growth. On the other hand, Hansen and Rand [2006], using a sample of 31 transition countries, find that FDI causes significantly the growth of the GDP, also in the long run, and more important, the long-run impact is independent of the level of development.

3. Some aspects of Romanian economy

The economic openness from the first years of transition found the Romanian economy unprepared from structural and competitive point of view. The economy has to put many efforts to adapt, in both the internal market and external market. The increase of demand determined a boom of imports for consumption and determined a high level of inflation. To increase competitiveness, it was a vital need for investments in new technologies, research-development and an increase in labor productivity

The Agreements of liberalizations signed by Romania with EU contributed significantly to this fact. We computed the degree of openness and its composition in [Pop Silaghi, 2006] and we found out that it had been based more on imports than on exports in every year considered for the analysis. The openness was mostly due to the trade with the European Union. The comparative advantage indicator showed that Romania holds comparative advantage in sectors in which the inward processing system is high as textiles, furniture, so where labour costs are low. On long term we showed that these cannot be comparative advantage sectors as there always can be competitors and more, as member of European Union there will be in time a convergence in terms of wages.

It is very important to study the impact on economic growth of trade and more, to link it with the effect of FDI. Even in a regression country framework, there will be a step forward to analyze this relationship.

Like most countries in the region, Romania has followed approximately the same path in transition, until a certain point. In the beginning of the nineties, production has dropped in all former communist economies, with positive economic growth rates since 1997. Romanian policies implemented at the beginning of the transition to regain economic growth have failed, mainly because they encouraged consumption instead of investment. Therefore, using FDI as a solution to current account deficit had highly diminished its role upon economic growth. During 1990-1995, there has been an increase of FDI inflows towards commerce and services, small size enterprises, in the context of fiscal incentives and low labour costs. After 1995, FDI increased in production sectors, having an obvious superior impact than those in services.. In recent years, Romania has become attractive to investors due to the increase of demand in retail, financial services and real-estate, it has reached a certain level of market stability and a significant reduction of country risk. Low costs, especially in labour, continue to be a strong incentive, but investors start to concentrate on value-added products. Low labour cost is expected to lose importance as an attraction factor, as Romania is expected to have a 12 % annual growth in labour costs. Compared with her neighbors and based on her economic potential, Romania has certainly attracted insufficient FDI.

4. Data and methodology

We will use data for Romania during 1991: 2006, annual data, FMI databasis, Directions of Trade Statistics and Balance of Payment Statistics. All data are expressed in US dollars.

We will consider the following regressions:

$$\log GDP = a \log FDI + \varepsilon_1$$

$$\log GDP = b_1 \log X + b_2 \log M + \varepsilon_2$$

$$\log GDP = b_3 \log FDI + b_4 \log X + b_5 \log M + \varepsilon_3$$

Performing a descriptive statistics analysis, we observe that until 1997-1998, an interdependence relation can be detected between FDI and growth, but the trend changes around 1998, when FDI seems to become not only with neutral effect, but with a negative sign. The correlation seems to reappear after 2001. We performed the 3 regressions using OLS. The first one tries to capture the effect of FDI on GDP, isolated from other factors. The second one implies trade, and the third one combines the effects of FDI, exports and imports together. We expect to have a significant positive sign for FDI, as well as for exports. Results are presented in Table 1.

Table 1. Interrelationship between GDP, FDI and Trade: Econometric results

OLS Estimates Independent variable Dependent variable GDP 2 3 $\mathcal{E}_1 = 24.10584$ $\mathcal{E}_2 = 20.81977$ $\varepsilon_2 =$ 17.62928 Intercept (0.0000)(0.0000)(0.0000)a=0.039741FDI $b_3 = 0.048884 (0.0003)$ (0.0035) $b_1 = .205399$ $b_{4} = 0.145719$ **Exports** (0.3563)(0.3326) $b_5 = 0.163286$ $b_2 = .356891$ Imports (0.1014)(0.2167) \mathbb{R}^2 0.47 0.85 0.95

^{***} Note: In brackets we have the *p-values* associated with the coefficients.

Looking at the first equation, we find a positive coefficient, which is statistically significant. Our finding is consistent with our expectations, an increase in FDI stock will increase the GDP. The Durbin Watson statistics indicates a positive first order serial correlation in the residuals. In the presence of serial correlation, the OLS estimators remain linear and unbiased, but they are no longer efficient and standard errors are likely to be underestimated. A possible cause of serial correlation is omitted variables, the missing independent variables being contained by the disturbance term. We tried to improve the results by including trade in equation 3. The White test shows no important signs of heteroscedasticity.

The second equation estimates the relationship between trade and growth. We found no problems of serial correlation or heteroscedasticity, but we are surprised by the negative sign of exports, even though it is not statistically significant. In other words, higher the exports, lower the GDP. This can mean that there is not an evidence in Romania of the minimum of development on which the literature on cross country regression is focused. The fact that Romanian exports are more concentrated on inward processing system is a possible explanation also of the negative correlation. The problem that appears is to determine the minimum level of economic development that Romania has to attain to benefit of a positive effect of the exports expansion on the economic growth. It may be the case of the first years of transition that were the most difficult period. Perhaps at a delimitation of periods using more performing techniques of eliminating shocks would have led us to more optimistic results.

An interesting aspect is the positive coefficient found for imports although not significant. Grossman and Helpman [1991] proved the important role that imports of goods or foreign equipments have in the process of economic growth. The objective of these imports is to introduce in the manufactured production foreign equipments more productive which incorporate foreign technolgy. This will induce a system of the national production more efficient, the increase of the production capacity and the development of the technological capacity of the importing country, by the diffussion of knowledge. For Romania, thus, i tis a step towards this theoretical direction although the imports so far are more oriented on consumption rtahre than on investments.

The third regression brings together FDI, trade and GDP. The R^2 is 0,95, suggesting a good explanation of the model, compared to the R^2 of the first 2 individual equations. Exports have a positive coefficient, as we would expect, as well as imports, even though their coefficients are not significant. The errors are homoscedastic and considering a 95% confidence level, the Breusch Godfrey test shows no serial correlation in the residuals.

The surprise comes from FDI, who enter the regression with a negative sign, highly significant. This comes in contradiction with our hypothesis that FDI induces growth. We found several possible explanations. A first explanation, of statistical reason, is that other explanatory variables have been left aside, and in the reason of sensitive transition data, it could have had a certain influence on the results. Secondly, the regression is not independent of correlation between the factors, especially FDI-led exports. We take into consideration, for a future study, to take as independent variable the ratio FDI/ GCF gross capital formation, since the main channel of generating growth seems to be capital transfer. According to the economic theory, investments capable of generating growth are investments arrived at a certain maturity level. Hence, Romania had a certain delay in attracting FDI, therefore the maturity level required has not yet been fulfilled. Another reason for these results that fact that we consider FDI as a compact variable, and in reality the impact of FDI should be detailed on the different types of FDI and different value-added sectors of the economy. As suggested in Serbu [2007] and other studies on transition countries, "greenfield" FDI should exceed acquisitions related to privatization process, in order to improve economic performance.

5. Conclusion

In this paper we did a country regression analysis, using Romanian data on exports, imports, FDI and economic growth. We tested three simple equations in order to have a clue of potential relationships inside Romanian economy between these variables. The impact of FDI on growth is significant only when it is studied separately. The inclusion of exports and imports in the model change the results, FDI have negative coefficient and exports and imports has positive signs but no significance is found. This demonstrates that the omission of other determinants of economic growth affects the impact of FDI on GDP. FDI by themselves induce a false effect of growth. The third equation reveals the fact that Romanian level of

development is not sufficient to enhance a positive effect of the FDI, exports and imports on the economic growth of the country. The disadvantage of the statistical regressions is that they do not incorporate the time dimension in the analysis. The regressions do not take into account the order in which the incorporated data in the regressions are generated by the studied phenomenon. We consider at this stage our work as an exercise to test relationships without employing time series econometric tools. Although positive associations can be causes of spurious regressions, they can offer minimal clues about the nature of the relationships from a static point of view. It will follow the tests of causality by which we will try to determine from a dynamic point of view the nature of the relationships inside Romanian economy.

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THE NECESSITY OF APPROACHING THE SERVICES' PROBLEMS IN THE CONTEXT OF THE INVISIBLE TRADE'S LIBERALIZATION

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The world scale concerns are directed towards services and the protection of intelectual property, so that it is informed in due time, the intervention of some significant structural alterations within the international commerce so that there appear substantial growths within the service commerce, as a direct cause of the deepening of the globalization process of the contemporary economy.

In this study we emphasize on the necessity of approaching the services' problems in the context of the invisible trade's liberalization through a systemic analysis of opinions and concepts that refer to the bonds that appear between services, the invisible trade's liberalization and globalization, also describing the specifics and characteristics of the international service commerce, the influential factors, aspects such as the Directives of the Services adopted by the European Parliament, as well as the need for Romania to participate in the creation of multilateral commerce rules which also include the services.

As a reflection of that certain interdependence, it may be considered as a necessity the on-going process of economic life's globalization under the influence of impact reflection and the importance within the invisible commerce and the adopting of certain strategies within the economic policies on a world-wide scale oriented towards the deepening of the globalization process that can include the liberalization of the invisible commerce as the only contemporary civilised means of growth.

Key words: globalization process, invisible trade, services liberalization

Introduction

The worldwide economic exchanges contain streams of material values and money, of results of the science and technical creations also activities based on services.

Taken in their close interconditional relationship, these streams contain activities that, through their specificity have as goals:

- The object of exchange, which can be material values, money, spiritual or third-party activities or cooperation activities.
- The geographical aspect, each stream appearing between partners of certain countries or global areas.
- 3. A certain frequency, value, volume and importance, which offers a certain individualization.

The variation, amplification and emphasis on the interconnections between the world wide economic circuit's streams and the increment of mechanisms' complexity represents, this day and age, one of the world wide contemporary economy's characteristics.

The world scale concerns are directed towards services and the protection of intelectual property, so that it is informed in due time, the intervention of some significant structural alterations within the international commerce so that there appear substantial growths within the service commerce, as a direct cause of the deepening of the globalization process of the contemporary economy.

The systemic analysis of opinions and concepts referring to the specifics and characteristics of the globalization process of econimic life include the reflection of impact and the importance of services within the invisble trade.

The liberalization of commercial exchanges is defined as "a sum of actions meant to eliminate or lessen the effects of the barriers which the external contractors are faced with at the market entry point or to diminish the discrimination towards them". [3]

The globalization process

The globalization process has, at its core, the actions, strategies and interests of the transnational corporations, those that have the economic power and that are present on a world-wide level.

The competition within the global market is very tough. Rémi Kauffer writes about American Multinationals at War against Europe, and others consider that "nothing is more mobile these days than the assets. The international investments direct the commercial streams, transfers worth of billions at the speed of light decide the exchange rates, a country's purchase power and its currency. No longer do we see as the engine of commerce the differences in relative costs. What matters now is the utmost advantage on all markets and all countries at the same time."

In this direction and in that of adopting an import policy, actions are taken on a world scale that include: goods that are not on national territory but which are consumed by individuals and legal entities that are abroad, goods destined to me re-exported with or without national-level entry, as well as services carried out on national territory, or abroad.

The above-mentioned categories contain services that lead to invisible import (currency exchange and transfer, the expenses of various sports, cultural, economic delegations), the re-exporting activities (that imply spending and great efforts, as a commercial risk caused by re-selling) as well as another category which contains: transport services, banking services , postal services, telecommunications, technical assistance, juridical assistance, medical services, schooling, work in various fields, all with deep implications in activities that concern the growth of invisible trade.

Re-exportation activities contain a wider area of utility because:

- 1. They assure the growth of production, of international economic relations
- 2. Lead to the growth of specialized import's income

In this context, the opportunity to establish numerous firms specialized in import operations appears, all concerning the re-exportation, having as object of activity:

- Goods that can be kept and preserved in appropriate warehouses on a long term and which are sold in optimal periods from the point of view of economic situations (whenever there is a high demand). Also, other situations exist in which other possibilities of keeping and preservation are created when surplus productions are mentioned as opposed to actual demand, created on the intermediary exporter's risk.
- 2. Goods that need an inferior processing and that need an improvement process for re-exporting (their value is increased).

The globalization tendency recorded in more and more businesses in the services' field highlights the vitality of this field of activity. The phenomenon of accentuated expanding of services is approached by more and more specialists which start proving the theories from the decisive factors which are presented in four categories, depending on their role within the international service commerce (figure 1) such as:

- 1. Decisive factors within the services' expansion [8];
- 2. Factors that stimulate the international services commerce [15];
- 3. Factors that determine the growth of the international services commerce [2];
- 4. Factors involved in the liberalization of transactions with services [3];

*TRIPS-Agreement on Trad-Related Aspects of Intellectual Property Commission, Canberra, May

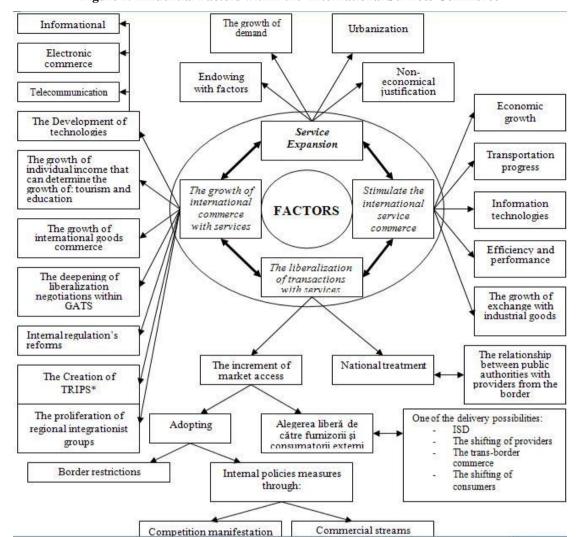


Figure 1. Influential Factors within the International Services Commerce

Negotiation issues regarding the liberalization of worldwide commerce within The World Business Organization (WBO) concern aspects about the "competition" of interests within the great economic powers such as the European Union or the U.S.A., as well as of the great agricultural exporters such as Brazil, Australia and poor countries that, in time, diminish the chance of a better life [13].

The importance of the Directive of Services

The European Council, after years of negotiation, approved **the Directive of Services** which contains the problems of providing trans-border services through eliminating obstacles from the way of free circulation of services in the internal market.

After the Directive is applied (countries that are members have as much as three years to apply the directive), an increase in the life standard of every citizen will be recorded because each European citizen will be able to provide services in any E.U. state, which will be reflected in an accentuated economic growth process.

The Directive is concerned with the quelling of provisions about the temporary detachment of workers and, of the principle of country of origin which was, eventually, replaced with that of the freedom to provide services, creating as such a balance between the interests of the consumers, the workers and those of the providers of services.

The freedom to provide services presumes respecting the rights of the provider to insure services and to give him the warranty of free access and free practice of a service on their territory, so as to, generally there won't be the possibility to ask a provider to open an office in the country where the temporary establishment has been made and he won't be forbidden to establish a "certain infrastructure" on that certain territory. The provider won't be compelled to register within a professional body and he won't be prohibited to use the equipment that he needs at his work place. Also, the Member States won't have to resort to "contractual arrangements between provider and receiver".

On the basis of national laws, the participant member countries can limit this freedom of services, these arguments concerning the fields of public security, environment protection and public health.

The Directive covers services such as:

- 1. <u>Services that are specific of enterprises</u> (counseling and management, certifying and testing, the office maintenance, advertising services or concerned with recruiting, services of economic units);
- 2. <u>Services for consumers</u> (specifically the tourism, including tour guides' services, the leisure services, sports centers and fun parks).
- 3. <u>Services provided to enterprises and consumers</u>(juridical or fiscal counseling, housing agencies, services connected to constructions such as architects, distribution, the organizing of commercial fairs, travel agencies, car rentals);

Among the services that are not covered by the Directive are:

- 1. Services covering general economic interest(water, gas, electricity) which are covered by the Directive's provisions referring to establishing freedom.
- 2. General interest services that do not have an economic character (such as public education).
- 3. Some social services insured by the State or by the providers named by the State (social housing, aiding the individuals in difficulty, children's aides). The Directive will not affect the fields already covered by other legal enforcement of the Union (such as financial services or transport services or others that will be the object of a special legislation in the future such as health services).
- 4. Some occupations (such as the lawyers' professions) are covered by the Directive but they are under the control of field regulations in the Union. The Directive is, as a consequence, complementary with the specific regulations, because it is applied only upon aspects not covered by the field directives.
- 5. The taxation policy is not covered by the new directive.

In this context, one can observe that the European Council had as a primary objective finding a method through which to open even more the internal services' market in the view of trans-border competition, without deteriorate the social European model.

The possibility of each internal provider of services to compete with equal chances within a branch is the consequence of internal liberalization that can be triggered by the liberalization of the access of foreign providers in the market.

In this state, the goods and services transactions can come under the spectrum of a reform of the external commercial policy, whose action is triggered on two levels as one can see in figure 2.

The Reform of the External The easing of the conditions required for the permitting of Commercial Policy free practicing or work force travel. Which concentrate upon Vertically Horizontally the streams of workforce. Increasing the cap that concerns the propriety rights of foreign firms The easing of regulations concerning the repatriation of the assets Instruments that associate That concerns the propriety Instruments of the field specifics to those of rights general policy own internationalization means Easing the practices of capping or contingency of imports Instruments that can be applied to the services Lowering the customs' taxes commerce onimports Which concern transborder exchanges

Figure 2. Levels of external commerce policy reform actions

The Romanian place in the International Commerce

In the actual context, Romania's participation to elaborating a set of multilateral commerce rules appears as a necessity, the advantages of enforcing the multilateral commerce legislation on a national level as well as on an international way, imply a cooperation on a multilateral level on the following directions: constructing the rules of market economy at the same time as establishing a legal frame, predictable and stable in which the Romanian exporters can take actions in an environment of loyal competition.

The negotiation of new multilateral rules in areas such as competition concerned with commerce, foreign investment, the transparency of public acquisitions leads to the creation of a multilateral legal frame more predictable and transparent, based on precise and clear rules, which will do only good for the Romanian national economy. These negotiation processes have, as outcome, the attraction of new investments, the respecting of competition principles, with advantages especially for the consumers and a better use of the public funding.

The enforcement of the multilateral commerce system in Romania, with its quality as an original member of WBO, is made through the country actually participating in the complex activity of this organization.

The commercial negotiations that take place under WBO, must lead to the achievement of a lessening or of the removing of financial fare borders or non-fare borders in the way of commerce. This process of modifying those certain borders constitutes an essential level in the way of the liberalization of the goods and services commerce in the conditions of globalization.

Also, in Romania as well, at the same time with the regional integration process, the process of globalization is as well on-going along with the process of the enforcement of the multilateral commerce system, these processes becoming directly intertwined as a consequence of the phenomenon of mutual supporting.

The association agreements or those of free commerce are completed with the following of the commerce regulation established multilaterally, the liberalization of the regional commerce being a premise for the active participation in the liberalization process within WBO.

As an optimal method for the realization of the balance of the agreed-approved concessions, the agenda of

the Doha Conference contains the idea of a *multilateral commerce round* in Romania. In this direction, for the *service commerce* the development of the liberalization process was established considering the internal realities of each member. It is sought out that, through this liberalization, a process of incrementing the quality of services offered and practiced on the internal market is triggered, as well as the use of agreed openings in the market, in the direction of the growth of export in countries with less tradition in this field.

The adoption of certain internal assistance means is imposed as well, through a better clarification of the commerce rules, so that the continuation of those that have a very reduced effect on the liberalization of commerce is permitted and to lead to the substantial lessening of all formes of subsidizing of exports, so as to eliminate them, depending on the degree of implementation of certain adequate policies in the country.

Commercial multilateral negotiations within WBO, at which Romania took part as well, took place having as an objective the embrace of measures that will not determine the diminishing of the protection degree below that of the European Union, thus not influencing negatively our country's integration process.

As a developing country, Romania continuing to participate in the liberalization of the international services commerce, would have an important advantage that, in the field of this type of commerce would lead to the facilitation to the access of third-party markets for Romanian goods and services exports. This participation at those certain negotiations would amount to, on one hand to directly opening new potential markets for the Romanian services exporters and, on the other hand, indirectly to increasing the competition degree in the national fields. Actually, the indirect effect is reflected in a gradual availability of these facing the foreign competition, the national consumers benefitting fully from this process. A significant example is the expansion of the mobile phone market, which will generate, for Romania as well, a meaningful decrease in the prices of these types of services.

The evolution of economy on a world wide scale reflects two tendencies of development:

- 1. The intertwining, association, completing, internationalization, integration, globalization of economic processes.
- 2. The in-depth dimensional diversification of the worldwide work division.

Conclusions

The globalization can increase the growth and economic development of each country only under the conditions of the liberalization of invisible trade. Independent of the specifics of its development, this liberalization process of the invisible trade can have important economic advantages, participating in the international work division, being open to foreign assets and technologies.

The intertwining of the globalization process with the mechanisms of the invisible trade's liberalization creates consolidation opportunities for local, regional and international economic structures by orienting them towards:

- 1. World Wide Investment, where transnational companies have an important role;
- 2. The Accentuation of Informational and Technological Exchanges as a basis for efficient use of human, natural, material, financial resources;
- Specialization and Re-specialization, within the international invisible tradeam de lucrua, by
 using, at a high standard, the principles of comparative costs by assuring the pay balance as well
 as choosing the most adequate means of improving activities concerning imports and exports;
- 4. Accentuating the workforce mobilization process and especially that of the service field, for a better functioning of the world wide work market;
- 5. The enhancement of the internationalization and institutionalization process by creating multiple international institutions.

The economic policies' strategies on a world wide scale must be oriented towards the deepening of the globalization process which has to include the liberalization of invisible trade as the only means of actual civilized development.

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CAUSES OF PRODUCTIVITY SLOWDOWN IN THE EUROPEAN UNION

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Abstract. In this study we have analyzed the evolution of the EU-15 labour productivity in the last years to identify the structural problems of the European economy. According to statistical data, the productivity per hour has decreased from 2% in 1981-1995 to 1.6% in the 1995-2000 period and then to only 1.3% in 2000-2006. The main causes of the productivity slowdown refer to lower investment, which caused a smaller increase of the capital stock and to smaller growth rate of total factor productivity. In the last thirteen years, labour productivity growth in Europe was below the level from United States, which leads to larger gap between the two economies.

Key words: Hodrick-Prescott filter, potential growth, ICT capital, total factor productivity.

The term "productivity" describes labour productivity, measured by real GDP per worker or by GDP per hour worked. According to Cobb Douglass production function form, labour productivity growth is influenced by capital stock accumulation, by stock of capital per employed person, and by total factor productivity (TFP). Among these three factors, capital deepening and total factor productivity change after a long time after investment or technological process, while employment is a variable production factor on short term. Otherwise, the employment may be more easily measured, while the other two factors are measured by more complex methodologies. For example, the capital stock accumulation results from net investment, assuming that there is a known initial capital stock. Also, total factor productivity may be interpreted as residual of the Cobb Douglass function, being equal with difference between output growth and the growth of labour, respectively capital stock.

The sources of labour productivity results from the decomposition of national output, which can be expressed by use of a Cobb-Douglas production function with constant returns to scale:

$$Y = TFP \cdot K^{\beta} \cdot L^{1-\beta}$$
, where,

Y denotes GDP; L is the number of persons employed; K is the stock of capital; TFP represents total factor productivity; β is the elasticity of output with respect to stock of capital, assumed to be constant over time. It results that labour productivity has the following form:

$$\frac{Y}{L} = TFP \cdot \left(\frac{K}{L}\right)^{\beta}$$

If the above relation is logarithmed, it can be expressed the change of the labour productivity in change of the total factor productivity and in change of the stock of capital per employed person, according to below equation:

$$\%\Delta(Y/L) = \%\Delta TFP + \beta \cdot \%\Delta(K/L)$$
.

The trend of labour productivity in the European Union

The growth of the labour productivity is mostly influenced by economic business cycle of a country. Thus, in a recessionary period, the economy produces below potential and the labour productivity will fall below trend. In this study we have used a Hodrick-Prescott (HP) filter to decompose the evolution of the output growth and of the productivity growth in two components – trend and cycle. The HP filter was used, for example, in the calculation of trend labour productivity growth for the euro area in European Commission (2006).

The trend of labour productivity growth and economic growth rate is illustrated by Figures 1 and 2 in which we have presented the evolutions of the output and productivity growth in the European Union over the period 1980-2008. As can be seen, the two variables move closely together, with a contemporaneous correlation of 0.76.

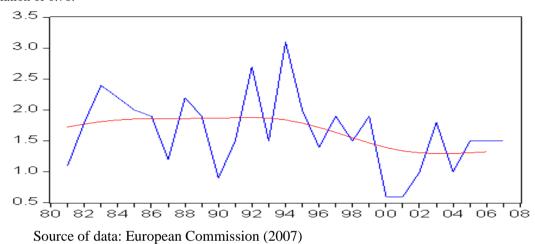


Figure 1. The HP trend of labour productivity in European Union

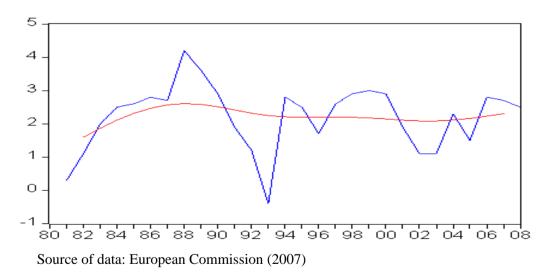


Figure 2. The trend of economic growth in European Union

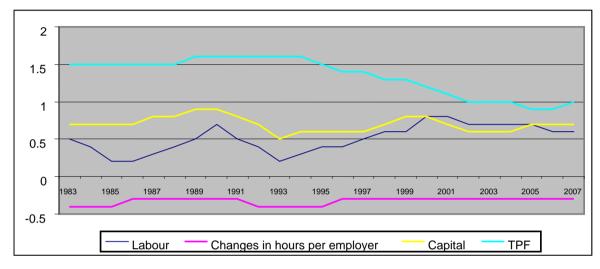
In accordance with these figures, it results that the trend of the labour productivity was almost 1.8% during ten years (between 1984 and 1994), and has declined rapidly below 1.5% after euro introduction. The weaker performance in terms of the labour productivity can be explained both by decrease of the trend and by recessionary phase of the economy, as seen in figure 2. Concerning the potential growth rate of the

economy, it was relatively stable in the last fifteen years, being situated at 2% per year. Generally, the European economy has register a negative output gap especially after 2000 year.

The actual evolution of the potential GDP (estimated by the HP trend of economic growth rate) is characterised by the increase of number of persons employed beginning at 2000 year that has compensated the reduction of hours worked per employer (about -0.3% per year contribution). The total factor productivity explains about half of the potential growth rate and the contribution of capital accumulation is stable around the 0.6-0.7 percentage points. In the graph 3, we have showed the decomposition of potential GDP (Y_P), according to following equation:

$$Y_P = TFP \cdot K^{\beta} \cdot (L \cdot \frac{H}{L})^{1-\beta} \Rightarrow \%\Delta Y_P = \%\Delta TFP + \beta \cdot \%\Delta K + (1-\beta) \cdot \%\Delta L + (1-\beta) \cdot \%\Delta (H/L)$$

where, the labour contribution is evaluated by the total number of hours worked.



Source of data: European Commission (2007)

Figure 3. The factors that influence the potential GDP in the European Union

The significant decrease of total factor productivity growth in the EU since 1995 (as in the figure 3) has generated a reduction of labour productivity growth (in figure 1). If European Union will be characterised by same evolution in the next years, then long-run economic growth rate will reduce. This is calculated by the sum of changes in labour productivity and in employment.

According to the three figures represented above, it can be concluded that European Union has interrupted the favourable evolution after Second World War, which has sustained a convergence with US level of productivity. Thus, in the 2006 year, the level of output per capita in European Union was at roughly 73 % of US levels, level similar with that existing in the 1970 year. It results that in the last thirty years it has not registered a convergence of the output per capita in European Union relative to United States economy. However, there is a good news about the labour productivity contribution. Such it is observed in the figure 4, labour productivity measured as output per hour worked has increased from 70% of US level to 103% in 1995 year, respectively to 92% in 2005 year. In the last ten years, European Union has lost around 20% of the gains obtained after the Second World War. Beginning with 1995 year, the gap between US and EU has increased, in context of the higher labour productivity growth rate in the first country. European Competitiveness Report (2001) considers that "the mid-1990s marked a turning point in this process. A rapid acceleration of productivity growth in the US coincided with a deceleration in the EU and led to a renewed widening of the productivity gap, thus erasing to some extent the convergence gains made. EU performance in the second half of the 1990s was not by itself especially discouraging, with GDP growth accelerating and employment rising".

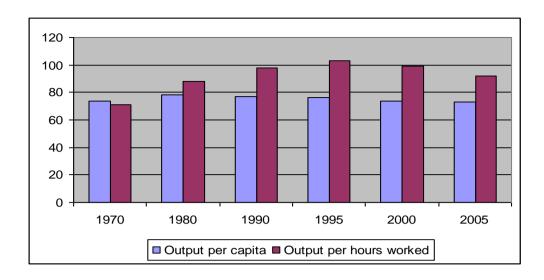


Figure 4. Output per capita and productivity in the EU relative to the US (in PPP)

Effects of ICT on labour productivity

In this section we have tried to explain the labour productivity gap between US and EU by slower propensity of the European economy to Information and Communication Technologies (ICT). Over the past few decades, ICT has become increasingly pervasive in development economies. Two main evolutions have spurred this uptake of the ICT technology. The first reason refers to rapid technological progress which has driven down the cost of ICT goods. The second reason refers to the ICT process enabled by this technological progress. There are at least three possible reasons why ICT has stronger effects on productivity than other capital stock, according to Ark and Inklaar (2005):

- effects of ICT investment through ICT capital deepening;
- rapid technological change in ICT producing industries leading to TFP growth;
- Total Factor Productivity (TFP) growth in industries that make intensive use of ICT (knowledge spillovers)

Ark and Inklaar (2005) consider that "total factor productivity (TFP) growth in ICT producing industries will quite naturally contribute to aggregate TFP growth and hence labour productivity growth. In a neoclassical framework, the contribution from ICT investment is also well defined: firms will invest in ICT up to the point where further output gains are equal to the marginal cost of the investment". These economists have proposed a theoretical framework to analyze the contribution of ICT to economic growth, respectively to labour productivity. They have decomposed the capital stock of the country into ICT capital ($K_{\rm ICT}$) and non-ICT capital ($K_{\rm N}$). The first type of the capital is obtained in industries such electronics, informatics, while the last is specific to traditional industries. They used a traditionally Cobb Douglass production function in which indluded the two types of the capital stock, as in the following relation:

$$Y = TFP \cdot K_N^{\beta} \cdot K_{ICT}^{\alpha} \cdot L^{1-\alpha-\beta}.$$

$$\frac{Y}{L} = TFP \cdot (\frac{K_N}{L})^{\beta} \cdot (\frac{K_{ICT}}{L})^{\alpha}.$$

TFP growth can then be derived as the growth of output minus the growth of aggregate inputs:

$$\%\Delta TFP = \%\Delta \frac{Y}{L} - \beta \cdot \%\Delta (\frac{K_N}{L}) - \alpha \cdot \%\Delta (\frac{K_{ICT}}{L}).$$

To offer an another explanation of the ICT impact on labour productivity gaps, Ark and Inklaar (2005) made a decomposition of the TFP - originating in manufacturing industries producing ICT goods and other industries.

Table 1 summarizes the main findings for the EU-15 and the U.S. for the periods 1987-1995, 1995-2000 and 2000-2005. The table shows a decomposition of labour productivity growth into the effects of ICT capital deepening, TFP growth from ICT producing industries, non-ICT capital deepening and TFP growth other than that from ICT production. "The main findings are that the EU-15 as a whole has been lagging behind the U.S. in terms of ICT capital deepening in each period" (Ark and Inklaar, 2005). The deepening of the ICT capital process has emphasized in European Union and in United States beginning with 1995 year, but after 2000 year its growth has returned to levels pre-1995. The intensity of the process was higher in United States and led to stimulate the labour economic growth rate, from 1.2% pre-1995 to 2.3% after this year. Despite the role of the ISC sector, the divergence between labour productivity growth rates was mostly influenced by higher TFP growth in other industries. Thus, the increase of this form of TFP was zero in European Union and 1.4% in United States.

	1987- 1995	1995 - 2000	2000- 2005
Labour productivity growth in the EU , of which:	2.3	1.8	1.2
- ICT capital deepening	0.4	0.6	0.4
- non-ICT capital deepening	0.8	0.4	0.5
- TFP in ICT industries	0.2	0.4	0.3
- TFP in other industries	0.9	0.4	0.0
Labour productivity growth in the US , of which:	1.2	2.3	2.8
- ICT capital deepening	0.5	1.0	0.6
- non-ICT capital deepening	0.1	0.2	0.5
- TFP in ICT industries	0.4	0.7	0.3
- TFP in other industries	0.2	0.4	1.4

Source of data: EU KLEMS (2008)

Table 1. Sources of labour productivity in EU and US

Based on the data included in the table above, Ark and Inklaar (2005) have concluded that "European economy are still in a transition process towards a new phase of productivity gains from ICT usage, which the United States have already realized. To this end the direct relationship between ICT use and TFP growth at the industry level has been estimated, to identify any productivity spillover effects of ICT use. The European slowdown in productivity growth is a reflection of an adjustment process towards a new economic structure, which has developed more slowly in the EU than in the U.S.". Therefore, these authors have identified a structural cause of the labour productivity weaker performance in the European Union, which can be neutralized by rapid diffusion of ICT in the European industries.

Determinants of labour productivity

In this section, we have summarized the most important factors to enhance labour productivity in the European Union, on the basis of the economic literature:

- 1. rising the education level of the employed population. Generally there is a positive correlation between the education and the living standard of the population.
- 2. ensuring a free competition in all the economic sector, inclusive in the service sector or in innovation sector. A free competition forces the firms to higher specialization process, which can lead to higher productivity.
- 3. stimulating the innovation process by tax burden reduction, by tax facilities, by promoting the entrepreneurship, respectively by rising of the research and development spending share in GDP. This factor is positive influenced by education and is into a concave relation with competition. Thus, innovation process increases at low and higher level of competition.
- 4. investing in physical capital, which rise the degree of the worker endowment and the level of their efficiency.

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ON SCIENTIFIC IMPOSSIBILITY OF OPTIMAL TAXATION

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The idea is to discover the economic science potential to "prescribe" an optimal taxation, both in taxation system (progressive vs. flat tax) and in taxation burden. I am going to demonstrate the myths of many popular ideas from the economic theory and public opinion: on the one side, that flat tax is the best way against fiscal discrimination and welfare redistribution in society, and on the other side, that flat tax is the modern source of economic prosperity. As any other social product, taxation must be considered, first of all, from ethical point of view. In Murray Rothbard's terms, "Our conclusions are twofold: (1) that economics cannot assume any principle of just taxation, and that no one has successfully established any such principles; and (2) that the neutral tax, which seems to many a valid ideal, turns out to be conceptually impossible to achieve. Economists must therefore abandon their futile quest for the just, or the neutral, tax".

Key Words: Flat Tax, Optimal Taxation, Public Choice Theory

Is the fiscal burden a scientifically one?

The idea is to discover the economic science potential to "prescribe" an optimal taxation, both in taxation system (progressive vs. flat tax) and in taxation burden. I am going to demonstrate the myths of many popular ideas from the economic theory and public opinion: on the one side, that flat tax is the best way against fiscal discrimination and welfare redistribution in society, and on the other side, that flat tax is the modern source of economic prosperity.

The economic calculus argument reveals the arbitrary character of every fiscal policy. Which are the reasons on which bases the government proposed a unique tax rate of 16%? Why not 16,5%, or 20%, or 10%, so that being a whole number? Which is the calculation used, in general, when establishing the tax rate? Do we speak about that (optimal) tax rate, when the economy is prosperous and "goes" very well?

Fiscal options of those governments that choose the unique tax rate reveal the great diversity of those used. Everywhere and successively we assist to the national fiscal systems reformation, by changing the tax rate nature and the level. The grounds are often—found in the elections programs through which politicians intend to take advantage of the economic circumstances they are facing. Consequently, the fiscal system cannot be subordinated to a scientific, objective, based on universal law frame of economic science reasoning. This option is a political one, as Alvin Rabushka recognizes in an interview given after adopting the unique tax rate in Romania in 1st January 2005⁶⁰.

Well, choosing a certain fiscal system is not and certainly cannot be an objective, scientific one. We do not speak either about assuring the economy "well doing" or about reducing the tax collection costs, as fiscal authorities often claim. Interests for reducing the expenses can exist only within private property frame because in such a medium prodigality is punished through losses or even bankruptcy. Unfortunately, we cannot imagine the government being bankrupted because of... "great expenses for tax collection"!!

Some economists consider that, as taxation rationale is that of assuring the financing instrument for public goods, than the fiscal system must be subordinated to the necessity of producing public goods. For

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⁶⁰ Alvin Rabuskha considers that choosing a unique tax rate of 16%, or of any other level, is determined by a few factors. One of them could refer to the need of producing certain returns necessary for financing the governmental expenses. Another one could be the wish to attract the investors and to stop qualified workers leaving the country. "Certainly – shows professor Rabuskha - if 16% is too small and, consequently cannot produce adequate incomes, it is more a matter of controlling the public expenses than the option for a certain tax rate". It seems that, the present fiscal trend is adapting the taxes level to the already established public expenses, so that these "to satisfy" more and more persons. The Romanian government confirms that, presently, the fiscal reform – starting with reducing the public expenses in order to permit after a tax substantial reducing - is an out-of-date (or non-electing) one.

example, Richard Epstein (1985) insists on the fact that taxation system should rather be proportionally than progressive because individuals do not have progressive access to public goods.

But, if considering the "public goods" rationale, than the solution should be, in fact, another one. It is revealed by the public goods nature: using them by a certain person does not reduce its availability for the others in the community. So, one could claim that, in the virtue of public goods non-exclusivity and non-competition attributes, no one can benefit more than others from national army, public electricity, radio waves, etc.

In this situation, could be the "unique tax" in forfeiter (tax in fix amount) amount the "most correct" financing system of public goods? Yes, indeed, as public goods usage is neither a progressive one, nor proportionally to everybody's incomes, but *identical* for everyone. Being given these circumstances, how can someone calculate the tax everyone should pay? Very simple: dividing the public goods production costs to the number of persons in a certain community.

So, forfeiter tax could reduce significantly the redistribution rationale that rules the government actions in the society and in the virtue of which the government gains the "sympathy" from that certain groups that take advantage of redistribution acts. Also, paying the same amount of money, as a tax, means that taxation is established according to the payment capacity of the poorest members in the society.

This way the government would be obliged to manage only with the taxes collected by this system and increasing the governmental budget would necessarily be derived from the improvement of the situation of those less rich members in the society, in the spirit of the so-called John Rawls "social justice". Forfeiter tax cannot either contradict the tax redistribution principle or solve the problem of the optimal taxation impossibility.

Contrary to market relations, government actions towards producing goods, the so called by the later "public goods", mean a non proportionate distribution of expenses and benefits. There is no reason to suppose that the government will "steal" its subjects' property only when and in the proportion he manages to use these properties more efficient (for whom?) than their owners.

The Economic Jerry-built of Optimal Taxation

Such an analysis, as I have already shown in the paper "Institutions and Prosperity. From Ethics to Efficiency", produces amazing conclusions so far the governmental sector optimal dimension⁶². The public sector dimension does not represent the economic calculus result, as happens when speaking about a firm dimension, anytime, on the market conditions, because the impossibility of using the economic calculus criteria within an agency whose receiving (I prefer using this term compared to that of "incomes") is obtained using (fiscal) coercion. The pure normative theory failure is represented by establishing the fiscal government needs in an exogenous way, according to a certain amount of public goods considered "optimal". But determination of such an "optimal" cannot be subordinated to the objective criteria of economic rationality, but only to abusive judgments of supported, possibly by the majority vote, governmental decision makers.

The public choice theory reveals the fact that the rules of democratic game enforce the government to maximize the resulted advantages from the public expenses increasing, sometimes even sacrificing the economic development, as demonstrated by economic history⁶³. That is the reason why governments spend the maximum of resources received and even more than that by creating deficits and public debts. And the fiscal frame is inevitably subordinated to discretionary budget needs and public debts, within a world in which the majority of the economists continue, delusive, to speak about "optimal".

There is nothing "optimal" as far as public sector relative dimension is concerned. The great argument, referring to the impossibility of economic calculus in socialism, given by Ludwig von Mises, represents this explanation basis, as the public sector is, in fact, a "socialism island". Being not given the market and

⁶¹ On the forfeiter tax conditions, property redistribution is done among tax payers, those who gains in the private sector, and tax consumers, those who form the state frame.

⁶² Cosmin Marinescu, 2004, p. 164-78 și 208-9.

⁶³ James Buchanan *public choice* demonstrations to be seen, Gordon Tullok, Richard Wagner, Geoffrey Brennan and also the theoretical and historical arguments of Douglass C. North (1990), who demonstrated the necessity of institutions integration in the economic science.

prices, the "socialization" properties allocation using state budgets is a political one, whose viability reported to individuals needs is impossible to be verified. The public sector dimension *cannot be* dimensioned based on "profitability calculus", otherwise said economic, but only manipulated depending on supposed winning political interests and programs, in fact electoral.

This argumentation is also valid for unique tax. Even if the government should limit, in a miraculous way, to person and property protection and so the tax be restrained to this protection service, then how can the government determine the level of protection and what taxes to collect? More than that, as Rothbard shows, "...«protection» can refer to anything, starting with a policeman for the entire country towards a bodyguard and a tank for every citizen...Who is supposed to determine the protection level, being obvious that everybody will be better protected against theft and aggression in case having an armed guard? On the free market, each person voluntary changes are going to decide the amount and the quality of offered goods and services; but which criteria to be used when these decisions are to be taken by the government? The answer is that there are no criteria and these governmental decisions can be only abusive" (Rothbard, 1985). The level of protection and tax rate are not decided by economic calculus, but by political interests and potential success of different arrangements. Consequently, tax system is not a market economy (scientific) intrinsic aspect, but one of political system.

So, the optimal taxation jerry-built to be a complete one, it must be said that, unfortunately, subordinated to the democratic logic of election process, governments "democratic" assumes new and new "public" interests spheres. These mean new and new taxation opportunities, which do not deserve to be neglected as in four years time a new politic administrator could take advantage of them.

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EU KNOWLEDGE ECONOMICS: A SELF-ORGANIZING MAP ARTIFICIAL NEURAL NETWORK ANALYSIS

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The recent enlargements to new Member States are challenging steps forward in the development of the European Union (EU). Such developments, together with the achievement of a single market, require a new approach to the Knowledge economics. Nowadays, the concept of Knowledge as a source of economic development gains popularity, giving rise to the term "Knowledge Based Economies". On the basis of the growing importance of the knowledge, it may be said that only those economies could compete internationally in near future who would develop and integrate the basic ingredients of Knowledge into their economic systems and models: research and development (R&D) activities, human capital, degree of openness to international trade and information and communication technologies (ICT) diffusion. Keeping in mind this view, the aim of the paper is to analyze clusters and distances existing among the EU's member by using the Self-Organizing Map (SOM) artificial neural network methodology. The results seem to confirm the goodness of the underlying theoretical paradigm.

Keywords: economic growth, development, knowledge economics, neural networks.

1. Introduction

The economic implications of the EU enlargement, which reached its culmination in 2007 with the entry of Bulgaria and Romania, following the EU border extension to the East and the Mediterranean Sea in 2004 with the accession of ten new member states⁶⁴, are still issues of debate. Preliminary studies highlighted that EU accession provided a boost to growth for new entrants, which – among other things – have benefited from structural funds for infrastructure development, research, firm promotion, environmental protection, tourism, education, etc. In spite of the doubts raised by some observers, the economic impact of enlargement on old member states was also not negligible, particularly as a consequence of trade with Eastern European countries.

The widening of the European Union was indeed aimed at creating a broader and more integrated common market, able to offer economic advantages to old and new member states, by spurring economic growth. Actually, economists have always paid attention to the topic of growth and its main determinants. However, owing to the contrasting conclusions reached by scholars, there remains some disagreement over the identification of growth-determining factors.

In the last few years, scholars have been increasingly focusing on the implications of new knowledge as a product of R&D activities, which would be capable of improving factor productivity and - as a consequence - raising per capita output levels. At the same time, a number of contributions has also been made in studying the role that human capital, the degree of openness to international trade and the information and communication technologies (ICT) may play in knowledge diffusion, generally recognized as the primary engine of growth.

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⁶⁴ Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Czech Republic and Hungary.

Following the dominant literature, we will argue that the amount of knowledge and the way it is used are the key determinants for productivity, whose increase exerts a positive impact on growth and development of the economic system as a whole.

The main aim of the present paper is to test and demonstrate the robustness of the underlying paradigm, through the analysis of the economic structure of the EU's member states in 1998 and 2005, respectively. In this regard, a brief overview of the relevant literature on economic growth, with a review of empirical evidence on its possible determinants, is provided (see par. 2). In the second section, a SOM neural network methodology, chosen as a tool for research, is set out (see. par. 3); to this effect, an analysis is made in order to spot patterns of multidimensional similarity among the EU's member states (see par. 4). Finally, brief concluding remarks are made on the main results achieved by the analysis (see par. 5).

2. Key determinants of economic growth and development

Recently, a soaring number of researches have been conducted on economic growth and its determinants. In the last few years, a growing interest has aroused with reference to knowledge contribution to increase in total factor productivity (TFP) and to consequential long-run sustainable growth.

As highlighted in previous studies (Mattoscio 2005, Mattoscio & Colantonio 2005, 2006 and 2007, and Mattoscio, Colantonio & Carlei 2007), economic research on knowledge dynamics has been carried out along different lines.

Particularly, several authors (among who Romer 1992, Aghion & Howitt 1992, 1998, now in 2004) have drawn attention to innovation systems and to R&D activities, which lead to new technology creation and may eventually positively affect per capita output increase. Even more recently, other researches have showed that innovation or technical knowledge development have a significant positive effect on economic growth and productivity increase (see Lederman & Maloney 2003, Guellec & van Pottelsberghe 2001 and Adams 1990).

Starting from the most important contributions of endogenous growth theory, technological progress comes to be linked to investments in human capital. This concept is introduced by the economists from the Chicago School in the Sixties, Schultz (see, for example, 1961) and Becker (see, for instance, 1962 and 1964), to define the skills embodied in people. The subsequent work of Romer (see, for example, 1986 and 1990) and Lucas (see, for example, 1988), another leading figure in the Chicago School, further stresses the effects, both quantitatively and qualitatively, of human capital on growth rates. Nowadays, hundreds of empirical studies on economic growth include human capital measures (see, for example, Barro 1991, Cohen & Soto 2001 and Hanushek & Kimko 2000).

Grossman and Helpman (1991) develop an approach of growth in the context of an economy open to international trade, in which they assume that technological know-how may be imported from abroad. Similarly, Coe and Helpman (1995) show, for a sample of advanced countries, that both domestic and foreign R&D activities have a positive effect on TFP; such a relationship is even more significant in presence of a higher degree of openness to international trade. Several more empirical studies, like those carried out by Frankel and Romer (1999), Gallup, Radelet and Warner (1999), Irwin and Tervio (2002), and Dollar and Kraay (2001), highlight the positive relationship between openness to foreign trade and growth rates.

Another channel facilitating technological diffusions is represented by foreign direct investments (FDI) (see Barrel & Pain 1997). In 1993, Romer has already advanced such an hypothesis, implying that FDI might result in substantial positive spillovers not only for the single benefiting firms, but also for the economy as a whole (in this light, see also Rappaport 2000).

A larger interconnection, a higher processing speed and a wider knowledge access are also encouraged by the new ICT. Though not directly generating innovations, ICT are regarded as the backbone of the *knowledge economics* and have been recognized as an effective instrument for promoting economic growth and development. Owing to their relatively low cost of use and their ability to scale distances down, ICT have revolutionized information and knowledge transfer all over the world.

In such a regard, a number of researches show that the production ICT has made a major contribution to economic growth (see Jorgenson & Stiroh 2000, Oliner & Sichel 2000, Whelan 2000, Schreyer 2000 and Pilat & Lee 2001). Several studies have provided empirical evidence that productivity gains are also due to the simple use of ICT, at least at a country-specific level. As to the United States, for example, the

Economic Report of the President (Council of Economic Advisors 2000 and 2001), Whelan (2000), Oliner and Sichel (2000) and Jorgenson and Stiroh (2000) attribute a large part of increase in TFP to ICT-using sectors rather than to ICT-producing sectors. With reference to Australia, there exist evidence indicating that increased productivity levels are coupled with a larger use of technologies including ICT (Productivity Commission 1999). Other sectorial studies suggest that investments in ICT exert a positive impact on whole system productivity (for example, as to the distribution sector, see Readon *et al.* 1996 and Broersma & McGuckin 1999). Brynjolfsson and Kemerer (1996) and Gandal *et al.* (1999) find the existence of positive spillovers stemming from ICT capital at the single firm level. In addition, some authors (see, for example, Solow 1987) are skeptical towards such a perspective, though their analyses do not actually invalidate the critical assumptions on the crucial role of ICT in growth dynamics.

In a nutshell, by referring to the above-mentioned contributions, we might postulate the existence of four preconditions necessary for knowledge to be the real engine of growth:

- an effective innovation system, made up of firms, research centers, universities, and so
 forth, capable of raising the stock of knowledge and to absorb it and adjust it to local
 needs:
- an educated and qualified population, able to create, share and use knowledge;
- a good degree of openness to foreign trade, encouraging imports of technical knowledge developed abroad;
- an adequate ICT infrastructure, facilitating information and knowledge transfer.

In the light of this theoretical framework, a number of indicators representing the main aspects of the knowledge economics have been detected.

The benchmark years under scrutiny are chosen as a consequence of the dual need to make use of complete and reliable datasets and to assess the economic performances of EU countries during the transitory period from industrial to post-industrial society till the New Economy experience (see Felice & Mattoscio 2005).

In carrying out the analysis, we mainly used Eurostat database⁶⁵, properly integrated with alternative official sources (particularly UN⁶⁶) in order to fill missing values⁶⁷. The choice of integrating different databases is determined by the need to have complete and reliable data at our disposal. In such a respect, by means of an empirical analysis concerning EU's member states, we will investigate the economic performances in 1998 and 2005, respectively.

The analysis we undertake is firstly concerned with a set of three indicators associated to the degree of a country's socio-economic development. In this respect, the first variable considered is "GDP per capita (PPP US\$)". which accounts for the differences in general price levels in different countries as well as for average exchange rates recorded by IMF, thus allowing a proper comparison in per capita income terms.

A second indicator recording socio-economic development of countries is the "Human Development Index", a composite measure developed within the United Nation Development Programme, which may assume values between 0 and 1. It allows to classify countries according to criteria linked to survival expectancies, educational attainment reached on average and life quality. Basic dimensions are identified by:

1. average life expectancy at birth, as a measure of a healthy and long life;

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⁶⁵ http://epp.eurostat.ec.europa.eu

⁶⁶ See tab. 1 and 2.

⁶⁷ In the cases when it was not possible to fill missing values with data extracted from alternative sources, we considered a mean value of the indicator with respect to the sample of countries under investigation; such a choice was dictated by the need to avoid variable elimination or sample reduction.

⁶⁸ This variable is expressed in purchasing power parity, so as to narrow the gap between countries: indeed, having poor countries a usually reasonable cost of living, their income is "revalued" by means of transformation in purchasing power parity.

- 2. "Education Index" 69, combining adult literacy (with a weight of two-thirds) and the number of students enrolled at different levels of education (with a weight of one-third), as a measure of the degree of education;
- 3. per capita GDP, which refers to the standard of life.

The third and last indicator of socio-economic development is "Energy intensity of the economy - Gross inland consumption of energy divided by GDP (at constant prices, 1995=100) - kgoe (kilogram of oil equivalent) per 1000 euro". This variable measures the ratio between Energy consumption (in kilogram of oil equivalent) and GDP (expressed at constant prices of 1995): it provides an indicator of a country's energy efficiency.

After illustrating some indicators concerning the socio-economic development of countries, we focus our attention on variables condensing innovation activity. It must be recalled that economic differences observed among countries may be explained – to a certain extent – in the diverse capability of generating new knowledge.

Among the different indicators available in this regard, we considered "Total intramural R&D expenditure (Euro per inhabitant)"), independently of public or private source of funds. In order to make comparisons between countries, the considered values have been expressed in per capita terms. A second indicator concerning technological progress is represented by "Human Resources in Science and Technology (percentage of total population)". The third and last variable considered for assessing technological development is "High-technology exports (% of GDP)". As happens with domestic innovation activity, value can also be created by exporting or selling new technologies abroad.

Among the variables usually employed for specifying human capital is included "Graduates (ISCED 6) from science, mathematics, computing, engineering, manufacturing & construction fields per 1000 of the population aged 25-34". Another relevant variable is the "Ratio of Students to teachers (ISCED 3)" at secondary level, which is deemed to be a measure human capital quality by economic literature. The last indicator representing a particular aspect of human capital, "Total public expenditure on education as % of GDP", was chosen in order to render comparable values of countries with different structural features.

As underlined above, less developed countries may narrow the technological gap from more advanced economies, by importing or imitating technologies produced abroad; in this respect, the degree of openness to international trade and the flow of foreign direct investments appear to play a major role in growth dynamics.

The first two indicators we considered are "Imports of goods and services (% of GDP)" and "Exports of goods and services (% of GDP)" (see tabb. 1 and 2). The third and last indicator concerning the degree of openness to international trade is represented by "Net foreign direct investment inflows (% of GDP)". This variable is obtained as the difference between incoming capital flows and outgoing capital flows considered as a percentage of GDP.

Empirical studies confirm the existence of positive effects of technology production and diffusion on economic growth. As a result, we consider three variables as proxies of the ICT stock: "Telephone mainlines (per 1000 people)", "Cellular subscribers (per 1000 people)" and "Internet users (per 1000 people)" (see tab. 1 and 2).

3. Working methodology

In this paragraph, we introdu

In this paragraph, we introduce the artificial neural network methodology, chosen to better represent economic clusters and gaps with respect the EU's member states.

3.1. Non linear clustering through SOM neural networks

Self Organizing Map is amongst the most important neural network architectures. It has been mainly developed by Teuvo Kohonen (Kohonen 1995).

In SOM networks the characterizing element is a layer, called Kohonen layer, made up of spatially ordered Processing Elements (PEs). Such a PE layer evolves during the learning, specializing each PE positions as indicators of important statistic features of input data. This spatial organizing process for important statistic

⁶⁹ Such an indicator was also developed within the *United Nation Development Programme*.

features of input data is also known as Feature Mapping. SOM realize the feature mapping by an unsupervised learning technique.

Mapping made up by SOMs has interesting characteristics, in fact it's not random, but it preserves topological relationships of input data and code them in a complex way into Kohonen map (Carlei *et al.* 2006).

A first analogy between the biological system and the SOMs artificial one is based on the macroscopic way of working of the brain. During the growth, in human brain it happens a splitting into zones that act according to different input stimuli. Similarly in SOMs, during the learning, the Kohonen map splits itself into different regions, each responding to a particular region of the input space.

Some are constituted by two layers: a mono-dimensional input one, with a PE for each of the N input components $X = (x_1, x_2, ..., x_N)$, and a layer, typically bi-dimensional, said Kohonen layer, made of $M = MC \cdot MR$ PE organized in a grid of MC PE per row and MR PE per column (see fig. 1). We will indicate the generic PE in the Kohonen layer with PEr with r = 1, 2, ..., M.

Input layer is completely connected to the Kohonen one: each PE belonging to the Kohonen layer receives values from all the PE of the input layer.

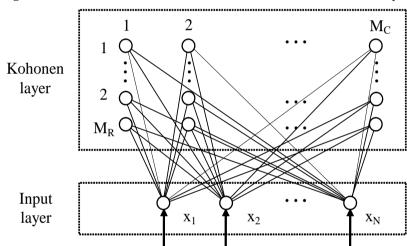


Fig. 1 – SOM with N entries and M=MC•MR Pe in the 2-D Kohonen layer

Source: our own representation

To the generic PE in the Kohonen layer is associated a vector whose element are the weights relative to connections with the input PE. The vector associated to the generic PEr in the Kohonen layer is indicated with $W_r = (w_{r1}, w_{r2}, ..., w_{rN})$. Input layer is just a buffer layer so its PE won't operate any change in the input value they receive. Output is computed by the Kohonen layer. In this layer the PE work in a competitive way. In its basic version, each time an input is processed a winning PE is selected. In this case the output is the PE position in the grid, so it takes discrete values. This operation is also called vectorial quantization.

Anyway, Kohonen layer can't be defined simply as an output layer. It's in fact the core layer of the network used by the competitive algorithm.

3.2. SOM learning and map construction

During this process the input vectors (learning set) are introduced both in cyclic or random way, till an equilibrium state is attained.

SOM learning is unsupervised, i.e. during this phase there are no constraints saying whether an output is right or not for the input data: the algorithm is such that the network self-organize itself correcting the weights values each time a new input is processed.

Closeness of vectors can be computed in several different ways. A first way is using the scalar product C_r between W_r and X, choosing PE_s as the PE which maximizes this value:

$$PE_s: C_s = \max_{r \in [1..M]} \left\{ C_r = X \cdot W_r = \sum_{i=1}^{N} x_i \cdot w_{ri} \right\}$$
 [1]

Another way to measure closeness is through Euclidean distance D_r between W_r and X, choosing PE_s as the PE which minimizes it:

$$PE_s: D_s = \min_{r \in [1..M]} \left\{ D_r = ||X - W_r|| = \sqrt{\sum_{i=1}^{N} (x_i - w_{ri})^2} \right\}$$
 [2]

When the winning PE has been determined, the weights for the PE itself and for those who are close to it physically in the Kohonen layer (this set is called PE neighbourhood) are updated.

Updating the weights of the entire neighbourhood is a feature that differentiates it in comparison to other competitive algorithms. It's in fact, as we shall see, essential to preserve topological features of input data throughout the mapping.

Several definitions of neighbourhood are available. Its definition is based on the Euclidean distance d, defined on the Kohonen layer, between the generic PE_r and the winning PE_s . Basically, we define a function h(d) describing how the generic PE_r will update under the updating W(d) of the associated weight vector W_r . This updating is of the following type:

$$\Delta W(d) = h(d) \cdot (X - W_r)$$
 [3]

Usually, h(d) function assumes positive values, has a maximum for d=0 and is strictly decreasing. Therefore, every time values are updated, PE weight vectors are moved toward the input data, with less and less intensity as the distance from the winning PE increases. Kohonen layer is therefore a matrix of PEs which are competing and whose associated vectors tend, iteration by iteration, to assimilate to the different input patterns.

A first example for neighborhood function h(d), which shows all the general characteristics exposed above, is the Gaussian function:

$$h(d) = He^{-\frac{d^2}{2\sigma^2}}$$
 [4]

Such a function is defined on the entire Kohonen layer. As H and σ vary, the effects on the PE change and so do some of the learning features.

The parameters used in the functions are usually changed iteration after iteration, so to optimize the features of learning.

3.3. Clusters mapping from SOM features

As we already mentioned, SOM map an input space to a Kohonen layer showing very interesting features. Such features make this architecture as one of the most interesting within neural networks, and they results particularly indicated for the aim of this work.

The first feature of SOM mapping is to logically split the input space into clusters. We have already told in fact, that Kohonen net maps each point of the N-dimensional space into a point of the discrete output space. For each PE in the Kohonen layer there is a set of input data which make it the winning. These input points define a region.

Another fundamental feature of the learning of the SOM is self-organizing and input data ordering; this gives particular characteristics to the mapping. In order to show it, it results very useful visualizing the mapping performed by the Kohonen layer, using the so called virtual network (Buscema M. & Semeion Group, 1999). Such a network can be built in the input space drawing segments joining the points representing contiguous PE in the Kohonen layer.

Before of the learning, the weighs vectors are dispose according to a topology bounded just by the initialization criterion. During the learning the algorithm tends to modify the vectors of weight, and this appears as deformation of the virtual network.

Anyway, the neighbourhood is defined in the two dimensions space made up of PE of the Kohonen layer whatever are the dimensions of the input space. The learning criterion can't be seen geometrically as invariant respect to the input space dimensions. We can better understanding what it means in term of virtual network deformation, and so of mapping, distinguishing two cases.

The first case, the simpler one, is when input space dimensions and Kohonen layer dimension agree. The second case, the most complicated, is when the dimension of the input data are greater than the Kohonen layer one. There is a so called dimensions conflict. As in the previous case, points of the input data are mapped into PE. But in this case, what is mapped into close PE is a closeness that is defined on a higher dimensional space. A reduction of dimensions occurs. With this reduction of the input space, the principal component characterizing the data, i.e. the ones with highest variance in the input space, prevail. In other words we can say that only the main topological relationships between input data are preserved, being extracted and mapped into the PE grid.

4. A data analysis

In this section, we address the cluster dynamics emerging during the 1998-2005 interval, within which EU enlargement process took place. The explaining features of cluster evolution and the causal relationship between topical variables of the knowledge economics are further investigated.

The topological clustering, obtained by means of the above considered variables with SOM algorithm, provides results which are to be interpreted on the basis of two informative levels.

At a first level of analysis, we explore the scenario transformation of European countries during the transition phase from 1998 to 2005.

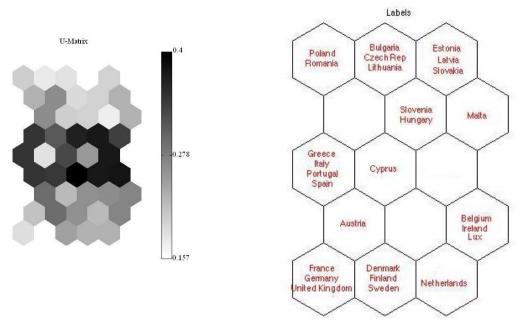
The study of these two historical moments allows to spot the some changes occurring in the relationships among countries, as highlighted by the alteration of topological structure of the Kohonen layer. In 1998, it is possible to detect three clear-cut groups of countries, having in common geographical features and socioeconomic variables.

The first group (see fig. 2) is made up of Eastern countries and is situated in the hexagonal cells of the upper part of the map. The second group, lying slightly lower, is represented by Mediterranean countries, while the countries of Central and Northern Europe belong to the third cluster. The distance among these groups in terms of multidimensional similarity is rather wide: in the map on the left, it is possible to spot a U-Matrix (a unified matrix of distances) emerging out of the darker hexagons of Mediterranean countries, which shows a wider distance between Mediterranean and Eastern countries as well as Central-Northern and Mediterranean countries, thus rendering the latter a "middle land" among the three groups.

The 1998 situation is therefore characterized by three homogeneous clusters both from a geographical and a socio-economic point of view. Probably, this is the last picture of Europe before the Union and it resembles the European region as inherited from the opposition dynamics between the East and the West during the era of the Berlin Wall and from the socio-economic features of Western Europe, split between Mediterranean countries and states from Central and Northern Europe.

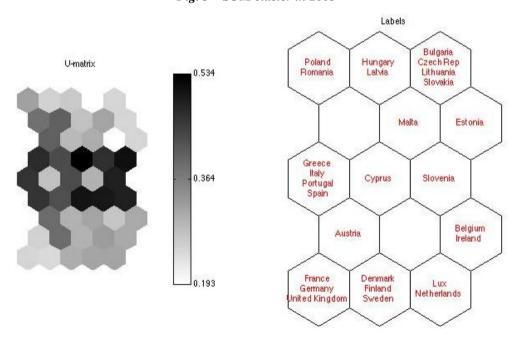
The 2005 situation (see fig. 3) large confirms the cluster topology emerged in 1998. Only the cluster of Eastern countries, particularly close-knit in 1998, turns out to be divided into two parts in 2005. In the upper part of the map, we find many Eastern countries, holding the same positions of the previous years; Slovenia and Estonia has progressed towards the Western model, moving downwards the map. But, in general, the used model seems to confirm a certain stability in clusters and distances among the EU's member states, basing on the relevant aspects of the knowledge economics.

Fig. 2 - SOM cluster in 1998



Source: our own elaboration

Fig. 3 - SOM cluster in 2005



Source: our own elaboration

If we focus the attention on the basic structure of the maps, both in 1998 and 2005, moving from the upper part to the lower one, we can observe an increase in the following features:

GDP per capita

- Human Development Index
- Energy intensity of the economy
- Total intramural R&D expenditure
- Human Resources in Science and Technology
- High-technology exports
- Telephone main lines
- Cellular subscribers
- Internet users

In other words, similarities and distances on a virtual vertical axis mainly seem to be due to socio-economic development, R&D activities and ICT diffusion (see also fig. 4 and 5).

Moreover, moving from the left part to the right part of the two maps, we can observe an increase in the following features:

- Exports of goods and services
- Imports of goods and services
- Net foreign direct investment inflows

Consequently, similarities and distances on a virtual horizontal axis mainly seem to be linked to the openness to international trade (see also fig. 4 and 5).

Some of these indicators confirm a strong tendency to overlapping compared to other proxies. Other variables, particularly those related to human capital, exhibit non-linear relationships with respect to the order established by the other indicators.

This is particularly true, for example, if we take into account variables such as *Total public expenditure on education* and *Ratio of students to teachers*: they do not appear to be overlapping, since the latter indicator is influenced by the sheer number of students. Actually, some countries, though with low investments in education (also owing to the low GDP per capita level) show a good ratio of students to teachers, probably due to a relatively low number of students.

As said above, during the 1998-2005 period, the development indicators do not show substantial differences, confirming on the one hand the leadership of Nordic and central countries and the median position of the Mediterranean ones, and on the other hand the bottom position of recently acceded EU member states. The latter, however, are progressively departing from the cluster of 1998, in particular with Estonia and Slovenia slowly joining Italy, Spain, Greece and Cyprus.

Fig. 4 – SOM features analysis in 1998

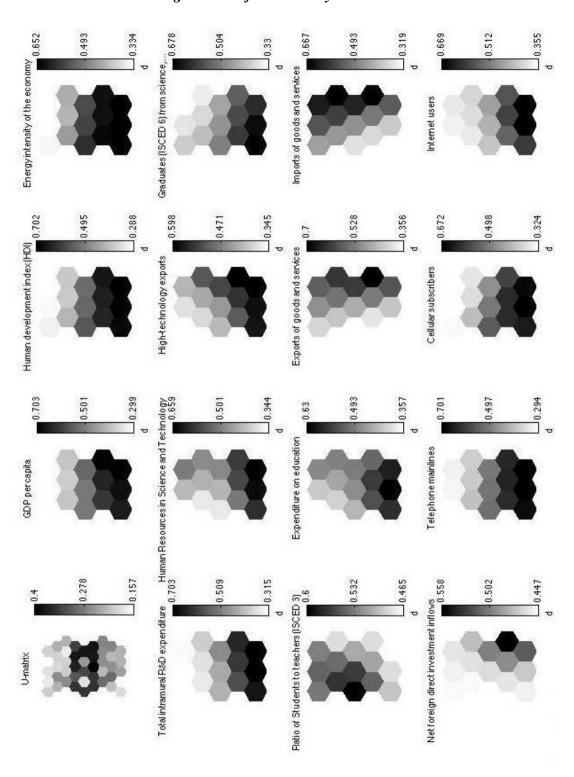
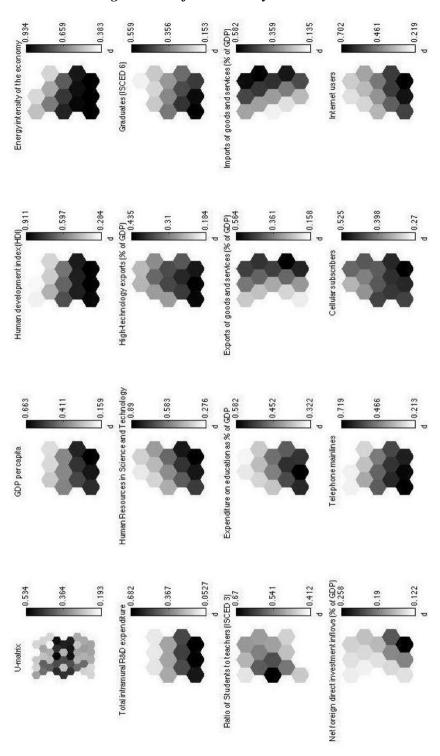


Fig. 5 – SOM features analysis in 2005



Source: our own elaboration

5. Concluding remarks

Economic theory assumes that knowledge is conducive to increase in TFP, thus exerting positive effects on economic growth. However, differently from traditional factors of production, knowledge does not wear out with use. As a result, knowledge creation, adoption and diffusion, in its many forms, may represent an engine for growth and development of countries.

However, some conditions must be complied with in order for knowledge to be a positive determinant of growth. First, widespread innovation and capability of adopting advanced technological solutions are required. Second, a crucial role seems to be played by human capital, though further efforts must be made to find adequate indicators for its measurement. Finally, knowledge diffusion within a country can be furthered by a higher degree of openness to foreign trade and by the presence of modern infrastructures for information and communication.

Consistently with the underlying theoretical framework, this paper was aimed at highlighting the distances among EU'S member states, focusing the attention on the growth levels and on the main determinants of economic development both in 1998 and 2005.

By means of the adoption of SOM artificial neural networks, we showed that recently acceded EU countries, albeit beginning with low levels of economic development, have grown rapidly, thus reducing the gaps from more advanced countries. In other words, the changes brought about by enlargement, in particular wider market competition, provided a considerable contribution to economic convergence of new members, which have consequently laid the foundations for a modern knowledge-based society.

The model we used has basically confirmed the evidence gained in previous analyses conducted with different methodologies and data (see Mattoscio & Colantonio 2007) or on different data (Mattoscio, Colantonio & Carlei 2007): we can therefore reassert the robustness of the underlying theoretical paradigm, which considers the dynamics between technological progress, human capital, international relationships and ICT diffusion as the main engine of growth for a country.

Nevertheless, being the present model based on a comparative static analysis, further investigation is required to better explore the dynamics of the above mentioned factors on the growth of an economic system.

Tab. 1 – Data base 1998

	_	00	2014	etev-		~	61	T-	0000	r-	syne		r-	200.0	2000	0000		2000		2004			eyeze	27	00014		
Internet users (per 1000 people) a	21,2(20,58	1,23	7,94	8,41	56,25	16,62	89,17	8,57	17,67	4,71	9,47	15,17	6,71	5,83	2,65	18,26	4,79	39,75	3,37	5,60	1,05	4,10	11,51	7,79	42,86	24,33
Cellular subscribers (per 1000 people) a, i	249	173	15	168	75	364	170	572	188	170	194	105	257	355	89	72	308	59	213	20	300	29	87	84	179	464	707
Telephone mainlines (per 1000 people) a, i	491	200	329	585	364	099	343	554	570	267	522	336	435	451	302	300	692	360	593	228	413	167	286	375	414	674	220
Net foreign direct investment inflows (% of GDP) a, g	2,8	8,4	3,3	2,2	4,5	3,8	11,2	0.6	2,0	6.0	9.0	4,0	8,3	0,2	4,3	8,7	364,0 h	3,7	8,3	3,2	1,6	5,4	2,3	8.0	2,0	O .	4,7
Imports of goods and services (% of GDP) b	40,3	70,4	46,8	50,7	55,3	36,2	85,1	29,6	23,7	27,3	28,2	63,4	74,9	22,1	58,6	6'95	111,1	83,5	57,9	30,8	37,9	30,6	8'69	54,2	26.9	36,2	21,0
Exports of goods and services (% of GDP) b	41,7	74.7	47,1	49.8	54,2	38,3	75,2	38,4	26,2	28,7	19,8	619	86.7	25,2	46,6	45,5	127,5	78,0	62,6	26,0	29,0	22,6	59,0	52,8	26,7	42,4	0.12
Total public expenditure on education as % of GDP b	5,80	5,19 e	4,28	5,61	3,95	8,30	5,71	6,26	5,95	4,50 c	3,48	4.59	4,82	4,65	5,85	5,99	5,19 e	4,82	4,82	5,02	5,36	3,36 €	4,53	5,19 e	4,42	69'	4,11
Ratio of Students to teachers (ISCED 3) b, c	10	13,8 e	11,6	13	13,1	11,7	9,01	16,6	12,7	13,9	10,7	10,3	16	10,2	11,9	13,8 e	6,6	32,5	17,7	p 6'91	8.5 d	12,9	13,8	12,9	12,9	5,5	19,7
Graduates (ISCED 6) from science, mathematics, computing, engineering, manufacturing & construction fields per 1000 of the population aged 25-34 b	9.0	0,4 d	0,1	0°0 d	0,3	6,3	0,1	6.0	0,7	0,7	0,4 e	0,4	9,0	0,2	0,1	0,1	0,4 e	0.0 d	0,4	0,2	9,0	0,4 e	0,3	0,4	0,3		0,0
High-technology exports (% of GDP) b, c	4,96	5,90	66'0	1,99	4,28	5,32	7,60	7,95	6,29	4,08	1,09	12,01	34,16	1,89	1,07	96'0	19,25	43,45	13,71	09'0	1,28	89,0	2,07	2,01	1,58	7,55	1.31
Human Resources in Science and Technology (percentage of total population) b	91	23,4	17,4 d	21,7 c	19,1	26,1	27,4	28,8	21,4	26,3 c	14,4	15,2	18,7 €	12,6	19,1	31,9	22,7 c	13,6 d	27,9	14,5	6.6	11,5	16,6	17	17.9	27,7	2 C,22
Total intramural R&D expenditure (Euro per inhabitant) b	423,6	416,6	7.8	27,6	9,19	599,2	20,6	647,7	469.5	540,4	73,2 c	27,7	263,5	200,3	10,0	15,3	839,3 d	259,9 e	435,7	26,5	68,4	8,4	28,9	130,1	118,4	904,6 f	371,3
Energy intensity of the economy - Gross inland consumption of energy divided by GDP (at constant prices, 1995=100) - kgoe (kilogram of oil equivalent) per 1000 euro b	144,83	248,83	2250,66	301,90	946,52	140,67	1495,26	288,93	197,66	170,20	272,67	16,199	196,79	191,36	740,48	1592,39	197,91	347,70	211,71	792,25	239,15	1638,27	997,62	371,76	223,59	248,52	242,71
Human development index (HDI) value a	806'0	0,925	0,772	988'0	0,843	0,911	0,801	0,917	0,917	0.911	0,875	0,817	0,907	0,903	0,772	0,789	806.0	0,865	0,925	0,814	0,864	0,770	0,825	0,861	668'0	0,926	0.918
GDP per capita (PPP USS) a	23166	23223	4809	17482	12362	24218	7682	20847	21175	22169	13943	10232	21482	20585	5728	6436	33505	16447	22176	7619	14701	5648	6696	14293	16212	20659	20330
	Austria	Belgium	Bulgaria	Cyprus	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	United Kingdom

Notes: a. Source: HDR; b. Source: Eurostat; c. Value in 1999; d. Value in 2000; c. Sample mean; f. Estimated value; g. Our computations on HDR data; h. Our estimates; i. Data refers to the most recent available year between 1996 and 1998.

Internet users (per 1000 people) a	486	458	206	430	569	527	513	534	430	455	180	297	276	478	448	358	069	315	739	262	279	208	464	545	348	764	473
Cellular subscribers (per 1000 people) a	166	903	208	646	1151	1010	1074	266	486	096	904	924	1012	1232	814	1275	1576	803	026	764	1085	617	843	628	952	935	1088
Telephone mainlines (per 1000 people) a	450	461	321	554	314	619	328	404	286	199	268	333	489	427	318	235	535	501	466	309	401	203	222	408	422	717	528
Net foreign direct investment inflows (% of GDP) a	æ	9.8	8,6	7,3	4,1	7	22,9	2,1	3,3	1,1	0,3	5,9	-14,7	Ξ,	4,6	4	301,3	8, 9	6,5	3,2	1,7	6,7	4,1	1,6	2	m	7,2
Imports of goods and services (% of GDP) a	48,0	85,0	77,0	50,3 c	70,0	44,0	0,06	35,0	27,0	35,0	28,0	0.69	0.89	26,0	62,0	65,0	136,0	82,0	63,0	37,0	37,0	43,0	83,0	65.0	31,0	41,0	30,0
Exports of goods and services (% of GDP) a	53.0	87,0	61,0	47.9 c	72,0	49,0	0,09	39,0	26,0	40,0	21,0	0.99	83,0	26,0	48,0	58,0	158,0	71,0	71,0	37,0	29,0	33,0	79,0	0,59	25,0	49,0	26,0
Total public expenditure on education as % of GDP b, c	5,44	5,99	4,51	6,70	4,37	8,47	4,98	6,42	5,81	4,59	3,84	5,43	4,72	4,58	5,07	5,20	3,87	4,86	5,16	5,41	5,29	3,29	4,19	5,85	4,25	7,18	5,25
Ratio of Students to teachers (ISCED 3) b, c	11,0	9,2	12,1	11,3	12,6	13,4	12,0	16,2	10,4	13,9	8,4	12,3	14,3	11,5	12,1	8,3	0.6	10,1	15,8	13,5	7,3	16,8	14,2	14,3	8,0	14,0	12,6
Graduates (ISCED 6) from science, mathematics, computing, engineering, manufacturing & construction fields per 1000 of the population aged 25-34 b, c	0.7	0,5	0,1	0,1	0,5	9,0	0,4	1,0	9,0	8.0	0,5	0,1	9,0	0,4	0,1	0,3	0,5	0,5	0,4	0,3	1,0	0,2	0,4	9,0	0,4	8,1	6,0
High-technology exports (% of GDP) b	12,8	8,7	4,7	46.3	12,9	21,6	17,6	25,2	20,0	16.9	10,2	24,5	16,0 f	7,8	5,3	6,1	11,8	53,5	30,1	3,8	8,7	3,4	7,3	4,6	7,1	16,7	28,0
Human Resources in Science and Technology (percentage of total population) a	36,8	47,5	27,5	43,3	29,8	48,2	42,7	48,0	46,1	36,9	29,4	27,5	43,6	27,7	31,7	42,3	46,3	30,4	48,8	31,5	24,7	19,4	27,8	37,8	43,0	47,9	41,9
Total intramural R&D expenditure (Euro per inhabitant) b	721.8	531,5	13,7	73.7	138,6	941,3	77,2	1045,3	585,3	675,6	104,1	82,9	494,0	266,8	31,5	45,8	1023,4	63,7 d	540,7 d, e	36,3	114,1	15,1	36,1	206,7	236,9	1241,1	529,9
Energy intensity of the economy - Gross inland consumption of energy divided by GDP (at constant prices, 1995=100) - kgoe (kilogram of oil equivalent) per 1000 euro b	149,32	205,7	1582,41	246,92	823,38	114,12	966,92	241,46	185,47	157,02	236,54	543,58	143,92	190,67	644,81	949,13	189,85	269,9	195,55	584,7	241,43	1164,89	868,59	320,48	219,23	204,34	202,63
Human development index (HDI) value a	0.948	0,946	0,824	0,903	168'0	0,949	0,860	0,952	0,952	0.935	0,926	0,874	0,959	0,941	0,855	0,862	0,944	878.0	0,953	0,870	0,897	0,813	0,863	0,917	0,949	956'0	0,946
GDP per capita (PPP USS) a	33700	32119	9032	22699	20538	33973	15478	32153	30386	29461	23381	17887	38505	28529	13646	14494	60228	19189	32684	13847	20410	0906	15871	22273	27169	32525	33238
	Austria	Belgium	Bulgaria	Cyprus	Czech Republic	Denmark	Estonia	Finland	France	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	United Kingdom

Notes: a. Source: HDR; b. Source: Eurostat; c. Value in 2004; d. Estimated value; e. Provisional value; f. Sample mean; g. Sample mean (with the exclusion of outliers Ireland and Luxembourg).

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SOCIAL RESPONSIBILITY IN PUBLIC ENVIRONMENT

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This study is an analysis of the amount of problems regarding Social Responsibility in the Public Environment. Practicable in the institutional communication process of responsibility, it is not involved only by the social aspects, but also by other two adaptable components that comes to develop this segment: the moral and the political responsibility. In this way, the social responsibility problem must be reconsidered in a relation with the involving degree of institutional engagement in the social economic environment, typical to each human community. Today, we can see a tight connection between institutional image and the competitive advantage from a domain or another.

Key words: public environment, communication, corporate social responsibility, social responsibility

Introduction

Corporative social responsibility is become to have new dimensions at all European levels. This situation is generated by at least two major aspects: the global communication, as a dominant feature of the modern society, and the new challenges caused by social-economic and environment issues. These are the new confrontations of the modern business world.

Not so long ago, the social responsibility was considered only a link between competition and continuity in each organisation. Today, the institutionalism and the social responsibility are unite and is seems to show brand new coordinates. This demonstration of the modern institutionalism, adequate with its own prerogatives, leads to the organisation need for creating an innovative identity and image. Stephen Downey (1983), consider as a major issue: "...the company obligation to early redefine its own image (identity), during all significant changes of economic, technological and demographic nature, related with business areas." (Downey, St. 1983, page. 15).

Organisational environment and its new challenges

The organizations incapacity to guarantee a coherent image, credible and stabile, can guide at an unrealistic projection of image management. As follows, is imperative to reconsider the corporate communication regarding not only the interaction of the organisation with the internal and external environment. More, the assembly of the organizational communication matrix means, in the first place, the organizational needs adjustment to the public preferences. Also, in the organizational environment level, new other challenges are emerging. These challenges are generated by the follows: The rapid changes of the public value system; the consultative requests released by the public targeting the corporations; the mass-media aggressive pressure; the high expectations from the public.

To face these challenges, any organisation will establish its own objectives and real system politics. These corporate politics must be proactive but in the same time reactive. The corporate communication can not be any longer regarded as a monologue of a transmitter to its receivers. It becomes communicative in both directions, so, the communicational feed-back is essential. In the most cases, the big corporations are presently developing a new philosophy in analysing and processing of all informational system. In the first place is the public needed and therefore new monitoring systems are created to survey all the reactions in high details. The interaction between the business environment and the society is generating the

development of a full set of public politics. The public politics represent the essential element through assuring the communication at the modern democracy level. These are offering a large view and decent analyses to all the governmental institutions, and bring in the same time to the citizens, the possibility to exercise an important amount of control.

Therefore, the public politics can declare the action or non-action directions that will be chosen by the public authorities as a communicational answer to a certain problem. "The public politics are the products of some collective decisions, accomplished through successive negotiations between many social players actively involved in a certain domain of the society. Thus, involved in decisions connected to the type and shapes of the public politics are not only the politic and administrative players but also all the other social factors from public, semi-public or private sector that activates in a specific domain. As a consequence, the public politics is not a pure politic or ideological product – it is also the result of the structural manner of interests of many social players." (Pop. L.M., 2002, page, 702). Near by social players and also in vicinity to the mechanism of social knowledge, the public politics are representing key factors that give directions and self-adjusting creating a new kind of communication: the institutional communication. According with institutional communication precepts, the public organizations (governmental / non-governmental) which will conceive the public policies set that is needed to solve the community problems, are nominated as policy-makers. Analyzing this set of public policies from the institutional communication perspective, we can conclude that those policies will be absorbed also by other components of the society, the policytakers. Those organizations will use them in a specific conditions emulated by new situations and conditions. (Pal, L., 2001)

We can show that the interactivity between government and corporations is isomorphic with interactivity between public and private sector and it is self conductive to the public policies debut. If we will look, under dynamic aspect, at the government-corporation interactivity, we notice that the business environment is solicited to draw the future public policies coordinates. Therefore it will not be necessarily to wait from the legislative structure to tardy adopt laws and norms. A new approach of the public policies is the institutional comportment perspective. The link between this and public policies already implemented and developed at a certain time on communitarian level, where debated by Mintzberg and Jorgensen. According with them,"...the public policies are the result of communication between institutions and civil society" (Mintzberg, Jorgensen, 1987, page. 214 – 229), by using so called emergent strategies.

The emergent strategies are the result of corporative and institutional comportment joint. Through this, the politics of the organizations will be inserted in the public politics area, from local level at a certain point. This will help at the development of prestige in the institutional communication and also of authority for institutions. As a conclusion, the contents elements of a public policy can be resumed under three aspects: the define of the civil society issues; the purposes of the created public policy; the practicable instruments in policy-taker case.

Even if, from logical point of view, the problem defined that will be at the base of the elaborated set of politics, is primordial, we can not neglect the previous determination which was at the conclusion – the public politics purposes. As a consequence, the public politics purposes are obligatory to be identified before the solving of the civil society issues, to be able on time, with the full set of specific instruments, to give the right orientation to these politics. By creating the link between these three base elements of a public policy, and by right functioning of them, will be realized the coherence of all public politics. A certain politics will have a high level of transparency and coherence, only if, will solve the citizen problems, and it is right recognized under the shape of help and support for the civil society.

At the society level, the inserting of complete set of public policies able to assure the correct functioning needs the use at least one of the types of communicational coherence. The vertical communicational coherence – all programs, projects and activities included in the area of a public policy must result in logical order, and the institutions involved in these activities to communicate dynamic and flexible. The horizontal communicational coherence - based on building a communicational system of feed-back between the singular public politics, which correct manifests the vertical coherence, and the rest of public policies, from different domains, that working at communitarian level. The public policy must not be confounded with the inserted program or with the public employ that carry it on. The public politics are the result of a human mental construction, transposed at the institutional level and in society. A public policy is necessary and also just only if will end with the solutions for the majority issues that society is confronted, realising in this manner, a good communication between person state – corporation – society.

Social responsibility – between corporations and public environment

Continuing analysing of this situation, we can observe that the negative elements appear at the corporatist social responsibility level. Therefore, we can conclude that we assist at a change of paradigm. The organizational identity is superpose with the institutional one and is transmitting to the public, through the corporative communication vector, the symbolic and also the material projection of the organisation. (Tasnadi, Al., Ungureanu, R., L., 2004). We ask our self's: "Why is so attractive in those days, especially in European space, the concept of corporative social responsibility (CSR)?" Because, "CSR can contribute at the success of the public policies by: increasing trust and competitive actions, innovation, the developing of practice that can be applied beyond, by inserting a learning process for a future implementation. Also CSR can have a decisive contribution at the assuring social enclosure and the integration of labour market, the poverty reducing and carry out the objectives from Millennium Development Goals." (Dodd, T., 2006)

Referring only at the enclosure issue, we can observe a serious interest in the domain. UE treat the social enclosure in Lisbon Strategy where is perceive like a pro-active way of implementation of certain viable social politics. The acts taken in this field must not be regarded only as communitarian tasks. It must be extended in a variety of different shapes and approach modality's, for each state, member of UE. In Romania, the social enclosure politics has as a prime objective the growth economy sustaining, in the advantage of the life standard of the population. The actions carried out by Romanian authorities, are: increasing the number of work places for young citizens; the support provided for the persons over 45 years old, to help their integration in the new labour market; creating new work places in the rural areas by developing local resources and traditions in services or industry field; organizing free courses for qualifying and re-qualifying for the applicants that need new work places; developing and diversifying the social services of general interest (The Ministry of Labour, Social Solidarity and Family, 2006)

The social enclosure can be approached also from communicational perspective. At this point, the person is involving actively in civil social life, having in sharing equally the rights and the obligations. Starting from these motives, Romania has taken the obligation to sustain and promote the enclosure social politics. Therefore, the Ministry of Labour, Social Solidarity and Family, carry out the role of forum coordinator, suited with the Common Memorandum regarding Social Enclosure, signed in 2005. The process of implementation, sustainability and development of social enclosure, can not be separated by the social responsibility coordinates. So, at European level, the social responsibility is created from moral and politic point of view. "What is needed to implicate ethics and politics?" Because, is ethic that the durable development issue, the one of global worming or the economic growth, to represent the assembly of base activities included on work addenda of all members of UE.

We can conclude that the implementation of social responsibility in European area is a necessity. For public and private sector it can be transposed into a veritable politic coordinate. We can observe the increasing need of collaboration and growth of the partnerships, between public and private sectors. In this case, the Public Private Partnership is considered by the specialists as the only viable solution necessarily for solving the problems that civil society is confronted. (Commission of the UE, 2003). Using Public Private Partnerships is necessarily because can conduct at the growing of the institutional consulting degree. If we observe only at the extremely complex problematic of social enclosure, we can conclude that those partnerships will be on the first page of UE members addenda. Regarding this, a series of major preoccupations exists at the Romanian authorities' level. In the Strategic Report of Social Protection and Social Enclosure, presented in September 2006 to European Commission, Romania has exposed its main goals and coordinates regarding the implementation of the new institutional context, the opened method of coordination, sustained by UE in the field of social and enclosure protection. (Ministry of Labour, Social Solidarity and Family, 2006). Returning at the social responsibility issue, we can observe that fact, that Romania makes effective steps. For the development of programs regarding social responsibility, the Romanian companies have invested, only in 2005, over 10 millions of Euro. (Saga Business & Community, 2005)

For Romania, CSR represents a solid base, necessarily for applying the Lisbon Strategy in UE. As follows we have the bases of partnership with: UNDP (United Nations Development Program), UNGC (United Nations Global Compact) and WBC (World Business Council) regarding the durable development issue in Romania. Referring to UNDP (2005), the Bulgarian business environment has same preoccupation as the Romanian counter part, in the implementation and development of social responsibility in community. Here, as in other Central and East European states, the business environment is involving the automatic

integration of all social responsibility processes, by activating the institutional component. Also, the social responsibility involves a serial of manifestations of civil society area. The civil society must action proactive, using: educational activities needed to the growing of civic spirit for CSR, the changing of self practice regarding this field, and the development of communication with other social players. In these conditions, we consider that the social responsibility is the connection between organisations, state and civil society. Today, according with Page and Bernays (1992), CSR is tending to develop only in the measure that social society is validating its activity by the growth of consume. Therefore, CSR "...is the expression of civic sense of the organisation. This is imposing the creation of superior quality products, to give trust to the consumers. On the other side, CSR is reflected also under the aspects of inter-human relationship, and is contributing in positive sense at the political and social-economical health of the society." (Rogojanu, A., Hristache, D., A., Tasnadi, Al., 2004)

CSR is the modality through the companies is voluntary integrating the social and environmental problems in their businesses and representing theirs shareholders. Meaning, at the level of organisations, and also at the European area, is shaped a new strategic vision: the finding of obvious modalities in assuring the equilibrium between business profitability and investments needed for the developing and protection of the environment that they operate. So, is appearing again the ethic issue of CSR. This is related with the normative and value system of individuals, companies and society where activates at a certain moment. We consider that CSR must not be percept as a unitary and universally accepted concept. It must be implemented, adapted to the culture, history and economical situation specific to each human community. Even if the new members of UE, as Romania and Bulgaria, are at the beginning of this process, must not mean that those countries can not recover the distance that separate them by the countries with tradition in this field. As an example, starting with 2006, in each spring and autumn seasons, in Romania is applying the program "Millions of people, millions of trees". This communitarian program is requested to activate the CSR component at the level of Romanian companies, to send sensitive signals to public opinion, to educate it, in the natural environment issues. I chose this program as an example because of its objectives, which are extended at national level. PRAIS Corporate Communications (2006) is synthesising the objectives of this national communitarian program, on five essential coordinates: the growth of the role of the Romanian society in preserving and rehabilitating the surrounding environment; the contribution at the development of the civic spirit of young generations regarding the environmental problems; obtaining measurable results at national level, in the CSR area; realizing of a national ecological movement; the sustaining of national image in UE environment, regarding the involvement of the Romanian civil society in volunteer actions, determined by the recreation of environment.

Desirable to intensify the CSR component at the Romanian society level, a series of governmental and non-governmental organisations are supporting this project. Participants in this environment are a serial of powerful companies as: URSUS Breweries, Lafarge Romania, Quadrant Amroq Beverages, Smithfield Romania...etc. These companies, even if works in Romanian business environment, are not different as experience in the domain by the great international corporations that create them. We assist at a readjustment of the CSR component at the Romanian society level, by using the experience of the organizational culture of some important international companies that have developed business activities in Romania.

In UE vision, the implementation, and later, the development of CSR, can be realized only by creating of an adequate economic environment. Therefore, the European Commission is declare the support for creating the "European Alliance for CSR". Meaning an organisation opened to all companies from European Communitarian area that promote and encourage: the knowledge and good practices exchange between companies; support for initiative acts that involve more then two companies that are in partnership; the cooperation with member states of UE; the information and transparency in the relation with the consumer; the research and the education; IMM (Small and Medium Enterprises) and the international dimension of CSR (CEE, March 2006). Embracing the ideas formulated by European Commission regarding CSR, Romania has hosted, in 2006, the first "International Conference of Social Responsibility of the corporations from East Europe" – CSR06. At this conference was debated a serial of aspects concerning: CSR; the company's behaviour in businesses; The relationship between companies and employees; The safety and health in labour field; The monitoring and commitment systems.

Not at the last place, the need for creating a favourable social dialog between corporations and ONG (non-governmental organisations) was brought for analyse. For this reason, many ONG, representatives in social environment, has come public with their opinions. Some of them are: Youth for Peace (YAP); Millennium

Centre; AIESEC, Leaders Romania, The Association for Lobby and Negotiation; CENTRAS. The massive participation to this international meeting, lead us to the conclusion that in the Romanian civil society environment new and deep mutations are happening and tending to situate the social responsibility at the same level with the institutional one, in the centre of activities. The social responsibility is tending to have more and more quality valence thru all European space. Meaning that, starting from 2006, the companies that will commit an active involving in the community life, and will develop the social and environment responsibility, will be able to be recognized by a standard of excellence for their activities – ISO 26000 (social responsibility).

"What is the meaning of ISO 26000?" Is an international certification of involvement degree for organisations that are solving with success the problems of civil society. The purpose is to encourage the voluntarily assurance, by the business environment, for some social and environmental responsibilities, based on concepts, definitions and common evaluation methods.

Conclusions:

We are in a period of new researching. The modern society is confronted by problems more and more complex, that can not be solved without the convergent action of all economical-social, political and psychological factors. Therefore, investing in CSR means education and continuous modernisation of business environment. The social responsibility and the institutionalism are constituted as base pylons of a modern society that is searching its identity.

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INTRODUCTION A LA METHODOLOGIE ECONOMETRIQUE CLASSIQUE

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Résumé: L'article fait un sommaire présentation sur l'évolution de la scince econometrique et on synthétise la méthodologie scientifique sur sa forme classique.

Mots clé: économétrie, méthodes quantitatives, conception.

1. Note historique

- A la fin du XIX siècle deux courants méthodologiques s'affrontent en économie :
- les adeptes de l'économie pure qui font de la « théorie sans mesure » :
- les adeptes de l'*Ecole historique allemande* qui font de la « mesure sans théorie ».
- En 1930 une Société Internationale d'économétrie (Econometric Society) est crée sur initiative de Ragnar Frisch et Irving Fisher. Son objectif (art. 1 des Statuts): « ... favoriser les études de caractère quantitatif qui tendent à rapprocher le point de vue théorique du point de vue empirique dans l'exploration des problèmes économiques... » vise l'unification de ces deux courants méthodologiques antagonistes.
- En 1933 paraît le revue *Econometrica*, principal véhicule de la pensée économétrique.
- Pendant les deux guerres, Jan Tinbergen élabore les premiers modèles économétriques dynamiques d'une économie nationale (Pays-Bas et Etats-Unis) pour étudier le cycle de l'activité économique.
- En 1944, Trygve Haavelmo jette les bases de l'approche probabiliste en économétrie, développée dans l'immédiat après-guerre dans le cadre d'un ambitieux programme de recherche de la Cowles Commission consacré à l'économétrie des modèles structurels à équations simultanées. Pour la première fois, on développe un cadre conceptuel rigoureux et opérationnel permettant de distinguer la causalité de la corrélation et d'estimer des relations causales avec des données non expérimentales.
- Pendant les années 60 et 70, sous l'impulsion du travail pionnier de Laurence Klein, cette méthodologie est appliquée à large échelle dans la construction de modèles macro économétriques nationaux destinés à la prévision et à l'évaluation des politiques économiques.
- Les résultats empiriques décevants fournis par les modèles macro économétriques et les critiques épistémologiques formulées à leur encontre suscitent l'émergence de deux courants méthodologiques nouveaux.
- Un courant économétrique de « mesure sans théorie », initié par C.A. Sims, propose de modéliser les séries économiques agrégées par des modèles de séries temporelles (autorégressifs vectoriels ou VAR) non structurés par la théorie économique. La causalité entre variables économiques est vérifiée dans ces modèles en s'appuyant sur la notion de causalité temporelle proposée par C.W.J. Granger. A partir d'une contribution « séminale » de ce dernier auteur se développe une méthodologie statistique (analyse de co-intégration) de vérification de l'existence de relations statistiques entre variables macro-économiques.

- Daniel McFadden et James Heckman initient le développement d'une micro économétrie, qui adapte et étend la méthodologie de la Cowles Commission aux particularités des données économiques individuelles, collectées à grande échelle à partir du milieu des années 50.
- Plusieurs Prix Nobel d'économie ont été décernés pour récompenser les contributions au développement de la méthodologie économétrique:

1969 Ragnar FRISCH et Jan TINBERGEN:

« for having developed and applied dynamic models for the analysis of economic processes »

1980 Laurence KLEIN:

« for the creation of econometric models and their application to the analysis of economic fluctuations and economic policies »

1989 Trygve HAAVELMO:

« for his clarification of the probability foundations of econometrics and his analyses of simultaneous economic structures »

Daniel McFADDEN et James HECKMAN:

«In the field of micro econometrics, each of the laureates has developed theory and methods that are widely used in the statistical analysis of individual and household ehaviour, within economics as well as other social sciences »

2. L'econometrie au sense large

« Experience has shown that each of these three view-points, that of statistics, economic theory, and mathematics, is a necessary, but not by itself a sufficient, condition for a real understanding of the quantitative relations in modern economic life. It is the *unification* of all three that is powerful. And it is this unification that constitutes econometrics. »

Ragnar FRISCH

"Editorial"

Econometrica, 1(1), 1933

"L'économétrie a pour but l'étude des problèmes économiques, tant sur le plan de la théorie que de l'application avec le même esprit constructif et rigoureux que celui qui s'est imposé dans les sciences physiques, et en employant les mêmes méthodes quantitatives à la fois d'ordre mathématique et statistique sur les plans théorique et empirique."

Maurice ALLAIS

« Puissace et dangers de l'utilisation de l'outil mathématique en économique »

Econometrica, 22(1), 1954.

« ...econometrics may be defined as the quantitative analysis of actual economic phenomena based on the concurrent development of theory and observation, related by appropriate methods of inference. »

P.A. SAMUELSON, T.C. KOOPMANS, J.R.N. STONE

"Report of the Evaluative Committee for Econometrica"

Econometrica, 22(2), 1954.

"...la véritable vocation scientifique de l'économétrie réside bien dans une synthèse de l'expérience et de la théorie à laquelle concourent l'économie mathématique et la statistique mathématique, mais que ni l'une ni l'autre ne sont capables de réaliser. »

Luigi SOLARI

« L'économétrie, recherche d'une synthèse entre expérience et théorie »

Pour une méthodologie des sciences économiques, Publications de la Faculté des Sciences Economiques et Sociales de l'Université de Genève, 1965.

"Econometrics is a branch of economics that unites economic theory with statistical methods to interpret economic data and to design and evaluate social policies. Economic theory plays an integral role in the application of econometric methods because the data do not speak for themselves on many questions of interpretation. Econometrics uses economic theory to guide the construction of counterfactuals and to provide discipline on empirical research in economics"

James J. Heckman

« Micro Data, Heterogeneity, and the Evaluation of Public Policy; Nobel Lecture» *Journal of Political Economy*, 109(4), 2001.

3. La methode scientifique

APPROCHE THEORIQUE

APPROCHE EMPIRIQUE

Objectif: Objectifs: Elaborer une explication des «faits» Génerer des « faits »nouveaux réels Contrôler et préciser les hypothèses explicatives Abstraction expérimentale Modèle (ensemble Schéma Phénomène d'hypothèses) (réalité) expérimental Schéma d'observation Déduction **Expérimentation** Observation Conclusions Faits réels théoriques Données empiriques

Conceptualisation

On décrit le phénomène par un ensemble de hypothèses sur les caractéristiques essentielles du phénomène et les mécanismes qui le régissent. Cette phase abouti à l'établissement d'un modèle conceptuel.

Déconceptualisation

Abstraction expérimentale

On planifie l'expérience contrôlée ou le schéma d'observation. Cette phase abouti à l'établissement d'un modèle expérimental.

Déduction

On recherche au moyen de raisonnements logiques les conséquences théoriques que le modèle conceptuel contient implicitement.

Déconceptualisation

On interprète ces conséquences théoriques en termes concrets.

Expérimentation / Observation

On génère expérimentalement ou on observe les données empiriques.

Interprétation

On extrait des données empiriques des « faits » réels relatifs au phénomène.

4. L'optique structurelle

Pour coordonner les approches théorique et empirique, l'économétrie classique utilise les modèles mathématiques quantitatifs structurels.

Un modèle est une représentation simplifiée d'un phénomène qui en retient les aspects jugés les plus importants.

Son intérêt réside dans l'espoir qu'en manipulant le modèle on peut obtenir une connaissance sur le phénomène étudié sans encourir les dangers, les coûts ou les inconvénients qu'impliquent une manipulation directe du phénomène.

Dans un modèle quantitatif structurel:

- la connaissance théorique est traduite sous forme mathématique à l'aide d'équations entre variables (certaines et/ou aléatoires);
- la connaissance factuelle est présente sous la forme de constantes empiriques.

Dans l'optique structurelle, l'économétrie a pour but la mesure et la vérification des relations postulées par la théorie économique.

5. Conceptions de l'econometrie

Au sens large, l'économétrie embrasse les problèmes qui se posent dans toutes les phases d'une recherche économétrique, depuis la spécification du modèle jusqu'à son utilisation (modélisation économétrique).

Elle implique alors une démarche interdisciplinaire qui la distingue des disciplines dont elle emprunte les instruments, soit :

- l'économie mathématique, dont l'objectif propre est la formalisation des théories économiques pour leur conférer une assise rigoureuse ;
- la statistique économique, qui vise l'élaboration de concepts économiques mesurables et de schémas d'observation intégrés de l'économie (comptabilité nationale) ;
- la statistique mathématique, qui élabore les procédures d'inférence pour l'estimation de grandeurs théoriques et la vérification d'hypothèses à partir de données empiriques ;
- l'informatique, qui élabore les languages de programmation pour la gestion de bases de données et pour les calculs scientifiques ;
- les mathématiques numériques et la recherche opérationnelle, qui développent des méthodes performantes de résolution d'équations, d'optimisation et de simulation.

Au sens étroit, l'économétrie s'occupe seulement de l'interface entre modèle et données. Elle se rapporte alors essentiellement aux procédures statistiques d'estimation et de validation du modèle théorique.

A ce titre elle relève des préoccupations de la statistique mathématique dans le domaine des données non expérimentales (théorie économétrique).

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LES MOTEURS DE LA CROISSANCE

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Résumé: On étudiera tout d'abord les influences que peuvent avoir le capital humain, les activités de recherche-

développement, le cadre macro économique et le cadre structurel de l'action des pouvoirs publics, la politique de commerce extérieur et la situation des marché s financiers sur l'efficience économique.

Mots clé: croissance économique, capital humain, capital physique, politique budgétaire, inflation.

1. Les déterminants de la croissance économique

Les ouvrages traitant de la croissance économique sont légion et, en particulier, les études politiques sur le sujet foisonnent depuis dix ans (voir Temple, 1999 et Ahn et Hemmings, 2000 pour une vue d'ensemble). Toutefois, il n'y a pas de consensus concernant les mécanismes qui relient les cadres politiques à la croissance. Par exemple, on peut admettre, conformément au modèle de croissance néoclassique standard, les hypothèses suivantes : des rendements décroissants des facteurs d'épargne une croissance démographique et un progrès des taux exogènes, technologique; dès lors, les politiques n'ont pas d'influence sur la croissance économique à long terme. Dans ce cas, les pays les plus riches croissent à un rythme plus lent que les pays les plus pauvres, si l'on ne tient pas compte des différences démographiques. Toutefois, ce processus de convergence inconditionnelle s'est avéré moins évident au cours des dernières décennies, au moins dans les pays de l'OCDE. Ainsi, le concept de convergence n'est compatible avec les données que si l'on adopte une convergence conditionnelle, c'est- à -dire si l'on admet une relation entre le taux de croissance et les conditions initiales après neutralisation des autres variables.

Tempérer l'hypothèse du caractère exogène de l'épargne et de la formation de capital laisse à la politique la marge de manœuvre qui lui permet d'avoir une incidence sur la croissance à court et à moyen terme en influant sur l'épargne et sur le niveau et la structure de l'investissement. En effet, un certain nombre d'études suggèrent que la politique et les institutions ont un effet sur le niveau d'efficience avec lequel les ressources sont réparties dans l'économie. Néanmoins, dans de tels modèles, que ce soit par ses effets sur l'investissement ou par son impact sur le niveau d'efficience économique, un changement d'orientation politique isolé n'amènera qu'un changement passager dans la croissance de la production. Quand le stock de capital et la production ont augmenté dans des proportions telles que le nouveau taux d'investissement brut permet seulement de maintenir un ratio capital/travail constant plus une somme couvrant l'amortissement physique, la croissance revient au taux correspondant à l'état stationnaire. En d'autres termes, toute modification de l'orientation politique n'aura d'impact sur la croissance de la production qu'à court et à moyen terme, en modifiant le sentier de croissance, bien que le taux de croissance sous-jacent reste dé terminé par la croissance démographique exogène et le progrès technique (qui diffèrent potentiellement selon les pays).

Une autre catégorie de modèles de croissance tempère l'hypothèse de rendement dé croissant des facteurs reproductibles. Certains auteurs additionnent le capital humain et le capital physique pour calculer un concept de capital « élargi » caractérisé par la constance, voire la croissance des rendements d'échelle (Lucas, 1988; Rebelo, 1991 par exemple). D'autres encore prennent en compte des externalités de l'accumulation du capital physique ce qui fait que les rendements d'échelle privés peuvent être décroissants, alors que les rendements sociaux peuvent être constants ou augmenter – grâce à l'apprentissage « sur le tas » (Romer, 1986; Young, 1991 par exemple) ou à la R-D (Romer, 1990; Grossman et Helpman, 1991; Aghion et Howitt, 1992 par exemple). En cas de constance (ou

d'augmentation) du rendement du capital (« élargi »), le taux de croissance à long terme devient endogène, dans la mesure où il devient dé pendant des décisions d'investissement, qui peuvent elles-mêmes être influencées par des facteurs politiques et institutionnels. Certains de ces modèles de croissance endogènes impliquent une convergence « conditionnelle » et d'autres non, selon les hypothèses formulé es quant à la spéci- fication de la fonction de production et de l'évolution de l'accumulation du capital élargi (voir les analyses de Barro et Sala-i-Martin, 1995 ; Durlauf et Quah, 1999).

Seule une étude empirique peut apporter les éléments permettant de déterminer sous quel angle le lien entre politique économique et croissance est le plus pertinent, mais les résultats de telles études sont souvent ambigus. Les analyses globales, telles que celle que nous présentons ici, apportent certains éclaircissements, mais des données microéconomiques sont nécessaires afin de mieux évaluer les liens entre l'accumulation du capital et le progrès technologique. C'est dans cette optique que nous analysons l'influence des facteurs politiques et institutionnels sur le PIB par habitant, en estimant une équation de croissance et une équation d'investissement. L'équation de croissance du PIB par habitant vise à identifier l'effet d'une variable politique sur la production en plus de son impact potentiel sur l'investissement, alors que l'équation d'investissement vise à identifier l'impact potentiel de la variable politique sur le niveau d'investissement.

2. Principaux déterminants de la croissance : l'accumulation du capital physique et humain

2.1. L'accumulation du capital physique

Le taux d'accumulation du capital physique est l'un des principaux facteurs déterminant le niveau de production réel par habitant bien que, comme nous l'avons souligné précédemment, ses effets peuvent être plus ou moins permanents selon que le progrès technologique a été plus ou moins intégré dans le nouveau capital. Quel que soit le mécanisme de transition entre l'accumulation du capital et la croissance, les différences notables qui existent entre le taux d'investissement des différents pays et au fil du temps en font l'une des sources possibles des écarts de production par habitant entre les pays. En particulier, le taux d'investissement moyen à long terme du secteur des entreprises est compris entre 10 pour cent et 20 pour cent du PIB. De plus, d'importantes variations du taux d'investissement dans un pays ne sont pas rares, ce qu'illustre bien la rapide augmentation du taux d'investissement aux États-Unis ces dernières années.

Dans l'analyse empirique, nous considérons l'accumulation du capital physique par des agents économiques privés (représenté e par la part de l'investissement des entreprises dans le PIB). L'investissement du secteur public est également pris en compte dans les équations de croissance élargies afin d'évaluer son impact sur la production, comme l'a proposé Aschauer (1989), ainsi que son effet potentiel sur le coefficient estimé du taux d'investissement du secteur des entreprises.

2.2. Capital humain

De récentes études sur la croissance partent également de l'hypothèse que la formation et l'expérience de la main-d'œuvre représentent une forme de capital (humain). D'une part, on pourrait affirmer que le capital humain fait l'objet d'une sorte de rendement dé croissant, de sorte que la main-d'œuvre plus formé e et qualifiée bénéficierait de revenus plus élevés à long terme, mais pas nécessairement d'un taux de croissance des revenus systématiquement plus élevé. D'autre part, l'investissement sous forme de capital humain (les dépenses pour l'apprentissage et la formation par exemple) pourrait avoir un impact plus permanent sur le processus de croissance si le niveau élevé de compétences et de formation va de pair avec une intensification des activités de R-D et une accélération du progrès technologique, ou si l'adoption de nouvelles technologies est facilitée par une main-d'œuvre hautement qualifiée. A l'instar du capital physique, seuls des éléments empiriques peuvent donner quelques éclaircissements sur le rendement social de l'investissement en capital humain et, par conséquent, aider à faire différance entre les théories concurrentes.

Le capital humain est mesuré au moyen d'estimations de la durée moyenne de scolarisation de la population en âge de travailler, qui se fondent elles-mêmes sur les niveaux de formation atteints et sur l'hypothèse du nombre d'années de scolarisation que représente un niveau de formation donné.

Il est vrai que ces estimations sont grossières et restrictives, dans la mesure où elles ne tiennent compte ni de l'aspect qualitatif de la formation scolaire, ni d'autres aspects importants du capital humain. La durée moyenne de scolarisation de la population en âge de travailler ne témoigne pas moins du fait qu'il subsiste encore, malgré une certaine convergence dans le temps, des différences considérables entre les pays concernant le niveau de formation atteint. En 1970, la duré e moyenne de scolarisation de la population en âge de travailler était comprise entre 5.7 ans (Espagne) et 11.6 ans (États-Unis), alors que les dernières études en date font encore état d'une fourchette allant de 7.7 ans à 13.6 ans (le Portugal et l'Allemagne respectivement). Ces chiffres indiquent également une progression moyenne de la durée de scolarisation de moins de six mois en dix ans (aux États-Unis par exemple) à plus d'un an en dix ans (l'Allemagne et l'Italie par exemple, cette dernière é tant partie d'un chiffre assez faible).

2.3. Recherche-développement

Les dépenses de recherche-développement (R-D) peuvent être considérées comme un investissement dans le savoir, qui se traduit par l'élaboration de nouvelles technologies aussi bien que par une utilisation plus efficiente des ressources humaines et physiques existantes. En effet, on s'accorde plutôt à penser que la R-D peut avoir un effet persistant sur la croissance, autrement dit, qu'une augmentation des dé penses de R-D devrait entraîner, toutes choses é gales par ailleurs, une augmentation permanente des taux de croissance.

Le montant des ressources allouées à la R-D peut être influencé par une intervention des pouvoirs publics. Plus particulièrement, les avantages potentiels découlant des nouvelles idées ne peuvent pas bénéficier au seul inventeur en raison des effets de diffusion, ce qui implique que sans intervention politique, le secteur privé se livrerait à moins d'activités de R-D que ce qui serait socialement optimal. Ce constat justifie une certaine implication des pouvoirs publics dans la R-D, aussi bien par des travaux ou des financements directs, mais aussi indirectement, par des incitations fiscales et par la protection de la propriété intellectuelle, afin d'encourager les activité s de R-D du secteur privé (voir les analyses de Nadiri, 1993 et de Cameron, 1998).

Les dé penses totales de R-D en proportion du PIB ont augmenté dans la plupart des pays de l'OCDE depuis les années 80, reflétant principalement l'augmentation des activités de R-D des entreprises, qui sont généralement responsables de la majeure partie des dépenses dans ce domaine. En effet, dans la plupart des pays de l'OCDE, la R-D financée par des fonds publics a reculé ces dix dernières années par suite de la contraction des budgets de R-D à des fins militaires.

Plusieurs facteurs doivent être pris en compte dans l'évaluation du rôle que joue la R-D dans la croissance. Premièrement, la relation entre R-D privée et publique peut être un lien de complémentarité ou de substitution. Deuxièmement, la R-D publique vise généralement à des progrès dans des domaines qui ne sont pas directement liés à la croissance, comme la défense et la recherche médicale ou dont l'impact éventuel sur la croissance de la production pourrait être diffus et long à faire sentir ses effets (voir OCDE, 1998). Ces considérations impliquent que toute analyse quantitative de la croissance doit tenir compte des activités de R-D en tant que forme supplémentaire d'investissement et différencier les types de dépenses de R-D. Compte tenu des données disponibles, nous examinons les dépenses de R-D totales (en part du PIB) et leurs composantes, à savoir les dépenses de R-D du secteur public et celles du secteur privé.

3. Politique macroéconomique et croissance

Dans le cadre des études sur la croissance, trois facteurs sont généralement examinés en ce qui concerne le cadre de la politique macroéconomique: les avantages à établir et à maintenir un niveau d'inflation faible, l'impact des déficits des finances publiques sur l'investissement privé et les risques de répercussions négatives sur la croissance dé coulant d'un secteur trop important des administrations publiques (en raison de la forte pression fiscale correspondante nécessaire au financement de dépenses publiques élevées).

3.1. Inflation et croissance

Parmi les arguments habituels en faveur d'une modération et d'une stabilité de l'inflation, on retiendra la moindre incertitude au sein de l'économie et l'amélioration de l'efficience du mécanisme des prix. Un recul de l'inflation pourrait avoir un effet global sur le niveau de l'accumulation du capital en cas

de distorsions fiscales (des abattements définis en termes nominaux, par exemple) ou lorsque les décisions d'investissement sont prises dans une perspective à long terme (changement de technologie, par exemple). De plus, l'incertitude lié e à une forte instabi- lité de l'inflation pourrait dissuader les entreprises d'investir dans des projets à fort rendement, mais dont le niveau de risques inhérent est également beaucoup plus élevé.

Les éléments attestant d'une relation entre l'inflation et la croissance ne sont pas sans équivoque : alors qu'il est avéré que l'investissement pâtit d'une forte inflation, la relation est moins évidente en cas d'inflation modérée ou faible (voir Edey, 1994; Bruno et Easterly, 1998, par exemple). De plus, dans la mesure où l'incertitude réside dans la relation entre et l'investissement et la croissance, cette relation tendrait à préconiser de s'attacher aux variations de l'inflation. Compte tenu de la corrélation entre le niveau et la variabilité de l'inflation, les deux effets risquent néanmoins d'être difficiles à distinguer.

Compte tenu des remarques précédentes, deux indicateurs de l'inflation sont pris en compte dans l'analyse empirique : son niveau et sa variabilité. Ces indicateurs sont inclus dans l'équation de croissance, qui intègre la part de l'investissement, de sorte que l'impact estimé sur la croissance s'exerce via les effets de ces variables sur l'efficience globale et sur le choix de projets d'investissement. Ils sont également inclus dans l'équation d'investissement, qui permet de vérifier l'existence d'un effet des deux variables sur le niveau de l'investissement.

3.2. Politique budgétaire et croissance

La politique budgétaire peut influer sur la production et la croissance à moyen terme ainsi que sur le cycle économique. Plus précisément, lorsque les déficits publics servent à financer la consommation ou les transferts, l'argument habituellement avancé en faveur d'une action prudente des pouvoirs publics réside dans le souci de limiter les effets d'éviction de l'investissement du secteur privé. De plus, si la politique budgétaire apparaît contradictoire avec la politique monétaire, la crédibilité de cette dernière peut être compromise, ce qui entraîne l'application de primes de risque sur les taux d'intérêt et des pressions sur les taux de change, avec des répercussions sur l'accumulation du capital.

On a pu affirmer que les impôts nécessaires au financement des dépenses publiques pouvaient également fausser les incitations, avec des répercussions négatives sur l'efficience de l'allocation de ressources et fausser par là-même le niveau ou la croissance de la production. La principale conclusion que l'on peut tirer des publications sur ce sujet est qu'il y a à la fois un effet de « volume » de l'intervention des pouvoirs publics ainsi que des effets spécifiques dérivés du financement et de la composition des dépenses publiques. Lorsqu'elles sont peu élevées, les dépenses publiques sont susceptibles d'avoir des effets productifs supérieurs au coût social de la mobilisation des fonds. Toutefois, les dépenses publiques et les impôts correspondants peuvent atteindre un niveau où les effets négatifs sur l'efficience, et donc sur la croissance, commencent à être prédominants. Ces effets négatifs sont sans doute plus manifestes dans les cas où le financement repose davantage sur des impôts produisant un fort effet de distorsion (les impôts directs par exemple) et où les dé penses publiques sont axé es sur des activité s « non productives ».

Durant les années 80 et 90, la « taille » du service public a eu tendance à augmenter dans la plupart des pays de l'OCDE, à l'instar des engagements bruts des administrations publiques. Plus récemment, la situation financière du secteur public s'est nettement améliorée. En dépit de ces importantes évolutions, la part des dépenses publiques totales dans le PIB restait inscrite dans une fourchette de 40 pour cent à 50 pour cent dans un certain nombre de pays de l'OCDE en 1999. En outre, moins de 20 pour cent des dé penses publiques des pays de l'OCDE peuvent être qualifiées de directement « productives » (enseignement, infrastructures et R-D par exemple). Dans de nombreux pays, la part des dépenses publiques « productives » a diminué ces dix dernières années.

Dans notre analyse empirique de la croissance et de l'investissement, les hypothèses relatives à l'offre qui établissent un lien entre la taille du secteur public et la croissance ont été vérifiées en examinant à la fois la fiscalité et les dépenses publiques. Le rôle potentiel de la structure du financement et des dé penses est étudié en analysant séparément les impôts directs et indirects ainsi que les différentes composantes des dépenses publiques. Dans ce contexte, la variable du capital humain, évoquée précédemment, peut être retenue pour représenter les efforts passés et présents des pouvoirs publics en faveur du financement de l'éducation. De même, les dépenses publiques pour la recherche-

développement sont clairement identifiées dans les modèles élargis qui tiennent compte de la R-D (voir ciaprès). En dernier lieu, les dépenses publiques ont été prises en compte en tant que variable distincte de la consommation, afin de vérifier si cette distinction est pertinente.

3.3. Développement financier et croissance

Les systèmes financiers contribuent également à la croissance économique en apportant le financement nécessaire à l'accumulation du capital et en favorisant la diffusion des nouvelles technologies. Un système financier bien développé peut mobiliser l'épargne en orientant la petite épargne des particuliers vers des investissements rentables à grande échelle, tout en offrant aux épargnants une liquidité élevée. Il constitue également pour l'épargnant une protection contre le risque idiosyncratique au moyen de la diversification et permet de diminuer les coûts d'acquisition et d'évaluation des informations relatives à d'éventuels projets, grâce à des services spécialisés de conseil financier, par exemple. Tous ces services sont susceptibles de contribuer à la croissance économique, mais ils peuvent théoriquement avoir l'effet inverse. Par exemple, la diminution des risques et l'augmentation des revenus résultant de la diversification peuvent encourager les ménages à épargner moins si les effets de revenu l'emportent sur les effets de substitution. De plus, la croissance peut, dans une certaine mesure, être à l'origine du développement de systèmes financiers, auquel cas il pourrait y avoir un lien de causalité inverse.

Idéalement, nous aimerions utiliser des indicateurs qualitatifs des possibilités offertes aux entreprises d'accéder à des financements externes et de la facilité avec laquelle les investisseurs peuvent en tirer des rendements intéressants. Mais les informations disponibles se limitent à des indicateurs quantitatifs (Leahy et al., 2001). Nous analysons notamment le total des crédits accordé s par les établissements de dépôts au secteur privé, qui permet de mesurer l'intermédiation financière via le système bancaire. De plus, nous analysons la capitalisation boursière (la valeur des actions coté es), qui est un indicateur approximatif de la facilité avec laquelle les entreprises peuvent lever des fonds sur les marché s d'actions.

3.4. Commerce international et croissance

Outre les effets bénéfiques de l'exploitation d'avantages comparatifs, des théories ont souligné les effets positifs résultant du commerce du fait des économies d'échelle, de l'exposition à la concurrence et de la diffusion du savoir. Ces effets pourraient entraîner une augmentation à la fois de l'efficience globale et éventuellement du niveau d'investissement (si, par exemple, l'adoption de technologies étrangères nécessite d'investir dans de nouveaux types de capital). Les progrès réalisés par les pays de l'OCDE dans l'abaissement des barrières douanières et le démantèlement des obstacles non tarifaires tendrait par conséquent à dé montrer l'impact positif des échanges commerciaux sur la croissance. Cela étant, le commerce extérieur peut être endogène par rapport au processus de croissance. L'attitude relativement ouverte des pays de l'OCDE vis-à -vis des échanges commerciaux tendrait à montrer que le volume des échanges réalisés reflète des schémas de croissance (et dans une certaine mesure, la géographie, la taille et les coûts de transport) tout autant que les contraintes sous forme de barrières douanières et d'obstacles non-tarifaires.

L'éventuel problème de l'inversion du lien de causalité dans la relation entre é changes commerciaux et croissance implique donc du discernement dans l'interprétation des résultats empiriques. Plus précisément, nous traitons l'intensité des échanges commerciaux dans l'équation de croissance comme un indicateur de l'exposition au commerce extérieur – en rendant compte de facteurs comme les pressions concurrentielles – plutôt que comme un élément ayant des répercussions directes d'ordre politique. En dehors de cette ré serve, l'analyse empirique doit également tenir compte du fait que l'exposition au commerce extérieur des petits pays est plus importante en soi, quelle que soit leur politique commerciale ou leur compétitivité alors que, dans les grands pays, les pressions concurrentielles viennent pour une large part de l'intérieur. Afin de mieux refléter les pressions concurrentielles globales, l'indicateur d'exposition au commerce extérieur a é té corrigé de la taille du pays par un calcul de régression de la variable brute d'exposition au commerce extérieur en fonction de la taille de la population et en retenant dans l'analyse les valeurs résiduelles estimé es ainsi obtenues comme variable (ajustée) des échanges.

En définitive, les résultats montrent que les différences de PIB par habitant dans les divers pays de l'OCDE s'expliquent dans une large mesure par des disparités des cadres politiques et institutionnels et que les pays peuvent partager leurs expériences pour définir une stratégie de croissance optimale. Malgré les

différences persistantes de niveaux de vie, les récents changements de politique semblent jouer de façon positive sur la croissance. La plupart des pays ont fait des progrès significatifs dans le sens de la stabilité des prix et en évitant des fluctuations macroéconomiques excessives. Toutefois, alors que différents pays ont réussi à réduire leur déficit public, la pression fiscale reste globalement élevée dans plusieurs d'entre eux et elle s'est alourdie au cours de la dernière décennie. Sur le plan structurel, la plupart des pays de l'OCDE ont enregistré des augmentations sensibles de leur capital humain, en particulier du fait de l'intervention des pouvoirs publics. Même s'il peut exister un rendement social dé croissant de l'augmentation du niveau de formation, cette évolution a eu (et aura à l'avenir) un effet positif sur les schémas de croissance observés. En outre, le montant des ressources dévolues à la R-D a progressé, d'une manière générale, des années 80 aux années 90 – même s'il a quelque peu diminué ces dernières années en raison, essentiellement, d'une baisse des dépenses publiques affecté es à la défense.

De plus, les ressources semblent être de plus en plus orienté es directement vers le secteur des entreprises, les différents secteurs jouant eux- mêmes un rôle croissant. Au-delà de ces considérations, des différences de taux de croissance considérables demeurent entre les pays, peut-être dues à des disparités des conditions générales (réglementation des marchés du travail et des biens, par exemple) qui n'ont pas été prises en compte dans ce document.

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ABOUT TRUSTS, CARTELS AND MONOPOLIES WITHIN THE WORK OF VIRGIL N. MADGEARU

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During the time, the appearance, development and the political, economical, social, etc. influences of the trusts and cartels in the industry have been treated within the university courses taught by Virgil Madgearu, and by many other written works belonging to him. He has an original concept concerning the appearance, place and role of those influences in the economy of his life time. Being an authorized voice of the Romanian economical inter-war thinking, we consider as being of high interest the presentation of some aspects of his vision as a professor and as a politician regarding the trusts and the cartels.

Key words: trusts, cartels, monopolies, imperialism, competition, market

Virgil N. Madgearu (1887 – 1940) was a Romanian economist, professor, publicist and politician, educated at the German historical school. As a professor at The High Industrial and Commercial Studies Academy from Bucharest (the actual Bucharest Academy of Economic Studies) since 1916, he was a man of a vast culture of specialty initiating original specialty courses, well documented or argued (Course of introduction into the economic sciences, Course of political economy and industry, Course of agrarian economy and industry, The industrial and commercial enterprises study, Course of transports, etc). He was a general Secretary of the National Peasant Party, a parliamentary man and a minister in the peasant party's governments. His main works are, as follows: Agrarianism, capitalism, imperialism, published in 1936, The Evolution of the Romanian economy after the World War I, appeared in 1940. As an original and profound thinker and a politician with democratic views, he couldn't tolerate the extremism. He was killed in 27th of November 1940, by the same legionary team who assassinated Nicolae Iorga.

Appeared toward the end of the 19th century, the trusts and the cartels have continued even nowadays to make felt their presence and influence in the economic social life. These economic formations (and not only), have incited the interest of the large public, of the politicians and economic thinkers together and have generated different attitudes, during the inter-war period, a while when Virgil N. Madgearu also activated. Without being a preoccupation of a high ampleness for Virgil N Madgearu, this one, as an economist, professor and publicist couldn't have treated in his works the problems concerning the trusts, cartels and monopolies.

In his courses he taught at the earlier (ex-) Commercial Academy, Virgil Madgearu sustained the formation of the trusts and cartels as a consequence of the economic depression between 1870 and 1890, as "simple agreements, without having reached to an organization form", so that, before the World War I, these to be able to be framed within the economic organization of all the nations. In his concept, the appearance of the trusts and of the cartels "was born from the necessity of counterbalancing the results of the free competition at the public auctions (sales)", because of the free competition and the big number of companies which were present at those public sales by auction (auctions) diminished considerably the margin of profit of the winners (winning bidders).

He considered that the customs fees and the trade protectionism rule favored the formation of the cartels and the maintaining of the high prices on the inland market, as he asserted in his work "Agrarianism, Capitalism, Imperialism, within the chapter The Economic Imperialism and the Nations League: "...the politic of the protectionism favors the formation of the trusts and cartels" and further: The protectionism is the securest wave behind of it usually prosper the trusts and cartels which produce that transformation from the system of the free competition as a dominant one, to the monopoly system, within the economic organization."

Simultaneously, the massive concentration of the industrial capitals in bigger and bigger enterprises, has determined that the part of "fixed capital in an industrial enterprise reach to represent a significant quote" (benchmark), and a relative stable production becomes necessary for the capital depreciation, so that it

appears the idea of not allowing anymore that the production (output) to be under the influence of the market fluctuations.

Virgil Madgearu sets the objectives of the trusts and cartels so: "the goal of the trusts is the achievement of their market-independent feature."

As the cartels are, on his opinion, agreements among the producers or manufacturers for the monopolist domination of market, they have an important influence concerning the price formation, which are going to align their selves depending on the average cost realized by the cartelled companies or on the highest cost within the organization.

The conclusion of Virgil Madgearu is therefore that the prices are higher than the rule of the free competition, but there are also situations when the costs of production are diminished by closing the enterprises having old equipment, or generating higher costs. These measures may be also abusive, when in fact it is pursued the diminution of the production "speculating the consuming world".

The trusts differ from the cartels, says Virgil Madgearu, as the latter keep the individuality of the component enterprises, overtaking only the commercial function and they have a limited time life, while the first "are monopoly organizations of an industry branch, which possess directly or indirectly the power of absolute disposition upon the exploitations and enterprises reunited in the trust", having simultaneously a life time much longer. Interesting are also his ideas about the trust forms: from the mixt companies, with a horizontal layout, too, to the portfolio societies, "holding company" and the private trusts.

The monopolies are also the object of Virgil Madgearu's lectures, for instance those ones created as an effect of the protectionist politics, which, through the customs fees create "temporary economic monopolies" for the national industry, or the privileged situation of the issuing bank from Romania, that has performed the credit and capitals monopoly. He exemplifies also the existence of the monopolies created by the state in the domain of the transports and communications, rightly appeared from "the natural necessity" of a unique exploitation, without forgetting the monopolies appeared as a following of "the absolute superiority of the exploitation". Such enterprises, where the output optimum is carried out at an unusual large extension of the company", by minimizating the price cost, obtain therefore the absolute domination of the market.

Regarding ,, the capitalist politic of the monopolies" as Virgil Madgearu asserts, ,,that politic doesn't know the selection concerning the fighting weapons", namely the means used for surmounting the competition comprise the whole range, from the supply of agreements, to the ,,aggression actions".

The monopolies have "a work politic", so that it is much easier for the employers non- reunited in trade unions to proceed for massive dismissals during the periods when they have to decrease the output.

The trusts, asserts further Virgil Madgearu, will always act toward increasing the output, and as a consequence of this, they are going to search new trade markets, therefore it wouldn't be able to say that they (the trusts) are interested in pursuing the sale prices raise, for not limiting their selves their market. In opposition, there are known even situations when the trusts decrease drastically to eliminate like that their competitors or for gaining new markets (the dumping politic).

The high importance which is assigned by Virgil Madgearu to the trusts and cartels results also from the fact that by dominating the market, or without being dependent on it, it is ensured a stability of the prices, it is set "a kind of order in this chaos", although their appearance and development doesn't mean that "they've disappeared" or there is a perspective to disappear the economic crises and the periodical cycles", but it is only diminished the ampleness of the prices' oscillations. "It would be a mistake to consider the trusts and cartels as a pathological manifestation of the capitalist society", asserts Virgil Madgearu in his Course of Political Economy published in 1944, delimiting like that the Marxist doctrine (Lenin's tenet, more exact).

The international trusts and cartels' problems are also tackled by Virgil Madgearu in his university courses, without being able to clarify the causes of their appearance and their development and expansion modalities. But referring himself to the industry financing, he reached to the conclusion that "the European model" of financing of this one by the banks, a model that has spread in United States (of America), too, "forms the essential feature of the economic step nowadays, of the economic imperialism".

As a publicist and a politician he goes further, criticizing the formation of the banking trusts that dominate the international economy and stimulate the economic expansion: "The bank trusts, that perform the domination of the whole economic life, upon the industry, agriculture and commerce, which master

therefore the whole economic life of all nations, these have in their hands the imperialist conflicts...The impulse toward expansion is not given only by the merchandise export necessity of the industrial states, but also by the necessity of the capitals export", asserted Virgil Madgearu in the " Economic Imperialism and the Nations League."

At the same time, he considers that the capital export has begun simultaneously with the development in the big capitalist countries, of a system of the big banks, whose politic is based on the same monopoly principles, as the industrial trusts' and cartels' one.

As attitude of the state against the trusts and cartels, Virgil Madgearu, from his perspective as a National Peasant Party-doctrinaire considers as the most appropriate method that one of nationalizing of those ones: ,, or where can be formed a private monopoly, the peasant-party tenet, representing the interests of the producing (manufacturing) and consuming mass- majority, will prefer its transfer in the hands of the collectivity in economic form, proper for the output (production) interests,, (The peasant party doctrine, 1923).

But later, within the program adopted by The National Peasant Party in 1935, this attitude changed: "The cartels and any agreements among the industrial companies, which are interested, by suppressing the competitivity or by other means, by speculating the consumers and restraining the industrial flourishing, are to be forbidden.

Of course, that analyzing the work of Virgil Madgearu other interesting ideas can be detached (found out) concerning his opinion on the trusts and monopolies.

The problems of these capitalist formations have generated a rich specialty literature and also a lot of controversies and attitudes. It is not less true that the subject is still one of actuality and it incites a lot of interest among the economical environments and not only those ones.

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ELEMENTS OF THE CONCEPT OF VIRGIL N. MADGEARU ABOUT THE STATE INTERVENTIONISM

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The ideas debates from Romania, in the inter-war epoch included within their sphere the state interventionism, too. Appeared and considered on some people opinions, a reaction to the liberalism or a reaction to the socialism, or a result of the war and post-war recovery efforts, this reached to its apogee during the period of the great economic crisis between 1929 and 1933 (the great depression). Virgil Madgearu, an economist educated at the German school, an attentive scientist observer of his epoch (age) or a politician who should propose solutions for the crisis effects, he preoccupied himself with the problems of the state intervention into the economy, too.

Key words: interventionism, capitalism, depression, economy, politic

In the concept of Virgil Madgearu, who overtook the opinions of Franz Oppenheimer, the evolution of the interventionism was produced from the monetary-current considered an accumulation of precious metals aiming to support a numerous army for achieving the state expansion politic, at the first form of state interventionism- the mercantilism – "the interventionism extended upon all the domains of the economic life" with preoccupations and nation education.

The appearance of the state interventionism as a reaction to the liberal doctrine was produced, on V. Madgearu opinion, as a result of the population growth, too, as an answer against the "wild" exploitation of the children and women in working.

He thinks (thought) that the most vehement reaction was that one of the Marx-fans: "The whole construction ideology of Marx is based on the ascertainments made concerning the effects of the economic liberty (freedom) for the British industry development by the description of the results of the non – human exploitation of the children and women" creating a very powerful social fighting platform and the appearance of a new tenet: the socialism, which, "through the working parties…represents the most formidable reaction against the liberal idea as a state doctrine."

And as a reaction for the appearance of the military actions of the working parties, V. Madgearu sees the appearance of the "desk socialism", considered as "a state interventionism doctrine" that is justified only through the necessity of the setting or ruling the output (production) reports and of eliminating the social disadvantages resulted from the free activity of the production forces. This doctrine appears, as V. Madgearu believes, from the necessity "of protecting the capitalism", and within the domain of the social politic, it manifested by enacting the social health assurances, helping allowances in case of work accidents, old people and unemployment helps (allowances) etc.

The interventionism as a state politic appeared under the confronting conditions of the capitalist economy with earlier unknown phenomena of the kind of the economic crises (depressions) and of the unemployment, which have affected globally the economy and the society. The beginnings of the state interventionism are placed during the period of the World War I when in the countries involved in the conflict it was necessary the unitary coordination of the war efforts and at the same time the concentration of those ones under a unique command (order), situations that couldn't be solved than the state itself.

So, the belligerent countries needed to concentrate at the disposal of the state a huge volume of resources and to lead them so that to be able to cope with the war effort.

At the end of the first world conflagration, the necessity of the recovery of the infrastructure and of the economy, and also the restarting of the economic and social development were assumed as tasks charged to the state authorities. Therefore, under such conditions, the state involved itself in an important measure by its decisions aiming to supporting the economy setting and development, a fact that conferred to the taken measures an interventionist character

The apogee of the intervention politic which gave birth to the interventionist doctrine is considered simultaneously as being the period of the economic word depression (crisis) between 1929 and 1933, when the state had to abandon one of its liberal thesis of not involving much deeper in allocating, redistributing and using of the resources and also regarding the economic initiatives, a thing which earlier was an unconceived one.

By confronting the economic crisis (depression) difficulties, the state extended its activity, including within its action sphere politics for counterworking the disturbing factors. Next to its traditional earlier assumed tasks or duties of the state, other new ones contoured which involved especially the correction of the negative impact upon the society as a whole, determined by the mistunings in the economic and social life caused by the economic depression (crisis).

In this context, it came out a new doctrine, concerning the state in economy and in society generally, which enacted the increase of the role of the state in economy and society generally, known as the interventionist doctrine, called also the modern doctrine, comparing to the classic one. According to this doctrine, for counterworking the defaults and the imperfections in the economy and for setting the mechanisms of the market economy, it is considered admissible the involvement of the state not only in the economic activities for influencing the Gross Intern Product evolution (for ensuring to this one a balanced increasing tendency), but also within the social domain, for improving the material situation (wealth or wellness) of the persons affected by the disturbing phenomena appearance within the economy (crisis, depression, unemployment).

Such a politic of balancing brought to the trends appeared in the economy turned out as being favorable to the attenuation of the amplitude of the cyclic oscillations, avoiding the profound disfunctionalities on economic, social and politic plan

From such a perspective of the balancing measures which may be applied by the interventionist state, the doctrine of J.M. Keynes reasons the necessity and the possibility of involving the state in economy, not only by influencing the evolution of the private economic activities, but also by developing a powerful economic state sector.

The concept of V. Madgearu concerning the role of the state has elements surprising similar, even if some of his theses are published by the means of the university lectures, few years before the Great Depression (the major economic crisis).

So, in his Course of Transports, taught in 1924, he underlined that: "in a necessary way it intervenes in the activity of the collective economy, which completes or replaces that one of the individual activities." By the "collective managing (administrating) activities" or the "state management" ("state administration") he understands in fact the state enterprise, which has as motto (slogan) and therefore as a working method, "the maximum of collective use with minimum costs (expenses)".

Along the same line of his concept about the state intervention in the economy, we have to notice another reason: "the state is the only factor that can foresee the future development, too and a plan for taking in account of the future necessities", by this term understanding that the individual initiative cannot aim at the long time economic goals which may involve generations, the state must arrogate itself this obligation. On the other hand, we meet here the notion of planning, which already has passed the sphere of the interventionism, entering on the conducted or led economy.

In his vision the state intervenes automatically at certain moments or on certain domains, V. Madgearu calling it "mechanical intervention", namely the intervention on the domains where the private activity "is not active" or within, if the domain has a special importance for the society, in the system of the free competition the organizing by the state obtains what he calls "maximum of collective use "and finally, there where it is necessary "a provision for the future developments".

The intervention manners of the state in the economy are classified by V. Madgearu as "adjuster" and "creative". Regarding the state means considered as being proper for the activity setting, he asserts the possibility of acting in a negative way when the state laws prohibits certain individual activities which may be against the collective interest, in a positive sense, when they creates the legal framework within whose limits the game of the individual interests, may be performed for the general use."

It is, we think, important to mark such a kind of intervention, as "adjuster", says Virgil Madgearu, referring himself only to the directing by the state authorities, by using a proper legal framework, of the private initiative within the economic domain. The motivation of such a kind of interventionism doesn't succeed to

prevent from and attenuate the effects of the economic crisis, as in the Keynes' doctrine, but it aims at the primates of the general interest of the society upon the individual interest, a thesis sustained by the representatives of the German school, too, representatives whose writings influenced on him for sure.

What V. Madgearu calls "own creative state activity", represents, we think, the economic initiative of the state, which must, on his opinion, to replace the private initiative, over there where the latter is not manifested, although " it is possible and it would be useful for the economic general development", or when the necessary financial means are much higher than the possibilities of the individual entrepreneurs, or when the public authorities consider that the private activity " doesn't correspond to the interest of the general wellness."

Practically, he enacts the state interventionism and from the point of view of the state as an economic agent, although, on the other hand, he has doubts regarding the capacity of the state of being a good administrator.

Important argues (reasons) we find in the analysis of what he calls "in-fact monopoly", a category that includes the organization and exploitation of the railways, telegraph, etc, about which he says that these are, "by the nature of the things destined (meant) to the organization of the monopoly", and not anyone, but a state monopoly, as, in addition of the consistent part of "immobilized capital", which wouldn't be handy for the private initiative, the optimal planning of the railways network can be performed only by the state.

Concerning the specific means of ,, the methodical influencing of the national economy by the state" in the Virgil Madgearu's vision these can be systemized in four groups:

- 1. means of guidance (directing) the national economy supposing an intervention of the state limited when placing at the disposal of the active economic agents of the necessary information for the "good guidance" of the economic activity. Within this category are included the investigations and the studies performed by the authorities about the existing economic situation, publishing of the gathered information from the Romanian consulates, the obliging under the law for publishing the balance-sheet of the economic agents etc.
- 2. "the helping of the economic forces to be able to work with maximum of effects", by organizing the circulation of the exchanges, the creation of the national currency and the reglementation of its functioning, the formation of the communication and transport, post (mail), telegraph, railways institutions, means of stimulating the actions of the economic factors, the enacting of the right of the free choice and free performance of the profession.
- 3. the restriction of certain free economic activities, a category that includes the measures against the exploitation of the women and children, generally, of any form of exploitation, measures against the disloyal competition, against the usury (extortionate) by limiting the loan interest, measures against the exploitation of the forest and oil. In this way, as it is right, Virgil Madgearu asserted that, although there are activities very profitable for the private initiative, and the oil and wood were products with an overwhelming weight in the export provided by our country, the state, the "society" as he said, must intervene as there is the danger of the fast depletion of the oil reservoirs, and the massive and uncontrolled land clearing (grubbing) may have negative influence on the climate, agriculture and lands.

His concept, we could say a modern one, of protecting the natural resources of the country has no connection with any ideology, but it denotes the preoccupation for an efficient exploitation of the resources, which anytime is actual.

It is worthily to be noticed that Virgil Madgearu considers that the state intervention in the "free game of the economic forces" may have also negative effects, when it restrains the function of the Darwinist law of the natural selection, a law by which the companies with old technology and having too much energy consumptions should disappear, if they wouldn't be helped by the state to survive, braking like that the economic progress.

From this point of view, his opinion is placed along the line of a necessary limitation of the state intervention in the economy.

4. the overtaking by the state of some economic activities, in competition with the private initiative, or by excluding this one, by the state monopoly system.

Regarding the efficiency of the state intervention in economy, Virgil Madgearu considers it quite relative, the state interventionism is "the system without system", especially after what happened during the Great Depression (the major economic crisis of the world) when he ascertained "the null result of these multiple interventions" and he considers that it must be decreed "the interventionism bankruptcy", his conclusions being in favor of the conducting or directing (leading) as a state politic, conducting meaning a planned and methodical influencing of the national economy aiming at the renunciation of the "automatic functioning of the economic mechanisms"

We don't pretend to have depleted the exposure of the concept of Virgil Madgearu about the interventionism as a doctrine, about the state intervention in economy – which is necessary, possible, and limited too, but we consider that we have revealed some aspects we thought as worthing for paying the attention of whom it may concern.

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CLUSTERS IN THE ROMANIAN ECONOMY

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Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, market opening, and reducing the costs of doing business. In the last two decades the growth of national economies competitiveness was mainly based on regional development and growth of regional clusters competitiveness.

Key words: cluster, company, competition, development, competitive advantage

What is a *cluster*? At a conference of the Barcelona-based International Competitive Institute last year, a large subgroup debated the better part of a morning on the definition of a cluster. My well-circulated definition that follows represents the type of cluster that I refer to in this and future articles: "A cluster is a concentration of firms across several industries that creates quality jobs, exports goods and services, shares common economic foundational needs, and unites the public sectors of economic development, legislatures at all levels, universities, community colleges, the K-12 educational community, workforce development, support foundations, and all community economic stakeholders."

A *cluster* is a geographic concentration of competitive firms in related industries that do business with each other. *Each cluster* includes companies selling primarily outside the region, as well as support firms supplying raw materials, components and business services. These groups of companies that compete or interact with each other are more important to the region's well being than any single, isolated firm no matter how strong or influential it may be. *Clusters* provide synergy, and that leads to competitive advantage. *In clusters*, the available pools of experienced workers are larger and more diverse. Suppliers tend to congregate for increased efficiency. A competitive spirit builds, stimulating rapid growth and innovative, energetic strategic alliances form. *Business clusters* fuel the region's economy, and they are the best focus for economic development efforts. Building and strengthening our *existing clusters* and developing or introducing *other clusters* is what will move us profitably ahead in this new century.

The prevalence of *clusters* reveals important insights about the microeconomics of competition and the role of location in competitive advantage. Even as old reasons for *clustering* have diminished in importance with globalization, new *influences of clusters* on competition have taken on growing importance in an increasingly complex, knowledge-based, and dynamic economy. *Clusters* represent a new way of thinking about national, state, and local economies, and they necessitate new roles for companies, government, and other institutions in enhancing competitiveness.

Economic development regions have occurred naturally for centuries. Some examples are the first agricultural villages, naval powers, manufacturing industries of all sorts, and now in our time, the telecom regions. In studying the processes that made them successful, it is clear that the social groups that had the better knowledge and organizational skills played a dominant role. Historians have also often attributed the growth of successful societies to geographical location and proximity to transportation; to short-term economic factors such as gold, copper, oil, or other raw and natural materials; or finally to the availability of capital. The *cluster concept*, however, is provoking new research that challenges these long-held concepts, including the significance of capital formation as being dominant.

Economic geography during an era of global competition involves a paradox. It is widely recognized that changes in technology and competition have diminished many of the traditional roles of location. Yet *clusters*, or geographic concentrations of interconnected companies, are a striking feature of virtually every national, regional, state, and even metropolitan economy, especially in more advanced nations. The

prevalence of *clusters* reveals important insights about the microeconomics of competition and the role of location in competitive advantage. Even as old reasons for *clustering* have diminished in importance with globalization, new influences of clusters on competition have taken on growing importance in an increasingly complex, knowledge-based, and dynamic economy. *Clusters* represent a new way of thinking about national, state, and local economies, and they necessitate new roles for companies, government, and other institutions in enhancing competitiveness.

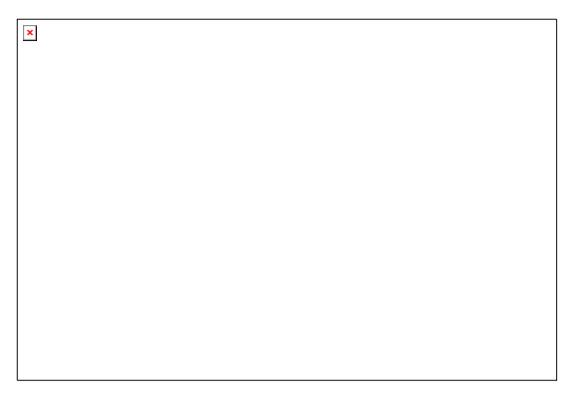
Clusters may work in conjunction with local, state offices, universities and community colleges. The clusters need not be focused only on technical industries: for instance, of the clusters in Arizona, three serve the tourism, food and fiber, and senior living industries. Today's cluster can be viewed as incorporating in a premeditated structure some of the processes of those formed in a more or less ad hoc manner. The principles are a plan, organizational skills, cooperation of the community stakeholders, the educational system, workforce development at all levels, transportation of the products more efficiently than others, competition in the local region, and the integration and modification of multiple foreign technologies.

Successful economic development is a process of successive upgrading. As nations develop, they progress in terms of their characteristic competitive advantage and modes of competing. Following the Porterian model, we identify three stages of economic competitiveness: factor-driven economy, investment-driven economy and innovation-driven economy. We acknowledge that most of the Romanian economy of today is to a large extent factor-driven. We accept that the best way to increase Romania's economic competitiveness is to enhance innovative activities, while reducing the dependency on factor prices. While we can be relatively certain that the factor-driven model of economic growth will eventually be upgraded, the process is a lengthy one, involving numerous stages and adjustments of the workings of the national economy. In addition, regardless of our ability to create an innovation-driven economy, it is obvious that losing the factor-driven competitiveness is not subject to choice: as real wages go up, the cost of labour in Romania becomes less and less attractive compared with other sites. There is thus a wide scope for improving economic performance through clustering, and for Romania, the case can be made that by adopting this approach it can "burn stages" on the path to a more sustainable competitive profile. However, we consider that successful clusters can only be the result of a push and pull process in which both the entrepreneurs and the state need to change mentality.

In Romania we need to make the distinction between *natural clusters* and *public clusters*. The public clusters (industrial parks, scientific and technological parks) have been established by law, but only few of them are realistically operative. The natural clusters, on the other hand, can be searched by means of statistical analysis and qualitative analysis. In different studies and research projects, several *potential clusters* have been identified in Romania.

The so-called VICLI Report focused on Harghita County, where four *potential clusters* emerged in wood processing, pottery, printing and apparel industry. In other studies some *other clusters* emerged: software (Bucharest, Timisoara, Cluj, Iasi), wood processing industry (Harghita), porcelain (Alba), textiles and apparel (Focsani), furniture (Bucharest). Last but not least, within the INCLUD Interreg project, *potential clusters* have been identified in textiles (North-East Region, especially Bacau County and West Region, especially Timis County), software (Timis, Cluj and Bucharest), wood processing, steel frame construction and metal products (Central Region2). As we can see, Timis County is likely to host in the future even more than one *cluster*, in fields such: as software or textiles. Local clusters can also be located in fields such as "Leather and footwear industry", "Industry of electric equipment and machines" and "Industry of TV and radio sets and communication equipments". Noteworthy, the specificity of the Timis County is also given by the high level of Italian investments in the area, which have brought along the principles of "industrial districts", the Italian cluster model.

Figure 1: Identified clusters in România



Reference: "To cluster, or not to cluster? The potential for competitive economic growth through cluster development in Romania", Pislaru D., Aristide O., 2004;

There is, however, one note of caution to be struck when referring to *Romanian clusters*. A distinction needs to be made between spatial agglomerations of companies as such and what the European Commission identifies as 'research system network', the former being largely the case of Romania, the latter being the most advanced form of clustering employing strong institutional and informal linkages between companies, universities, vocational schools and research centres, and public institutions. A research system network is the one most likely to exhibit the kind of external economies that makes the *cluster* produce more value than the sum of its constituent parts. To mention only a few examples of this level of cooperation:

- 1. through interaction with other companies and institutions this type of clusterprofits from the 'sticky knowledge' that is available locally;
- 2. by means of the same interaction the enterprises are highly aware of demand conditions and thus highly flexible;
- 3. companies invest in universities and local professional schools;
- 4. SME's are likely to join forces when size is an obstacle to receiving and/or completing an order.

In addition, it can be argued that the spatial pooling of suppliers and clients leads to a reinforcement of the reputational mechanism, this being an additional incentive to provide high-quality services and products. The literature refers to the above-described entities as "overachieving clusters", while the ones in which companies and institutions co-exist without exploiting the benefits of proximity are called, appropriately, "underachieving cluste".

When highlighting these characteristics, one realizes that public institutions can be of great importance in "activating" the existing clusters. In Romania's case there has to be, however, a major shift in attitudes regarding the role of the state in the economy. The vision has become entrenched that government assistance means subsidies, that a coherent strategy for economic growth involves industrial policy in the sense of structural aid towards sectors that are lagging behind but which employ significant numbers of

people. It is symptomatic of both the long-established way of thinking about the national economy and of political short-sightedness. While this 'picking the winners'-strategy on the dubious criteria of size alleviates or at least does not add to a current problem (unemployment), neither will it help Romania's economy catch up with the EU countries.

Nor are clusters guaranteed to deliver the missing factors necessary for sustainable economic growth, but it is clear that in the existing areas identified as clusters in Romania, government assistance can contribute to making them more efficient. In the field of inter-company cooperation, for example, the government can provide the necessary institutional infrastructure in order to stimulate communication and cooperation. At a both horizontal and vertical level, bringing together companies, suppliers and clients at round-tables, seminars and creating working-groups can prove to generate the desired outcomes in terms of cooperation. The same needs to be said about interaction between public and private institutions such as universities, vocational schools, research centres and enterprises. Creating technological laboratories that can be used by companies (and universities) that do not have the necessary resources to test and develop new products can both fill an important gap in the prospects for technical innovation of SMEs and to promote cooperation between companies and research centres.

In the cluster literature, emphasis is put on the level of government intervention. For reasons of superior local knowledge and of adaptability to local conditions (as mentioned before, there is no one-size-fits-all cluster policy) it is considered of the utmost importance that these efforts be coordinated at a regional level. This is particularly important in a country with a weak state such as Romania. While the cluster-approach can be mandated at the level of central government, the measures should be diversified in accordance to the characteristics of the different clusters and the local and regional officials should be vested with the necessary authority to deal with the representatives of companies and institutions that are part of the cluster.

The public authority can further stimulate cooperation by eliminating the barriers for SMEs on public procurements and allowing them to participate jointly, by forming associations, at public tenders. Assistance in marketing and subsidizing participation at fairs is also particularly helpful for SMEs, which often do not have the resources to pay the fees. Or, even better, SMEs could have a joint stand at fairs, possibly attracting more attention than by having single stands, which are overshadowed by those of the major companies. Another measure that has proven its viability is the creation of institutions (or assigning this role to the existing trade associations) that are constantly monitoring demand-related changes, for instance, by keeping in very good contact with the retailers and receiving sales figures, thus immediately highlighting incipient trends. One measure that may not seem obvious but that could be important in educating the consumers is creating a very strong consumers' protection office. It is no secret that satisfying demanding local clients (the government could also play this role) is an exceptional way of preparing for the competition on the world market.

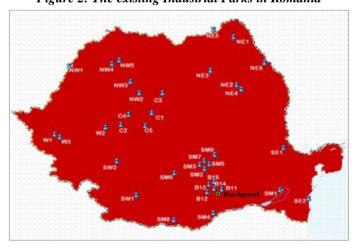


Figure 2: The existing Industrial Parks in România

Reference: Romania Factbook 2004, Investor Services (www.factbook.net)

The above mentioned policy recommendations are all examples of measures that would not interfere with market mechanisms and that would not represent a major burden on the state budget. While these are aspects that have to be taken into consideration in any economy, in Romania the additional issue of enforceability has to be tackled. One significant problem is the distrust that companies, and in particular SMEs have of the state authority. Field research suggests that SMEs would like to be left alone rather than helped through cumbersome and bureaucratic public support. It will be very difficult to convince enterprises to take part in government – organized cooperation schemes, most likely incentives will have to be provided (for example, undertaking feasibility studies that draw attention to the positive results of such programmes) in order to achieve the desired level of cooperation. Also, the network of trust that should exist between private companies runs counter to the prevailing social conditions in Romania.

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KEY EMPLOYMENT INDICATORS IN EU AND ROMANIA

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Labour force performances are not homogenous between EU member countries, the intensity and the state intervention in the social policy being also heterogeneous (Moia, 2004)⁷⁰. By implementing different policies on labour force market, European states have not reached the same performances, the gaps existing between them being expressed through analyse of social-economic indexes.

Key words: employment, labour force, policy, unemployment rate, activity rate.

Employment and continuous professional development of labour force are objectives fixed on the most important planned documents worked out at national and european level. European Union prepared, on this purpose, The European Strategy for Employment, which guarantee the coordination in this field of activity and between 2005-2008 has the next structure: integrated lines regarding occupation, national programs of reform, common report on occupation, Council recommendations, yearly UE progress report⁷¹.

Talking about Romania, the first step on occupation policy programming and professional development consists in National Action Plan for Employment elaborated in 2001 according with European Strategy for Employment and the strategic options from Preadherind Economic Plan (PEP). Also, yearly there have been conceived National Plans for Employment (2002-2003, 2004-2005, 2006) and Reports regarding the progress recorded related to the priorities assumed by the common document of employment policies evaluation. Other relevant documents for human resources development were National Plan of Development (NPD) and Common Document for Employment Policies Rating.

For the 2007-2013 period, policies in the employment field are ruled by a few strategic documents, such as:

- National Strategy in the Employment field for 2004-2013;
- Continuous Professional Development Strategy on Short and Medium term 2005-2010;
- National Plan of Development 2007-2013;
- Regional action plans for employment and social inclusion that involve to conclude 12 treaties of employment and social inclusion.

National priorities for the employment field in the next period are:

- promoting labour force adaptability, continuous learning and developing process,
- fighting against structural unemployment
- promoting social cohesion.

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⁷⁰ The gap between economical performances of different countries is explained in the technical literature by "institutional" gap that exists among them. See Duglas North's paper "Institutions, Institutional change and economic performance"

⁷¹ Labour Force, Official Report, Number 3, Labour, Social Cohesion and Family Ministry of Romania, February 2006

ATT	2000	2001	2002	2002	2004	2005	2006
ALL	2000	2001	2002	2003	2004	2005	2006
Total population(000)	22334	22326	22309	21686	21638	21609	21575
Population aged 15-64	15231	15277	15327	14933	14964	15021	15035
Total employment	10653	10603	9591	9155	9103	9115	9291
Population in employment aged 15-64	9590	9529	8833	8602	8635	8651	8838
Employment rate(%population aged 15-64)	63.0	62.4	57.6	57.6	57.7	57.6	58.8
Employment rate(%population aged 15-24)	33.1	32.6	28.7	26.4	27.9	24.9	24.0
Employment rate(%population aged 25-54)	77.5	76.6	72.7	73.1	72.9	73.3	74.7
Employment rate(%population aged 55-64)	49.5	48.2	37.3	38.1	36.9	39.4	41.7
FTE employment rate(%population aged 15-64)		62.9	58.4	58.5	58.3	58.2	59.0
Self employed(%total employment)	46.2	46.1	44.6	46.2	41.6	43.2	43.2
Part-time employment(%total employment)	16.5	16.6	11.8	11.5	10.6	10.2	9.7
Fixed term contracts(%total emplyees)	2.8	3.0	1.0	2.0	2.5	2.4	1.8
Employment in services(%total employment)	31.3	31.6	33.9	38.1	40.2	41.7	42.1
Employment in industry(%total employment)	27.3	27.5	29.9	24.8	24.9	23.5	32.1
Employment in agriculture(%total employment)	41.4	40.9	36.2	34.7	31.9	31.8	30.5
Activity rate(% population aged 15-64)	68.4	67.3	63.4	62.2	63.0	62.3	63.6
Activity rate(%population aged 15-24)	41.4	40.0	37.4	32.9	35.8	31.2	30.6
Activity rate(%population aged 25-54)	83.0	81.6	78.6	78.0	78.3	78.2	79.9
Activity rate(%population aged 55-64)	50.0	48.7	37.9	38.8	37.9	40.4	42.8
Total employment(000)	821	750	884	692	800	705	752
Unemployment rate(%labour force 15+)	7.2	6.6	8.4	7.0	8.1	7.2	7.4
Youth unemployment rate(%labour force 15-24)	20.0	18.6	23.2	19.6	21.9	20.2	21.8
Long term unemployment rate(%labour force)	3.7	3.3	4.6	4.3	4.8	4.0	4.3
Youth unemployment ratio(%population aged 15-24)	8.3	7.5	8.7	6.5	7.8	6.3	6.6
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Table 1.Key employment indicators in Romania, 2000-2006

Those priorities are coming from the national and regional labour market analyse over the last years in Romania, which emphasize important changes consisting in decreasing of active and occupied population, by keeping unemployment rate at relative constant values and by increasing long term unemployment, caused both by economical problems (restructuring of main economic fields and activities, limited capacity of creating new work places through Small and Medium Enterprises) and by social and demographic

changes (fruitfulness decreased while mortality recorded a raised level, emigration increased, medical services were of low quality). Important changes are also observed on different fields of activities, age categories and professional status.

The employment to population ratio provides information of the ability of an economy to create employment; for many countries the indicator is often more insightful than the employment rate. Although a high overall ratio is typically considered as positive, the indicator alone is not sufficient for assessing the level of decent work or the level of a decent work deficit. Additional indicators are required to assess such issues as earnings, hours of work, informal sector employment, underemployment and working conditions.

For the moment, Romania is still very far from the Lisbon 2010 objectives, more precisely: general employment rate in 2006 is smaller with 11,2 percentages points than 70% fixed objective (compared to 12,4% in 2005), and employment rate for the people between 55 and 64 years old is with 8,3 percentages points lower than the 50% desired level (10,6% in 2004). In comparation with EU 25: employment rate total is smaller with 6,2 percentages in 2005 and with 5,9 percentages in 2006; employment rate population aged 15-24 is smalller with 11,7 percentages in 2005 and 13,3 percentages in 2006.

Regarding employment structure at national level in 2005 it was remarked the important share of occupied population in the agriculture sector -31,9%, while in EU it was 5%. On the other hand, in the services sector were involved almost 44,6% of romanian occupied population, compared to 70,1% in EU . In the case of Romania, during 2006, the weight of occupied population in agriculture has decreased with 2,17% and the services rose by 2,43%. The weight of population employed in agriculture still remains high comparing to European average (EU 25-5%), being almost six times higher than that.

But, the unemployment rate values are under european average, even if on the labour market the changes were not too good, the main causes for this indicator stability being represented by work force migration and the small changes in the agricultural sector (more inflexible), where is recorded over a third of occupied population.

ALL	2000	2001	2002	2003	2004	2005	2006
Total population(000)	445175	447442	448693	450166	451385	453929	455990
Population aged 15-64	298633	300049	301203	302348	302900	305142	306677
Total employment	196009	198094	198918	199658	201079	202971	205949
Population in employment aged 15-64	186362	188387	189124	190217	191625	194595	198317
Employment rate(%population aged 15-64)	62.4	62.8	62.8	62.9	63.3	63.8	64.7
Employmentrate(%population aged 15-24)	38.1	38.1	37.5	36.9	36.8	36.8	37.3
Employment rate(%population aged 25-54)	76.0	76.3	76.3	76.4	76.8	77.2	78.2
Employment rate(%population aged 55-64)	36.6	37.5	38.7	40.2	41.0	42.5	43.6
FTE employment rate(%population aged 15-64)		58.2	58.2	58.1	57.9	58.1	58.9
Self employed(%total employment)	15.9	15.8	15.7	15.7	15.7	15.4	15.4
Part-time employment(%total employment)	16.2	16.3	16.6	17.0	17.7	18.4	18.8
Fixed term contracts(%total emplyees)	12.6	12.6	12.9	13.0	13.7	14.5	14.9

Employment in services(%total employment)	67.9	68.3	68.9	69.4	69.8	70.1	70.3
Employment in industry(%total employment)	26.5	26.2	25.8	25.4	2.1	24.9	24.7
Employment in agriculture(%total employment)	5.6	5.5	5.3	5.2	5.1	5.0	5.0
Activity rate(%population aged 15-64)	68.7	68.7	69.0	63.3	69.7	70.2	70.5
Activity rate(%population aged 15-24)	46.5	46.2	45.7	45.3	4.1	45.2	45.1
Activity rate(%population aged 25-54)	82.4	82.5	82.8	83.1	83.6	83.9	84.3
Activity rate(%population aged 55-64)	39.5	40.1	41.4	43.1	43.9	4.5	46.5
Total employment(000)	17898	17628	18519	19222	19488	19056	17393
Unemployment rate(%labour force 15+)	8.6	8.4	8.7	9.0	9.0	8.7	7.9
Youth unemployment rate(%labour force 15-24)	17.4	17.8	18.3	18.8	18.9	18.5	17.3
Long term unemployment rate(%labour force)	3.9	3.8	3.9	4.0	4.1	3.9	3.6
Youth unemployment ratio(%population aged 15-24)	8.4	8.0	8.2	8.4	8.3	8.4	7.8

Table 2.Key employment indicators in European Union 25, 2000-2006

Commission made a set of new proposals concerning employment guidelines for the period 2005–08, reflecting a switch of emphasis in favour of growth and employment. To create more and better jobs, the Commission wishes to:

- _ attract and retain more people in employment, increase labour supply and modernise social protection systems;
- _ improve the adaptability of the workforce and business sector;
- _ increase investment in human capital through better education and skills.

Regarding **Romania**, there has been elaborated the National Employment Strategy 2004-2010, which objectives are supposed to be reached through the next activities:

- active and preventive measures adopted in order to fight against the structural unemployment effects and to increase the employment rate of active population;
- income policy for employment stimulation;
- new labour work places and entrepreneurship;
- increasing active period of working life;
- promoting both adaptability and mobility on labour market;
- developing continuous learning process concept at cultural organisation level of romanian companies;
- equal employment chances both women and men;
- fighting against social exclusion and helping weaker groups to integrate themselves;

smoothing regional employment disparities.

For the last activity developing local human resources policies are keen needed in order to use the area potential. They have to be completed with know-how transfer to help and prepare local and regional authorities, especially for learning how to access and use Structural Funds.

A special attention requests migration aspects, the foreigner's difficulties in finding a place to work and to integrate in the local community adding at common problems cultural and linguistic differences, sometimes much more hard to be surpassed.

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SOCIO-ECONOMICS POLICIES AND THE EFFECTS ON THE NATURAL CAPITAL

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The practice of the systems theory and the case between the natural capital, the socio-economic and techno-productive systems enforce an evaluation of socio-economics policies, from the perspective of the effects on the ecosystems and the ecosystems complexes that belong to the natural capital.

Through this step there are pointed out the ecologic limits of the socio-economics policies and the possibilities of harmonizing the ecologic restrictions, having a finality the consolidation of the coevolutive nature of the relation between the natural capital and the socio-economic system.

The financial decisions and also the development strategies of the energetic and agricultural fields represent very important vectors for the promotion and consolidation of the socio-ecologic systems durability.

Key words: durability, integration, interventionism, liberalism, systemic.

The main directions of action of the E.U in view of promoting the politics of lasting development

In order to disconnect the erosion of the natural capital of economical and social development, E.U proposes a complete reorientation of the public and private investments towards technologies which reduce the pressure over the natural capital. In this equation, the public power must assume a crucial role in formulating some clear and long lasting courses of actions, and the civil society, the companies to achieve the change of the way of producing and consuming in concordance with the demands of the lasting development.

From this perspective, the areal politics subordinated to the lasting development, will aim:

- the promotion of the biological agriculture and of other ways of valorizing the resources for agriculture, which do not erode the natural capital. At the same time, there will be a continuation of the redirection towards the rural development of a part of the resources that were traditionally used to support the markets.
- the politics in the field of finishing must promote the lasting administration piscicultural resources, guaranteeing for the long term viability of the European industry of fishing and for the protection of the sea eco-systems.
- the politics in the field of transports must lead to the decrease of the traffic congestions and to the resort to less polluting means of transport.
- the politics of the cohesion will aim primarily the less developed areas and those that confront with serious structural problems, such as the degradation of the cities centres, the decline of the rural economy, as well as the social groups that are threatened most with becoming marginalized.
- all the important legislative propositions will have to include the evaluation of the costs and of the economical, environmental and social advantages of the projects subordinated to different politics, both inside and out side of the E.U

Possible scenarios for the enforcement of the strategy for the protection of the natural capital in Romania The enforcement scenarios of the Strategy of the environment protection aim at the ecological recovering of the country as well as achieving the environmental indicators which respond Romania's obligation to obey the provisions of the international conventions and agreements in this field as well as of the demands of the E.U to which we want to adhere.

It is necessary to underline the fact that the ecological redress rhythm should be big, which involves a corresponding rhythm to realize the economical indicators, at least in the first years.

In this conditions will be taken into account two main elements in order to analyze the radio play:

- the allowed funds as rates from the raw internal product for the protection of the environment concerning the analyzed scenario in the National Strategy for the lasting development;
- the wanted objectives in improving the quality of the environment's factor.

Were into account two scenario:

Scenario "a"- of a quick development

In the "a" radio play, the medium annual down of growth of PIB / inhabitant is 8-10 %. According to this radio play by the year 2020 the difference between PIB / inhabitant from the countries in the UE and the same report from Romania will reduce to 70-80 % which will be very favourable concerning the environment's state.

It should be mentioned that this scenario like others involves the idea of a lasting development which won't permit the growth of the toxic emissions correlated linearly with the PIB's growth, as happened on the revers side covered from 1989 untill now. This radio play can be assured by the resources that Romania will have and only with sustained and external help could be taken into account it as realistic.

Scenario "b"- of the development in an sustained rhythm.

The "b" scenario answers to the lasting development's petition and takes into account the internal resources available. Concerning the environment' protection it is estimated that in this scenario should be assigned for the for the environmental expenses a procentage of a 2,0-2,5 %so something bigger than in the countries from UE where the ecological re-establishment of the environmental factors is already done.

This scenario is different than the first one because of his evolution comparatively slower of the development, special due to the get of the natural and regenerated resources limited by the support capacity.

The objectives and the approaches remain the same, only the implementation process of the a lasting development and it is made with an annual growth of the PIB/ inhabitant report of 6,5 % in Romania at least in the next years, the expenses for the environment have two big parts: the ecological re-establishment and the environment's protection.

The scenario suppose a medium annual growth which will situate Romania by the year 2020, compared with the states from the countries from UE, to approximately 50 % from the PIB/ inhabitant indicator.

An essential role in the decrease of the pollution it is owned by the privatized companies process. The new owner will be forced to respect the environmental legislation, which will be connected with the legislation existent in the countries from UE.

Socio-economical politics and their consequences on the conservation of the biodiversity

The monetary politics, trough the rent's rate and the actual rate could be influenced by the economical development according with the ecological restrictions, increasing the profitability of same domains of activity with a positive balance sheet of the impacts on the environment, changing the way of moving of the capital in the benefit of conserving the support capacity of the natural systems.

The social interest (compared with the individual or the collective one) with is manifested in relation with the natural systems dynamic. Confers to the temporal dimension of the environmental advantages and damages has a special importance, far from the necessity of fundamenting the decision in the socioeconomical domain or conserving the natural capital.

The budgetary politics, as it will give bigger attention to the budgetary incomes from taxes by using the resources, parallel with the reorentation of the subvention's system, in the direction of decreasing the digressions which this generates of the price's level and with the increasing of the financial resource's

volume for maintaining the ecological programs, may play, so as, an important role in the decreasing of the negative effects and increasing the positive one's on the environment.

The power –electricity politics remains one of the principals domains with major impact on the environment's quality; influencing the substitution rate of different energy sources, the power-electricity politics measures, may lead to the decreasing of the pressure on the forestry economists, but although of the level's and intensity of the air pollution, of other elements of the environment.

The power-electricity shocks are spreded in the entire techniqo-productive and socio-economical system, reason that their "message" be one in favoure of the environment.

The Fiscal politics have a major impact on the economy, in the European countries, about 50% from the PIB being intermediated by the budgetary accounts. In Romania, the funds of the general budget consolidated represent about the third part of the PIB. On the side of incomes, the taxes affect the allocation of the production factores between possible usage. On the side expenses, the measure of the budgetary appropriations conditions the offer of public services and of understructures.

The mistakes of the fiscal politics are reverberating in the sense of decreasing the efficiency of allocated resources, one of the more frequent mistakes of the European fiscal politics, being:

- the excessive taxation of the worker's consume, of the savings and of the investments;
- the reduced taxation of the natural resource's consume and the pollution of the environment;
- the excessive subvention of the agriculture and of the extraction of the carbon industry;
- the subvention of the governmental industrial field;
- the undermination of the competition in the power-electricity's field.

The principal idea of the ecological reform of the fiscal politics is extremely generous: the governments must evaluate the income's structures and those of budgetary expenses taking into account the effects on the environment. This evaluation illustrates how the fiscal politics participates at achieving the assumed objectives concerning the environment. The elements of the ecological reform of the fiscal politics refers both to introducing the ecological taxes or the taxes for the activities which affects the environment and to the elimination of the subventions for the polluting industries or to the modification of the public collection's rules.

Agrarian politics

Liberal and interventionism conceptions of using the agrarian activity and firstly of using the economical interests presents a large variety of shades, which permits also the mutual elimination, but also the rediscovery between them.

The mutual elimination is manifesting both in the case of exacerbating the right of a private property, through which it is intended to objective reality of the interdependencies, on one side the growth, only partial explained of the differences between the participants to the economic-social life, on the other side, as in the case of degeneration in shapes which destroy the landmarks the individualizing criterions of same participants.

So that, the economical space in which can co-exist the two conceptions is characterized by the balance between the public rights and those particular concerning the private property, just like a reflex of the report between our landed trust in the private property's valances and the free market, on the one side and the multitude of the economic-social interdependencies between the different sections of the human activities on the other side. This balance must be judged, in terms of an economical and real democracy, by the fact that the liberalism has it's main source in the economical basis of the society, while the interventionism leads mainly on her superstructure, from which also a fragile presence of this. So the interventionism appear like a "necessary bad thing" and should be accepted both in his explicit form, represented by the publicpower interference and implicit which means self-misleded even the socioeconomical structures from agriculture: one of them is the farmer's freedom which actions independently, another one actions in some cooperatively structures and other of the members of some commercial and agrarian society.

In the case of agriculture, the sphere of arguments which explains the meeting between this two conceptions is larger than other domains of activity.

The manifestation of the liberalism is encouraged, so, by a series of elements such us:

- a) the monopoly in the Earth both like an object of the property and as an object of the economy.
- b) the multitude of economical agents from agriculture because of the preponderance of the exploiters from the familial type and because of the tendency to conserve these, principally by the means of the cooperative movement
- c) the large variety of the conditions of production agriculture, which make any tendency to give general and valid solutions to be old-fashioned
- d) the possibility to resort to self-consume like a measure of self protection from the market's desertion generated by the unfair methods of some economic agents.

There are still elements which claim a certain interventionism in the evolution of the activity:

a) the strategic position of the agriculture both as an activity and as an ending thing

Like an activity, it should be taken into account at last the fact that the Earth is not removable for the agrarian production; so this (including the water too) represents a system of which evolution doesn't take into consideration the limits of each exploit and also the maintenance of the capacity of the productivity and his rational exploitation make necessary the interference of the state. Like an ending, the agriculture offers to the people goods that can't be replaceable in the quantity, structure and quality which satisfies their necessities. For this, the public power is the one which should promote and move the methods of improving the agrarian structures, because the process of obtaining the profit isn't exclusively conditioned by the satisfy of the human needs at a good price;

- p) the existence of the private property of the state;
- q) charging the agriculture in an unequal battle with the branches from hers upstream and downstream side, and because of that, for counteracting the negative effect of the prices, it is increasing the cooperative movement and it is called in a bigger way the state interference.

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THE EDUCABLENESS. THE FACTORS THAT PRODUCE THE EVOLUTION OF THE HUMAN BEING

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The development of the human personality cannot be explained in the terms of one single factor. Consequently, none of the development factors does dispose of unlimited possibilities, the role of each of them depending on the other ones. Essentially for the educators is to know if the limits met in the psychointellectual development of one or other individual are predominantly imposed by genetic or external factors. Depending on this thing, the educator has to organize and carrying on the educational activity.

Keywords: educableness, heredity, environment, education, psycho-individual development

1. The educableness concept

The educableness represents a fundamental concept of pedagogy, designating the human capacity to be receptive at the educative influences, correlating: the force exercised by education in the building up of the human personality; the availability of the human being (of the child especially) to be receptive at the education influences; the intensification, amplification of the personal competences and characteristics that allow the individual to learn efficiently and permanently.

These significations of the term correspond to the phases of the conceptions evolution about education. In the first phase, the pedagogical conceptions gave a determinant role in the building up of the personality, the education being looked especially like heteroeducation, coming from other person (or from outside, with the accent on educator, content, education method, to inside, referring to the educated individual, with specific aptitudes and interests).

An increased attention for the educated person, for child appeared towards the end of the nineteen centuary. It was studied the measure in which he can be receptive at the exterior educational influences; the educableness being understood in its second sense, emphasing the capacities and availabilities of the educated person. Closer to the actual stage, this approach became more conspicuous achieving at the third meaning: the amplification of the individual capacities to be habby by the education influences, through the amplification of the receptivity for the study of each individual.

The educableness is defined as: « the human being capacity to be receptive at the educative influences and to achieve progressive accumulations concretized in different structures of personalities on this way»; «the capacity specific to the human mental condition to adapt herself structurally and informationally under the influence of the social and educational agents»; «the possible capacity to educate and to be educated»; « a characteristic of the human being that designates her capacity to pedagogical development. The pedagogical development is the result of the educational actios and influences that assure the progressive, permanent and countinuous evolution of the human personality in psychological and social field». (Elisabeta Voiculescu, Pre-school pedagogy, Aramis Publisher, Bucharest, 2003, pages 20-21).

At the question if the educableness is a general – human characteristic, the answer is affirmative. In large sense, the educableness represents the capacity of the human being to benefit from the educative action and to achieve progressive accumulations in behaviour level on this way. A position like this is also met at the Franch pedagogue R. Planchard who sustains that «the postulate included in education is the educableness, that's equivalent to that human being virtue to persevere in her existence, to attain experience and to achieve the perfection according to her skills».

Therefore, the educableness looks to the individual as educable human being, as human being that shapes herself structurally and informationally under the conjugal and interdependent action of a complex of internal and external factors characterized by a constant intercorrelation, but with variable weight. Some authors (R. H. Dave, A. J. Cropley) plead for an operational approach of the educableness concept, resorting to the description of the individual characteristics that allow and condition the development of the

human being personality. These characteristics facilitate a planned, efficient and continuous learning activity.

In such perspective, the individual is educable at the superior parameters only in the measure in which, in addition to the control of different learning modalities and strategies, of the intellective abilities and skills types to whom we referred above, he see himself as type of person for which is natural to learn in any circumstance or environment situations. In other words, whatsoever it is about the conditions favourable for learning or external pressure, the individual has to manifest a personal desire to learn, including also here to make the necessary effort for this.

On the other way, in the context of a permanent education, specific to the contemporary age, the high level of the educableness can be opened both through the individual characteristics, and through the socio-educational activity forms and institutions that put in a concrete form, develop and confer superior qualities to the individual capacities to learn efficiently, to obtain high performances in the knowledge process and in the practical applications. In such context, the educableness means the opening to new and the capability to capitalize the new, flexibility in expound and in the constructive and innovating thinking (Sorin Cristea, Pedagogics Dictionary, International Letter Publisher, Chişinău-Bucharest, 2000, page 25).

2. The heredity – natural premise of the child psycho individual development

The heredity is a biological feature of the living organisms that consists in an ensemble of morphofunctional schemes that are sent from the precursors to their successors through the genetic mechanisms. The hereditary nature of the individual results from the combination of the genetic units came on the maternal line with the ones on the paternal line. The genetic inheritance is practically unrepeatable from an individual to the other, exception being the one-vitelline twins and monozygothic twins who have the same genotype. Of couse, the differences between them appear due to the education and environment influences. (Gh. Tomşa, M. Chelaru, C. Ilade, Pre-school and school psycho-pedagogy, C.N.I. "Coresi" S.A. Publisher, Bucharest, 2005, pages 25, 26).

The researches from the contemporaneous genetics field demonstrated that the material sublayer of the heredity is composed of chromosomes, genes and nucleic acids (ribonucleic acid and desoxyribonucleic acid). The desoxyribonucleic acid has the decisive role in the storage and sending of the hereditary information. The desoxyribonucleic acid determines the structure of ribonucleic acid and the last one determines the structure of the proteins (fundamanetal elements for life and organisms evolution).

There are two types of heredity: general or of species heredity and private or of individual heredity. At the human species, the general heredity names the human capacity to bring human being into the world. It consists in a serial of features of the human species like: the anatomo-physihological structure of the organism; some characteristics of the nervous system; the type of metabolism; the biped position; the possibility of language appearance. The particular heredity designates the human individuals' capacity to send certain individual characteristics to the successors. This includes a serial of elements like: anathomical-morphological characteristics (the colour and pigmentation of the skin, the eyes colour and hair colour), finger prints, blood group; anatomical physiological characteristics that depend on the neuraxis.

The assembly of the characters sent hereditarily or the totality of the genes with which the individual is born is named genotype. The result of the interaction among the genotype and the environment influences constitutes the phenotype. Consequently, the genotype is strictly hereditary while the phenotype is the product of both the heredity and environment. Generally speaking, the hereditary inheritance or the genotype appears as a complex of predispositions and potentialities and what belongs with the individual heredity can be expressed in different age period or can remain in the state of latency during the life time if certain activating factors from environment do not intervene.

From the point of view of educableness, only a certain part of the human genotype is interesting, namely the part that offers the hereditary premises of the psyhical development. It is about the so-named natural predispositions of the personality development, named genetaically anatomical-psychological particularities of some organs or subsystems from organism: a) anatomical-psychological particularities of the neuraxis and of the superiour nervous activities (the type of nervous system, nervous system plasticity and dynamics of the fundamental nervous processes); b) anatomical-phychological particulaties of the sense organs or sensorial particularities; c) somatical particularities, that belong with the organism constitution; temperamental particularities.

Conclusively, the heredity, through «the time table» of the growing and maturation processes, «create the premises of some moments of optimum intensity from the educative environment side, in the so-named sensitive or critical periods». The anticipation or loss of the respective periods can be proved as inefficient (i.e.: learning of walking or language, forming of thinking operations). At the same time, the role of heredity is not manifested in the same measure in all the components of the psychological life, in that some ones have strongly the impression of the heredity (the temper, qualifications, emotiveness, psychic pathology), while others have in a less measure the heredity impression (attitudes, will and character).

3. The environment – socio-human frame of the psycho-individual development

In the large meaning, we understand the environment as the totality of the material and social conditions that assure the frame for the existence and development of the human being. Within the environment, two main components are distinguished: the natural or physical environment and social or sociocultural environment. The natural or geographical environment (physical) is the natural frame where the human being's material life is carried on.

It designates the totality of the bioclimatical conditions in which the human being lives (relief, clime, water, flora and fauna). These conditions offer different possibilities for the development of the individual and society. The natural or geographical environment is at the base of some organic modifications (biological maturization, body constitution, skin colour), as well as at the base of adopting of a certain life style. Regarding to the alimentation, clothing, occupations, it was considered a lot of time that the influence of the physical-geographical environment was big on the first rungs of the individual society development ladder, then, this influence would have been reduced step by step together with the development and improvement of the production means.

According to some more recent opinions, the influence of the natural environment does not disappear, but it is manifested in new forms, specific to the contemporan technological civilization (degradation of ecologic equilibrium, pollution of environment). The social environment contains the totality of the economical, political and cultural conditions in which the individual lives and works – the production modality, division of labour, national structure, natural structure, socio-political organization, culture, the relations and institutions within the society.

All these elements put their impression on the personality development. On the whole, the social environment allows the humanization and socialization of the individual. Outside the social environment, the individual remains at his initial biological condition and evoluates on the line of acquisition the comportments from the animal world. More elements enter the sphere of the social environment, namely: family environment, social institutions - where an essential place is occupied by the school – and the spontaneous or diffuse influences.

Undoubtedly, the child development process starts in the family environment which is a social, cultural and emotional environment simultaneously. It influences the psychic development in decisive way in the first life years of the child. The main elements of this environment with educativ incidences are: the socio-economical statute of the family; the socio-cultural statute; the family structure (number of children, generations and sexes); the relational structure (intrafamily relations, educative practices and attitudes); emotional climate (the quality and dosage of the emotional relations between parents, among parents and children, among children); the parents' aspirations and motivations level.

Certainly, the influence of these elements is not identical. For instance, the socio-economical statute of the family has a more reduced influence than the socio-cultural, attitude and emotional normality aspects. At the same time, the language from the family environment and the communication quality has a special role regarding to the cultural factor. The importance of the family environment for the development bases outlining of the child personality is firstly given by the triple dependence of the child compared to the family: biological, social, educational.

On the whole, the contribution of the social environment in the child's forming and development process has three important aspects: The social environment keeps and stores the human experience materialized in the education phenomena. From this point of view, the social environment represents a virtual potentiality for the individual personality development. The social environment initiates and updtes the individual natural predispositions. The development of the psychic processes and qualities is a resultant of the cooperation and interaction between heredity and environment.

The weight of the two factors is different, depending on the psychic component taken into account and the level reached in its development. The environment factors are structured somehow binary, in that they are presented to the individual both as physical realities concretized in the persons and objects which surround him, and as «ensemble of relations and significants which make up, through introspection, the substance itself, the building material necessary for the psyhic development» (Cerghit, I., Interactive educational strategies, Polirom Publisher, Iasi, 2006, page 53).

The social environment offers unlimited possibilities with the view to valorization the native predispositions of the individual. Endless possibilities offered by the environment correspond to a genetic diversity. The environment factors that are present, but indifferent to the individual are inert from the development perspective. The essential condition of the development is that those factors act on individual who to react at his turn, going into interaction as base of his own activity.

The diversity of the environment contents, forms and means in which these contents are presented, introduced the concept of « development niche » by Super and Harkness. Conclusively, although the action of the environment is aleatory on the whole, it can be, in the same measure, both a chance and a brake or even a blocking of the development.

4. The education – decisive factor of the psycho-individual development

Under the conditions in which the heredity and environment are compulsory factors, aleatory contributions in the process of the ontogenetic development, the society has developed and improved a special mechanism for the reducing of the unpredictable and the increasing of the control on the psycho individual development process. This specific mechanism is the education which represents the binding agent between the development potentiality given by the heredity and the endless possibilities of the social environment.

On the whole, the contribution of the education in the process of the personality forming and development presents few fundamental aspects. The education joins the environment influences and the individual hereditary variables in various forms. It makes the mediation between what would be asked (the heredity) under the aspect of contents, moment, intensity, duration, forms and what is offered (the environment conditions). The educative action harmonizes the request and offer, namely the oneness of the individual heredity and the singleness of the environment constellations. This thing is not quite easy, considering the fact that the education has to orientate and put in the right direction the personality development to the achievement of the educational ideal settled in the respective historic stage.

The education creates itself the premises of its efficiency. As external conscious factor of the development, the education elaborates itself external conditions (psychosocial personality features and individual experience) favourable for its action, but at the same time, it also organizes the necessary external conditions (contents, means, forms). In the process of personality development, the external factors act through the internal ones all the time and individual experience is gathered as a result of this process; at its turn, this individual experience becomes internal condition and premise of the subsequent educational action.

The education offers the social historical experience in an organized, systematic and selective way. Through its selection and transmitting function of the cultural social values, the education offers the possibility to know and understand the circumstances and social conditions to the human being. The development can be produced only if an optimum situation is maintained between what is possible, wanted and known by the individual at a certain moment and what is offered to him. The social educational offer has to be thought-provoking all the time and to have a little higher level than the respective individual can, wants and knows.

The education finds out and marks the difference of the native individual potencies in an organized and systematic way. On the base of the elements discovered further to the individual personality knowledge, the education allows the building of some qualities, psychic capacities and personality features. At the same time, some native disposals can be corrected in certains limits by education, according to the education ideal requests.

The education offers the possibility to accelerate the development process of the individual personality. This thing is possible under the organizing and carrying on conditions of an intensive, correct and efficient educational activity. Simultaneously, it is taken into account the continuous modernization and perfecting

of the education on the line of the institutional organization, contents, didactic methodologies and organizing forms. In order to achieve this desideratum, the educators do not have to lose sight of the fact that the relation between education and development is mutual. In other words, the education depends on the development stage in which the child is and, at the same time, the educative action generates a new development. At once, no any education determinates the development, but only the education correctly and adequately designed and carried on.

Consequently, the human personality is the resultant of the interaction among heredity, environment and education. The contribution measurement of each development factor and the establishing of some hierarchies and actions are difficult to be realized in the actual stage of the contemporary biological, psychological and pedagogical researches. But, it is certainly possible to say that the premise of the educative action is in the natural condition of the human being who is born as a multipurpose and undetermined individual. With his multipurpose and undetermined side, the child is an educable human being, an individual who «calls» the education in the highest sense of the word.

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SUBVENTIONS WITHIN THE MINING SECTOR AND REGIONAL ECONOMIC DEVELOPMENT

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Abstract: Romania's pre-accessing condition to the European Union which referred to eliminating all coal mine subventions by 2010, and for all the other mines by 2007, represents a major challenge for the authorities.

Analyzing the forms of subventions (operational or investments, explicit or hidden/implicit) and their dimension at the Romanian mining sector level, we are trying to outline as genuinely as possible the part played by subventions in carrying out mining activities, as well as to anticipate the general context of economic development in mono-industrial regions, where mining represent the dominant economic activity.

Keywords: losses, subventions, state budget, economic development, mining industry

Any person that declares himself advocate of the market economy, automatically agrees that private property is the most efficient form of property on condition that the manager (the only person entitled to the profit), by carrying out an economic activity, aims at maximizing profit. The profit criterion triggers the interest in getting an adequate ration between the productivity of a worker (the efficiency of labour) and the hiring costs (the salary). The great motivational mechanism oriented towards increasing efficiency, which functions within private companies, results in the conclusion that the great number of such companies represents an advantage for the development of the economy.

In case of public companies, the state, as owner, is entitled to the entire profit; however, the state's desire to get profit is weaker that in the case of private companies because its orientation towards profit is undermined by other criteria, such as: maintaining hidden unemployment, controlling jobs, setting up factories in places that offer politic al advantages, not necessarily economic advantages, etc.

Although the agreement is concluded based on the superiority of the private property compared to the public one, there are some arguments regarding the weight of private property within the market economy, that is to say the activity fields/sectors where the existence of public property is indispensable and goes from a predominant weight to exclusiveness – the so-called natural monopoly. By this we refer to "strategic sectors" (the energetic industry, the extractive industry, weapon production, transport networks, telecommunications – the infrastructure in general) which are under the property and administration of the state and the privatization of which is unlikely to happen, as forecasted by many economists.

Here are some of the arguments for keeping the companies which operate within these sectors, under the property of the state and what is more important, for the continuous "cash flow" from the state budget in order to cover losses in some insignificant cases:

- they are vitally important for the development of national economy;
- they require substantial investments which exceed the private companies' investing capacities;
- in most of the cases, they register losses, therefore they do not draw the attention of private investors; even though there are cases when incomes outbalance production costs, the profit rate is still low, thus private capitals follow more attractive destinations.

Without discussing the arguments regarding the importance of keeping strategic sectors under the property of state, we shall try to express out points of view concerning the subventions, and the part played by them within the economy (are they a necessity or an obstacle in the economic development?).

Intervening in economy due to a diversity a means, the state gives a substantial assistance to certain companies, sometimes limiting their decisional liberty. Owing to these subsidies, some fields succed only to survive from the financial point of view and obtain systematically weak or null results. Thus, subventions set a series of problems, both regarding their foundation and the criteria of selection of companies and regarding the determined effects. The subvention implies the idea of support, of finacial assistance granted by one side, with no counterpart, which is, quite often, conditioned and charged with a certain use. It implies the existence of a financial need and of a support application, on the one side, and the existence of a financial capacity and of the will to grant support, on the other side.

We can state that subventions represents a form a subversive activity carried on by the public authorities in the sense of breaking the classical frontiers. Granted to a company, the subvention confirms the relativity uf the distinction between the public and the private fields, between the public and the private interest. Moreover, subventions disturb even the distinction between incomes and expenses. Although, at the beginning, they are public expenses, they are studied as resources of public communities, and fiscal law considers them as those incomes of the companies to which a specific regime should be appplied in order to determine taxable benefit or the basis of determining the added value tax.

Subventions can be found in several economic fields, among which we are going to analyze the ones that concern the mines.

Since there is a great demand of raw material and primary energy carriers, the Romanian mining industry has developed rapidly during the period of centralized economy and a series of poor deposits with a complicated geology have been put into operation; for their exploitation they used inefficient technologies which prevailed in isolated areas and which were influenced by the mono-industrial characteristic; important labour forces were drawn into these areas. Thus, in 1989, when the mining sector reached its maximum development level, there were 278 active mines and quarries, 350.000 workers were directly employed and other 700.000 workers were indirectly employed in mines; more than 10% of the country's population made a living out of mining, while over 17.500 acres of land were taken out of service because of mining activities.

Even after 1989, when the Romanian economy had started to go through a period of complex structural changes, the mining industry continued to be stable. The activity of companies within the mining field was favored by subventions from the state budget or from local budgets in order to cover potential financial deficits and by the guarantee of the state in obtaining internal or external credits meant to compensate for the losses generated by the reduction in the demand of mineral ad energetic resources; thus the consequences resulted from the transition to market economy were easier to handle.

The two forms of subventions, for investments and for exploitation, represent an irredeemable financial support which is offered either with the purpose to finance some long term activities or other investment costs, or to cover the losses and price differences. Granting part of the investment or part of the production activity, the government actually pays for a part of the company's costs – of the mines, in this case – which make investment and benefit by these subventions.

Table no.1
Supporting the mining sector between 1997 – 2005

- USD -

Type of expenses	1997-2000	2001-2005
Exploitation subventions	724.300.000	295.600.000
Capital allowances	335.700.000	162.500.000
Social transfers	356.600.000	67.800.000
Covered exploitation losses	467.900.000	328.000.000

Source: Mining Industry Strategy for the period between 2006 – 2020

Losses multiplied every year because of an insignificant dynamic of the average number of employees and to great pressure coming from unions with the purpose to get salary raise. The researches that were carried out reveal the fact that most of the autonomous regions registered losses or low profitability (beside brown-coal mines – due to The National Brown Coal Company Oltenia Tg. Jiu – and salt mines – due to the National Salt Society SALROM Bucuresti), while the exploitation of other ores required subventions for production, investments and social transfers from the state. In order to cover the differences between exploitation costs and delivery prices, subventions had to be "defalcated", and mostly by not paying taxes to the state budget, social insurances, the local budget or suppliers and by not having their own investment sources with a favorable influence upon the volume and structure of debts and upon the financial blocking within the entire economy.

The severe the consequences generated by allocating budgetary funds to supporting unproductive activities each year, seen from the perspective of the results obtained, the more often central authorities bring up the need establish a reorganization strategy at the level of the Romanian mining industry which should be in accordance with the requirements of the reform regarding the national economy as a whole; its objective would be to gradually reduce subventions until they are completely eliminated.

Our country's desire to become a full-fledged European Union member calls forth some obligations during the long period of blending Romanian legislation with the European one. As far as the mining sector is concerned, the accession criterion referred to the fact that in the case of coal mines subventions had to be completely eliminated by 2010, while in the case of other mines they had to be blocked by 2007. In order to meet such a challenge, the government had to define the main objectives regarding the reorganization of the mining sector and to create the proper environment for the development of the private sector within this field, as well as for the development of other activities within mining regions. Beside the objectives, the politics, the instruments, the institutional environment and the necessary resources took the form of mining strategies which were associated with different periods of time 2004-2010 or 2006-2020.

The need to reduce and eliminate subventions is proven by the fact that they can be found as part of budgetary expenditures and they are covered by taxes and dues paid by each contributor, by each profitable company. Depriving individuals or legal entities of their income by applying various taxes (e.g. salary tax, retirement tax, inheritance tax, consumption tax, sales tax, etc) is due, especially in this case, to the need for subvention money. By reducing the net income of individuals or legal entities, their consumption, saving and investing capacity also decreases; this means that the entrepreneur has limited capacity for future development and it also represents an obstacle for the country's economic growth. Government subventions usually mean applying taxes on private profitable businesses in order to support unprofitable ones. Thus, there is an income transfer towards the grant-aided sector.

Since the states financial resources are unlimited, the allocation of some funds from the budget as subventions towards certain economic sectors implies the reduction of budget funds that were meant for other fields of activity. Thus, unprofitable but "important" activities are being supported to the detriment of other profitable activities, which use this money to develop. These activities will obviously lose what grant-aided sectors gain. Capital and labour force are redirected from sectors that could have used them more efficiently towards sectors in which they are inefficiently employed. Slowing down the development of these sectors brings about fewer investments, smaller profits, and fewer jobs. Thus, this implies less wealth and the living standard is inferior to the targeted/desired standard.

This simple and common sense argument reveals the role played by subventions as an obstacle in the way of economic development and the improvement of living standards.

Unfortunately, things are not at all as simple as they seem, therefore we must mention as an example the case of the Jiu Valley, where the process of mine reorganization which took into consideration the reduction of subventions, mainly aimed at reducing labour costs by dismissing 27.309 workers between 1997 and 2007.

Table no.2

The evolution of personnel dismissals between 1997 and 2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
No. of workers dismissed	18.185	2.623	501	0	0	300	600	1.700	1.600	800	1.000
Dismissals (%)	38	11	3	ı	ı	1,6	3,6	10,2	8	9	8,3

Source: Petrosani National Pit Coal Company

Despite the substantial compensatory pays which followed the workers' application for the termination of contract and which temporarily substituted their income, the signs of a slump were inevitable; the attempt of central and local authorities to manage this crisis proved to be out of context and fragmented, and inefficient.

The decline of mining activities generated a "cascade" effect which marked the evolution of regional economy. Besides mining which means extracting coal, a series of companies the activity of which is closely related to these mines have been dramatically influenced by this mine reorganization process (for example in 1997, the main activity of UPSRUEEMP was to produce spare parts for the equipment used by mines and it provided service for this equipment as well for other electro-technical equipment used in mining activities) as they started dismissing workers and they reconverted their object of activity in their trial to adapt to the new conditions. Following the interdependence chain income-consumption-investments, it is obvious that the activity of the entire region affected by an income decrease, and by a consumption reduction as well is going to be restricted/limited; economic agents who have nothing in common with mining also face financial difficulties, as the demands and profits, respectively are severely threatened. On the other hand, the poverty of the region does not attract potential investors.

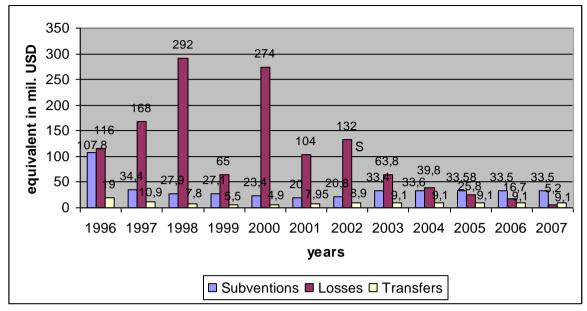
The insecure living standard did not help the improvement of services destined to consumption and the training of workers did not stimulate the reconversion of local economies. It is easy to imagine the fact that the dismissal of a great number of miners together with those employed in interconnected jobs, with graduates of various schools, as well as with other people who wanted to enter the labour market (generally, in a miner's family, the husband represented the main income source, therefore after losing their jobs they faced financial difficulties and many of the miners' wives had to find a job) "have flooded" the labour market in a very short period of time, and it was practically impossible to be concordant with an appropriate labour demand.

In conclusion, the attempt to limit subventions by reducing labour costs as a result of personnel dismissals led to a local economic downfall (mainly characterized by reduced living standards, poverty, severe unemployment, poor quality social services, etc.); since this has been the first dismissal in 11 years and because of the lack of a viable alternative to reducing mining activities, the economy still depends on the coal mining industry in this area.

Unfortunately, the evolution of subventions and transfers toward Petrosani National Pit Coal Company during the same period of time did not result in a considerable improvement of the results registered at the company level; the World Bank asserts that "the lack of a limitation of the mine budgets has led to a strong dependency on subventions, despite heavy personnel dismissals."

The troubles that Petrosani National Pit Coal Company faces, makes it impossible to pay debts to local budgets and reduces the authority's ability to improve the infrastructure, to offer good quality social services, to create proper conditions for the development of existing businesses and to attract potential external investors.

Chart no.1
The Evolution of subventions and transfers



Source: Petrosani National Pit Coal Company

Accepting the fact that regional economic development depends on the subventions granted to Jiu Valley pit coal mines, we consider advantageous and opportune some of the changes regarding the activity of central authorities. This does not imply a very big effort from the government and by this we mean the need to establish an exact and transparent mechanism for supervising/controlling subventions from the budget, a mechanisms which controls real transfers – both nominal and implicit subventions – at the level of the company or sector; the government's task is to find the necessary evidence/arguments in the subvention analysis in order to choose/set the objectives and to ensure the fact that the program meets the subventions rules outlined in the mining strategy. The results of the analysis must be widely distributed so that they could build the necessary foundation for a right and transparent reorganization of the mining sector.

Seen from the point of view of the entire national market, subventions are more of a decision which prevails over the political and social criterion, rather than over the economic one; this is difficult to accept by economists who are "trapped" into putting the economic criterion in front of others when it comes to decision making; at the regional level, this seems to be right, the "sacrifice" of each is smaller and easier to cope with/take as compared to "sacrificing" the entire area.

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THINKING AT THE INTERDISCIPLINARY FRONTIER. AN INSTITUTIONAL ANALYSIS

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Abstract: By this study, I investigate the main achievements of the institutional analysis, a thinking stream with a considerable impact on the Economic Sciences as well as on Sociology and other social sciences. A main stress is put on the analysis of the concepts "transaction cost" and "institution", starting with the works of well-known authors such as Ronald Coase, Oliver Williamson and Douglass North. A series of applications of the institutional analysis in the Sociology of Organizations and in Economic Sociology is also presented.

1.1. Economic Imperialism vs. Sociologic Imperialism

During the last decade, the sociologists and the economists have proven an increasing interest for the substantial and methodological issues, which was assumed the intellectual field of the other discipline. The ecology of the population, developed by sociologists (Hannan and Friedmann 1977, Aldrich 1979), is a perspective similar to economic models; the theory of human capital, developed by Gary Becker, deals with issues that have been studied for a long time by sociological studies on status, stratification and family. Similarly, the sociologist dealt with topics such as property and control (Perrow, 1981 and 1986) and started to study the economic researches on the theory of the agent, stimuli and transaction costs (Jensen and Meckling, 1976; Williamson, 1975; Williamson and Ouchi, 1981). The sociologist James Coleman was invited to speak at the meeting of the American Economists' Association in 1984. Harrison White wrote about the sociology of the economic markets and Herbert Simon (a psychologist) was awarded the Nobel Prize for Economy⁷².

These intellectual events prove the deeper and deeper inter-penetration of the two branches of science. On the other hand, we have to notice that the conflict potential at the border between Sociology and Economy is greater than the usual one at other discipline borders and that the interest intermingling of the Economy and Sociology is materialized more in sterile tensions than in productive collaboration. Some explanations can be that among all the social sciences, these two have the greatest claims, but also the greatest opportunities of expansion to new fields. The '80s witnessed the full expression of the potentiality and of the pretensions, too. Mattei Dogan and Robert Phare claim these two disciplines as being "the most imperialistic of the social sciences...The economists are like a well-schooled, well-organized Mongol horde that tries to conquer the aboriginal population. As for the sociologists, they are like Germanic migrations: un-organized mass purposelessly wandering through the entire continent, messing some capital cities before moving on again, settling short-term kingdoms."⁷³

The first economists worked in an intellectual environment in which the two disciplines were not clearly marked. They regarded the economic issues as a part of a social context, a context brought into discussion through some explanatory factors as many times as required in the development of the analysis. The works of Adam Smith, Karl Marx and J.S. Mill are representative for the opening to other disciplines and the wish for incorporating points of view and approaches from neighboring fields into the economic research. Mill was the first to word the idea that "an economist who is just an economist isn't worth of too much"⁷⁴, an idea taken again later on by other great economists.

On the other hand, for Auguste Comte, the Economic Science is just a useless enterprise based on metaphysical suppositions and ruled by scholastic disputes. According to his point of view, the Political

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⁷² Sharan Zukin, Paul Di Maggio, **Structures of Capital. The Social Organization of the Economy**, Cambridge University Press, 1990, p.39-40

⁷³ Paul Aligică apud Mattei Dogan(1993), **The Limits of Economic Theory and Redefining the Disciplinary Borders**, Politeia Publishing House – SNSPA, 2002, p. 20

⁷⁴ Paul Aligică, **The Limits of Economic Theory and Redefining the Disciplinary Borders**, Politeia Publishing House – SNSPA, 2002, p. 21

Economy was to be replaced by Sociology, "the queen of all sciences". One can find here the starting point of the worsening of the relationships between the promoters of the two disciplines. The economists' reaction to Comte's point of view was very harsh. Marshall and J.M. Keynes systematically demolished Comte's argument, showing that the only things that remained were "the futile pretensions of the Sociology". The best defense being the attack, J.M. Keynes wrote "Comte blames the Political Economy of being sterile in results; but what are the results of Sociology, as queen of sciences, treating social life as a whole?" (J.M.Keynes, 1955).

There were economists and sociologists like Weber Schumpeter and Pareto who tried to block the tendencies of breaking off of the two disciplines, but it was obvious by in the '30s – '40s that, in spite of the above mentioned efforts, Economy and Sociology became estranged one from the other. The economists and the sociologists knew less and less one about the other while the mutual hostility was increasing. This increase was exceeded only by the increase in mutual ignorance.

The '50s witness an almost complete breaking off of the relationships between Economy and Sociology. In fact, this means that "the economists tried to analyze economical issues leaving the social forces aside and the sociologists tried to analyze the social problems leaving the economic forces aside." In the meantime, the centre of the social sciences moved from Europe to the United States, but the hostility already existing in the American universities tended to make worse the breaking off.

The economic imperialism became more and more obvious with the works of Gary Becker (*The Economy of Discrimination*) and A. Downs (*The Economic Theory of Democracy*) at the end of the '50s. The number of works increase and at the end of the '80es the traditional extra-economy field included not only Sociology, but also Law, History, Education, Political Sciences and the Theory of Organizations.

This unprecedented spread of the economic perspective was mainly due to the lack of dialogue between economists and sociologists, but also to the sensation of superiority showed by the economists. There could be also the acceptance of the paretian criterion of delimitation according to which Economy is the science of rational action and Sociology the science that studies non-rational actions. Paul Samuelson set this criterion at the basis of his manual (the most used manual of the century) and thus it was understood as an evidence for many economists less aware of the epistemological and methodological dimensions of their own discipline. The logical consequence of defining Economy as the science of rational action is that the economic method and theory may be used in any social space where a rational action exists. By this, the "economic imperialists" push to the ultimate limits the Paretian hidden implicit program in formulating the criterion of delimitation.⁷⁶

Beginning with the mid '70s, the economists' tendencies of expansion are counteracted by the sociologists, who do over again the movement but inverted. It is obviously not a pure defense reaction. The diversity of the sociological approaches is so great, but it is very hard to identify clearly the internal and external factors behind this evolution compared to the state of the economic imperialism.

There are two directions of attack. The first of them, "the new Economic Sociology", may be characterized as a holistic and institutional attempt to pass the Paretian criterion of delimitation. It claims a criticism of the way the orthodox economic theory treats the formation and manifestation of the preferences and also the way in which this theory approaches the topic of the norms and values in the social context. The functional and institutional analysis taken from the schools with tradition in this field offered a strong support for this criticism. The subjects of this "new Economic Sociology" are extremely diverse and we have also a great amount of methodological and theoretical perspectives.

"The Sociology of rational choice" is the name of the second tendency. James Coleman, the emblematic representative of this movement, starts from the idea that "Economy is much too important to be left for the economists" and reformulates the whole theoretical basis of the Social Sciences starting from the study of the rational behavior. Coleman goes beyond the economic perspective, based also on the study of the same behavior. For Coleman, Economy is a branch of Sociology, a branch based on the theory of behavioral rationality that integrates the concepts of control, interest, power and norm, concepts that have not been the

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⁷⁵ Paul Aligică apud R. Swedberg(1990), **The Limits of Economic Theory and Redefining the Disciplinary Borders**, Politeia Publishing House – SNSPA, 2002, p. 25

⁷⁶ Paul Aligică, **The Limits of Economic Theory and Redefining the Disciplinary Borders**, Politeia Publishing House – SNSPA, 2002, p. 27

subject of economical researches. The explanation is at a macro level, but its basis is at a micro level. That is why the relationship "social actor – system" and some reformulation of the methodological individualism are usual themes of this new tendency.

The economic as well as the sociologic imperialism are reactions of inadequacy and of rejection to the way the disciplinary frontier was designed and consolidated. That is why the occurrence of the term "imperialism" in the names of these two tendencies hasn't to confuse anybody. The fact that the economic imperialism and the sociologic imperialism draw nearer one to the other, as preoccupation as well as way of approach, decreasing the distance and the mutual hostility created by the Economy and Sociology between them, seems to predict a spectacular reframing of the disciplinary frontiers in the context of the Social Sciences in the near future.⁷⁷

1.2. An Institutional Analysis. A Field of Disciplinary Convergence

For the last decades, a common preoccupation in the work of the researchers in Economic and Social Sciences is the institutional analysis. This is one of the most profound and interesting tendencies of the moment in Social Sciences, a field of convergence for Economy, Political Sciences and Sociology. Nowadays, the idea of institutional analysis or institutionalism is a common place in literature and in public discourse as well.⁷⁸

The institutionalism is a distinct approach in the study of economical, political and social phenomena. Nevertheless, it is easier to agree on what the institutional analysis is not than on what it is. ⁷⁹ There are some reasons for this ambiguity: the authors who had written about institutions were less preoccupied about their definition. Institutionalism has different meanings in each of these disciplines and even in one discipline, the theory of organizations, the institutionalists differ in the stress they put on macro and micro aspects, on the cognitive and normative elements of the institutions, on the importance given to the interests and relational nets in the creation and spread of the institutions.

The study of the institutions means a real rebirth in the Economic and Social Sciences. This development is a reaction against the behaviorist revolution that interpreted the political and economical collective behavior as an aggregation of the individual choices. The behaviorists saw the institutions being epiphenomenal, just the sum of individual properties. However, neglecting the social contexts and the durability of the social institutions has high costs, especially in a world in which the social, political and economical institutions have become bigger and more complex in the collective life. 80

The rebirth of the interest for institutions comes from an older tradition of the Political Economy associated with the works of Veblen, Mitchell and Commons, preoccupied by the mechanisms of the social and economical actions and also with the efforts of some functionalist sociologists like Parsons and Selznick to point out the interconnections between Politics, Economy and society. Their ideas fell into disgrace not because they were wrong in some questions but because their answers were either very descriptive or historical or too abstract.

The effort of the contemporary approaches of the institutional analysis to unify these traditions with the modern development in the theory and method is not a mere return to the roots, but more an attempt to give new answers to some old questions about the way the social choices are outlined, mediated and directed through institutional arrangements.

A different tendency of the institutional analysis appears in fields like Macro Sociology, Social History and Cultural Studies, fields in which the behaviorism never have had a real impact. Here the institutions were seen as building elements of the political and social life. New areas such as anthropology, history and

⁷⁷ Ibidem, p.30

⁷⁸ Paul Aligică, **The Limits of Economic Theory and Redefining the Disciplinary Borders**, Politeia Publishing House – SNSPA, 2002, p. 9

⁷⁹ Walter W Powell, Paul J DiMaggio, **The New Institutionalism in Organizational Analysis**, The University of Chicago Press 1991, p. 1

⁸⁰Walter W Powell, Paul J DiMaggio apud March and Olsen,(1984), **The New Institutionalism in Organizational Analysis**, The University of Chicago Press, 1991, p.2

European social theory are new challenges for functionalism as well as for individualism, highlighting the social construction of the significance and the symbolic change of the concept of agent.

In its studies about organizations, the institutional theory gave answers to empirical anomalies, to the fact that what we see is inconsistent with the way contemporary theories demand us to speak.⁸¹ March and Olsen said that the studies on political and organizational change reach to some findings that are hard to be explained by the theory of the rational actor or by the functionalist approach.

Considering that the institutional approaches have their roots in different fields, it is hard to expect them to be convergent in a common set of suppositions and purposes. There are in fact several forms of institutionalisms (in Economical Sciences, Organizational Theory, Political Sciences, History and Sociology), unified by the same skepticism about the atomist approach of the social processes and by the same belief that institutional arrangements matter.

1.3. The old and the new economic institutionalism

From many points of view, the old institutional economy is more related intellectually to the new institutional steps made by the sociologists and anthropologists than the new institutional economy.

The new institutional economy is more indebted to the critiques of the old institutional economy than to the previous homonyms. The first arguments on the themes of institutionalism appeared in Germany and Austria at the end of the 19th century and were the consequences of the famous Methodenstreit: a debate on the scientific method in Social Sciences. Having its roots also in the Romanticism and in the ideology of Kant and Hegel, a group of economists challenged the conventional dogma that the economical theories can be reduced to a mere set of universal rules. This historical school, directed by Gustav Schmoller, insisted on the idea that the economical processes operated within a social frame that was also shaped by cultural and historical forces. Schmoller and his colleagues asked the economical theories to avoid the simplistic hypotheses about the economical man and to adopt more realistic models of human behavior.

The main advocate of the classical approach in this debate was Carl Menger, an economist from Vienna, who insisted on the usefulness of the simplifying assumptions and on the value of developing some economical principles that were in the same time abstract and everlasting. Instead of denying the importance of some larger institutional society forces, Menger argued that the institutions were themselves social phenomena in need of theoretical explanation. That is why Langlois (1986) said that Menger had more rights than any of the first institutionalists to claim himself the patron saint of the new institutional theories.⁸⁴

Many of the ideas of the historical schools were embraced and then developed by the American institutionalist economists, part of which had studied in Germany. At the middle of the 19th century, there was a research team that was practically ignored; but at the turning of the 19th and 20th centuries, three institutional economists became very influential: Thorstein Veblen, John Commons and Westley Mitchell.

Most of the economists consider that the main problems of the economy are the resource allocation, the income assessment, the production and prices, the wealth distribution in society.

On the contrary, the institutionalists consider that the organization and control of the economy are the main problems in the theoretical field as well as in the practical political economy. Therefore, the force of the power relationships is bigger than the competition mechanisms regulating the economical proportions. The institutionalists consider that the market consists of a number of institutions coordinating the economic activity. More than that, the relationships between the market institutions and other social institutions (law, custom, behavior) are approached in an institutional manner.

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⁸¹ Walter W Powell, Paul J DiMaggio apud March, Olsen,(1984), **The New Institutionalism in Organizational Analysis**, The University of Chicago Press, 1991, p.3

⁸² Richard Scott, **Institutions and Organizations**, Polirom Publishing House, Iaşi, 2004, p. 22

⁸³ Richard Scott, **Institutions and Organizations**, Polirom Publishing House, Iasi, 2004, p. 22

⁸⁴ Ibidem

One can formulate the essence of the institutionalism as follows: the mechanisms of the market but the entire organizational structure of the society allocate the resources and distribute the incomes. ⁸⁵

As the entire society is strongly influenced by the lawful order, the institutionalists consider the role of the governmental structures that define the legal frame and make it functional as an essential part of the analysis of the economical problems.

The main content of the institutionalism is found in eight fundamental ideas as follows:

- 1. Economy has to be studied as a whole instead of examining small pieces of it as separate entities isolated one by the other.
- 2. This school emphasizes the role of the institutions in the economical life, considering that institutions and not objective laws rule it.
- 3. One has to use the evolutionist (Darwinist) approach in the economic analysis because the society and its institutions are in a ceaseless change.
- 4. The institutionalists rejected the dominant idea of the normal economic balance.
- 5. Instead of social harmony, inferred by the most forerunners and contemporary researchers in their theories, the institutionalists admitted that there are serious conflicts of interests within the capitalist society.
- 6. The institutionalists supported the democratic and liberal reformations in order to ensure a more balanced distribution of the wealth and income.
- 7. The institutionalism declared in favor of the top-down approach of the economic activity more than in that of the bottom-up one.
- 8. The institutionalists rejected the psychology of pleasure-pain promoted by the Austrian school.86

The starting point of the new economical institutionalism is the article entitled *The Nature of the Firm*, published by **Ronald Coase** in 1937 in the journal *Economica*. At that time, Coase was only 20 and he knew little economy, as he said.⁸⁷ This article was crucial for Coase in winning the Nobel Prize for Economy in 1991 and it may be described as an analytical exercise starting from the conventional theory of the price and trying to bring in a certain degree of realism. The Nature of the Firm hadn't been read so much until 1970, when they realized that it was not only a new approach to the firm, but to the entire economical analysis. It was appreciated especially the fact that Coase's approach fitted the efforts of applying the economical model to the non-economical phenomena - what the economists called economical imperialism. Starting with this, the interest for Coase's article was huge. The above-mentioned article arouse from the author's discontent towards the way the orthodox economy had approached the social reality. It was meant to attack a basic problem to a better understanding of this reality, scandalously neglected, that of the firm or the economical organization. Coase argued that "in the modern economical theory, the firm is just an organization that turns the inputs into outputs. Why firms appear, which the factors that induce their number are or what does them to fulfill their activities, these aren't easy topics of interest for the economists. The firm is a character in the shade in the economic theory. This lack of interest is extraordinary, being the fact that most of the people in the Western society are employed at firms, that the greatest part of the production is given by the firms and that the efficiency of the entire economic system depends to a great extent on what happens inside these economic molecules."88

The purpose of the article is to explain the existence and functioning of the firm and to show what the factors that determine the spectrum of activities of the firm are. With this purpose, Ronald Coase offered the opportunity of a great transformation in the body of the Economical Science and in the meantime undermined the fragile and recently strengthened interdisciplinary frontier between this and Sociology at that time. The purpose of describing and clarifying the nature and the functioning of an organization

⁸⁵ Popescu, Gheorghe, **The Evolution of Economic Thinking**, George Barițiu Publishing House, Cluj-Napoca, 2002, p. 877

⁸⁶ Ibidem, p. 879

⁸⁷ Richard Swedberg, **Principles of Economic Sociology**, Princeton University Press, 2003, p. 80

⁸⁸ Dragoş Aligică apud Ronald Coase(1988), **The Limits of Economic Theory and Redefining the Disciplinary Borders**, Politeia Publishing House SNSPA, Bucharest, 2002, p. 112

otherwise supposed to exist and accepted without any inquiry was based on a concept that, at that time, was strictly an economic one: that of cost.

Ronald Coase brought a specific concept entitled in his article the cost of using price mechanisms or the cost of developing a transaction through the market exchange and which became later on known as transactional costs. ⁸⁹ Nowadays, the transactional cost is basic in some researches in the field of Economy and Sociology. Speaking about the transactional costs, Coase said that "the main reason for being profitable to found a firm is the existence of the cost of using the price mechanism. The most obvious cost of organizing the production through the price mechanism is to discover the relevant prices. This cost may be lowered but not eliminated by training specialists to sell this information. The cost of negotiating and finalizing a separate contract for each exchange transaction from the market must be also considered. A certain technique is invented to minimize these contract costs on some markets. However, they are not eliminated. It's true that these agreements aren't eliminated by the existence of a firm, but they are considerably decreased."

It is supposed in the orthodox economic theory that the economic agents who are interested have a complete knowledge of all the relevant prices, but this is far from being true. In fact, the efforts of finding out which are these prices cost and the economic agents consider these costs in the very moment they decide the courses of actions. In addition, the negotiation of each contract which settles a transaction costs, too, as well as the perfecting and finalization of the transaction once the negotiation phase is passed. All these real, at all negligible costs miss in the image of the economic order offered by the orthodox economy. The costs are higher when separate contracts are designed for each transaction when needed. That's why there is a tendency to replace a series of contracts by one single contract, each time this is possible. The entrepreneur is no more obliged to support the costs of each transaction as it will happen if the cooperation is directly and exclusively done through the price mechanism. In other words, he should sign contracts for each element in part that is necessary for his production process and which is in the possession of somebody else. Instead of them, he will sign a single comprehensive contract.

Hwever, the costs which are implied by the use of the market mechanisms are not only those above presented. The number of them is as large as the diversity of their nature and origin. Moreover, the problem of trying to eliminate them or reduce them through the market activity arises for all these costs. This is the case, for instance, of the costs imposed by the intervention of the political authority (the state), who will tax some transactions, and thus they will become more expensive compared to the situation in which the same transactions take place within the firm. The result is that a new firm will appear and a firm that will set all the transactions that are taxed under its shelter or that an already existing firm will grow until it will incorporate these transactions in its organizational system.

Therefore, the use of the market mechanisms costs and forming an organization and allowing an authority (the entrepreneur) to manage the resources make these costs to be avoided at a greater extent. "These are the reasons", Coase thinks, "why such organizations like the firms exist within complex economies, where the distribution of the resources is supposed to be organized according to the price mechanisms. Consequently, a firm is that system of relationships that appears when the resources are managed by an entrepreneur." ⁹²

The main factor that leads to this system of relationships is the existence of these costs related somehow to the transactions made on the market. Shortly, the transaction costs. The relationship between the market order and the organizational order is structured around the transaction costs, the starting point being, above all, the analysis of these costs.

Coase's perspective offered a new direction in the economical science. As Coase said (1972), his article was very frequently cited, but rarely used until the '70s, when Oliver Williamson put it in circulation again, developed it, adding some conditions and comments. Coase invented the idea of cost of transaction and Oliver Williamson spread this concept and made it well known in economy and other social sciences. It happened in a series of books and articles published in the '70s and '80s, the most important being *Market*

⁸⁹ Ibidem, p. 113

⁹⁰ Ronald H Coase, **The Firm, the Market and the Law**, The University of Chicago Press, 1988, p.38.

⁹¹ Ibidem, p.117

⁹² Ibidem, p.118

and Hierarchies (1975). The basic idea of this book is that the markets and the firms are alternative methods of coordinating the production (according to the author's terminology, they are *governing structures*). In the '70s, when Williamson's first book appeared, the theory of organizations had been developed as a distinct field. Williamson felt that the economists made a great mistake when they estranged from the study of the organization and let it develop as a separate discipline. The author himself said: "the organization of the market is the field of economists. The internal organization belongs to the specialists in the theory of the organization." ⁹³

Although the main source of inspiration for the analysis of the costs of transaction is Coase's works, Williamson left his mark on this concept. He defined it as follows: "the ex ante costs of drawing up, negotiating and strengthening an agreement and especially the ex post costs of a wrong adjustment and addition, which appear when something is wrong in the execution of the contract as a consequence of the errors, omissions and unexpected situations; the cost of leading the economic system." These costs, says Williamson, have to be distinguished by the costs of production, a category of costs managed by the neoclassical analysis. The costs of transaction are the equivalent of the friction in physical systems. Unfortunately, if the physicists succeeded in detecting and measuring the friction, the economists admitted that the friction is important, but they failed to reach the adequate language to describe it. Until the certain conditions of the costs of transaction were formulated, the possibilities of the non-standardized ways of organization – clients and field restrictions, franchises, vertical integration and others – were less appreciated. Instead of them, most economists gave explanations based on the idea of monopoly when facing non-standardized contract practices. The research agenda was influenced at a great extent by the idea of monopolistic predispositions. The vision upon the firm as a production function prevailed in this case.

If Coase considered two governing structures, the markets and the firms, Williamson added, under the pressure of criticism, the third one, a hybrid or an autonomous form of organization based on long-term relationships stipulated by a contract. It is very important that Williamson tried to make some of Coase's ideas operational and to say that in the same circumstances the market more than the firm is more probable to be used.

The general answer to this question is that the firm will be used when the transactions are frequent, when uncertainty exists, when special investments are needed (the so-called specificity of the good). In other words, the market will be used when no specificity of the good is involved, when the transactions are simple or when they take place only once.

Back to the idea of costs of transaction, we have to mention that Oliver Williamson asserts that, in fact, the costs of transaction grow as a function with two conjugate conditions: when the individual reason, cognitively limited, is confronted with a greater complexity and uncertainty and when the individual opportunism – the disposition of some actors to lie and cheat – is combined with the absence of exchange partners. In such conditions, it is very likely that the exchanges will move from the market to an organizational frame or, if the exchanges are already done in an organization, some sophisticated techniques of control will be likely to appear. Williamson extends Coase's arguments and goes beyond the mere comparison market vs. firm, taking into account a great variety of leading systems, from markets to hybrid organizational forms, such as those arisen from alliance or granting agreements or to hierarchic structures, such as the joint firms or multi-division companies.⁹⁷

The neo-institutional economic conception of Williamson insists more on the topic of the comparative efficiency used by the alternative generic leading forms – markets, hybrids, hierarchies – to decrease the costs of transaction and less on the several macro-institutional effects related to the origins and the effects of the institutional rules of the game: habits, laws, policies, the last ones being left for the historians of economy and for sociologists.

⁹³ Richard Swedberg apud Williamson(1975), **Principles of Economic Sociology**, Princeton University Press, 2003, p. 81

⁹⁴ Ibidem

⁹⁵ Oliver Williamson, **The Economic Institutions of Capitalism**, The Free Press, 1985, p. 18

⁹⁶ Ibidem, p. 19

⁹⁷ Richard Scott, Institutions and Organizations, Polirom Publishing House, Iaşi, 2004, p. 51

Although Williamson, unlike the first institutionalists of the economical sciences, extends the conventional economic theory to taking seriously the effects of the changes in institutional contexts or the structures of leading upon the economic behavior, he firmly remains in the tradition of the neo-classical economy in his view about the economic behavior. Hodgson underlines that Williamson's view is built in atomistic and individualistic terms because the main terms of his conception is something given, namely the opportunistic individual. He doesn't consider the possibility that the selection functions are shaped according to circumstances such as the structure and the culture of the firm or that this phenomenon is significant in the analysis and understanding of such institutions.

In contrast with Williamson, other economists, for instance Douglass North, elaborated some approaches that include assumptions that are more similar to those of the institutionalists of the Economic Sciences of the beginning of the 20th century. North is focused on a higher level of analysis and he studies the origins of the cultural, political and legal frames and also their effects upon the economic forms and processes. As a historian of the Economy, he insists more on the development and the change than on the comparison of the states of balance. Moreover, although in his analysis on the economic systems he deals with the costs of transaction to explain the differences when the actors choose the mechanisms of leading, he feels inclined to treat them more like variables depending on the influences of some larger institutional frames than independent variables.⁹⁹

According to North's point of view, the key of the transaction costs is the information costs, which means the costs of measuring the valuable characteristics of the changing objects and also the supervision and imposing of the agreements. These costs of measuring and imposing are the source of the social, political and economic institutions. ¹⁰⁰

North says that a process of exchange that implies some costs of transaction imposes significant changes in the economic theory and has various implications in the economic performance.

Just to have an idea about the importance of the costs of transition, North cites a 1986 paper in which he is a co-author (Wallis and North, 1986). This paper highlights that after measuring the costs of transaction of the market (e.g. the costs associated with banking, insurance, finance, wholesale and retail commerce operations; or regarding the occupations associated with the legal profession or accountancy) in the economy of the United States, they realized that more than 45% of the national income meant transactions and that this percentage increased with 25% in the 20th century. Therefore, the economic resources meant to transactions are significant and increasing. Because the costs of transaction mean a part of the costs of production, the re-formulation of the traditional relationship of production needs to be reconsidered. The entire cost of production consists of the invested field resources, the labor and the capital resources implied in the transforming of the physical characteristics of a good and also in the transaction – defining and imposing the rights of property on goods (the right of use, the right of exclusion and the right of change).

He concludes that, if the costs of production mean the sum of the costs of transforming and those of transaction, then a new analytical frame for the micro-economic theory is needed. 101

In his paper "Institutions, Institutional Change and Economic Performance" (1990; 2003 in Romanian translation), North suggests that the institutions may be defined as rules and the organizations may be seen as players of some games based on these rules. He considers that all the individuals impose themselves constraints in order to structure the human relationships, in every society, from the primitive ones to the most advanced ones. Given the limited information and a limited power of calculation, the constraints decrease the costs of the interaction compared to those in a world without institutions.

In the modern Western world, says North, we think about life and economy being ruled by official laws and rights of property. Despite this, the formal rules, even in the most advanced economies, are just a little part of the sum of constraints which defines the choices; a thorough analysis suggests the omnipresence of some informal constraints. In our everyday interaction with the others, in our families, in the relationship with the society or in business, the leading structure is overwhelmingly characterized by conduct and

⁹⁸ Ibidem, p. 52

⁹⁹ Ibidem, p. 53

North, Douglass C., **Institutions, Institutional Change and Economic Performance** Ştiinţa Publishing House, Chişinău, 2003

¹⁰¹ Ibidem, p. 31

behavior codes or conventions. Their basis is the formal rules, which rarely are the obvious and immediate source of the choices made in the everyday interaction. The formal rules are the political rules (and legal ones), the economic ones and also the agreements (contracts). North considers that the formal rules can increase the efficiency of the informal constraints. They restrict the costs of information, of monitoring or forced constraints and so they made the informal constraints to be possible solutions for a more complex change. ¹⁰²

Douglass North draws some important conclusions on the institutions and the costs of transaction. The first conclusion is the following: the institutional constraints, which define the set of the individuals' opportunities, are a complex of formal and informal constraints. These make up a network of connections, which, in varied combinations, defines the set of choices in various contexts. Therefore, it is easy to understand why the institutions are stable and why they set different limits within which the choices are made.

The costs of transactions are the most noticeable dimension of the institutional frame at the basis of the constraints in exchanges. They consist of those costs that are on the market and can be measured, but also of costs difficult to measure, including the time needed to get the information, waiting one's turn, the bribe, but also the loss due to the faulty monitoring of the agreements. These costs are difficult to be measured and they make difficult to perform a precise assessment of the costs of transaction in a certain institution.

Nevertheless, the most important conclusion is that the institutional frame plays the major role in the performance of an economy. The market, says North, is a mixture of institutions; some of them increase the efficiency, others decrease it. Even so, he says, if we face the institutional frame of the advanced countries to that of the Third World or that of the past of the recently developed industrial countries, it becomes obvious that this institutional frame is the key to a relative success of the economy, in modern times and for a long time. ¹⁰³

1.4. The institutional analysis in Sociology

The New Institutionalism in Sociology is strongly related to the view of the organizational analysis arisen from the papers of Meyer and Rowan (1977), extended by Zucker (1977), Di Maggio and Powell (1983), Scott and Meyer (1983) and other theorists of the legitimistic school of Stanford.

The New Institutional Economical Sociology takes over some ideas of the institutional research program, but it mainly refers to the tradition of the sociological research which examines the contextual rationality drawn by habits, networks, norms, cultural beliefs and institutional arrangements. The advancement of the institutional theory may be seen, according to Richard Scott, as a continuation and extension of the intellectual revolution begun at the middle of the '60s in the 20th century, a revolution that introduced the concepts of the open systems in the study of the organizations. ¹⁰⁴ The theory of the open systems changed the existing approaches, insisting on the importance of the larger context or the environment that constrains, shapes, penetrates and renews the organizations. First, the technological environment was admitted – with the task-related resources and information, because the organization had been initially imagined as an essential element of the production system which turned the information into production.

Later on, at the middle of the '70s, the researchers began to admit the significant effects on the organizing process, together with some more extensive social and cultural forces, i.e. the institutional environment. It was considered that the organizations were more than some production systems as they are in the same time social and cultural systems. ¹⁰⁵ The institutional theory brought about some provoking questions related to the world of organizations:

- Why are the organizations of the same type, for instance the schools and the hospitals, even placed at a long distance one from another, so similar one to another?
- There are institutions of several types for thousands of years. What type of institution is associated to the development of the organizations?

¹⁰² Ibidem, p. 46

¹⁰³ Ibidem, p. 65

¹⁰⁴ Richard Scott, Institutions and Organizations, Polirom Publishing House, Iaşi, 2004, p. 18

¹⁰⁵ Ibidem

- How shall we see the behavior in the organizational frame? Does it really reflect the national interests and the conscious choice or is it mainly shaped by conventions, routines and skills?
- How does it come that sometimes there was a behavior deviation of the participants to the organizational process from the formal rules and avowed purposes of the organizations?
- Why do they use so many resources and energy to maintain the formal rules, if they are mainly ignored?
- How and why do laws, rules and other types of legal and normative systems appear? Do individuals voluntarily build systems of rules which then limitate their behavior?
- Which is the origin of the interests? Are they part of the human nature or are they a cultural construct?
- Why do some specific structures and practices spread in an organizational field in some ways that are unpredictable for the specific features of the organizations that adopt them?
- How do the differences between the cultural beliefs shape the nature and the way of acting of the organizations?
- Why do people and organizations conform to institutions? Because they are rewarded if doing like that, because they are convinced that they have a moral obligation to do like that or because they can't even imagine another type of behavior?
- What are the processes that get the institutions closer to the organizations? What means or agents convey the institutional messages to the organizations and how are the institutions affected by the actions and reactions of the organizations?
- If the institutions act in order to promote the stability and order, then how does the change occur? If the institutions control and define the individual, how may he hope to change the system in which he is caught?¹⁰⁶

In contrast with the Sociology of organizations that stresses the institutional mechanisms that are outside the organizations, the new institutional economical sociology analyzes the manner in which the interpersonal relations of the markets and firms interact with the formal institutional arrangements.

The new Economical Sociology views the institutions not only as formal and informal constraints which form the stimuli (like Douglass Borth defined them in 1990) or institutional elements like beliefs, norms, organizations and communities of the social system (Avner Greif, 1998), but mainly it implies actors, either individuals or organizations, having real interests in precise institutional structures. An institution is defined as a system of interrelated formal and informal elements – habits, shared beliefs, norms and rules – which rule the social relationships within which the actors follow and set the limits of the legitimacy of the interests. In this view, the institutions are social structures which offer a conduct for the collective action, facilitating and organizing the actors' interests and strengthening the relation leader-employee. This means that the institutional change means not only shaping the formal rules, but vitally requires the rearrangement of the interests according to the norms and power.

The purpose of this paradigm in the Economic Sociology is to specify and explain the social mechanisms that induce the relationships between the informal social organization of the cohesive groups and the formal rules of the institutional structures observed and strengthened by organizations and states. The new economical institutionalism contributed to the explanation of the appearance and maintenance of the formal institutional arrangements that contributed to the drawing of the economic behavior. Anyway, as Douglass North admits, the economic sciences ignored the informal constraints of the conventions and behavior norms. The economists put questions to test the social dimensions of the economic life that reach the limits of the economic analysis of the institutions. Their questions deal with the way the informal social organization and the formal rules mix to outline the performance of the organizations and of the economy. The new advancements in applying the theory of the games have made the economists to include lately the

¹⁰⁶ Ibidem, p. 17

www.cornell.edu/sociology/economyandsocietyorg./publications/ Victor Nee/ **A New Institutional Approach to Economic Sociology**, July, 2003, p.23

informal institutional elements in the models of economic performances. The sociologists of the economic life cannot have all the answers, so the transdisciplinary research aims to explain the capacity of the social institutions to facilitate, rule and motivate the economic behavior. 108

I will now present the findings of a research developed within the framework of the new institutional economic sociology. The core task of the research is to specify and explain the nature of the relationships between elements at different levels of the causal model that explains the way in which informal social organizations interact with complex institutional structures.

In their article entitled "Bureaucracy and Growth: a Cross-National Analysis of the Effects of Weberian State Structures on Economic Growth", **Peter Evans** and **James Rauch** (1999) studied the effects of the Weberian state structure on economic growth in the middle-economies. The study is the result of a qualitative and compared research made in 35 countries with middle-economy between 1970 and 1990. The set of data was collected through the assessment of the bureaucratic structures made by experts in these 35 countries. Evans and Rauch argue that the main feature of the institutional framework of an upper-economy state opposed to a rapacious state is the presence of an almost well developed bureaucratic form of public administration. As Weber argues in his theory of bureaucracy, implementing the recruitment according to merits offers predictable careers and set the basis of the long-term commitment in the bureaucratic service.

In the Meiji era, in Japan, as well as in the Chinese economy of the last two decades, the development of a modern bureaucratic capacity was essential for the capacity of the government to watch and strengthen the rules oriented towards promoting the economic development. At an individual action level, the bureaucratic elites share norms and purposes outlined by some meritocratic rules of recruitment and promotion, which decrease the attractiveness of the corruption. The Weberian model gives an alternative to the rapacious state presented by Schleifer and Vishny (1994), where the politicians steadily try to influence the firms in order to pursue their own political purposes, which may be impossible to relate to the economic growth. In the Weberian model, the bureaucrats are different from the politicians; they intend long-term careers ruled by meritocratic rules of recruitment and promotion. The norms, the shared belief in the meritocratic service and the development of the national purposes not only decrease the temptation of corruption, but also lead to an increase in competence and credibility of the commitment to the civil service dedicated to public benefit. The result is a higher capacity of the state, which motivates the reformist leaders to grow the economy rather than ravage it.

A study inspired by the book of Peter Evans, "Embedded Economy" (1995), is "Post-Socialist Trajectories", written by David Stark and Laszlo Bruszt. The study, a real institutional analysis of the transition of the Eastern-European countries to capitalism, took over from Peter Evans the concepts of embedded autonomy and developmental associations, core concepts of the new-state vision. According to Stark and Bruszt, these concepts highlight the intermediate role of the forms of social organization between state and society (especially the non-political, non-governmental, professional, cultural, business ones). The redefinition and recombination of the elements of the new societies cannot be let on the political organizations. The hegemony tendencies of the political networks (old contents recombined in new forms) are opposed to the social networks (most of them recently built up), which are very active in different fields. The other social networks, together with the networks of the political and administrative elites (e.g. the business networks in economy) may be a fundamental source of economic restructuring. The social networks are involved in the reform processes and this fact creates an extended social control or what Stark and Bruszt called extended responsibility of the governors. The political system created after 1990 is too restricted and too hegemonic to solve the very complicated social equation of the transition.

This theoretical model applied to the concrete cases of the Czech Republic, Hungary and Eastern Germany underlines some of the authors' arguments and points out important details. The groups of intellectuals concerned about the external politics influenced the actions of the Hungarian Government right after the 1990 elections. The privatization policy of the Czech government takes into consideration the financial interests of the banks, while the industrial organization on corporate basis in the Eastern Germany ensures a direct involvement of the Western German corporations in the privatization and re-endows the Eastern

¹⁰⁸ Ibidem

¹⁰⁹ Ibidem, p. 37

¹¹⁰ Stark, David, Bruszt, Laszlo, Postsocialist Pathways, Ziua Publishing House, Bucuresti, 2002

German economy. According to Stark and Bruszt, in the Czech Republic, for instance, the consensus on the steps of transition was due to a three-party agreement between the government, the political parliament and the social parliament (civil society). Therefore, the government was kept within a responsibility framework. The political part cannot be controlled through a large social network created by the free association of the citizens, at least the time the state and the market are not enough consolidated.

Using this research method, focused on what is not seen, the so complicated and different social networks, the researchers perceived better the transition process in the Eastern Europe, beyond its surface. 111

A multi-causal model provides the analytical frame for understanding the rebirth of the market economy in China, Eastern Europe and the former Soviet Union. 112 When the Western economists traveled to these parts of the world to counsel the reformer politicians, their advice stressed the big-bang type of approach to the market economy, planning the formal changes of the rights of property and of the markets. They supposed that the formal rules - Constitution, Civil Law and other administrative laws - would lead to a successful modern capitalist economy. These efforts of the capitalism as a project lost the reality of the power and interests of the communist ruins. On the contrary, the reform applied in China permitted the actors to make their choices by some trial-error mechanisms that balanced the speed of reform. This revolutionary approach of the transition to the market introduced the most dynamic economy. The institutional change in China was made top-down and not inversely; the interests and the power of the new organizational forms were ranged, the rights of private property and market institutions evolving in an economy in which a change from the central state control to the self-regulated market occurred. The changes of the formal rules governing the rising market economy tended to follow the ex post changes of the informal practices in business and took into consideration more the real interests of the political and economical actors. Like in the former Soviet Union, the efforts of reforming the state enterprises in China by changing the formal rules proved to be inefficient because of the ex ante changes of the formal rules that often rule the interests and the conflict sources of legitimacy of the party structures in state enterprises.

The model of the ideological decline and of the ideological commitment based on the theory of games, suggested by Nee and Lian, tries to explain the de-institutionalization of the communist party starting from the centralized planning in the economies in transition. The technological and military discrepancy grown during the Cold War between the advanced market economies and the socialist states hurried the efforts of the communist elites for reform for decreasing the discrepancy through innovations that include the growing support of the market mechanism in the institutional framework of the central planning. However, at the individual level of the bureaucrats and party politicians, the development of the economic and politic markets lead to a growing tendency to opportunism and violation of the rules, which generated tensions within the party member groups, the social dynamics leading to the ideological decline and the political commitment of the communist party. It demonstrated that the opportunism and the violation of the rules among the party members, initially low, could increase up to a level of critical mass. The reformer leaders of the party tried to present the problem in campaigns of punishing the violation of the rules. The decline of the commitment gradually reached a critical point, hastening the collapse of the communist party as an efficient leading organization. In counterpart, this prepared the de-institutionalization of the party and the change of the political institutions, including the political revolution, in the state socialism reform.

The model based on the theory of games explains the decline of performance in the organization by explaining the embeded nature of the ideological commitment of the party members and specifying the social dynamics that produces the shifting from the commitment to rules and purposes of the party to opportunism and desertion from the duty of honor towards the party. 113

The new institutional economic Sociology is in the centre of a continuum between the suppositions of the economists about the limited rationality and the cultural orientation of the Sociology of organizations. It differs from economy in the more complex approach of the rational choice in which rationality is considered contextual, often influenced by the shared beliefs and norms that watch and strengthen the mechanisms occurred in the social relationships within the networks and cohesive groups. The rational

¹¹¹ Ibidem

see Victor Nee, Peng Lian, Sleeping with the Enemy: A Dynamic Model of Declining Political Commitment in State Socialism, Theory and Society (1994).

www.cornell.edu/sociology/economyandsocietyorg./publications/ Victor Nee/ **A New Institutional Approach to Economic Sociology**, July, 2003, p.38

action in the economic life is facilitated, motivated and ruled by shared beliefs, social relationships, norms and institutions – a view that come in conflict with the suppositions of the neoclassical economy on the atomized utility maximizing *homo oeconomicus*.

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THE IMPLICATIONS OF INTERNAL DEMAND OVER ECONOMIC GROWTH IN ROMANIA

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For reducing the distance from the average of EU step-by-step, in Romania we must speed up real economy. For this to happen in a long road, we need a dynamic economic environment, especially by developing activities with high tax. So, we must encourage the aggregated offer. Romania is a small economy with a net wide market. In Romania, economic growth is a lot influenced and sustained by consumption. This way, an analysis of the three types of consumption has to be made (population, enterprises and public), which compare the internal demand.

Keywords: economic growth, internal demand, demand for consumption goods, enterprises demand, public demand.

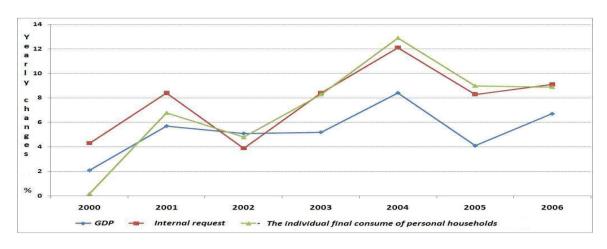
Internal demand represented for the time span 2001-2005 the main factor of growth, recording an yearly rate of 85%. An important factor of internal demand growth was consisted, at the end of 2004, tax reduction for the personal income and for the enterprises income by introducing the unique tax of 16%. Starting 2005, because of the stimulus measured of the private sector, the growth level of internal demand slowed and what has to be taken into consideration is that the area from the internal demand and consumption improved. This way, gross growth of fixed capital increased by 13%, and individual effective consumption by households by 9, 0%. Even in growth conditions of a real salary and consumption credits, private consumption recorded a smaller increase than in 2004, while the investments made in the private sector wire with 24,9%.

1. Household demand for consumption goods

Household consumption is the key component of global demand. At a macroeconomic level, global consumption expenses made by the influence of multiple variables, such as: the available income, of all households, the cost of consumption regarding credit, the anticipation prices and delays in replacing long-time consumption goods.

Monetary income of households-express their capacity to place themselves in market relations – they have a generalized low level, even very low in same major household categories. This influences massively the average consumption pattern at a national level and the savings potential of developing investments.

Population expenses in Romania- sensibly follow the income trends, disappearances an residential areas, but an different socio-occupational categories, being relatively constant in time. In 2005, total expenses of population were at an average of 1149,33 units/month for one household (that means 94,8% from the total income level). These covered in an over-whelming way the common needs of consumption: food expenses, uneatable and survivals payment counting for 62,7% out of the total expenses (58,8% in 2004, and tax payment and other obligations represented 12,5% - similar to the previous year). The most spent on an average were the owner household (2305, 33 monetary units), and the least, the retired (889,09 units).



Graphic 1 – The Dynamics of gross domestic product (GDP), of internal demand and of final effective of population households in Romania.

Following the dynamics of gross internal product and population consumption (graphic 1) we observe the superior growth of household consumption, influencing and determing the gross domestic product, acting as a factor of growth, At the begining of analysed span time, individual consumption of population households was smaller compared to the internal demand, but starting 2002, was larger, and in the greatest case (year 2003) approximately even, and we can observe a trend of reducing the household consumption starting 2005.

Indicators	1999	2000	2001	2002	2003	2004	2005
Consumption index prices							
Total	145,8	145,7	134,5	122,5	115,3	111,9	109,0
Food goods	127,9	143,7	135,7	118,3	114,7	109,5	106,1
Nonfood goods	152,3	144,0	133,1	125,5	116,1	113,2	111,3
Services	184,0	153,9	135,4	126,8	114,8	114,7	110,5
The rate of expenses growth							
Total	131,7	140,6	140,9	126	119,5	132,7	114,9
Food goods	123,2	140,3	147,3	120,1	117	126,3	109,3
Nonfood goods	136,8	138,7	114,6	132,5	124,3	142,8	119,6
Services	155,2	144,7	167,8	134,5	120	136	121,2
Index of real salar gain	97,5	104,3	105,0	102,4	110,8	110,5	114,3

Source: Anuarul Statistic al României 2000, p. 317, Anuarul Statistic al României 2006. p.223, 397, Institutul National de Statistică

Table 1. The price consumption indices and real salary evolution in the time span 1999-2005

From table 1 we can observe the bigger growth levels of consumption expenses, overall, comparative with the consumption index prices starting 2001. However, this thing can de observed as a viable one for each category taken into consideration, especially in the case of services when the growth levels of expenses were superior to the index prices on the whole analyzed span. This shows that economic growth in Romania started and continued based on consumption. We must also appreciate the fact salary has been made also.

The consumption credit	2004	2005	2006	
January	5.517.655	8.020.282	16.489.473,58	
February	5.375.087	8.182.774	16.984.288,56	
March	5.551.079	8.727.075	18.350.322,24	
April	5.527.684	9.253.325	19.662.402,43	
May	5.940.392	10.513.919	21.584.795,13	
June	6.175.975	11.558.961	23.483.500,98	
Julie	6.392.100	1.229.880.144	24.923.010,73	
August	6.799.100	1.330.575.842	26.766.085,84	
September	7.084.000	1.432.034.243	28.046.112,97	
October	7.587.300	1.509.357.708	29.189.792,66	
November	7.574.166	1.581.274.199	29.944.979,74	
December	7.866.164	15.685.01045	30.375.687,30	
Year Total	77.390.702	8.707.879.517	285.800.452,16	

Source: Banca Națională a României

Table 2. The evolution of consumption credit in Romania

A special situation by its size it grew in three years can be observed in the case of consumption credit (table 2).

Analyzing the evolution of consumption credit in Romania (table 2) had a dynamics of growth from one month to another for the whole span considered. Until the half of 2005, this increased slowly but surely. Then a breakthrough was produced, the value of consumption credit grew in an exponential rate. Following the evolution of the total for the three years, we can observe that from one year to another, the value of consumption credit grew alarmingly high.

In December 2007, Romanians brought goods for wide use in a value of over 55.000 millions units, a number almost double reporting to the beginning of 2007. In exchange, the money borrowed for a house barely exceeds 14 billion units. This way it came that the credit value of consumption to be 4 times bigger than the ones for houses.

The risk of debiting the population comes as much from dynamics, but from structure as well. The population is debiting especially for buying goods of consumption (79% of the credit in 2006, unlike 75% in 2005), and on longer and larger terms (the percentage of long term credit got from 42,4% in 2005 to 61,1% in 2006). Because of these evolutions the defend bought using the credit is heading to lower values (both morally and physically) much faster than the debt is whipped out, with a bad influence in the population fortune.

The dynamic of population debiting generated two main risks: debt service grew very fast, and the position of a net creditor population reduced consistently. Still, the level of concentrating the credits diminished and the debt rate as well.

The service of population debiting, as a comparison to the available income continued its quick growth, searching the level from the euro zone. Still, the structure of monetary expenses is different. The credit for consumption generates 92% out of the debiting service and is the main tax payer to its growth, especially by the quantity effect. Credit in Romania has an increasing contribution to the debt service, on the basis of higher and higher interests with the increase of credit offered in Romania.

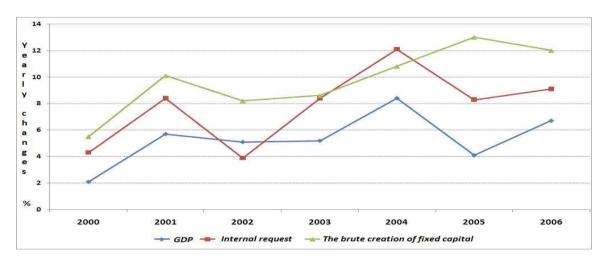
Speaking of financial reports for the credit institution, the activity of medium financial-bankers in Romania, is not going on in a self-developed way, but in close relation to their clients. As a consequence, their behavior influences in a wide way the architecture of financial reports of bank entities. This influence is more obvious in the situation of credit institutions with a large territorial network, placed in areas with an

unequal level of development. From here, we observe the differences in the economical-social development of different zones that operate the subsidiaries of credit institutions. This is because the organizational pattern present in Romania is the universal banks, with complete territorial networks and with wide competences of bank headquarters. Considering the monetary and credit availabilities, the maximum of discrepancy is recorded by the credits for the individuals, while the minimum is allocated to uncared and term made by clients, individual or legal person. In other words, there is a relatively large discrepancy in costumer behavior, when speaking of barrowed financial resources, respectively to savings.

2. The request of enterprises for goods of investments

Investments define a process which is characteristic, by excellence, to the enterprises that have the main function producing goods and services. As the ending of any production is satisfying the consumption needs, we have to admit that the investment has as main factor the demand. Investments restrictions care about the income level of savings.

Investment does not mean only spending a part of the income, but it means an immobilization of monetary funds considering the possibilities of recovering them on time. From this point of view, there are monetary funds that have to be recovered in the short-term limit, because, otherwise, the process of production can not go on or start again, but as well funds that can be recovered offer the deadline, and because of them is a way of financial liberty of the enterprising.



Graphic 2. The dynamics of gross domestic product, of internal demand and of gross gain of fixed capital

From graphic 2, we can observe the slower levels of growth of gross capital, compared to the gross domestic product ones. So, this too behaves as a factor of growth. Careering the gross gain of capital, overall, the situation is light full for future.

Excepting 2004, when the level of growth of the internal demand was a little larger, with approximately 1 percent, the percentage modifications of gross again of capital were larger, even larger than 4%.

Nongovernmental credit in 2006 recorded an increase of 53,7% compared of 53,7% compared to the end of 2005, in the fond of gaining 77.3% of the component in units and 33,7% of the component in the foreign exchange expressed in units. This, in the conditions when in 2005, increased by 34,5% in real terms, the structure considering the exchange own coin in relatively constant 40% units and 60% foreign exchange.

Nongovernmental credit in Romania represents approximately 13% from the gross domestic product, in other Eastern European countries, this represents over 50%, and in UE it tends to 160%.

3. Public sector demand

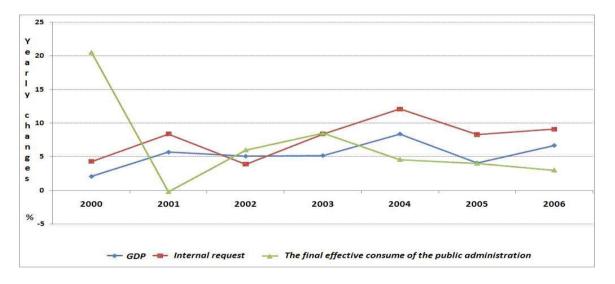
Even if public administrations are among the final consumption in a relatively low percentage, public expenses tend to represent a higher percentage in gross domestic product, in exchange of obligatory drawing.

Certain discrepancies from these percentages can be explained by the importance of stock in the redistribution process, but even by the fact that stock sells a significant part of public service. As a consequence of a higher growth of expenses than public income, the budgets are finalized more and more often with a deficit.

Budgetary deficit is caused by the accelerated growth of public expenses, by slowering the growth level of income or of conjuncture phenomena which transmit its influence by the foreign exchange rate and interest rate.

The effects in economy of the budgetary deficit are multiple. In increases the public debt by increasing in the future the returnings, the interests and the eligible fees every year for covering the public internal and external debts. In the condition of a big credit request for covering the budgetary deficit, the interest rate presents a trend of growth.

Starting 2000, the economic growth started ti take a presence in Romania. Being aware of this aspect, and following by dynamics of gross domestic product and of state consumption (graphic 3) we realise that this consumption as an important factor for the growth of macroeconomics results at a natinal level. Then its role as a factor diminiushed very much, and even more, starting 2004, he is, more likely a consequence of economic growth. After high values in 2000 the public administration consumption fell radically in 2001 and starting 2003 fell on an constant rate eachyear, the percentage modifications being smaller than the internal demand ones, even by two percents.



Graphic 3. The dynamics of gross domestic product, of internal demand anf of the colective consumption for the public administration.

We observe that the internal demand has an important influence over the way the economic growth is developed in Romania, which does not represent necesarly an optimistic aspect for our country.

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THE IMPORTANCE OF CERTIFICATION SCHEMES IN SUSTAINABLE DEVELOPMENT OF TOURISM

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Abstract. Environmental certification and ecolabels represents controversial topics in tourism. Hotels and tour operators use them in marketing, land management agencies in allocating operating permits, government agencies in promoting national interests, and ecotourism associations for education, lobbying, and revenue generation. Ecolabels have recently attracted the attention of multilateral tourism and multilateral environmental organizations alike. There are more then 150 tourism certification programmes all over the world, some of them at national or regional level, and some at international level, recognized by the most important tourism organizations. It is important to know that such an accreditation is ensuring tourists, that the tourism products and servicies they are buying are of good quality, professional and according to the sustainable development policies and principles.

Cuvinte cheie: tourism accreditation, certification, ecolabels.

Introduction

Service and product quality are vital to the reputation of any tourist destination. Tourists are becoming more discerning about the tourism experiences they are seeking. Standards in other countries are rising. Each destination must strive for continuous improvement and best practice if it is to be considered a platinum plus destination. One way of raising the professionalism and standards of the tourism industry is through accreditation, that is, by developing a quality mark, brand or logo that can be displayed by tourism businesses who meet or exceed the requirements or standards prescribed by a program.

Certification and accreditation programs provide tourism business with an action plan for improvement that can include enhanced management, improved tourism product and higher customer satisfaction. Accreditation programs can be beneficial to consumers as a means of providing information and greater assurance of product and service quality.

This paper reviews some of the more significant issues which influence what accreditation can achieve in tourism and under what circumstances, and whether existing ecolabels are likely to live up to this potential.

A brief history of tourism certification

The social, political and economic context plays an important role in establishing the type and the level of a tourism certification programme. Some of the most relevant factors are: the particular environmental issue or parameter to which the label refers; the level of knowledge and concern among potential clients and other users in relation to environmental issues in general and the ecolabel parameters in particular; the degree of consensus regarding the meaning and significance of terms used in the ecolabel; and the existence, number, and level of acceptance for competing ecolabel schemes.

Ecolabelling process's based on the assumption that there is public demand for green labels (products and services). In order to encourage businesses to take part, there needs to be effective and widespread publicity of both the certification programmes and of those businesses and products that have qualified for ecolabels.

The evolution of ecolabels and other quality programmes followed a common pattern in a wide range of sectors. While not all conform to this pattern, it seems to illustrate a number of social processes which form part of the context for any certification programme. In the earliest stages, there are several major components in chronological order (1):

• universities, nongovernmental organizations, or private research groups identify an environmental issue as significant for the tourism development;

- mass media coverage and public debate raises public, industry, and government awareness of this issue:
- if sufficient consensus and public concern is generated, the issue may reach the agendas of some government policymakers and corporate board members;
- individual companies start to ecolabel products in relation to the issue concerned;
- some other companies follow suit, perceiving a market advantage with no attendant costs:
- companies commonly charge a premium for ecolabeled products;
- individual consumers, followed by watchdog organizations, complain that the label is meaningless and that people are being duped;
- legal actions for misleading advertising may be brought under fair trading legislation; if such actions are brought successfully, the next steps are accelerated; but they may also occur without any legal action;
- either government or industry or both act to formalize the meaning and use of the ecolabel.

The evidence indicates that many of these ecolabelling programmes have not been very effective in publicizing their programmes to consumers. Although a number of guidebooks and magazines promote them, studies have found that the vast majority of holidaymakers are unaware of the existence of the environmental certification schemes in the tourism sector. It is unlikely that any tangible results will be obtained until the major tour operators, tourist clubs, tourist information and reservation networks, and the media publicize ecolabel programmes and the individual awardees.

According to the current sustainable development practices, it has been suggested that there are four different approaches of the certification schemes (2):

- very weak these are the certification scheme that aim to preserve the current practices of the tourism products and services;
- weak certification schemes that aim to preserve only the new forms of development in the destination or surrounding areas;
- strong that aim to apply an environmental management system in the destination and services:
- very strong they are certification schemes that aim for the absolute preservation of tourism products and services.

The oldest and the most successfully certification programmes are in Europe. In the 1990s, an increasing number of tourism associations, consumer groups, and governmental bodies began to pay attention to ecologically sound tourism. By 2001, there were about 60 environmental certificates and awards in Europe covering nearly all types of tourism suppliers, including accommodation, beaches, protected areas, restaurants, handicrafts, golf courses, tour packages, and various other tourism-related businesses. A majority of the ecolabels in Europe - more than 30 - certify accommodation: hotels and restaurants, campsites, youth hostels, farm houses, alpine huts, holiday houses, guest houses, and bed and breakfast lodgings (3).

Regional and national environmental certificates and awards exist in Austria, Germany, Denmark, Luxemburg, England, the Netherlands, Italy, France, Spain, the Czech Republic and Switzerland. International ecolabels have been developed and implemented in the Nordic countries (Norway, Sweden, Finland, Iceland and Denmark) and the European Union is developing the criteria for a single Europe-wide ecolabel for accommodation. These programmes are intended to stimulate better environmental performance by increasing both competition among suppliers and building consumer demand.

North America is rather reluctant to introduce ecolabels as a whole and few programmes can be found; Australia is unique in its tourism accreditation development, by creating the Nature and Ecotourism Accreditation Programme (NEAP) as one of the strongest programme that ca be found.

The majority of certification schemes accredit accommodations (approximately 63%), whereas only 7% address tour operators, mainly ground operators specifically dealing with ecotourism (4). Approximately 40% of the criteria or indicators in standards relate to management issues and the remaining 60% relate to

specific actions such as environmental benchmarking (34%), economic indicators (8%) or socio-cultural criteria (12%).

Specialized certification programmes

Blue Flag programme is an exclusive eco-label awarded to over 3300 beaches and marinas in 36 countries across Europe, South Africa, Morocco, New Zealand, Canada and the Caribbean. The Blue Flag Programme is owned and run by the independent non-profit organisation Foundation for Environmental Education (FEE). The Blue Flag works towards sustainable development at beaches/marinas through strict criteria dealing with water quality, environmental education and information, environmental management, and safety and other services (5).

This certification programme is widely regarded for its rigorous enforcement of 29 beach criteria and 23 marina criteria subsumed under the four areas of water quality, environmental education and information, environmental management, and safety and services. Some of the criteria are designated as obligatory "imperatives", while others are designated as "guidelines" that may or may not be adhered to depending on circumstances (6).

Green Globe 21 certification programme was originally established in 1994 as an entity of the WTTC to pre-empt further government regulation over the tourism industry. Green Globe is the world's only Benchmarking, Certification and Performance Improvement programme based on the Agenda 21 principles for sustainable development agreed to by 182 Heads of Government at the United Nations Rio Earth Summit of 1992. Green Globe is supported by the science and technology of the Sustainable Tourism Cooperative Research Centre, the largest source of sustainability research in the world (7).

Over the years, Green Globe has been aligned with a number of important industry associations. The Pacific Asia Travel Association (PATA) has endorsed the programme as part of its commitment to sustainable travel and tourism. The Caribbean Alliance for Sustainable Tourism (CAST) markets the Green Globe programme in that region. The Green Key programme in the Nordic countries has previously worked closely with Green Globe, as has the Green Seal programme in the United States. The New Zealand Tourism Industry Association, Bali Greenery, the International Hotel and Restaurant Association, the China Environmental Protection Agency, the West Virginia EPA and Ecotourism Australia have also had formal alliances with Green Globe.

Certification for Sustainable Tourism it is a program that seeks to categorize and certify each tourism company according to the degree to which its operations comply to a model of sustainability. The official entity in charge of this program is the Costa Rica Tourist Institute (ICT). Participation in the program is entirely voluntary and is open to all hotels, inns, bed & breakfasts services, and cabins that may wish to do so, without restriction as to their location (beaches, mountains, etc.) or their size (8).

Inscription in the program and the initial categorization are offered at no cost to the companies. The only requirement is to fill out the attached inscription form and send it to our offices, to the address provided on the form.

Green Key is an international eco-label for tourism products. It was originated for hotels in Denmark in 1994 and in 1998 France joined and started labelling camping sites. Today, criteria are available for hotels, camping sites, hostels, summer houses, restaurants, leisure facilities, and conference facilities. Not all criteria are available in all countries. It is an ongoing work to develop criteria for the international campaign. he Green Key has been made available to all 37 countries in the FEE network. At this point, the Green Key is established in six countries and a number of other countries are preparing to run the campaign. See "upcoming countries" for details on the national situations (9).

The Green Key campaign is co-ordinated in a co-operation between FEE France and the Danish Green Key organisation. An international steering group with representation from both organisations develops the campaign.

Tourism certification in Romania

In Romania there is a lack of this kind of certification programes. Unfortunately, only one of these programmes can be found in our country, *Blue Flag*. Responsible for the introduction of this certification it is "Centrul Carpato-Danubian de Geoecologie", sustained by the National Authority of Tourism. In 2006, the International Jury has decided to give the Blue Flag certification to 5 beaches and 1 marina: "Mojito

Beach" in Mamaia, "Europa Beach" in Eforie Nord, "Adras Beach" in Saturn, "Perla Venusului Beach" in Venus, "Sun Paradise" in Neptun and "Yacht Club Europa Marina" from Eforie Nord.

There are also, some efforts to develop and implement the principles of sustainable development in hotel management (so called "green hotels"), but until now there are little changes made in this way.

Conclusions

Even if the efforts in promotion of tourism ecolabeling were considerable, there is a major weakness – the continuing lack of consumer recognition, which reduces the incentive for tourism companies to become involved in such scheme, and thus leads to another problem of lacklustre corporate participation levels. This is associated with a combination of factors, including the proliferation of ecolabels, their geographically and topically specialized character, the low profile of most funding and certification bodies (10).

The success of tourism ecolabeling depends upon efforts to increase cooperation and consolidation among the certification programmes, including joint marketing activities and a mutual confidence that programmes include similar criteria, standards, and auditing practices. The challenges facing tourism industry ecolabeling programmes in Europe are largely the same as those of facing certification programmes in other parts of the world.

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THE TOURISM INDUSTRY AND THE USE OF INTERNET

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Abstract - The tourism industry has been among the first to capitalize on new technology. Because it is an information-rich industry, it depends on finding and developing new means to distribute travel and hospitality products and services, marketing information to consumers, and providing comfort and convenience to travelers. Also, consumers are constantly seeking new sources of information to help them make decisions before purchasing travel services to make their trips more satisfying. Much more travelers use the Internet to plan and book their trips in the recent years. It is not surprising that travel and hospitality e-commerce is among the top four growth categories, second only to finance and insurance services.

Cuvinte cheie: tourism, online market, GDS.

Introduction

The Hospitality and Tourism industry was one of the earliest to go online. Since travel had few geographical boundaries, and, thanks to the widespread adoption of e-tickets, which airlines aggressively pushed, the airlines faced none of the logistical issues of online product retailers such as shipping and variable tax-collection schemes, the travel industry was uniquely suited for the Web. As the travel industry took off in the late 1970s and early 1980s, five major components came to comprise what this report will call the travel supply chain: Providers, Distributors, Travel Agents, Charge Card companies, and Travelers [1].

Providers - airlines, hotels and transportation companies; these entities invested in products (planes, properties, vehicles) and services for travelers.

Distributors - Computer Reservations Systems5 (CRSs); technology companies that consolidated supplier information, inventory and pricing data, and provided a way to electronically search, book and issue tickets and documents.

Travel Agents — Using CRSs, provided leisure and business travelers with one-stop shopping guidance and pricing and schedule advice to make reservations, issue tickets and provide ancillary services such as passport processing or currency conversion.

Charge Card companies - Played a role by making purchasing more convenient and secure for consumers, and by providing corporate buyers consolidated transaction data about their company's activities, which helped them with purchasing decisions and policy tracking.

Travelers — The end-user or customer, who may be leisure and/or corporate traveler, or a travel planner who books trips for an employee to take.

In addition, there are many matters involved in the selection and organisation of a holiday: gathering tour information, preparing the holiday package, confirming holiday information, actually having the holiday (including shopping for things and paying for them – not always easy in a foreign country), and sharing the holiday experience with other people during the holiday and once arriving back home [2].

Thus, it might be very difficult to manage all the people and matters precisely, and much of this potential complexity is about interaction through or using *information*; information management becomes an important consideration (figure 1). One can deduce that information management will be important in the tourism industry, especially when one anticipates the consequences of the Internet – the most recent innovation in conveying information and sharing information between different parties.



Fig.1. Relation between tourism and Internet

We consider that it is necessary to combine the world of business and the world of technology in the tourism industry. In particular, information is interacting between tourism service providers and tourists.

The online travel market

Use of the Internet by travelers to plan and book their trips continues to grow at a rapid rate. In the United States, according to the Travel Industry Association (TIA 2007), more than 75 million online travelers used the Internet in 2006 to get information on destinations or to check prices and schedules. From 1999 to 2006, online booking showed a remarkable double-digit growth for four consecutive years, with a spectacular 58% growth in 2001, followed by a 25% growth in 2002. While growth of the online traveler market has slowed, the number of online travelers who actually use the Internet to plan trips has remained relatively stable. A majority (67%) of online travelers say they consult the Internet to get information on destinations or to check prices or schedules.

Not surprisingly, nearly all online travel planners say that some of the trips planned on the Internet in the past year were for pleasure, vacation, or personal purposes. Three in ten say some of the trips planned on the Internet were for business or convention purposes. For online travel planning, online travel agency websites (such as Microsoft Expedia, Travelocity, or Priceline), search engine websites, and companyowned websites (airlines, hotels, etc.) are the most popular types of websites used. A majority of online travel planners also use destination websites [3].

Online travel planners do a variety of trip planning activities on the Internet. The most popular are searching for searching for airfares/schedules, maps or driving directions, and looking for places to stay. While the growth in the number of Americans planning trips online has remained relatively stable, there has been strong growth in online travel booking. Indeed, four in ten (41%) online travelers are booking or making travel reservations online. This may include booking an airline ticket, hotel room, rental car or package tour online. Nearly all of those who make travel reservations online say they made reservations for pleasure, vacation, or personal purposes. About three in ten say they made reservations for business or convention purposes.

Among those who have booked travel online, the most popular item to purchase online is airline tickets. A majority of online travel bookers have reserved overnight lodging accommodations, and over one-third have made rental car reservations. The most popular types of websites used to book travel are online travel agency sites such as Microsoft Expedia, Travelocity or Priceline and company websites, such as airline, hotel, or rental car companies that sell directly to consumers. More than one-third of online travel bookers pay for or make their reservations

There is another important aspect and it is concerning the use of Internet While Traveling. Portable electronic communication devices such as cell phones, laptops, and personal digital assistants help people stay connected while away from home or office. In fact, large majorities of business travelers and pleasure travelers said that they brought cellular telephones with them on a trip taken in the past year. One in four business travelers brought a laptop computer with them on a trip, but only about one-tenth of pleasure travelers did so.

With the advent of wireless technology, portable devices are now being used to access the Internet for information, including travel information. Whether using a computer, cell phone, or PDA, four in ten business travelers say they have gone online while away from home. One in five pleasure travelers also claim to have accessed the Internet while on a past-year pleasure trip.

Computer Reservation System (CRS) – Global Distribution System (GDS)

Deregulation meant that airlines that had previously operated under government-set fares which ensured they at least broke even now needed to improve operational efficiency to compete in a free market. While there were many aspects to this, one of the earliest changes was the development of the Airline Reservations System (ARS), its evolution into and proliferation of the Computer Reservations System (CRS), and then into Global Distribution System (GDS).

There are a few issuses about the use of CRS, like [4]:

- CRS are expensive for small and medium agencies to maintain and so Internet booking may be a more cost-effective medium;
- CRS do not always provide agents with improved business levels unless used to their full:
- The airlines have to pay fees to have a presence in CRS;
- There are new forms of technology that are overtaking CRS in some market segments (etravel agencies).

The GDS took the place of CRS by the end of 1990s. The GDS operators collaborated with a variety of travel service providers such as airlines, cruise operators, hotels, railway companies and car rental companies, in addition to accepting special meal requests, managing seat allocation and performing back-office accounting functions for travel agents.

There are about a dozen major GDSs worldwide. Amadeus had become the world leader after merging with SystemOne, achieving a 27 percent market share; Galileo and Sabre followed, each with 22 percent. After these came Worldspan, formed by Delta, Northwest and TWA, with a 10 percent share, and Abacus and Infini, the dominant CRSs in Asia, with a combined share of 9 percent.

The GDS technology developed with four functional components that, while integrated and interdependent, would later serve as points of differentiation when Internet providers entered the market and pulled apart the links of the supply chain. They were: inventory management and display; pricing- and fare-search engines; ticketing and document generators; and database reporting engines.

Use of the Internet by the travel agencies

Many travel agencies have developed an Internet presence by posting a website, with detailed travel information. Full travel booking sites are often complex, and require the assistance of outside travel technology solutions providers such as Travelocity. More and more tourists use the Internet websites to book and/or get useful informations (fig.2).

These companies use travel service distribution companies who operate Global Distribution Systems (GDS), such as Sabre Holdings, Amadeus, Galileo and Worldspan, to provide up to the minute, detailed information on tens of thousands of flight, hotel, and car rental vacancies. Some online travel sites allow visitors to compare hotel and flight rates with multiple companies for free. They often allow visitors to sort the travel packages by amenities, price, and or proximity to a city or landmark.

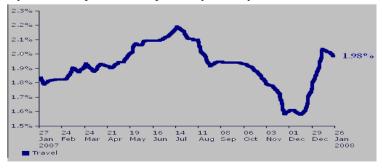


Fig. 2. Trends of visits to travel websites [5]

Travel agents have applied dynamic packaging tools to provide fully bonded (full financial protection) travel at prices equal to or lower than a member of the public can book online. As such, the agencies' financial assets are protected in addition to professional travel agency advice.

All travel sites that sell hotels online work together with numerous outside travel agents. Once the travel site sells a hotel, one of the supplying travel agents is contacted and will try to get a confirmation for this hotel. Once confirmed or not, the customer is contacted with the result. This means, that booking a hotel on a travel website will not get you an instant answer. Only some of the hotels on a travel website can be confirmed instantly (which is normally marked as such on each site). As different travel websites work with different suppliers together, each site has different hotels that it can confirm instantly. Some examples of such online travel websites that sell hotel rooms are Expedia, Orbitz and Tripadvisor.

There are also Internet travel agencies. These are Web sites that expand traditional agents' offerings. In addition to selling regular travel services such as air tickets and hotel rooms, they also offer travel tips, destination information and other services. Many large traditional agencies such as American Express and Liberty Travel have extended their shops tothe virtual marketplace. Portal travel sites such as AOL and Yahoo! link customers looking for travel services to sites that may appear on their portals, but generally are powered by one of the big Internet travel agencies listed below. The last category for Internet travel agencies is bidding sites, such as Priceline. There, deep discount travel is available, but the travel provider's brand (usually an airline) is hidden until the purchase is complete [6]

The travel category lists those sites which are related to travel and the travel industry, including publications, travel agencies, transport services/people carriers, airports, destinations, resorts, travel and locality guides and accommodation.

The rise of online retail travel is taking place at a time whent the distribution function in tourism is changing in many ways. It is growing rapidly and will undoubtedly develop and change greatly in the future. It has provided an opportunity for non-tourism organisations such as Microsoft to enter the tourism market, and in doing so, to create competition for traditional high street travel agents.

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CENTRAL BANKS AND LIQUIDITY CRISIS

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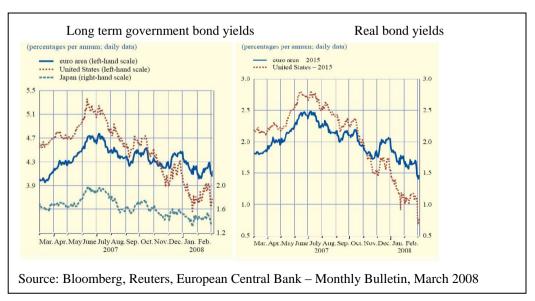
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The wake of the US subprime crisis in August 2007 has made market participants to have a hard time understanding how things could change so fast and dangerous for credit market. Every time markets are under pressure, people are supposedly asking this type of questions, but crisis was not fast at all, and the innovative mortgage products, as crisis main cause, were dangerous ever since. The world economy was hanging on by its fingernails from the very beginning of elusive credit risk era. In the '70, it was an oil crisis. In the '80 it was saving & loan crisis turn. Emergent economies and IMF were blamed for financial crisis of the '90. Dot-com bubble of the 2000 was a tech crisis. Summer of 2007 was the moment when liquidity dried up in money markets. Every crisis is eventually a liquidity crisis. The only different thing from one to another is the risk people are aware of.

Keywords: credit crunch, ratio of assets to equity, lender of last resort, price stability, subprime crisis

Credit crunch between European Central Bank and Federal Reserve

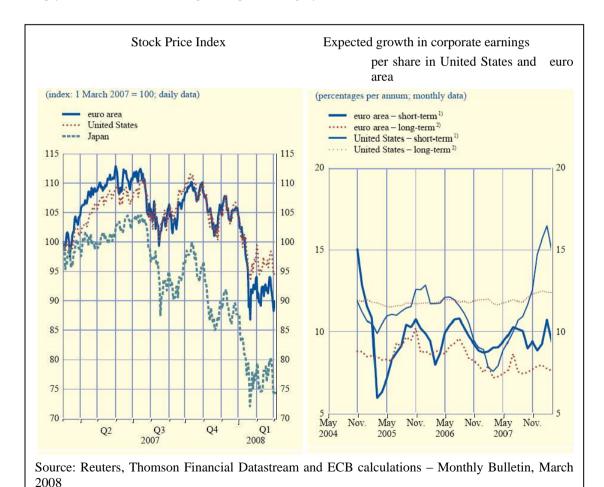
At the end of 2007, a weaker than expected incoming data on American economic activity was the sign that subprime nightmare were about to coming true. Later in December and in the beginning of 2008, long-term US government bond yields declined because of the lack of trust from the market participants when they faced the weaker than expected incoming data on economic activity. The facts were not bad only from the housing market and the bad consequences all over the financial market, but from the labor market as well as industrial production. Unexpected weak results were registered also in Europe, and especially because American subprime crisis was an international business. Nevertheless, economic growth changed in a lower gear also in Europe. In the line with this situation, the decline was driven by market participants, no matter which type of bonds they used to invest in.



As we can see, euro area bond yields fluctuated less than US area bond yields. This difference of volatility between euro and US long-term government bonds is driven by the level of exposure of these two major economies. Euro area is eventually considered to be sounder than US economy, because of the financial turmoil and the subprime crisis. Nevertheless, both long term government and real yields marked downturns from summer 2007, the very beginning of the credit crunch.

In Europe, the most important thing is the preservation of price level stability. But printing money to open up a discount window to banks, would have got ECB out of this task and bring a bad predicament. This is why the Govern Council decided on 6 March 2008 to leave the key interest rate unchanged, even meanwhile Federal Reserve were acting to cut the interest rate, a month after another. In Europe the crisis was announced when Northern Rock declared bankruptcy, but the way the scenario played out for European banks was a little different from the one of Wall Street.

The following charts reveal an unreal level for expected growth in short-term corporate earnings in United States. This erroneous calculus was lead into action by subprime crisis, also named as housing market crisis. In fact, it was not a housing market crisis at all, but a classic credit crunch. Some people purely cannot afford to contract a loan, because of their high risk profile, meaning low or variable income. With a low credit score, people could eventually obtain money from friends or relatives, or unknown and dangerous money lenders from the street. Deregulation on the credit market allowed people with low credit scores to obtain money from mortgage institutions, which were acting just like any other commercial bank. Mortgage institutions seemed to be reasonable judging the financial profile of their clients, obvious for higher rates of payment than ones of the banks. Bad credit scores means high risks for credit market. Therefore, someone who wants to borrow money having bad credit score is named a subprime debtor, simply because he cannot belong to the prime category of debtors.



Evolution of stock prices and expected growth in Unites States and euro area

For years, commercial banks did not allow subprime profile clients to borrow money they could not afford to pay back. But eager for easy cheap money, mortgage institutions put the money in the hands of subprime clients, creating an unhappy historical financial precedent. The system was wrong from the very beginning, because the subprime debtors were deceived by greedy brokers and lenders of mortgage institutions, following huge earnings but having any backup plan at all, in case that money would stop flowing. But for the first two years, it has been not any problem at all in collecting the money from the debtors. A subprime debtor had returned as much money as he could in the first two years. One month much more, one month nothing at all, another month just a little, depending on a variable income, the debtor was totally free in its paying decisions. As no dinner is for free, the subprime debtor has finally faced the unseen face of its loan contract. After two years, the mortgage institution asked him for all the money owned by that moment. This meant that the ordinary subprime debtor had not only an average sum of 250 dollars to pay, but a dramatic 800 dollars one. A dangerous huge number of foreclosures menaced the American economy over night, and the mortgage credit mechanism has stopped. The only problem was the great amount of jeopardized mortgage contracts. When the mortgage institutions wanted to execute clients for unpaid rates, the great number of foreclosures made the housing market to crack down. There was to many houses to sell and almost no one to buy them, because the more to come falling prices expectations. But the mortgage contracts were summed in collateral debt obligations (CDOs) listed on the stock market. The most important American investment banks sold the CDOs to hedge funds, retirement funds and the like, for Americans and Europeans too. Especially the last of them, were wondering what in the world could have happened with their money, when the subprime debtors ceased to pay their average 800 dollars monthly rates. The system crushed from California to Wall Street and forward to Europe. In august 2007, two great funds of Bear Stearns, one of the five big investments banks from Wall Street, declared bankruptcy. It was the official beginning of the crisis.

The lender of last resort

During a liquidity crisis, a central bank uses to provide massive amounts of liquidity outside of its normal monetary policy operations. From American subprime debtors, to European retirement funds invested in mortgage backed securities, people of all over the world did not take the credit risk profile into account. When money has stopped flowing, European Central Bank (ECB) along with other central banks as Federal Reserve (Fed), began to pump money in the wounded economies in order to keep money market rates close to the market participants pain. This chief target of central banks has to be seen in the light of the consequences over the future free market evolution. There are some gloomy issues derived from the central banks' intervention:

- 1. Conflict between objectives
- 2. Statue of lender of last resort and moral hazard
- 3. Price stability

The credit crunch is usually a good reason to blame the state acting against the free market. But this crisis is perhaps one of the only that has not burst because of the state. At least this is the leading conclusions of the economists and market participants. Since 2002, the great American investment banks' leverage has raised from 30:1 to 41:1. Leverage effect is measured by market value of the assets as a multiple of tangible equity, also named average ratio of assets to equity. Where did people get all those money from? Or, who permitted them to do that risky business until the point of no return? This paper work is discussing a different issue, and a simple answer will not be enough. But mortgage institutions had in fact too much space maneuver. If a firm portfolio is leveraged at 33 to 1, it takes a mere drop of 3% to wipe out its entire capital.

To save investing banks which declared bankruptcy, Fed injected money, lending 30 billion dollars to J.P. Morgan Chase, helping the bank to buy Bear Stearns. But, according to the fact that Bear Stearns has a debt of more than a trillion, people of all over American economy still do not recognize that there will be they who are about to pay the rest of the damages. In this case, Fed was a lender of last resort. Europe needs also emergency liquidity into its financial system, but European Central Banks is leaded by another mainstream. Europeans are afraid that European Central Bank has become a lender of last resort, even the Govern Council argued that it is far to be true. A lender of last resort provides liquidity to a solvent but illiquid commercial bank, of course at a penalty rate. In fact, in Europe the Central Bank has not such an

authority, but every national central bank. Considering the size of monetary base of about 3.8 trillion euro, The European Central Bank argued that any individual lender of last resort is only small part which could not affect the monetary stability. Indeed, but how about every national central bank? The crisis doesn't hit one single country, after all. If every national central bank agree to allow give more money to endangered market participants helped by European Central Banks ' discount window, then European Central Banks could be the head of the lenders of last resort, even its principal task is only to watch over the interest rate. Since European Central Bank fix the level of interest rate from a national central bank agree to lend the endangered clients, there is a good reason to admit that European Central Bank bring its objectives into a conflict, even is not officially endowed with lender of last resort function.

If Federal Reserve lend money every time a big investment bank declared bankruptcy, then every major commercial or investment bank will consider that anything is possible as long as there is an ultimate financial institution which can fix the problem every time when this occurs. This is nothing else but moral hazard. Along with conflict of interest between its objectives, the European Central Banks has to watch very carefully over the market participants' attitude in waiting its help. The European Central Bank had been aiming at raising interest above the neutral level because the GDP growth was over the expectations in 2007. The 4% European Central Bank' interest rate comparing with 2.23% Fed's interest rate is high enough to avoid both moral hazard and price volatility, if we take into account that in United States the core rate of inflation is 2.3%, with an inflation rate of over 4%. Unfortunately credit crisis seems to be far from its bottom. European Central Bank remains the principal institution Europeans are expecting protection against a world depression from.

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THE NEW EDUCATION IN THE NEW ECONOMY – NEW CHALLENGES FOR THE ROMANIAN ECONOMY

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Abstract

In the context of the new economy, the humanity confronts with a series of challenges bounded on the passing to an economy based on knowledge, globalization, durable development etc. In the framework of informational society it develops the Internet economy and in the knowledge society it forms a new economy which include and the Internet economy. That's way, the new economy is the economy of informational and knowledge society.

Key words

New education, new economy, challenge, knowledge, globalization, human factor

1. The perspectives brought by the "Strategy of Lisboan 2000" and the context of the New Economy

The **new economy** is based on knowledge creation, on the use of knowledge in the field of economy, especially through innovation (Bari, Ioan, 2005). The innovation, in the context of new economy represent the capacity to assimilate and to become converted the knowledge for the improvement the productivity and to create new products and services.

The fundamental objective of the "Strategy of Lisboan 2000" (Presidency Conclusions Lisbon European Council, 23 and 29 March 2005) is that in the perspective of the year 2010 the Union to become the most competitive and dynamic economy based on the knowledge in the whole world, capable of a durable growing economy, with many places of work and a bigger social cohesion that brings in the actual moment, in front of the European Union a lot of social, ecological, economical and political problems.

The economy of the European Union must put the accent in the first place on the human person, like a base resource in the new created context.

The societies based on knowledge must assume, according to the specialist, the following aspects:

- a) The extension of the scientifically knowledge.
 - r) The utilization and the knowledge management existent under the form of technologically and organizational knowledge.
 - s) The production of technologically knowledge through innovation.
 - t) The dissemination of knowledge to all citizen though new ways using with the Internet and electronic cards (e book) and using methods of learning through electronic ways.
 - u) A new economy in which the innovation process (the capacity to assimilate and convert knowledge to create new services and products) can ensure a society sustainable from the ecological point of view, because without the scientifically knowledge, technological knowledge and the management it couldn't produce these assets and the technological and economical transformation for a development of human kind.
 - v) To reach a global character.
 - w) The entrance into a new stage in culture

In this time, Romania is in an institutional reconstruction process - spiritual of integration in the new economy, like member state of European Union, having major objective, like those to become an economical - social and political identity, capable to reach the competitiveness through scientifically knowledge.

In the created context, appears a new problem, respectively the economical - social development which Romania confronts itself these days, problem which interacts more and stronger in time and space. One can notice the fact that the intensification of the training process of the scientifically progress in national plan reveals the lack of importance of the local competition markets and growing of the roll of the international and global markets.

2. The Romanian economy – the challenges brought by economic growth and economic development

The Romanian economy is interested in the new phenomenon and the economic process which are generated by the globalization process, on the macroeconomic scale. In this way it appears a new economic theory of development and in Romania, from the rationalism perspective, in the condition of limited resource and hope (Popescu, Constantin, 2006), based on the change equality of the generation that coexist and succeed to life.

We consider essential the realization of a presentation of a nation of economic growing and economic development with applicability in Romania, with the final purpose to present the specific feature, because in the end one can realize a comparison between those two in the idea of outlining the differences.

- 1. The economical growth (Angelescu, Coralia; Stănescu, Ileana, 2004), is realized in a certain framework. In time, the macroeconomic results can record under a quantitative appearance, growing, standstills and actually diminution and that's way, the economic growing it is not necessary to be understood like a linear process. According to the experts, the economical grow means a positive evolution, ascending of the national economy, of a different international system global, on the long term and medium, but which don't exclude conjuncture oscillation, nut also economic regress. That's way, it can be considerate that the national economy or a macroeconomic system, that can record a growing economic when it is based on the existence of the tendency of positive growing, in the framework of a horizon of time. The economic growing must be watched like a process which designate the positive evolution realize in average on the long term of the economy, the general tendency of increase of the national product and of national income per total and on inhabitant, which don't exclude on the short term, the negative oscillation and standstill of this.
- 2. The economic development surprise quantitative, qualitative and structural aspects of the economic evolution, in correlation with the demographic evolution and the general problematic of human, like the evolution of ecological equilibrium. Other ways like economic growing, the economic development refers to the changes from economy about the living level, about the manner of thinking, of comportment and abut the efficiency to use the national economic resource and about the functional mechanism of the economic system and of the report between the human activities and the surrounding medium, from the rationalism compatibilities of choices about the natural human life. The concept of economic development is multidimensional, and that's way, it has in view the following base element, respective:
 - The economic development implicates an economic growth.
 - The economic development has a historic connotation, finding the passing process of a economy of a human society from a inferior form of evolution to another superior form.
 - The economic development can be defined in a restrictive way, because of the
 development of the product factors, actually the base components of the economy in the
 framework of a national state space.

The economic development which refer to the progress realize in the reports between economic agents and the economic space (micro, macro, and monde) of the technical, social and cultural structure of the production and the economy.

- 1. We will realize in the following a comparison of the notions "economic growth" and "economic development" with application in Romania. The conclusion which we draw analyzing those two structures are:
 - On the framework of the economic development it is taking place, in time and space the growing of economic process.
 - The report between the economic grow and the economic development, it is one from the part to the whole.
 - Any economic development it presume and a economic but not any economic growing it presume a economic development.
 - It represent the economic development just that economic growing, which train o structural quantitative in the national economy and in the quality of life of people.
 - The concept of economic grow it is an economic concept, and the concept of the economic development present interdisciplinary interference being in a contact zone of the economic and social, politic, cultural, ecological contact, being a macro social plural valence concept.

3. The human factor - the central element in the New Economy

In the framework of new economy, the central element is the individual, the only capable to remake and to assimilate the information. That's way the human factor is the central pillar after the society guided at global level, because this is capable to rule to economic grow and, then to national, economic and international development. The human factor intervene in the process of economic grow directly or indirectly, through his quantitative, structural and qualitative, depending on the degree of development of the report human – nature – society from every field of economic life.

- a) Under quantitative aspect, the human factor concretize in the volume of work made by the population in the framework of the effective time of work. The actions of the human factor in the process of economic grow holds by the dynamic of the occupation of the available population. The growing number of work places associated with the economic development, though the experts in the domain that have different opinions concerning the nature and the direction of this dependence. Theoretical, the increase of the occupation rate through creation on new work places, stimulate the economic grown, Anyway exist opinions of the experts that consider that, actually, the extension of the occupation it is a consequence more than a premise of the growing process, which owe to the training effect that the increase of the PNB will have about the funds destined to investment.
 - x) Under qualitative aspect, the action of the human factor in the economic growing process it is express through his quality, dependent in principal, of the human capital and the work motivation and through work productivity, under the influence of technically progress, of work motivation and institutional framework. The importance of this dimension results from the existence, at her level, at some theoretical reserves unlimited, that cam be mobilized through adequate decision, without investment effects. Specificity of the qualitative dimension of the human factor of the economic growing it is revel by the concept "human capital" which synthesize on the individual level the natural dowry received, the familial dowry, the education received institutional and the life experience obtained like a grown up, elements what are being considerate essential in the development a social activity.
 - y) Under the structural dimension aspect in the human factor case, we must refer at the specific structure of the occupation, respectively the work market. In each national economic system one can find a hierarchy of the sectors, branch of activity depending on the number of the occupied, but also of the productivity and the quality of the specific work in the specific domain? Between branches, industries, sectors, firm are transfers of personal what develop from different technical tendency reflected in the education system and the demand of work places for the branch and firms placed in the advanced technological position.

Here intervene and the orientation of the development investment, and also the interest of the enterprising to placed the capital in favorite domain for the competitive change which are offered.

The relative character of **the human factor** – like a factor of economic growing – imposes the accentuation of the mobilization of the structural and qualitative dimension that manifests in the economic life.

The human factor acts in the economic growing process with his entire dimension quantitative, qualitative and structural. While the domain of the occupation are directly influenced of the knowledge progress and practical experience, the structural dimension – qualitative are elements of reference due to sustain of economic grow.

Comparative with the development until now, the vision of human development – integrate the next major exigency, at the level of every national economy and of the global system of the **global economy**:

- A fundamental comportment, essential revise, like a modality to fight with the restriction objective and subjective of the development and collaboration with natural medium
- Substantial performing, in the absolute terms, of the development in the countries in course of development, in report with the economic development of the world.
- The strategic planning with specific elements being in a compatible in national plan but also international
- Touching a national and durable state of equilibrium though fundamental changes of the values and objective, at individual, national and global level
- Passing to a realization of a durable development in the tradition, education and activity
 condition, of the immediate interest, what makes the transformation disputed, the success
 being ensured of the real understanding of the human condition in this context of radical
 changes.
- In this process is essential that science helps human to examine himself under the aspect of the objective and his values actually that he desire to inspect the world which he wants to change
- In this complex process, of great stretch. The key of the problem of human development it isn't for the development of human kind, and ever more, if he can survive without falling in a state of exacting worthless.

4. The educational market in Romania – new perspectives brought by the New Economy

In this context of the "great economy", being on a continuous transformation and evolution we assist to multiple challenges, generally much rapid or more slow. In the Romanian economy the challenge for the macroeconomic level definition of new economics politics, of new strategy of action, of new coordination for a governmental management it will complete with changes at microeconomic level.

It is about:

- new independent and organizational behavior;
- new posture and values;
- new beliefs and customs.

On the educational market, a contractor may hold a position much favorable, like this:

- the dominate position that belongs of one contractor, known of the holders of the demand, having a history and a recognition of the performance;
- the strong position which belongs to the determinate bidder that wants the supremacy on the market disposing of a large demand and a very good opinion;
- the favorable position which comes to the contractors in advancements which grow gradually and win the interest of the candidates;
- the lasting position it is hold of the education contractors which enjoy of a stabile demand:
- the weakly position that belongs to the contractors which confront of a visible diminution and continue of the demand;

 the nonviable position which express the situation of the contractors being of the edge of living that know that the only alternative it is considerate the restructure of the study program.

In consequence of this market position like the business market, it can be identify four groups of educational types of people who offer their services:

- The leader contractor that acts through defense strategies.
- The aspirant of the first place contractor that acts through attack strategies.
- The pursuer contractor that manifest through copy strategies, imitation and adaptation.
- The small contractor that survives.

At present a market strategy for the new contemporary education must be define in a flexible manner. This means that standardize the study programs on the domains and specialization is just a theoretic aspect. Practically the uniform aspects of the education plans can't be realized from the moment that can't be recognize two European universities that can work after the same curriculum.

With other words, exist a diversity of the study plans because exist a multi dynamic modalities which can offer knowledge and competencies.

The assurance of this relays on the interaction teacher – student, which differ from an organization to another, from a culture to another, from a organizational management to another, from a personality to another.

That's way, the modern educational strategies accentuate on the senses of contemporary superior education (see fig. no. 1)

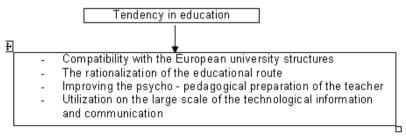


Figure no. 1: Tendency in education

In this context a selected role have the interactive teaching methods with modern character which relays especially on:

- projects (project based learning);
- problems(problem based learning):
- the technological information;
- personal development, everything having the connections with life.

A healthy society must promote only benefic consumption, which does not eliminate the access to a harmful education but limit it.

5. Main changes of Romania's educational process

In conclusion:

In the new economy, the education has an essential role both for individuals, organizations and society creating powerful and useful subjects (see fig. no. 2).



Figure no. 2: The role of Education

The main changes of the educational process consist of the following:

- University structure compatibility to the European standards;
- Moving to a student based education;
- High implementing the communication and information technology;
- Correlation the students flows with the labor market requirements;
- Quality culture developments;
- Simplifying the administrative operation;

Thus, the favorable "healthy" in the sense of sustainability education is the education of the "5E":

- Entrepreneurial Education
- Positive Education
- Quality Education
- Continuous Education
- Global Education

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ROMANIA, BETWEEN ETHOS AND DEVELOPMENT

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Abstract

The aim of this study is to emphasize features and peculiarities of the European Union integration theory expansion towards incumbent countries like Romania. The political, economic and social challenges are perceived more intensely by our country, which will domestically perceive, at economic and financial levels, the effects of enlargement. The relation between EU accession in january 2007 and the effects towards economic growth, future labour market, financial and monetary policy, economic convergence and other economic variables (GDP per capita, current account, trade balance, exchange rate, consumer prices, inflation rate etc) are very important and I try to be persuasive in this direction.

Introduction

According to Transparency International, Romania continues to occupy not a very honourable place in the corruption top, if we are to take into account a political, social and economic perspective. On this account, Romania is being situated on the first place among the European Union's member states with the highest corruption rate, being outrun by Eastern European states and countries such as Estonia, Lithuania, Slovenia, Turkmenistan, Latvia, Hungary, Slovakia, Kazakhstan, Greece, Russia, Poland, Czech Republic and Bulgaria. Romania has obtained the "performance" of exceeding countries like Azerbaijan, Macedonia, Armenia, Tajikistan, Georgia, Bosnia Herzegovina, Ukraine, Kyrgyzstan, Uzbekistan or Serbia.

Together with the changing of the elective system in a proportional one, with votes given by uninominal colleges, we tried to apply a variant of elective system "made in Germany", considering the positive influence on the stability of the decisional political and institutional process's stability. By lacking a stable equilibrium from a political/institutional point of view, the macroeconomic goals cannot be achieved, as there will always exist, prevalently, a symptom of the so-called "solution-less equation", that is the "cvintica".

The ratification of the Lisbon Treaty by the Romanian Parliament in February 2008 represented a political confidence decision in the European project in the long service, and among the values and rights promoted by the European Union (individual rights, different types of freedom, solidarity, justice and the citizenship's status).

Romanian's Economic Outlook

The National Romanian Bank's currency politic interest rose up to a level considered to be quite a high one, reaching the value of 9,5 %, as opposed to the one existing in october 2007, when its value didn't surpass 7%. Although such a currency politic can draw speculative assets, that could disturb the exchanging rates of the national currency, henceforth successive risings of this currency up to 10,50% are expected, under the circumstances of a very unforeseeable inflation and the anxieties caused by the speculative attacks, against the background of the oil and natural gas prices' raising, of the expenses on the brink of the election campaign or the consumption costs.

In the Business Forecast Report of Romania launched by Business Monitor International Ltd, for the period 2008 – the end of 2012, it is specified that the established economical growth process will continue after the integration in the European Union until 2012, at an average growth rate of approximately 5,1%. The economic growth will be sustained also from the point of view of the macroeconomic concept of gross forming of the fixed capital (FBCF), that is, "the total value of an economic agent's acquisitions, less disposals, of fixed assets during the accounting/calendar period plus certain additions to the value of non-produced assets (such as subsoil assets or major improvements in the quantity, quality or productivity of land) realised by the productive activity of institutional units"114, which registered an increase of 28,9% in

 $^{^{114}\,}http://stats.oecd.org/glossary/detail.asp?ID{=}1171$

2007, motivated on the one hand by the increase of the imports with 26,1% in the same period. Also, another stimulus of the Romanian Gross Domestic Product after the adhesion to the European Union was constituted by the maintaining of an effective global demand from the part of the population, sustained at a level of 10,2% in 2007, which has increased the volume and the dynamic of the imports and of the Gross Domestic Product. Therefore, the imports of capital goods in order to modernize and develop technological advances the existing production capacities or for the endowment of green-field-like investments have determined the increasing of FBCF.

Change in inventories	-1,2
Net export	-8,7
Gross fixed capital formation	7,4
Government's actual collective final consumption	0,5
Households actual individual final consumption	8
Gross domestic product	6

Contribution of the use components to the GDP growth rate in 2007 as against 2006

Sursa: INSSE

For the first time in the post-adhesion history of Romania, the constructions domain has contributed in a greater proportion to the forming of the Gross Domestic Product than the agriculture sector, registering an advance of 33,6% in 2007. Furthermore, the services are the principal means when it comes to the conquering of new Gross Domestic Product's percentages, with a 55,8% share from the gross added value, whereas the industry contributes with 28,3%, according to National Institute Of Statistics.

"At the Gross Domestic Product's increasing from the first nine months (of the year 2007), that is 5,8%, the services' contribution of 3,4 percentage points was equivalent to the industry's and constructions' total contribution of capital, that is 1,4 percentage points and 2 percentage points respectively. The agriculture has diminished the Gross Domestic Product's dynamics with 1,2 points, while the net product's taxes have had a neutral impact, with only 0,2 points. As far as the utilization is concerned, the final consumption of the population household remains with the greatest contribution to the Gross Domestic Product's increase, which values 7 points, although the gross capital forming had a contribution of almost 6 percentage points. The final consumption of the population has increased in nine months with 9,9%."115

Net taxes on product	0,2
Services	3,5
Construction	2,4
Industry	1,2
Agriculture, forestry, fishery	-1,3
Gross domestic product	6

Contribution of the main activity branches to the GDP growth rate in 2007 as against 2006 Sursa: INSSE

The prognostication of the economic growth for the current year is situated at the level of 6,2%, which is a level above the average registered by the European Union. The motives that will determine this economic development rhythm will be the following:

• The accelerated and linear increasing, further on, of the internal global demand.

359

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 $^{^{115}\} http://www.media fax.ro/economic/constructiile-au-depasit-agricultura-in-formare apib.html?1686;1077909=$

• The stimulation of the household expenditures, determined by the wage increases that will take place due to the migration (still at a high level) of the qualified workers/employees, especially in the Western European countries, that offer salaries above the amount and value of the residential ones (for example, the monthly nominal wage earnings, on an average, have been augmented with up to 30,7% in January 2008).

ROMANIA – ECONOMIC ACTIVITY							
	2006	2007	2008	2009	2010	2011	2012
Nominal GDP, RONbn	34.5	40.5	492.6	547.7	609.3	642.6	708.7
Nominal GDP, US\$bn	122.60	165.60	201.10	223.50	253.90	264.40	297.80
Real GDP growth, % change y-o-y	7,7	6.0	6,2	4,9	5.2	4,6	4,5
GDP per capita, US\$	5,695	7,697	9,387	10,445	11,907	12,426	13,366
Population, mn	21.50	21.50	21.40	21.40	21.30	21.30	22.30
Industrial production index, % y-o-y, ave	7,1	5,5	4.8	6,2	5.4	5,4	5.2
Unemployment, % of labour force, eop	5,2	4,1	3,7	3,6	3.5	3.5	3.9

Sursa: BMI Ltd.

Also, the approach of the general elections, that will take place in november this year, will lead to the increasing of the public and fiscal expenses' ratio, that will stimulate the macroeconomic increase called "government consumption".

The Romanian current fund shortage has continued its "gallopade for a state of health", registering an increase rate of 66% in 2007, as compared to the similar period of the preceding year, reaching a record level of 24,7 billion dollars. The general context of Romania's integration in the European structure has recommended the increase of the technology, capital and other types of goods imports, in order to permit the Romanian economic agents becoming competitive on the external market. A so-called process of "catching-up" has been initiated, but any "creative destruction" supposes, the same as a revolution does, the replacing of the old order and structure with a new and notable one, that implies costs and investments. The same as in the other post-communist states, the Romanian post-integration costs have legitimated the alignment and the adoption of a new construction, which is why the last year's increasing of imports by 25% should have been, theoretically, prognosticated and anticipated in real terms. The balance of trade for 2007 had shown a deficit, the exports being increased only by 13,7%, not a very surprising situation in view of the new elements of the Pan-European context, reaching the sum of 25,8 billion dollars. The imports have gained such a dynamic because, at the same time as the 1st of January 2007 integration, the extra-community custom tariffs have been eluded, permitting thus commercial exchanges with EU member states with over 140% and with states outside the Euro zone with over 125%. Also, the internal global demanding has been determined by the decreasing of the interest's rate on the monetary market, which has permitted a more rapid and facile access to consumption credits. According to the estimations provided by BMI Ltd, in the period comprised between 2008 and 2012, the current Romanian account will register a decreasing deficit, from 14, 50% from the Gross Domestic Product in the current year to approximately 9, 60% from the Gross Domestic Product in 2012.

OF PAYMENTS							
	2006	2007	2008f	2009f	2010f	2011f	2012f
Exports, US\$bn	33.00	43.10	47.20	54.90	64.60	75.60	89.50
Imports, US\$bn	47.80	68.80	76.80	87.50	95.90	105.90	114.90
Trade balance, US\$bn	-14,80	-25,80	-29,60	-32,60	-31,30	-30,30	-25,40
Current account, US\$bn	-12,50	-24,70	-29,20	-28,80	-28,70	-28,10	-28,70
Current account, % of GDP	-10.20	-14.90	-14.50	-12.90	-11.30	-10.60	-9.60
Forex reserves, US\$bn	28,10	37,20	45,50	48,80	56,00	60,90	66,50
Import cover, months g&s	7.0	5,60	6,80	6,50	6,80	6,70	6,80

Sursa: BMI Ltd.

DOMANIA

BALANCE

Under the circumstances, the inflation remains a hardly foreseeable and comprisable between the prognosticated variation's boundaries disequilibrium. Its fighting by means of renowned anti-inflationary policies remains the main attribution of the National Bank of Romania, as well as the prices' stability. The rise of the energy price (present under the form of raw materials, oil and natural gas) can be inflationary, that is why the National Authority of Regulation in the Domain of Energy has transmitted the signal regarding the establishing of 8, 5% higher prices in 2008, at natural gas destined to household users, after another increase at the end of the year 2007, motivated also by the more numerous modifications of the tariffs for the distribution of natural gas. Furthermore, the Unions' pressures concerning the salaries' raising remain very high, the recent debates from the transportation and the vehicle construction domain enhancing this supposition. Moreover, the labour power deficit from several productive domains sustains this hypothesis of the raising of the salaries that gets reflected in a stimulation of the household' demand.

The decision of the monetary authority of increasing the referential interest has also been influenced by a particular dynamic of the consumption loans or the ones tendered for purchasing a residence. Also, the financial operation of this increase has also been founded on the ground of avoiding the risk of the side effects' manifestation of the inflationary shocks caused by the offer's nature (according to the National Bank of Romania). This risk was being amplified by the following:

- "(i) the unexpectedly great range of the demands recorded by prices at the food products and the anticipation, from the offer's point of view, of the shock's prolonging effects caused by the 2007 drought (intensified also by the raising of some of these prices on the international market).
- (ii) the high share held by the agro-food products prices' component in the IPC basket.
- (iii) the implementation in the first part of the year 2008 of some administered prices' adjustments." 116

Romania's economic freedom and macroeconomic effects

There is also this notable fact: the Heritage Foundation and the Wall Street Journal have drawn up the well-known top of the freest states¹¹⁷, if we are to take into account 10 criteria, beginning with the degree of freedom experienced in the local business community and continuing with the freedom of commerce, of the monetary and the financial market, up to the observance of the propriety law, the freedom of the labour

¹¹⁶ The Rapport Concerning the Inflation, february 2008, emitted by The National Bank of Romania, the 3rd year, 11, 2008

361

¹¹⁷ http://www.heritage.org/Index/

market, and the corruption degree reached by a certain state. In accordance with these elements, the economic freedom's index achieved by Romania in 2008 on a scale from 1 to 100 reached the value of 61. 5%, which situated us on the 68th position from a 162 countries' specimen. This outline has undergone a slight improvement in comparison with the year 2007, under the circumstances of an evident progress of the monetary market and the drawn investments. Therefore, the freedom of the business community accumulates a score of 74, 1%, which means that the internal legislation allows an approximate approach of what a questionable market supposes, the local and foreign investors being well-protected and the profits certain to be realised. The best obtained score is assimilated to the freedom of carrying on commercial activities, Romania having such a free domain on an 86% percentage. This is due to the fact that the national commercial policy gets harmonized with the UE common commercial policy as well as with the common customs tariff, the scheme of generalized preferences, the measures concerning commercial safety as well and the different preferential agreements with tertiary states. The fiscal sector is also not considered an according to regulations one, being free in an 85, 6% proportion. The freedom towards the "public power", that is the government, reaches only a value of 70, 8%, the encroachments of the state in the economic domain being yet enough overpowering, although the public expenses are claimed to be reduced with approximately one billion euros, in order to diminish the excessive deficit and to coordinate and render the economic policies coherent. The freedom degree of the investments sector is relatively low, having a value of only 60%, whereas the one of the financial sector reaches a proportion of 50%. The freedom towards corruption has been registered as reaching a percentage of 31%, and the one towards the property law of only 30%. Furthermore, the freedom of the labour market barely reaches the 55, 3% value, due to the fact that the syndicates and employers do not communicate coherently and efficiently.

At the UE level, Romania and its index of economic freedom is being situated on the 30th position, out of 41 European countries, surpassing UE member states like Slovenia, Greece and Poland, and non-member states, such as Turkey, Croatia, Ukraine or Russia.

What remains interesting is the simulation concerning the evolution of the whole Europe's degree of freedom, as contrasted with the global medium in the period of time 1995-2008. A progressive trend can be remarked, beginning with 1995, the Europe's medium of 66, 8% being in expansion, as compared to the registered global medium of only 60, 3%. Moreover, the Asia-Pacific area has registered a negative trend of 58, 7%, as compared to the global standard. Also, the Americas have registered an insignificant advance of only 61, 6%, in an obvious decrease, as opposed to the end of the 1990s and the beginning of the year 2000.

Half of the top of the freest world states is formed by European countries, and here we have Ireland, Switzerland, Great Britain, Denmark, Estonia, Holland, Iceland, Luxembourg, Finland and Belgium. Apparently, this is due to the improvements of the constitutional performances (for example, the reduction of taxes and duties) and to the positive reforms applied to the business community, which has become even more attractive and welcoming.

And then we have the natural question concerning how the financial policy (plus the budgetary included policy) and the precise pointing at the inflation can be both reconciled. The inflationary outbreak supposes a specific approach of the national monetary authority; in this sense, the declared purpose consists of hardening the promoted monetary policy.

In the first quarter of the year 2008, the inflation ratio surpasses 8%, under the circumstances of raising the prices for natural gas and combustibles. Another explanation may consist of the insufficiency of the offer if we are to relate it to the accelerated increase of the internal effective demand, which leads to prices' raising. As Daniel Dăianu estimated, an excess of demand in an open economy can supply both the external deficits, as well as the inflation, but in our case, this demand surplus has had repercussions on the external deficits by means of the national currency's rise in value as well as of the deflationist process.

Towards the end of the year 2007, due to the raising of the energy prices on the world market and as a result of the summer drought, the inflation has resumed its increase in a most alarming way. The external deficits have accentuated due to the internal credit's expansion, which has determined the augmentation of the current account deficit. We must not forget in this sense the liberalization of the current account, the role of the consumption credit, the banking system after the European Union adhesion, as well as the new realities of the labour market.

Furthermore, there must not be minimized at all the especially aggressive impact towards the fiscal-budgetary policy, represented by the liberalization of the capital account. The arrival of external funds,

speculative ones on many occasions, combined with subsidies coming from un-repayable European Funds, plus increasing budgetary incomes (even if the reduction of the profit tax would combat the supposition) gets transformed into inflationary expenditures (increased effective demand). Under these circumstances, the so-called "crowding-out" becomes almost non-existent. The "crowding-out" represents the result of a state government's action that tenders for loans by means of the bonds' emission – in order to finance its various expenses – that leads to the increase of the interest's ratio on the market and on many occasions to the incapacity of the economic agents and of the natural persons to tender new loans. On the other hand, the increase of the interest's ratio leads to the drawing of external (speculative) assets, that lead, also, to the appreciation of the national currency, resulting a "crowding out" effect upon the exports from the native land, that become even more expensive for the non-resident importers that possess another currency. According to the Mundell-Fleming trilemma, there has been demonstrated that a fixed exchange rate, the capitals' circulation freedom and an independent monetary policy cannot exist concomitantly.

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AN INSTITUTIONALIST OUTLOOK ON THE ORIGINS OF PROPERTY FROM THE PERSPECTIVE OF TRANSACTION COSTS

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Abstract

In new institutionalists' analysis, the transaction costs are essential in explaining the origin of private property; however, this aspect is not that obvious in old institutionalists' works. But even if they did not emphasize on this issue, they created a theoretical-explanatory background used and enriched with logical arguments and numerous examples by the new institutionalists in order to point out that it is not possible to explain the origin of property rights without taking into account the transaction costs theory.

Key words: institutionalists, new institutionalists, property, transaction costs, allocation, appropriation, exclusion, delimitation, arrangement of rights, externality.

A topic such as the origin of property could not have been overlooked by institutionalists. Indeed, neither the old nor the new institutionalists have avoided it.

Let us take the example of Veblen, from among the old generation of institutionalists. He was first concerned with what others wrote on this subject, and he remarked: "In the accepted economic theories the ground of ownership is commonly conceived to be the productive labor of the owner." (Veblen, 1898-9, p. 1). "Some writers who have taken up the question from the ethnological side hold that the institution is to be traced to the customary use of weapons and ornaments by individuals. Others have found its origin in the social group's occupation of a given piece of land, which it held forcibly against intruders, and which it came in this way to own" (Veblen, 1898-9, p. 2). Highlights in the text are ours, and we use them to mark the key points that Veblen started from, and according to which he is willing to argue. He was familiar with the main "sources" of property from anthropological research: work as such, armed violence, occupation of a plot of land, followed by its defence etc. Each of these possibilities to gain ownership rights as possession implied the consumption of energy, a cost. Veblen does not seem willing to make comments in this direction. Moreover, faithful to his general philosophy, he does not share the idea of work as a source of property. The general view that an institution is, essentially, a cultural fact, a shared belief, is applied in the case of property as well. Therefore, he writes that "ownership is not a simple and instinctive notion that is naively included under the notion of productive effort on the one hand, nor under that of habitual use on the other. It is a conventional fact and has to be learned; it is a cultural fact which has grown into an institution in the past through a long course of habituation, and which is transmitted from generation to generation as all cultural facts are" (Veblen, 1898-9, p. 5). As a supporter of such a point of view, Veblen does not stand in the same line as the institutionalists who explain the emergence and function of property rights starting, essentially, from transaction costs. Commons and Mitchell will not steer away from this stand.

As far as **new institutionalists** are concerned, they start off by acknowledging Marx's merit to have been "... the first to have stated that the specificity of ownership rights can be explained as a response to social problems due to deprivations and that the structure of ownership rights affects economic behaviour in specific and predictable ways" (Pejovich, 1982, p. 383-384). Once this issue has been established, they build a theory of property rights that can be situated on two levels: one of them is the level of **naive** theory, and it concerns the emergence of property rights in State and non-State societies; the other is the level of the **modern** theory of property rights. For the purpose of this article, we are interested in the first level. We

wish to find out what neo-institutionalists think about the **origin** of property rights and how they have influenced the transaction costs of this phenomenon.

The grounds of the naive theory of property rights are laid by Demsetz (1967), Mc Manus (1972), Anderson and Hill (1975), North and Thomas (1977). If Marx analysed the phenomenon of "primitive accumulation" with direct reference to the emergence and development of property in its capitalist form, Demsetz and the other new institutionalists set the original time frame even further back into time: they go as far as approx. 8-10 thousands years. Across such a time span, they are preoccupied with how property rights emerged and what costs this phenomenon involved. They are convinced that throughout this process, the State had a major role. What is more, they think that "... a theory of property rights cannot be truly complete without a theory of the State" (Furubotn & Pejovich, 1972, p. 1140). This explains why R. Coase and D. North emerge as two representative figures of the "Property Law School" - Virginia USA -, a school that grounds the emergence of the State, of law and of property, as a process of "social effectiveness"; this is a process based on which a social contract is conceived so as to make cost savings and to find a rule, an institution that, irrespective of whether it is called market, State or property, must allow the passage from a chaotic, collective and inefficient exploitation, to one of clearly determined responsibilities and limits that also generate motivation and, consequently, that allow the efficient use of resources. Within such logics stands the approach of the first neo-institutionalists who tried to understand the origins of property in their connection with the necessary reduction of costs.

The works of the above mentioned institutionalists reference concrete examples in the history of the emergence of private property; Indian castor hunters in Western Canada, farmers and cattle growers in the West American fields, fishing in the waters of the global ocean etc. Their writings lead to the conclusion that the first form of exploitation of any resource was common ownership. The passage from common to private ownership did not manifest itself as a bloody, "primitive" and gross process, in the Marxist version, but as a process in which **hedonistic calculation** played an essential role. As long as land or wild animals were plenty and enjoying full freedom, their value equalled zero. With the introduction of exclusive property rights, the value of these first primordial resources became positive. The appropriation process occurred in two forms. In pre-State phases there occurred a **self-attribution** of exclusive rights. Once States were formed, a process of **ownership establishment** was registered. In this latter case, the State is the master and the warrantor of common property. Yet in both cases, the passage from common to private is determined by similar reasons. The forceful idea and the common denominator of all arguments is that the acquisition of exclusive rights occurs only when potential future owners expect net gains from exclusivity.

In pre-State times, studied by North, Gluckman (1956), Bates (1983), Umbeck (1978) and others, it seems that force, violence and coercion were major players in determining the limits of property. Whether land, gold mines, or fish lakes were concerned, the avoidance of chaos in exploiting these resources depended on the force mechanism between potential owners; the mechanism translated in a kind of contract via which a principle was acknowledged and respected, according to which each individual's acknowledged wealth is the same that he would have gained by violence. In other words, the potential threat by force delimits things and establishes the proportions according to which goods are owned. Commenting on the writings of anthropologists that dealt with this subject, Thrainn Eggertsson concludes: "Violence takes the form of the use of work so as to exclude others from a piece of land. If two individuals of equal violent potential compete over a marginal piece of land, then the person who is ready to allot more work hours to conquer it will obtain it" (Eggertsson, 1999, p. 310). What is at stake here, of course, is a "primitive cost", as a sum of time and energy allotted to violence. Such costs determined the initial distribution, by self-attribution, of property rights; a distribution based on the power and status of individuals in the social group to which they belonged. What was acquired and gained by force had to be defended. Umbeck also considered the creation of some "revenge groups" that invite to non-aggression anyone who is tempted not to observe what has already been established. Their intervention would reduce profits expected after attacking a certain property. Obviously, these groups, whose role was to "guard" property, involved some costs. The same author also analyses the possibility that instead of counter-offensive of "pressure groups," what should be effective was the fear of the misfortunes that a potential infringement of the rights of another person could bring about. Witchcraft or cursing function according to the same algorithm. To this we should add "compensation", by virtue of which whoever has caused damages must cover them. All these actions are backed by customs, traditions, primitive "institutions", initiated and accepted by the individuals of a human community. We can ask if under such circumstances, it was hedonist calculations or habits and

customs that were mainly operative. Karl Polanyi, for instance, doubts the capacity of individuals in antiquity to calculate in terms of gains-losses, just like he finds it equally doubtful that exchange can shape society and bring benefits. "Contrary to what Smith believed, writes he, the inclination to make an exchange with a view to obtaining gains is not natural. Numerous examples, passing through ... the New Egyptian Empire... or Bergdamas in South-West Africa show that, as long as the market has not become a central institution of society, humans envisioned their life according to their social status and not according to their personal economic interest. The forces that acted then in society were reciprocity and redistribution. Reciprocity was ensured ... by the symmetry of primitive societies that guaranteed partners that exchanges should unfold on grounds of reciprocity. Redistribution was done via a central authority (total production was entrusted to the chief who performed redistribution among his subjects)" (Polanyi, 1983, p. 2).

Irrespective of whether habit, custom or rational calculation were primordial, one thing is certain: once a resource was taken in property (to be used, since buying and selling were not known yet) this very fact offered some extra motivation to the new owner. He was willing to consume time and energy, to resort to violence, to make friends or relatives etc. so as to defend his rights. Briefly, he was willing to **support costs such as price of the quality of an owner**. And nothing can explain that these costs were worth the trouble but the reason (that one was or not aware of) that what could be obtained by exploiting the property was worth the effort. The effort was fist consumed to make provisions against hunger and then to go beyond the stage of equal wealth and reach differentiation; to obtain gains by exploiting the right of use, a primal form of property right.

So, if violence, even in its brute form, is present in the new institutionalism's explanatory environment, the picture that they depicted is different from Marx's. Aggression means are not used until the moment when some individuals are totally deprived of their goods and forced to sell their labour force. Genetic adaptation, as well as cultural adaptation, operated in each case. Each was given the chance to choose. The one who had chosen to spend more gained more. His consumption of energy, time, products, etc found their compensation. His property title had a price. He deserved to be paid because he had brought the chance of progress.

It was not only the founders of the naive theory of property rights that dealt with pre-State times. Other economists wondered about the origins of property too. Hayek is one of them. He has had a more significant contribution to the modern theory of property rights. Yet we mention him here as well because his perspective is interesting. He argues that "... the idea of individual property must have emerged at a very early stage, and that the first **fabricated** tools represent, perhaps, a good example" (Hayek, 1990, p. 61 – our. emphasis). Therefore, not any kind of tools are linked with the origins of private property. It is only fabricated tools that can enjoy this status. The idea of work, of a cost incorporated in the fabricated goods, is implicit. Havek does not stop here. He thinks that not only work, but skill also contributed to the division between common and private property. But, although work and skill have always been spoken about, more or less deftly, the concept of property does not go back that late in time. "Such a concept, he argues, could not have had too much of a signification among the groups of hunters and fishermen among whom the discoverer of a source of food or of a good shelter was obliged to share his discovery with his fellows" (Hayek, 1990, p. 61). Some time had to pass until the idea of property gained meaning and that "fusion between the inventor and 'the rightful owner' was produced" (Hayek, 1990, p. 61), between the creator of a product and the one who remains its rightful owner. The appropriate time was needed for the passage from natural "tools" to man-made tools. And, once produced, they "were attached to their makers probably because they were the only ones who knew how to use them" (Veblen, 1898-9, p. 61). In other words, lack of skill was taxed. Here lies the seed of a modern idea; production factors move on the market before they reach the hands or the minds that best know how to use them. Indirectly and deeply, Hayek talks about a cost: the cost of "skilful" use, of maximal efficiency of that which constitutes the body of individual property. In the same line of though but at its other end, present day liberals will argue that "property does not mean 'the right to do what you want with what you have' but the right to decide freely on how to use resources on condition that, by so doing, the similar rights of others are not infringed upon" (Lepage, 1989, p. 324). Infringing upon the rights of others does not necessarily mean plunder, theft or trespassing but also the inefficient, "unskilled" use, of the goods that one owns.

What happens, though, in the age of the **State**, where the State is invested, at least initially, with the prerogative to administer and take responsibility for the management of common goods? The passage from

common to private property is done here with the "consent" and support of the State; or outside the State, and in this case a **cost of exclusion** is present. The circumstances that determine it vary.

Delimitation and application activities, such as putting up fences, building a dam, introducing and using barbed wire, lockets, alarm systems or watchdogs have mostly attracted attention. The achievement of "local voluntary agreements and of some extra-legal institutions" (Anderson&Hill, 1975, p. 169) out of the need to face a high rate of criminality and abuses of all sorts also meant costs. The first economic revolution, the **passage from hunting and fishing to agriculture** supposed costs as well. Determined as it was by the **pressure of an increasing population** and, therefore, by the need to obtain extra food, the new occupation, agriculture, although based on exclusively common ownership of land, led to compulsory expenses; to costs for the learning of the new "trade," for the acquisition of new knowledge and techniques (North & Thomas, 1977, p. 240-241).

New costs have also emerged as a result of a cumulative process of training by passing from common to private ownership. Communities' attempt to maximise wealth found their solution in the passage from common property rights to individual property rights. The latter proved to bring supplementary profits to their owners, and this was enough reason to delimit plots and establish boundaries. Exclusion, made out of reasons of efficiency and in order to prevent theft of harvest increases the value of land. A higher value means, implicitly, the increase of the exclusion profit as well as of the temptation to trespass property. Increasing theft and abuses increase future delimitation and application costs, and so on.

In all these circumstances individuals can use, or not, the State to their advantage and interest. Usually, the appeal to the State aims to adopt rules, when local and community rules are not enough to ensure the firm enforcement of property rights.

R. Coase, in his celebrated article *The Problem of Social Cost* (1960), offers an example of State-private arbitrage and of the emergence of some exclusion costs. His work has remained special for our topic and also because in the process of exclusion he introduces a new variable – the effect de externality. The example offered by him, of the two neighbors of whom is a farmer and the other is a cattle-raiser, has remained a classic. In this example, starting from the hypothesis that the two plots of land are not enclosed, the cattle of the cattle-raiser can enter the farmer's land. Hence, a negative externality via the damage caused. Without resorting to the State's arbitrage, the two neighbors will look for a solution that would eliminate their conflicting situation. The nature as such of the solution depends on the existence or nonexistence of property rights. A first option is that in which the farmer is the owner of exclusive rights, welldefined. In such a case, the cattle-raiser is obliged by law to pay damages. In order to avoid this situation he will take the initiative to enclose the land of his neighbour. The cost of the fence is an opportunity cost. It will be supported since it is smaller than the "fine" for trespassing. When the farmer does not have exclusiveness ensured by property rights, the relationship between the two changes. The cattle-raiser has a "right of free use" of his neighbour's land, since it is not the object of a clearly defined property. The initiative of the solution comes, this time, from the farmer. He will be interested to "regain" his right of use. Therefore, he will fence the tract of land on his own expense.

In either case, exclusivity, even as right of use, has a **cost**, that is covered as long as benefits obtained after gaining exclusive rights will be bigger.

Coase's "theory" functions under the circumstances where there is the possibility of a negotiation. In other words, it functions when there is a **market** on which costs connected to information, monitoring, negotiation and application of the agreement or of the contract can be noticed and quantified. It is possible however that the place and role of the market to be taken over by the **State**. Just like transactions and the acquiring of exclusivity on the market imply costs, similarly "...But the governmental administrative machine is not itself costless. It can, in fact, on occasion be extremely costly" (Coase, 1960, p. 9), warns the same Coase. Yet he is not the only one who warns against the fact that State patronage in the exclusion process is not for free. Libecap and Johnson (1979, p. 137) highlight the costs engaged by the criminal character of some transfers under State patronage even. What they have in mind is the bribe paid to public officers who are authorised to deal with such issues as de transaction cost, data gathering and "investigation" of the problem; fees for free access to a source etc. Thrainn Eggertsson reminds us the significant example that 289 days were necessary in a bureaucratic process to obtain from the State the necessary approvals to set up a clothing factory in Peru in the fist half of the 20th century and 200 stages to go through, take would take at least 7 years, in order to obtain the necessary licences to buy plots owned by the government that had never been private property (Libecap & Johnson, 1979, p. 293). It is precisely

excessive bureaucracy and costs, occasioned by faulty, inquisitorial management, that damaged not just the individual's pocket but also his health, entitled some persons to believe and to write that in many places, the Mafia is more productive than the State.

What needs to be remembered is that also, in the case of the State as an "organiser of exclusive rights bidding", what is always aimed for is hedonist balance; one calculates if net profits obtained after the acquisition of exclusive rights are higher than transactional costs. If the terms of this equation are reversed, the "privatisation" process does not take place. It stops or the goods simply return to the common property fund. There are quite few examples of non-attractive resources to be the object of exclusive rights in individual property. Hard to delimit and apply, exclusive fishing rights in the planetary ocean have featured, for instance, this specificity. The true owners have remained the national States; it was only the temporary use and exploitation that have made the object of exclusion. Anyway, it is well known that a rule did not exist back then, in the "primitive" or naïve stage of the emergence of property rights, just like it does not exist today, a rule that should establish fixed norms according to which a resource or a good must pass from common to private ownership. It is generally acknowledged that the cost-benefits balance, even in its naïve form, operated then just like, given the necessary exceptions, it operates even today. The Eiffel Tour is an exceptional example.

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THE TAXONOMY OF THE SUBTERRANEAN ECONOMY

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In this article we plan to present the main conceptual approaches regarding the subterranean economy and tax evasion as form of manifestation of the subterranean economy.

Key words: subterranean economy, tax evasion, fiscal fraud, taxonomy

The subterranean economy represents the ensemble of the economic activities carried out with the breach of the social norms, having as direct purpose the obtaining of some incomes that can not be controlled by the state. The appearance of the subterranean economy is linked with the appearance of the state and the establishment of some rules, norms and regulations¹.

In the range of the subterranean economy² were included some very diverse practices, respectively: fiscal fraud and evasion, clandestine work, drug deal, weapons deal, corruption but also a series of household activities which bring unregistered incomes.

In the specialty literature, when one deals with problems related to the activities which are the subject of the subterranean economy, several terms are used, namely: hidden economy, unofficial economy, parallel economy, informal economy, black economy, shadow economy, unregistered economy, un-reported economy, criminal economy, illegal economy etc.

The unofficial economy, the unregistered economy and the un-reported economy suggest that the results of these types of economies are not officially described and one may not verify the liability of the exactness and of their truthfulness. The informal economy has the tendency to refer to craftsmanship economic activities, of small size, and which are usually related to the economies of the lesser developed countries. The hidden economy refers especially to the activities known under the denomination of tax evasion. The black economy and the parallel economy refer especially to the business which requires liquid cash. The shadow economy refers especially to the economic activities which do not belong to the official economies from the countries undergoing transition.

The criminal economy and the illegal economy refer especially to the economic activities which are carried out by intentional breach of the legal stipulations. I chose the term subterranean economy because the term "subterranean" may mean both the carrying out of some legal activities in its proper meaning as well as the carrying out of some illegal activities (for example the drug deal), of erosion or undermining of the official activities in its figurative sense.

The difficulty of defining the subterranean economy, generated by the diversity of activities which it encompasses, by the fact that these vary based on the space and time particularities, specific to this type of economy, lead to the appearance in the specialty literature of a multitude of definitions which express mainly the opposition of the subterranean economy to the official economy of legality or respect towards the valid regulations. In the concept of subterranean economy are encompassed, in broader sense, those activities the existence of which is not known (accounted for) officially and the incomes of 118which are not subjected to fiscal statements.

In this sense, one agreed that the definition given to the subterranean economy should include two aspects:

- 1. the subterranean economy is the one which "escapes" the statistic registrations and precise quantifications;
- 2. the activities in the subterranean economy must be expressed in the terms of gross domestic product, these allowing the comparison as size of the subterranean economy to the gross domestic product officially measured.

Vass Andrea "The Subterranean Economy has Positive Consequences as well?", "Tribuna Economica" magazine no. 51-52, December 2000.

118

²Pierre Pestieau "L'Economie Soutterraine", Hachette, Paris, 1989

The definition given by Pestieau³ according to whom the subterranean economy represents the "ensemble of economic activities which are carried out outside the penal, social or fiscal laws or which escape (massively) the inventorying of the national accounts" is considered by specialists as being the most encompassing definition of the subterranean economy.

The System of National accounts (SNA) 1993 and the European System of Accounts (ESA) 1995 use the following concepts regarding the "invisible" economy⁴:

- illegal production:
- subterranean economy;
- informal sector.

"The illegal production" is defined by SNA and ESA as including:

- the production of goods and services whose sale, distribution and possession is prohibited by law;
- the legal production that becomes illegal when it is carried out by unauthorized agents.

In the category "illegal production" one includes the following activities: production, commercialization of drugs, prostitution, pornography, gambling games without license, the production and commercialization of copies made of movies, recordings, books and computer software without copyright, activities without license, contraband, thieving, bribery and blackmail.

According to SNA and ESA the "subterranean economy" comes from activities deliberately hidden from the public authorities due to reasons such as:

- evasion of the payments due to the income taxes, VAT and other taxes;
- evasion of the payments regarding the social insurance contributions;
- disregard of some standards/regulations established by law;
- avoidance of adaptation to some administrative methods.

The "subterranean economy" is considered to consist of:

- deliberately hidden activities with the purpose of reducing the costs (the economic part of the "subterranean")
- statistically uncovered activities, because there are deficiencies in the statistics system (the statistic part of the "subterranean")

Synthesizing and taking into account, as classification criteria, the relation with the national accounting and the legality of the respective activities one may perform the division of the subterranean economy into two sectors⁵:

1. a sector of the unaccounted for activities due to the fact that these are hidden by those that practice them(illegal, illicit) and which in turn divide into:

- activities allowed by the law(legal by their nature) but hidden with a view to avoiding the payment of the income taxes and taxes becoming, by hiding them, illegal (illicit); the private classes granted by a teacher, the hiring black work and other activities of fiscal fraud;
- activities hidden due to their illegality, activities which are not allowed by law, respectively those activities specifically criminal, of mafia type, such as the case of the drugs, weapons commerce, children traffic, organized prostitution etc.
- 2. a sector of the legal, known activities but which are not accounted for at national level: the household activities including one's own consumption 119, activities of voluntary work etc.

³ Identical, p. 35

⁴ Gutmann P.M "The Subterranean Economy" Financial Analysis Journal 1977, p. 26-28

⁵ Kaufmann D., Kaliberda A. "Integrating the Unofficial Economy into the Dynamic of Post Socialist Economies: A framework of Analyses and Evidence", Washington D.C. Policy research working paper 1996

SUBTERRANENA ECONOMY

UNACCOUNTED FOR ACTIVITIES DUE TO CONVENTIONALLY UNACCOUNTED HIDING (ECONOMICALLY ILLEGAL) FOR ACTIVITIES

ACTIVITIES CRIMINAL HOUSEHOLD, VOLUNTARY WORK OF FISCAL FRAUD ACTIVITIES ACTIVITIES ETC.

Fig. 1 The activities assimilated to the concept of subterranean economy grouped based on their relation to the national accounting

Source: conceived by the author based on the classifications presented by Kaufmann D., Kaliberda A. "Integrating the unofficial economy into the dynamic of post socialist economies: A framework of analyses and evidence", Washington D.C. Policy research working paper 1996

Lippert and Walk achieve, in the year 1997 another grouping of the activities assimilated to the concept of subterranean economy based on the monetary criterion and the legality of the respective activities

Type of activity	Monetary transactions	S	Non-monetary transactions		
Legal activities		en goods, drug deal, ng, contraband and	The exchange of drugs, contraband, production and cultivation of drugs for one's own consumption theft for one's own consumption		
Legal activities	Fraudulent tax evasion (the non-reporting of the incomes to those who self-employ, the payment in cash or in kind from an undeclared work place related to the supply of legal goods and services etc.)	The legal tax evasion (deductions granted to the employees, the advantages received beside the salary which are not taxed etc.)	evasion (exchange	`	

Fig. 2 The taxonomy of the activities assimilated to the subterranean economy (Lippert-Walker model)

Source: Lippert O, Walker M. "The underground economy" Global evidence of its size and impact", the Frazer Institute, Vancouver 1997.

The predominance of a sector or another, the way of manifestation and the way in which it influences the official economy vary from one country to another based on the economic and organization system and the social and historical particularities.

Regarding the tax evasion as main form of subterranean economy, the specialty literature gives multiple interpretations of the concept of tax evasion. One of these defines the "tax evasion" as being the "totality of the licit or illicit methods with the aid of which those interested withdraw, totally or partially, their imposable matter from the obligations established by the fiscal laws".

Another meaning of the concept was given by M. Duverger who estimated that this phenomenon "designates the ensemble of the manifestations of running from tax income", in this sense there is tax evasion in the proper meaning of the term, when "the one who should pay the tax does not pay it without his obligation being passed on to a third party".

Carmen Corduneanu in the work "The Fiscal System in The Science of Finances" mentions that "the tax evasion consists in the avoidance of the tax payers of the payment of their due fiscal obligations, partially

or totally, using the legislative flaws or resorting to ingenious maneuvers, with the purpose of hiding the imposable matter".

Regardless of the way in which this phenomenon is defined, the tax evasion represents, ultimately the non-fulfillment, by the tax payer of his fiscal obligations.

The dissimulation means used for withdrawing from the fulfillment of the fiscal obligations may be divided in our opinion in two categories:

- extrapolation of the legislative insufficiency or even the possibilities given by the law give with specific intentions;
- illicit methods

The specialty literature from Romania dedicated, based on the criteria of legality of observance or non-observance of the fiscal legislation, two terms for designating the forms of tax evasion: licit tax evasion(legal) and illicit tax evasion(fraudulent, fiscal fraud).

In the Anglo-Saxon literature¹⁰ for designating the two forms of withdrawal from the payment of taxes one uses the expressions "tax avoidance" which is legal and is based on the reduction of fiscal burden by means of tax exemptions, deductions or stimulants approved by the fiscal laws and "tax evasion" which is the illegal means of avoiding the payment of the income taxes for the taxable incomes, either by not reporting them or by the willful reduction of the taxable income.

The delimitation of the licit tax evasion from the illicit tax evasion is necessary and useful because it gives the possibility, at least theoretically, to estimate the size of the phenomenon in its two forms of manifestation. Moreover, this delimitation contributes to the sensitization of the factors of political and administrative decision to search for and establish the adequate means of limiting and fighting against the respective phenomenon.

Practically however, it is very hard to delimit the licit tax evasion from the fraudulent one so between illegal and legal there is no rupture but, more precisely a continuity, the successive attempts to profit from the law flaws leading the tax payer from legal to illegal.

Most often, the tax fraud designates an offence to the law, a willful breach of the valid fiscal law and distinguishes itself from the licit tax evasion, which represents an able use of the possibilities and alternatives offered by law.

- ⁶ Dan Drosu Saguna, Mihaela Tutungiu, "The Tax Evasion", Oscar print publishing house, Bucharest 1995, p. 20
- ⁷ Maurice Duverger, "Finances publiques", Press Universitaires de Frances, Paris, 1965- quoted by N. Honata "The Tax Evasion", p. 218

The tax evasion may also occur as a result of some errors determined by lack of knowledge or wrong interpreting of the laws. Practically however, it is difficult to distinguish the involuntary error from a consciously taken decision with a view to diminishing the income tax, in this situation the establishment of the limits of the two forms of evasion are made separately in each case.

The underground activities ensure the official economy the flexibility and adaptability which it lacks, compensating for the fields which it doesn't cover, offering work places to the unemployed and acting as a remedy in times of recession.

One must not omit however the fact that in case of acceptance of a dual society, composed of an official sector and an unofficial sector, the fiscality and regulation shall press more on the official sector as the underground sector shall get bigger. Any income tax not paid by one or more tax payers implies, in the hypothesis of maintaining or increasing the public expenses an increase in the taxes paid by others. In our opinion the size of the subterranean economy should be situated at a level which would not encourage the tax evasion but to have positive effects on the official economy.

⁸ Identical, p. 374

⁹ Carmen Corduneanu, quoted work, p. 347

¹⁰ Pissarides C.A., Weber G. (1989) "An Expenditure-Based Estimate of Britains' Black Economy", Journal of Public Economics no. 39/1989, p. 17-32.

The existence of the subterranean economy is a real challenge for the public authorities who, in the attempt of limiting or adopting it in the official economy will have to take into account both its negative and positive effects.

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INVESTMENT IN HUMAN CAPITAL FOR ROMANIA IN CONTEXT OF EUROPEAN UNION INTEGRATION

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Abstract: The adhesion and integration of Romania into the European Union represents a challenge for the investment in human capital and implicitly in education. It is the human capital that is responsible for the competitiveness of the economy hence it has to reach a high level of qualification in order to cut down the unemployment rate to raise labor productivity and to provide a greater mobility of the labor force against the background of the integration into the European Union. The investment in human capital is full of benefits both for the individuals and for strengthening economic, social and territorial cohesion.

Keywords: investment in human capital, educational policy, public expenses

"A sustainable, balanced growth that respects the environment, a high degree of employment level of the labor force and social protection, a higher level and quality of life, a greater economic and social cohesion" strategic target of the EU- until 2010.

The competitiveness of human capital is directly influenced by education level. The educational policy and the respective investments in human capital in order to improve skills and qualifications affect directly both the possibilities of regional convergence and social cohesion. It must be provided an equal access to knowledge and learning throughout the EU in order to avoid both the differences between the learning and training systems and the economic disparities between regions.

Due to its past the European Union is facing some challenges with reference to investment in human capital:

- The delay of structural, labor market and education market reforms;
- Economic low performances compared to USA and Asian countries, for instance: a lower
 and fluctuating rate of economic growth, a lower adaptability to market dynamics,
 performance deficit referring to economic growth and the growth rate of productivity,
 noticeable and chronic processes of population aging, lower quality of education and
 training which drives a more difficult insertion into the labor market of those that are less
 qualified especially young people given the rigidities of the European labor markets;
- The requisites of building a knowledge based society and economy;
- The existent gaps between the countries;
- The continuation of the EU enlargement process together with real absorption issues and the ratification of the EU treaty by each of the member countries in the following years.

Among the benefits driven by a larger investment in human capital we can name:

- 1. At the individual level:
 - Employment level
 - Higher revenues
 - Lower unemployment
 - A better education for children
 - Active citizenship
 - 1. At the macroeconomic level:
 - Higher productivity
 - Higher competitiveness
 - A higher quality of both human factor and products and services

- Higher budget revenues
- A greater social inclusion
- Strengthening of economic, social and territorial cohesion
- A higher vote participation

The investments in human capital complete and provide long run sustainability to the raise of productivity. Investments in human capital assume higher expenses in order to develop human resources with a high degree of training. A high qualified working force with a high level of education possessing the capacity to adapt to new technologies and markets need for change is a must for a dynamic and competitive economy.

As for Romania it needs this type of human resources in order to promote active market policies to increase the adaptability and flexibility of its workforce and must invest in services to develop the productive capacity of the first. The prerequisites of a competitive economy are to achieve a rate of participation in the labor market as high as possible and implicitly a rate of unemployment as low as possible. The education policy of each country is strongly linked to the investment in human capital and for this purpose the European Union has been making efforts since 2000 when Lisbon agenda was adopted. The knowledge sector depends on the possibilities of education and especially on the universities.

The impact of the stipulations of the Lisbon strategy on the policy of occupation of the workforce in Romania is on one hand favorable and on the other hand less favorable. Next using some indicators I will try to track the evolution of the investments and the way the latter is reflected in the economic activity.

One of these indicators is represented by the public expenses for education. With reference to the Romanian education system the expenses for education are covered by public funds, our country holds the smallest weight of the public expenses related to the GDP compared to the other member countries. The real value of the expenses for education has risen yet the Romanian government finds it difficult to reach the minimum level of 5% of the GDP. The expenses fluctuated around the value of 3-3.5% in 2000-2005 and in 2006 rose by 1%. With this value Romania almost reached the weight of education public expenses related to GDP of the European Union in 2005 the average being 5.1% of the GDP. It is forecasted for 2008-2013 that the public expenses for education should rise reaching the level of 6% of the GDP according to the Nation Plan for Education 2008. In Romania there is no private education system the latter measuring 1% of the total of students and therefore the funds for private education reach very low levels. One should bear in mind the option to develop a high quality education private system in the following years.

Public expenditure for education as %in GDP

-	•					
2000	2001	2002	2003	2004	2005	2006
3.4	3.6	3.6	3.5	3.5	3.9	4.9

Source: Raport of national sistem of educationt - 2006, Ministry of Education and Research

The cost per unit pupil/student is an important indicator that assesses the financial efforts made for supporting the education of each pupil or student that studies full time. The value of this indicator is different from one country to another and within each type of teaching. From the attached table it can be noticed that in Romania these costs rose in 2005 compared to 2001 which is a good thing since expenses for education rose but also a bad thing since the number of students decreased from 4539 thousand in 2001 to 4391 thousand in 2005.

Average costs per pupil in pre-university education (euro) 2001-2005 (euro)

2001	2002	2003	2004	2005			
259.2	279.66	291.42	339.16	486			

Source: Raport on the status of national education system - 2006. Ministry of Education and Research, Bucharest, 2007

Another indicator is represented by the rate of transition from gymnasium to high school and from high school to undergraduate school. As for the rate of transition from gymnasium to high school or professional school it has an up raising trend that is more noticeable in the case of transition to high school. The latter has reached the value of 92.5% in 2005 compared to 2004. The same trend can be identified when naming the transition from high school to undergraduate education. In 2000/2005 the rate mentioned above recorded values of 53.5% in the university year 2000/2001 and 66% in the university year 2004/2005. Thus one could estimate that in the last reference year two thirds of the students in the 12th grade continued their studies.

The rate of leaving school keeps going down despite the fact that records pretty high values. The main issue is the rate of leaving professional schools that recorded 5.9% in 2005. One of the main causes of the high rate of leaving school but also for the large amount of uneducated students is represented by the low revenues of the families the students belong to. Throughout the program "Money for high school" during the university year 2006-2007, were supported 105.046 students attending full time classes of a high school or vocational school that comply with the eligibility criteria. They are supposed to be awarded a monthly financial aid of 180 RON. In order to reduce the early school abandon, the government initiated the program of early education. The goal of the project is represented by the rehabilitation and equipping kindergartens according to the standards of disadvantaged communities, building new kindergartens, training courses for managers, teachers and parents. The low level of education and the early abandon of school are thought to be factors that increase the risk of becoming unemployed and reach long term unemployment.

Introducing the pre-class before entering primary school and reducing the age for starting the compulsory education from 7 to 6 led to real opportunities for all the children to form the educational skills and in this way setting the path for the development of the child's personality. The reforms for early education (3-6 years and 0-3 years) according to the European targets of personal development and acquirement of new learning skills and an active life at early age together with the development of the social inclusion system are the target of some actions started to be carried on in 2006. the curriculum for early education will be integrated into the policies and programs of the Ministry of Education in the following period.

Another variable that participates to the creation of human resources with a high degree of qualification is represented by the faculty staff. The qualification, the deficit of qualified faculty are very important since they may influence in a negative way the quality and capacity of reaction to the market of the educational system and professional and technical education especially in the case of new professions. In order to counteract these negative effects was designed the program "Continuous training of faculty staff" that wants to become closer to the school environment. The support provided by the European Social Fund within POS DRU 2007-2013 for the improvement of the initial training of teachers will be completed with the development of a flexible offer of continuous training for teachers; the training will include both pedagogical/method of the subject and training in the major. Due to the Multianual Phare Program foe economic and social cohesion 2004-2009 there took place an assessment of the need for professional training for the faculty in high schools and were reviewed the professional standards for teachers, managers and inspectors according to the European standards.

The noticeable differences between rural and urban education were tried to be diminished by different programs that pursue the convergence of rural education to urban education and the elimination of the existent gaps due to the low qualification of the faculty staff but also to bad conditions. Such program is the Project for financing rural education carried on in 2003-2009 (60% World Bank, 30% Romanian Government and 1% local communities). Among the results we can name: professional training for 4000 teachers from the rural region, achievement of 4500 investment goals, equipping 8000 schools grades I-IV, 4000 schools grades V-VIII from 33 counties (www.rural.edu.ro).

Permanent education is one of the objectives of the Lisbon Strategy, records the lowest performances, the gap compared to the average of EU 27 concerning the participation of grown up population to education and training is of 1 to 7.3, bigger for women.

Adults participation on education and training

-	-		•	
	2000	2004	2005	2006
EU – 27	7.1	9.3	9.7	9.6
Romania	0.9	1.4	1.6	1.3

Source: EUROSTAT YEARBOOK 2006-2007

Promoting education for research, development and innovation is a contemporary prerequisite of the contemporary education in all the countries bearing in mind that contemporary scientific and technological progress, unseen growth of the direct contribution of intangible assets and intellectual capital are essential factors of competitiveness, sustainable development of the economy and social prosperity.

Public expenditure for RDI (% GDP) in Romania comparing with EU 2000 - 2004

	2000	2001	2002	2003	2004
Romania	0.11	0.15	0.15	0.22	0.21
EU - 10	0.58	0.62	0.66	0.6	0.58
EU – 15	0.56	0.65	0.66	0.65	0.58
E U – 25	0.66	0.67	0.68	0.69	0.47

Source: European Innovation Scoreboard, 2005-2006; Statistical Yearbook for Romania, 2005

In the above table it is easy to see that the weight of the public expenses with research-development-innovation (RDI) was several folds lower than EU average that signals a greater gap of Romania compared to these countries and the fact that this sector has a low potential. It's as clear as possible the fact that this segment needs a boost possible with the help of National Plan of Development, National Plan of Research Development and Innovation, National Strategic Reference Framework, programs for social economic development. In order to boost this sector of RDI within the universities there were set some targets for this indicator for 2007-2013: 0,75% in 2008; 0,90% in 2009; 1% in 2010. in 2006 the sources for these funds were: enterprises 15.6 mil LEI (about 5.6% of the expenses), public funds 232.2 mil lei (about 83.78%), units of higher education 8.9 mil lei (about 3.2%), foreign investment 19.9 mil lei (around 7.2%).

In 2002-2006 the expenses related to RDI reached high levels following a convergent trend in order to achieve the goal set throughout the Lisbon strategy that is 3% of GDP by 2010 of which 1% from public funds and 2% from economic agents. According to official estimation in Romania the 3% target will be achieved in 2013-2015 and that of 1% of public expenses by 2010. this assumes that the public expenses for RDI will multiply by more than 2 in 2007-2010 as in 2007 they weighted 0.38% of the GDP.

Conclusions

Achieving the targets of the Lisbon Strategy casts light upon the importance of permanent education ex reiterated by the European Council by highlighting the role of the latter in maintaining and raising medium and long run economic competitiveness and as a factor of social cohesion. The last reports related to employment reiterated the importance of education. Joint Employment Reports for 2006/2007 underlines the importance of the investment in human capital throughout education and professional training by achieving new knowledge and competences, by raising the importance of permanent education within the national programs of reform. It is a must to reduce the occurrence of school abandon, to reduce disparities and to focus education on long term policies and to promote the culture of evaluation as a way of increasing the quality of education. Nowadays education equals preparation for employment mobility and performance and excellence in activity. Therefore the school should be dynamic and anticipate and promote the supply corresponding to the tomorrow demand. The education market will be the next engine for sustaining economic growth and social progress.

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PARADIGMS OF THE ECONOMIC GROWTH AND THE ECONOMETRIC MODELLING

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The economic sciences have reacted to the renewal challenge of of the research and analysis methods, increasing their patrimony with paradigms which have been validated over time. The main pursuits of the modern world such as: the economic dynamics and stability, the economic oscillations and cycles, the efficient allocation of the resources, development economy, general balance, etc., have got more solid answers using the systemic approaching and econometric modeling, using the decision foundation of adjustement and self-adjustement based on the human behaviour, using the optimal control theory and the information technology.

Key words: economic growth, sustainable development, econometric modeling

The concept of *economic growth* implies many approaches and points of views. *Simon Kuznets*, the Nobel Prize Laureate for economics in 1971, stated that "the economic growth of a country may be defined as a long-term increase of the capacity to supply people with diversified goods; this capacity increases if it is based on advanced technology, and institutional and ideological adjustment"¹²⁰.

From the classic economic theory (1750-1850) and to the Marxist, Keynesian and post-Keynesian theories, there have been constant concerns to solve the problems of economic growth. From *Adam Smith*'s concept of "national riches" or *Joseph Schumpeter*'s "theory of economic growth", to the latest theories as "the terms of economic progress" (*Colin Clark*), "the technological changes" (*Robert M. Solow*), or "the modern economic growth" (*Simon Kuznets*) there has been a long conceptual evolution in this field.

Considering the present realities, the process of economic growth may be seen from two points of view. The economic growth refers *generally* to all macroeconomic changes (positive, negative, zero) that occur in a certain space and time. The economic growth consists *particularly* in the quantitative increase of activities and results within the national economy and its different subsystems, correlated with the factors that contribute to this increase.

The economic growth indicators are macroeconomic indicators that refer to the macroeconomic outputs. One should notice that only the positive general sense of the process of economic growth is used, although the terms negative or zero economic growth are used conventionally.

The essence of economic growth could be expressed better by a comparative analysis with other relevant processes for the macroeconomic dynamics, as the economic development and the economic progress.

The *economic development* refers to the quantitative, structural and qualitative changes of the economic processes, scientific research, manufacturing techniques and technologies, economic mechanisms, and human attitude, thinking and behaviour. The economic development implies the economic growth and there is a *relation from whole to unit* between these two processes: the economic growth may exist without development, while the reverse situation is not valid.

On the other hand, the *economic progress* is the temporary effect of economic growth and development. The economic, scientific, and technological progress is the base of general economic growth. In fact, the economic progress represents the increase of national productivity, the increase of economic potential and the modernization of economic structures.

Economic growth and development have gradually become more complex processes, influenced by many factors which (analysed by the specialists) generated new explicative models of the macroeconomic dynamic processes. Therefore some derivate concepts occurred: the economic growth with technical

¹²⁰ Simon Kuznets, *Discurs în memoria lui Alfred Nobel* – Creșterea economică modernă: concluzii si considerații, 11 decembrie 1971.

progress; the economic growth with a powerful military sector; the model of economic growth opened toward the international economy; the economic development focused on environment. In the consolidated economies, the economic growth and development are vitally supported by information development, because the *informational society* represents their present and future.

Nowadays, a new concept of economic development has occurred, a concept of wide audience at all levels, namely the *sustainable development*. The sustainable development is used as a synonymous term for the viable, sustainable economic development, and the human and ecological development. I may state that the sustainable development implies the economic growth in accordance with the requirements of ecologic balance and human development (culture, science, civilization, equality and equity between people and nations, equal chances for all generations).

The Report of the United Nation Committee for Environment and Development present by the prime minister of Norway in 1987, introduced for the first time the term of sustainable development – that development that does not harm the environment.

The sustainable development integrates the environmental and demographic reasons with the strategies of economic development to provide a relative and dynamic equilibrium between economic growth, cultural development, technical and scientific progress and environment protection. Therefore it meets the requirements of social development. The concept of sustainable development deals with some problems and features specific to the economic growth of the latest decades, as the ecologic, technical, scientific, cultural, demographic, military dimensions and their multiple interdependences. The sustainable development deals with all of them, but on a higher level, and it may become the object of some coherent strategies of solutions.

The applicative research launched the concept of structural economy as the background to accomplish the scenarios of sustainable development, regarding mainly the technological and life quality options.

The present main concerns – the economic evolution and the stability problem (*P.A. Samuelson*), the economic fluctuations and cycles, the efficient resource distribution (*Kenneth J. Arrow*), the development economy, the general equilibrium (*Kenneth J. Arrow*), etc., have received more consistent answers by using the *systemic approach* and the *econometric modelling* (*Ragnar Anton Kittil Frisch*), the adjustment and auto-adjustment decisions based on human behaviour studies, the theory of optimal control, and information economy (*Kenneth J. Arrow*).

There are creative ideas from cybernetics in economic and social sciences. For example, the following few features of economics evolution demonstrate this statement.

Economics had over 250 year history when the third millennium began. As the natural sciences, they developed in a Cartesian way, according to "the rules of mind guiding" or "the speech about the method that controls the reason and seek the truth in sciences" written by the great Rene Descartes ¹²¹ (1596-1650) more than 370 years ago. At the middle of the 19th century, John Stuart Mill (1806-1873) stated in his well-known study "Economic Principles" that the general theories of value and price had already been completed by that time ¹²². The error comes from the classic theory of value that determined the price level only through the production costs, neglecting the subjective element - demand.

One should notice that even the antique philosophy stated that "man is the measure of all things" (Protagoras 481- 411 î.e.n.)¹²³, and more recently Bergson¹²⁴ states that "the living being chooses or tends to choose"; its role is to create and therefore an undetermined area occurs within a world where everything is determined.

The economic theory was then (1870-1890) entirely renewed on this matter by the economists of the Austrian School, headed by Karl Menger. They made sustained research of statistic data regarding the

¹²¹ Constantin Noica – *Două tratate filosofice. Viața și filosofia lui Rene Descartes* (pg. 103), Editura Humanitas, Colecția Paradigme, București, 1992

Ragnar Anton Kittil Frisch – *Discursul în memoria lui Alfred Nobel* – De la teorie utopică la aplicații practice: cazul econometriei, Universitatea din Oslo, 17 iunie 1970

¹²³ Protagoras – Adevărul sau Dărâmătorii, Gabriela Vasilescu, *Destinul uman*, Editura Premier, Ploiești, 1999 (pg.22)

¹²⁴ H. Bergson – *Energia spirituală*, Editura Antet, București, 1955 (pg. 15-18)

human needs and introduced demand in the theory of prices. Important contributions on this matter were made by other neoclassic economists: Leon Walras, Stanley Jevons, Alfred Marshall and others. The neoclassic theory (1870-1900) took and perfected many classic ideas. The break between classic and neoclassic comes from the importance granted to production and consumption. Marshall criticised Ricardo's indifference (he was concerned only with production, cost, etc. and neglected the customer's wants and needs). The neoclassic theory of value based on utility included the customer and his/ her demand. The classics did not agree upon the theory of value and work.

Based on the new paradigms introduced in the economic theory by the neoclassic researchers, new mathematic models occurred. They start from the individual rational behaviour and go to the general equilibrium that represents all individual optimum.

These theories did not face the economic realities because the statistic data were poor. Only in the first half of the 20th century, the theory was checked using some observations, and therefore economics entered a stage in which the quantitative analysis become part of it. From this evolution point forward, the economic concepts can be measures and included in an interdependence system that opened the way to the *econometric modelling*. Ragnar Anton Kittil Frisch is considered one of the parents of the modern econometrics. He stated that the terms of "econometric" and "econometrics" include both pure economic elements and statistic control of the pure economy's laws, a fact that is entirely different from the simple empiric use of statistic data and economic phenomena¹²⁵.

Nicholas Georgescu Roengen¹²⁶ is more reticent in appreciating the success of economic thinking evolution. In his book, "The law of entropy and the economic process" he states that economics is mechanistic (from the point of view of the classic mechanics) and therefore the economic process induces no qualitative changes and is influenced by the quality of environment it operates in. In his opinion, the neoclassic researchers neglected too easily the natural resources from the structure of the economic process. Though physics developed another branch (the thermodynamics) and a new law (the law of entropy¹²⁷), the economic theory did not react and reconsider its mechanistic characteristic.

The law of entropy is the second principle of thermodynamics and represents the most economic law from all laws of nature. It was taken by the economic theory as a measurement instrument, using a relation from the information theory.

Generally, the entropy is an indicator of the relative quantity of connected energy from an isolated structure, or more precisely, an indicator of the uniformity degree the energy is distributed in such structure. Therefore the high entropy means a structure in which all or most energy is connected, a structure where the opposite is valid. In fact, the law of entropy states that the universe entropy (or of an isolated structure) increases permanently and irrevocably or the free energy decreases continuously into connected energy. If we accept the hypothesis that the free energy is an ordered structure and the connected energy is chaotic, one may state that there is a continuous turn of order into disorder in the universe. The law of entropy does not state that the qualitative degradation is exclusively connected with the useful work of the intelligent beings, but it produces itself, no matter the free energy is used or not.

The change from mechanic physics to thermodynamics generated also the probabilistic approach of the causal relation. John von Neumann¹²⁸ stated that this relation is the effect of the law of high numbers and it is independent of causality or of lack of causality of the natural laws that govern the elementary processes.

Laureații Nobel în economie - *Discursuri de recepție*, Vol. I, Academia Română, Centrul Român de Economie Comparată și Consensuală, Editura Expert, București, 2001

Nicholas Geogescu-Roengen – *Legea entropiei și procesul economic*, Editura Expert, București, 1996. This paper was published in 1979, in the anthology "Idei Contemporane", as the Romanian version of the book "The Entropy Low and the Economic Process", Harvard University Press, Cambridge, Massachusetts, 1971

¹²⁷ The physical notion of entropy, introduced by Rudolf Clasius, is described as: "a measure of unavailable energy in a closed thermodynamic system, connected to the system state, so that a change of measure varies with the change of ratio between the absorbed heath and the absolute temperature of absorption". Entropy = connected energy / absolute temperature

John von Neumann – Mathematical Foundations of Quantum Mechanics, Ed. Princeton, 1955

In consequence, there is an essential difference between forecasting an essential element and forecasting more elements as a whole.

Therefore one should admit that in nature there is factor that combines dialectically order and disorder, according to the law of high numbers. In consequence, the hazard is the reason and the law of high numbers is its effect. If this statement is valid, then the anti-hazard should act in nature ¹²⁹. If the law of entropy applies in an isolated system, then man changed the system's entropy.

Starting from these arguments, it is advisable to use the quantitative analysis and especially the random value models in economics.

The statement from the "The law of entropy and the economic process" according to which "economics should be based on dialectic reasoning in order to be not only the science of observable quantities, but also the science of man" is eloquent. The following statement also supports this: "the role of arithmomorphic models is to facilitate the discussion, to classify the results and to save us from eventual errors of reasoning". The Nobel Prize Laureate for economy in 1974, Friedrich August von Hayek 130, noticed that the main problem is to understand how people think and act.

The successes of mathematics' use in economic theory and practice generated distinct approaches, also known as econometrics, economic-mathematical analysis or quantitative analysis. The model, as a form to represent reality, meant to know the behaviour and control of the real systems, has become an essential concept in economics. Each model is subordinated to research and therefore its Gnostic value depends on the mathematical theory, and especially the economic theory. The modelling of economic growth included new ideas of the economic and mathematical theories. There has been a gradual passing from the ideal to the experimental or econometric models, from the aggregate to the disaggregated models, from the static to the dynamic models, etc.

The modelling of economic growth included the input-output analysis and generated a qualitative leap toward the structural approach. The attempt to establish some macroeconomic policies for the developing countries based on the neoclassic models of economic growth showed "the structural rigidity" of these macro-systems. P. Richard Agenor, economist with the World Bank, states that: "the neoclassic theory proved to be unable to explain satisfactory the great differences between the production increase per inhabitant in the world" Therefore some flexible policies are needed and they cannot be analysed through neoclassic models.

In an uncertain world, with structures and connections on the fly, the quantitative analysis and the logical structuring of the market economy must be better considered, and the quantitative analysis should develop strategies of econometric modelling.

In the developing countries and the countries in transition to the market economy, the macroeconomic policies should take into account the social and economic state, characterized by a high rate of population growth, a low income per inhabitant, a small volume of investments in both productive capital and registered capital, and infrastructure. In addition, the technical and economic limits of an effective use of resources are the results of the lack of financial capital, technologies, know-how, human capital deficiencies, etc. ¹³²

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SIMILAR ASPECTS REGARDING THE INFRACTIONS WITHIN THE REGIME THAT IS ESTABLISHED FOR CERTAIN ECONOMIC ACTIVITIES

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Resume

The economic criminality represents the most dangerous component of the subterranean activities, coming in various shapes: regarding companies, the Register of Commerce, loyal competition, smuggling, corruption, in the activities regarding assurance companies and the surveillance of these activities, fight against the evasion, drugs production, distribution and consumption, trade with weapons, radioactive material, car thefts, prostitution, traffic with human beings, activities in the financial and banking field.

Usually, the crimes that violate the juridical norms in the economic field are numerous and various, because they cover the entire economic sphere, being stipulated in special laws. In this study, we have decided to focus and debate among those infractions regarding the economic activities that are stipulated in the Criminal Code.

Key words: economic activities, norms in the economic field, infractions, Criminal Code, sanctions.

The rules regarding the well unfurl of the economic activities are made through the juridical norms.

Usually, the crimes that violate the juridical norms in the economic field are numerous and various, because they cover the entire economic sphere, being stipulated in special laws. In this study, we have decided to focus and debate among those infractions regarding the economic activities that are stipulated in the Criminal Code.

So, the infractions regulated by the Romanian Criminal Code enter in a much-restricted area than the economic infractions, containing only those deeds that have, under the aspect of the social danger, a permanent character and regard the general interests of the national economy.

Their societies and governments place individual social-economic interests over the group, maintain strong rights to privacy, nurture strong private opinions (expected from everyone), restrain the power of the state in the economy, emphasize the political power of voters, maintain strong freedom of the press, and profess the ideologies of self-actualization, self-realization, self-government, and freedom. Their societies and governments place collective social-economic interests over the individual, may invade private life and regulate opinions, favor laws and rights for groups over individuals, dominate the economy, control the press, and profess the ideologies of harmony, consensus, and equality ¹³³.

For real, the globalization of the economy supposes a globalization of the thinking and of the activities, and this means the capacity of understanding the world as a unique market, where is also great differences, where the laws and the conditions are different. A global thinking means the capacity of adaptation of the national and local particularities ¹³⁴.

The economic criminality represents the most dangerous component of the subterranean activities, coming in various shapes: regarding companies, the Register of Commerce, loyal competition, smuggling, corruption, in the activities regarding assurance companies and the surveillance of these activities, fight against the evasion, drugs production, distribution and consumption, trade with weapons, radioactive material, car thefts, prostitution, traffic with human beings, activities in the financial and banking field.

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¹³³ Welford, R., Hills, J. – 'Business & Human Rights: a study of corporate risk', Hong Kong: CUPEM, University of Hong Kong, 2004

¹³⁴ Idem

In this way, the Criminal Code incriminates certain facts that violate the regime established for certain economic activities, accomplishing a sort of defence of the national economy against the deeds that represent social danger and affect the national economy, leading in certain cases to important damages.

The VIIIth Title of the Criminal Code, the special part, stipulate the following infractions: smuggling, theft at measurement, fraud regarding the quality of the merchandise, revealing the economic secrets, counterfeit, distribution of the counterfeit products, un-loyal competition, violation of the dispositions regarding the import of waist.

The protection of the social relations that regard different fields of the national economy is accomplished through the conscious effort of the masses involved in the working field, by their management activities, developed by the state's institutions. The criminal law contributes also to the support of those barriers brought by the incriminated deeds in the regime that is established for economic activities¹³⁵.

The Criminal Code, and also any other law must admit and sanction any violation of its imperative stipulations, identifying in this way other efficient means used in the economic and social policies that could ensure a durable development of all countries.

By these means, the infractions linked to the deeds are considered as infractions in the economic field having a heterogeneous character. The infractions vary, and obviously the causes that generate them and the conditions that make them flourish are also very vast.

There is a very often used term in the field, that is of "business related criminality", a criminologist concept born after the criminologist literature used the phrase "the white collar crime". It was used for the first time by Edwin Hill in 1872 and established by E. H. Sutherland in the work called a "White collar crime" released in 1939¹³⁶.

Actually, the infractions in the business field present a series of particularities comparing with the classic infractions:

- these infractions, by their purpose usually followed by the offenders represent tendencies of illegal profits, as great as possible and as fast as possible;
- the criminality in the business field produce infractions that are very hard to quantify;
- the amplification of this phenomenon was observed especially in periods of economic crisis or in transition periods; many times it is manifested with the contribution of many other persons (juridical or physical forms) that lead to the creation of organised groups (organised crime);
- in the prevention and the fight against these infractions a very important role is represented by the vigilant functioning of the surveillance elements;
- the involvement of women in these type of infractions is much common;
- the damage caused by the infractions in the business field has effects both over the public and private life and involves a series of consequences in numerous fields.

In the attempt to make an analysis of the infractions regarding the economic field stipulated in the Romanian Criminal Code, we must underline the fact that the VIIIth Title of the Code regards the deeds having a character of permanence, affecting in a certain way the general interest of the national economy.

All the infractions that are stipulated in the Criminal Code present a series of similar aspects regarding the social relations that can represent the object of these infractions, active subjects, meaning the individuals that accomplish all the legal terms in order to commit these infractions and the passive subjects, meaning those that support all the negative consequences of the infractions in this domain.

Under the aspect of the objective side, meaning the manners in which these infractions are committed, these are usually done by action and under the aspect of the subjective side, meaning the psychic attitude of the offender towards its deed and towards its consequences. It must be mentioned that these types of infractions are committed only with intention, without being committed by quilt.

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¹³⁵ V. Dongoroz and co. , *Explicații teoretice ale Codului penal român*, Vol. V, IInd edition , Editura Academiei Române, Editura All Beck, București, 2003, p. 428

¹³⁶ C. Voicu, A. Boroi, *Dreptul penal al afacerilor*, Editura C. H. Brck, Bucuresti, 2006, p. 3

The juridical object of the infractions at the regime established for certain economic activities, similar to all the infractions belonging to this group, it is represented by the social relations regarding the well unfurl of the economic activities regulated by the law. In this way, considering these aspects, the infractions of the kind differ to other deeds that affect the same social values; these values are directed mostly against other values that are protected by the law and they belong to the same group of infractions ¹³⁷. For example, the diversions, the undermining of the national economy, affect the national economy but they are directed mostly against the state's security.

Each of these infractions has also a special juridical object consisting in the social relations that regard a certain economic activity that is or not included in the law or regard certain interest related to the national economy. This is, compared different types of infractions, stipulated in the Criminal Code.

The material object. The infractions in the economic filed have also a material object, because the incriminated action is committed in the case of these infractions almost always in direct relation with a certain good. For example the smuggling is done with goods that can not be the object ad the common trade etc.¹³⁸.

The active subject, meaning the author of the infractions related to certain economic activities. Any individual can usually commit these infractions. There is a single exception in the infraction regarding the reveal of economic secrets that has as qualified active subject the public functionary (it can be committed only by a person that is familiar to the information that are revealed, due to its tasks).

These infractions could be committed with the participation of many other individuals, either by collaboration with the author, meaning that all the participants commit certain activities, instigation or complicity.

The objective side: the infraction is this group are composed by their main material element: the action.

In the same time, some of these infractions have alternative content, meaning there are many other manners in which the dangerous result can be obtained, each of these manners can be suspected to compose the material element of the infraction. These infractions can present different manners depending on the actual circumstances that surround the deed or the particularities that can represent the material object of certain infractions, this being considered to be actual manners of the infraction.

These actual manners have a great importance in determining the real degree of social danger of the deed and the proper individualisation of the punishment that is to be applied to the offender ¹³⁹.

We also have to mention the fact that these infractions are usually dangerous deeds, because they endanger the social value that is protected by the criminal law. In certain cases, this specific consequence is accompanied by other serious consequences; the latter must represent a cause for the action, meaning they are manifested as a consequence of the committed action.

The subjective side: the infractions related to economic activities are committed with intention that can be either direct or indirect. Also, these infractions can be committed in certain situations, in order to achieve a goal, meaning the resell of the goods in terms of smuggling, deliberate confusion of the competition, in these situations the intention is clearly direct 140.

A very important particularity of these infractions is determined by their sanctioning.

Due to the fact that they present a much-reduced social danger comparing with the other infractions the sanctioning rules for these infractions are less severe.

The law has predicted within the sanctioning rules as criminal sanctions, usually prison with maximum limit of 7 years; only in situations that have serious consequences the limit is of 15 years.

In some cases, the law has stipulated also the fee, alternating with prison (in cases of counterfeit related to inventions and un-loyal competition).

¹³⁷ T. Toader, *Drept penal român, Partea specială*, Editura Hamangiu, București, 2007, p. 366

¹³⁸ O. Loghin, T. Toader, *Drept penal român, Partea specială*, Casa de editură și Presă Şansa, București, 1998, p. 500

¹³⁹ V. Dogoroz and co, same refference., p. 429

¹⁴⁰ T. Toader, same refference p. 368

The crimes in the business sector are a part of the general criminality, presenting specific particularities and being extremely large. It is regulated by a large legislation composed by special laws, some infractions are stipulated in the Criminal Code in relation with the business field and the economic activities.

Regarded from the point of view of the policy against criminal phenomenon, the state has the obligation to take all the legal measures, in order to maintain the economical and social structures in order to protect the trust of its citizens¹⁴¹.

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¹⁴¹ C. Voicu, A. Boroi, same refference., p. 16

SUSTAINABLE DEVELOPMENT OF TRANSPORT SERVICES AS AN IMPORTANT PART OF THE TOURISM SERVICES

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If we compared the economic system with a human being we could say transports are its throbbing blood. Without these services the economic development of the century that just ended would not have been possible. Transport plays an important social role also in meeting the travel and communication needs for most people. The transportation represents also a basic tourism service, without which the journey cannot be made. The services we look at have also a negative side, as they are activities causing significant harm to the environment. One example is tourist transportation, mostly road and air transportation, with a negative impact due both to emissions and to the high level of sound pollution. Thus, in 2005, of the 5839.4 thousand arrivals (foreign travelers coming to Romania), 75.9% have used road transportation and 15.7% air transportation (5.2% – rail transport and 3.2 % – water transport) As for the Romanian citizens' travels abroad, of the 7139.8 departures in 2005, 84.1% used road transportation, 12.3% air transportation, and only 3.1% rail and 0.5% water. In 2006 the number of foreign travelers coming to Romania was 6037 thousand arrivals, and the departures for the Romanian citizens were 8906.

Sustainable development is a concept that can be implemented only by striking a balance between economic and social development and environment protection. Therefore, transportation – of both goods and people – should reach this balance, which can be achieved only through a thorough knowledge of the system, paving the way to identifying viable solutions for mitigating the pollution caused by transport without hurting economic development.

Key words: air transport, water transport, sustainable development

Introduction

The transportation is one of the essential services offered by every travel agency. During the last years, this field developed very much, with positive effects to the local understructure and to the tourism activity. All four kinds of transportation – aerial, road, railway, nautical – are used by the tourists, who want to reduce their time of travelling and increase their time spent at the holiday destination, where to visit the highlights and enjoy. Thus, the tourist transportation interfere with the general branch of "*Transportations*", but it is difficult to define one apart from another. For example, the travel agencies use a lot the regular services of the of the transportation companies, while the individual tourists use often the public transportation. Because of this, there have to be analysed the evolutions of the general transportations, the progresses of this field and their importance for a sustainable development.

The importance of an integrated transport structure was acknowledged as early as the Treaty of Rome (1957), but little progress was made before the mid-eighties. The publication of the White Paper on the completion of the internal market (1985) supplied a number of recommendations on guaranteeing the freedom of service providing and set the guidelines for a common transport policy. The guidelines were approved by the Council of Ministers which also adopted an action plan with the following main objectives: to develop the infrastructure of community interest, to reduce controls and formalities at borders, and to enhance transport safety. The introduction of the common market on January 1, 1993, was a turning point in transport policies. If we only consider the elimination of the borders between the Member

States and other liberalization measures (such as cabotage) we can understand the type of constraints that arose, with particular reference to:

- The social constraints, requiring that the freedom to provide transport services does not result in non-compliance with stricter national legislations. The process of liberalizing transport services had to be accompanied by a harmonization of the social conditions and of the legislation on service providing and recognition of qualifications;
- The economic conditions, requiring that infrastructure investment, particularly in road transportation, should not be operated by beneficiaries who did not contribute to funding that investment work. In railway transportation, measures had to be taken to avoid perpetuating the fragmented organization of this means of transportation.
- The conditions for guaranteeing the routes, so that the introduction of the new competitive factors does not affect continuity in service providing. The measures to liberalize transport were specifically adjusted to each means of transportation (by road, rail, sea, air, and river), taking into account the characteristics of international service providing (transportation between two Member States) and the cabotage (transportation within another member state) At the end of 1992 the White Paper on the Future Development of the Common Transport Policy is adopted, which signals the integrated approach to the various types of transportation based on sustainable mobility. This means transport should be organized so that fuel and energy consumption, transport time, the transport routes and conditions are optimal. The action plan for 1995-2000 focused on improving transport quality by introducing integrated systems based on new technologies, which should take into account the environment protection, the improvement of the operation of the single market by encouraging competition while complying with the social standards, and by developing the external dimension by improving the transport connections with third-party countries and by supporting the community operators on the external markets. The Green Paper on the fiscal policy on transportation (1995) considers taxes to be one of the means for the state to have an impact on this sector. The accelerated development of the new technologies, particularly the information and communication technologies results in the implementation of telematic applications that develop modern information, radio-navigation, and telecommunication services, which are specific for each means of transportation. Moreover, the European Commission advocates a European strategy for a global satellite navigation network, which would allow Europe to control the positioning and navigation services for its entire territory and for all types of transportation. In September 2001 the new White Paper on transportation "European transport policy: time to decide" is developed and published in the Official Journal; its objective is to identify a balance between the economic development and the safety required by society in view of developing a modern and sustainable system. Considering the permanent increase in both the passenger and goods traffic, in the congestion of the road networks, of the environment and transport safety problems, in the White Paper (2001) the Commission proposes a number of objectives which would provide a solution to the listed problems:
 - to revitalize by 2010 railway transportation and to promote maritime and river transportation;
 - taxation systems for transport which reflect the real costs, including the indirect costs, such as those related to damages of the environment, traffic congestion, or accidents;
 - to have more efficient and safer transport systems.

Some of the measures put forward are listed below:

- to promote the passengers' rights, through protection measures for the passengers using various means of transportation. These measures should also apply to the public urban passenger transport;
- -to improve road safety (with the objective of halving the number of the deaths caused by accidents by 2010);
- -to prevent bottlenecks by promoting several types of transportation (through the new "Marco Polo" Program);
- -to harmonize taxation of railway fuel;
- to create new infrastructure markets in the context of trans-European networks;

Air transport is an industry where airplanes are used to carry passengers, goods, and mail. Airline companies provide services on local, regional, national, and international routes.

Air Transport Material Resources

In recent years, the macroeconomic performance of Romania has been favorable despite a worsening international economic environment. The Gross Domestic Product (GDP) underwent a strong growth, generated by significant fixed investment and by private consumption, fueled by a strong increase in the loans for the private sector. However, the macroeconomic performance failed to reflect in the development of the material resources for air transport, considered to be one of the most polluting activities.

Civilian airplanes registered for passenger transportation (no.) Civilian airplanes registered for passenger transportation (seats) Airplanes for freight transportation (no.) Airplanes for freight transportation (tons)

Table 1. Statistical data on air transport:

The size of the supply, just like that of demand, is determined by a number of factors, the most important of them being: technology, cost of service, taxes, price of other products (goods or services), cost of resources, number of suppliers, market prospects, and natural, economic and social conditions. In air transport, the demand-supply rate is permanently imbalanced, periods of excess supply alternating with those of normal demand, as this rate is determined by the fluctuation of both supply and demand. This rate has an impact on both the research methods and the marketing policies of the shipping and transport firm. The marketing policies of the shipping and transport companies are of a significant practical importance because every means of transportation is under the administration of specialized bodies. To accomplish a product, price, distribution, and promotion policy requires a permanent adjustment of the package of shipping and freight transport offers to the demand experienced on the market. The quality price ratio is complemented by the employees' professionalism, the technical evolution and even by the scientific advances. The specifics of the services and in particular of the product determine the conduct of permanent market evolution surveys with the aim of adjusting to it. The specialist staffs provides all customers with information that complements the company image with concrete data on the requested service and also with precise data on the whole range of provided services and service packages.

Moreover, to meet the customer's requirements, many dispatch and transport companies have purchased special software allowing their customers to be in permanent communication, to get information and even to place orders and make payments on-line.

Compared to air transportation, water transportation is considered to have the least impact on the environment.

Water Transport and Environment Protection

The circumstances of the sea transport in Romania reflect mainly the transport needs generated by the economy in the context of the general and sector-based policies, the two surveyed components, namely the transport proper and the port infrastructure, undergoing different evolutions.

Thus, the Romanian sea shipment fleet has diminished continuously since 1990, from a total of 288 ships and 5.614 million tons deadweight¹⁴² to only 19 ships still bearing a Romanian flag in 2005¹⁴³. By the and of that year only 12 ships still bore a Romanian flag, as no less than seven of them had been either sold (four ships) or had had their flag changed to a flag of convenience (three ships).

Under these circumstances the amount freight transported by sea amounted to only 0.157 million tons of the total 513.1 million tons shipped to Romania in 2004, representing an insignificant 0.03% ¹⁴⁴. Neither the statistics for 2005 have been more encouraging, of the total transports estimated at 524.5 million tons, only 0.2 million tons (0.04%) were shipped by sea. ¹⁴⁵.

On the other hand, the port infrastructure has developed significantly, and traffic in the sea ports of Constanta, Midia, and Mangalia in 2005 totaled 46.5 million tons, an increase of 7.6 million tons i.e. by 19.54% compared to 2004¹⁴⁶. The most spectacular increase was registered in the container traffic that exceeded even the most optimistic expectations by reaching a record level of 768,099 T.E.U. / 7.4 million tons, an increase by 98.85% (381,817 T.E.U. / 3.5 million tons) compared to 2004. This increase is due mainly to the inauguration of a new container terminal in mid-2004, with a total capacity of 800,000 T.E.U. The number of operated ships in 2005 also increased by 4.43%, from 5,277 ships in 2004 to 5,511 ships in 2005.

In terms of passenger traffic, in 2005 no fewer than 33,000 passengers were registered in the Constanta Port, an increase by almost 1,000% compared with 2003 when only 3,400 passengers visited the Port.

In November 2005 the new passenger terminal was inaugurated, a modern building specially developed to enhance the tourist dimension of the largest port in the Black Sea, with a maximum capacity of 100,000 passengers per year.

A frequent destination o several river and sea cruise lines, Constanta Port now provides optimal conditions for both ships and passengers, the new location providing benefits aimed at integrating Constanta Port in the world circuit of cruise ships:

- easy, direct access of the ships to the Port entry, not requiring additional maneuvers;
- location close to the historical part of Constanta City;
- existing access roads connecting it with the city and facilitating road transport and walking, without impeding other port activities;
- easy access to the other means of transportation, to the accommodation and leisure areas in the tourist resorts on the Romanian Black Sea shore;
- Other port infrastructure development projects include:
- a new cereal terminal on pier 3 of the Constanta South Agigea Port, to take over the cereal traffic, which has been forecasted a constantly ascendant trend until 2010;

^[1] Iurascu, Ghe.; Huhulescu, E.; Tigaret, I., Porturile Dunãrene, Editura Cuget Liber, Constanta, 2003,

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- to develop logistical areas, as a solution for an integrated port development, aiming at creating an extensive transport network, a concentration of the services and companies, and at reducing costs and increasing service quality;
- to establish an infrastructure for hydrocarbon waste collection, storage and treatment consisting of: incinerators, environmentally-friendly treatment plant, waste water treatment plant and collection ships;

In view of upgrading and developing the number of ships bearing a Romanian flag, the Romanian Law Approving the Government Ordinance No. 116/1998 instituted incentives and provided financial support to ship operators.

Thus, subject to specific terms and conditions, facilities have been granted relative to 147:

- tax exemption for a limited number of years, provided that the profit is reinvested in upgrading existing ships or the purchase of new ones;
- accelerated depreciation;
- duty charge exemption for the purchase of new ships, equipment and spare parts;
- granting of export duty status for fuels, lubricants, and other consumables used by ships in international travels;
- state financial support for the construction of new ships and for upgrading existing ones (75% contribution of the businesses and 25% subvention from the state budget).

The strategy of the current government relative to sea transport aims mainly at the following ¹⁴⁸:

- use of the competitive advantage of the Danube (European Corridor VI) in the framework of the integration in the European Union;
- the development and the intensification of the freight transit traffic in the sea ports;
- encouraging the private initiative in creating a sea fleet under Romanian flag, adapted to the needs of the national economy, correlated with flag facilities for the reintroduction of Romania in the international circuit of sea transport.

The policies the Government of Romania is going to promote to accomplish this strategy are:

- to ensure and guarantee the free access to the railroad and road infrastructures in ports with several transport operators and beneficiaries in view of encouraging competition in port service providing;
- to provide incentives the Romanian private ship owners for the development and upgrade of sea ships according to the requirements and the trade potential of Romania's economy in view of European integration;
- to transfer the full right to use the port infrastructure to the port operators;
- to develop the container transit traffic.

The organizational and administrative measures contemplated by the Government of Romania in order to carry out its policies in ship transportation are:

- to improve the system of sea piloting;
- to switch the Romanian Naval Authority to a budget funding system and to establish a system of charges allowing for the development of the sea traffic at the same time with the increase of safety at sea;
- to place the sea ports in the administration of the local governments provided a unitary tariff policy is established;
- to supply a monitoring and control system for the sea traffic provided by a single state authority;

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^{[13]***}Legea pentru aprobarea Ordonanței Guvernului nr.116/1998 privind instituirea regimului special pentru activitatea de transport maritim internațional, M.O. nr. 231, Editura R.A.M.O., București, 2004

^[14] www.insse.ro [accesat 08.04.2008]

- to develop and improve the relevant specialized education system;
- to ensure free competition among the private fleet and port operators by giving them free access to the sea and land infrastructure in sea ports;
- to ensure the sea environment protection by creating the required infrastructure to control and collect the oil waste from ships.

The number of ships bearing the Romanian flag declines both because of the sale of the old ships that are quite costly to operate and because of the excessive taxation by the Romanian state. The facilities and the support the state provides for fleet renewal or upgrade has not yielded the expected effects yet, mainly because of the law capitalization level of the Romanian ship owners.

By contrast, the freight and passenger traffic in the sea ports increases continuously, both because of the recent sustained investments and as a result of the economic growth and of Romania's integration in the European Union.

Conclusions

Sea transport is still the worldwide leader in terms of the volume of freight transported, and no significant changes in the market share of the main means of transportation are envisaged.

The structure of the world fleet has changed significantly, the most notable trends being the significant increase in the number of oil tankers, container ships, and large cruise ships, and a decline of number of general goods transport ships and of the ships for mixed passenger and vehicle transportation.

The world transport market is in its mature stage mainly as a result of the stabilization of the growth rates of the countries in South East Asia and of slight decrease of the economic growth rate in the European countries and in America. Consequently, the level of demand and supply are relatively close, and the transport prices remain at a high level without however affecting the overall competitiveness of sea transport.

The amount of carried freight is high on the West-East route for the basic raw materials (oil, ores) and high on the East-West route for manufactured goods in containers.

Another important trend is that of consolidating the transport capacities by takeovers of competing companies facing difficulties or by entering alliances, pools and consortia, especially for shipping lines, in order to improve efficiency and to maintain low operation costs.

There is also an obvious trend of passing harsher legislation on safety at sea and on environment by restricting port access for the ships that do not comply with the international standards for safe navigation, environment pollution, or living conditions onboard.

Just like the ships, port facilities must also comply with these regulations and, in addition, with the new regulations on port safety, which are bound to lead to reduced efficiency, increased costs for the port operators and consequently increased operation prices.

Domestically, there is a noteworthy trend of developing the port infrastructure to provide the capacity to operate an increasing amount of goods, and of creating the legislative framework allowing for the reconstruction of a modern Romanian sea transport fleet.

To conclude, giving priority to developing sea transport and slowing down the growth rate or air transport activities can only result in a beneficial impact on the environment. If water transport is the least polluting and air transport is the most polluting, for long-distance land transport the best solutions must be found to develop railway transportation and to slow down the growth rate of road transportation. Thus, a sustainable development of transportation in Romania can be achieved.

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ARE REMITTANCES IMPORTANT FOR THE ROMANIAN ECONOMY?

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During the last three decades the developing world began to benefit from their initial high migration rates, through the remittances sent home by the nationals living and working abroad. The article resumes the main definitions given to the concept, reviewing few factors influencing the motivation to remit, the main transfer channnels and the effects of such a decision at both micro and macroeconomic level. Then we study these elements in the case of Romanian economy, in search of an effective contribution of remittances to the improvement of current account deficit and household standard of living.

Keywords: remittances, emigrants, transfers, balance of payments, deficit, current account

The Role Remittances Play in Developing Countries. Literature Review

International migration raises challenges related to human capital loss or accumulation, social security problems, even balance of payments deficits. During the last three decades the developing nations were affected mostly by the negative spillovers of this process. Yet benefits are to come through the transfers migrants make to their home country. Remittances are thus seen as compensations for the brain-drain and capital outflows, associated to the departure of nationals to work and live abroad.

In World Bank's view, the concept includes: *workers' remittances*, reflected in the balance of payments as transfers made by persons who work abroad for a short period of time; *compensations received by employees*, in the form of wages and salaries paid by non-residents on behalf of the work of residents employed in other countries; and *migrants' transfers*, having a financial character and caused by the change of residence from one country to another [10, p.87]. Other major economic organizations, such as I.M.F. and O.E.C.D., provide similar definitions, finding the delimitations necessary for the correct identification of income sources for a national economy [8, p.10].

Hence the three elements are differently used to estimate the remittances' levels. Some financial institutions resume it to migrants' private capital transfers (such as National Bank of Romania in its annual reports on the balance of payments), other studies use workers' remittances as the only proxy for the inflows of income provided by migrants [9] or all of them combined [1]. Yet, Reinke (2007) emphasizes that each term gives a specific meaning to the "remittances" concept. At their core, the compensations for employees are remunerations for the work performed abroad; migrants' transfers are related to current account changes, while workers' remittances involve short-term money transfers to the home country.

The motivations behind the remitting process have a double character. First, they come from the remittent himself. The altruistic attitude the migrant has for the family and relatives left behind [6, p. 145]. If the migrant's intent is to return back home or to finance his children's education, then the remittances would be high. But once the family is reunited abroad, the amounts remitted to the home country get significantly lower [4, p.51]. Therefore, the social distance or the close attachment of the migrant to his original community marks the amount of remitted sums. Or, migrants may remit just out of self-interest, for "exchange purposes". In such cases remittances are meant to remunerate services such as taking care of migrants' assets at home or to ensure the transmission of his family possessions and property onto him. And last, but not least, the remittances increase with the skill – level the migrant possesses. Thus tertiary educated ones have access to better paid jobs, remitting higher sums at home [2, pp.18-19].

Then, the external environment affects the migrant's decision to remit through public measures. The increased security and the severe financial controls practiced by authorities, gave the Pakistani emigrants

an incentive to increase their remittances between 2001 and 2003. Also, the tax exemptions for remittances decided by the Vietnamese government in 1995 favored the entrance of such flows economy through official channels [10, p.92]. Another factor determining remittances' frequency is the geographical distribution of the emigrants. Harrison (2004), for example, shows that remittance flows are more intensified if the nationals migrate in the same region, noticing the substantial amount of sums transferred in the South – South economic relationships [3]. Schiopu and Siegfried (2006) reach just the opposite conclusion, after analyzing the remittances send by workers in 19 West European countries to 9 nations geographically placed in the European Neighboring Region, during 2003 – 2005. They found that long distance is a positive factor for remittances. When the migrant's country of origin is "sufficiently far apart" the host one, their flow increases [9, p.22].

But maybe the most important determinant of remittances is the difference in GDP between the sending and the receiving countries. As O.E.C.D. analysts point out, the low and middle-income countries register significantly higher remittances flows that other developing countries. In 2002, it was the case of Moldova, whose remittances represented 22, 8% of its GDP, or of Bosnia and Herzegovina, where remittances were 18, 4% of GDP [6, p.142]. Thus, small countries are dependent on remittances, while high-income states are their dominant source. Also, if we consider the top ten beneficiaries of remittances in 2007, we can notice that the first two countries are also the most populated ones (India-rank 1 and China- rank 2). On the other hand, Ratha (2003) finds that remittances do not strictly follow the trend of the economic activity in the receiving countries, taking the example of Turkey. During the 1990s the remittances absorbed by the Turkish economy increased, but began to slope during the 1999-2000 crisis, yet in smaller amount than financial capital inflows [7, p.162].

Emigrants choose to send their earned and saved incomes to the home country through various channels, depending on the information they find available in the host country, the cost they can afford to pay for the money transfer and the diversity of opportunities they have [6, p. 141]. They may decide on an informal way to remit, using hand-carries (parcels sent by bus-drivers on their way back home, friends carrying jewelry, money, clothes or other consumer goods), Hawala and Hunti systems (specific for Pakistan and Bangladesh).On the other side, migrant can use official channels such as "ethnic stores" in U.S.A., postal offices providing money transfer order systems (in the countries members of the Universal Postal Union), ATMs for credit card transfers Western Union and Money Gram (for non-banking financial operations) or the international inter-bank exchange - SWIFT.

Still the most important issue regarding remittances concerns their effects. The households left in the country of origin are the first on the beneficiaries' list. The rest of the migrant's family, still living in the home country can use the money for additional consumption, once the income is supplemented by the received sums. Generally, O.E.C.D. studies found that the remittances are used in expenses related to "housing, purchasing of land, financial savings and productive investment" [6, p.154]. Remittances may also act as back-ups for the periods when the income of the remaining members of the family falls for various reasons (in which case remittances turn into a financial support system, provided by the migrant abroad). However, if the exchange rate for the remitted currency worsens, additional gains might as well diminish for the family left behind. Remittances may also result in expanded expenditure for children's education in the home country, thus favoring human capital accumulation for the following generation [4]. Some members of the family might lose incentive to get involved in the labor market and fuel voluntary unemployment, based upon the more or less regularly amounts of money received from their relative working abroad.

Through a multiplying effect, remittances have a macroeconomic impact in the receiving country, noticed by an increase in domestic consumption (especially in rural and remote areas). But, when consumption demand exceeds national production capacity, inflation occurs. In the Sub-Saharan countries, remittances provided serious incentives to invest in construction sector, stimulating GDP growth and contributing to the creation of microenterprises [4, p.55]. Also, remittances may lead to an overvalued national currency in real terms, causing the Dutch disease effect, as exports became more expensive than imports, and tradable goods are replaced by non-tradable ones [5]. External competitiveness is lowered and exports are substituted by imports. Following this logic, the current account might be altered if the remittances are oriented towards imports, and not towards bank deposits or investments. However, empirical testing on the Egyptian economy, done by McCormick and Wahba (2004) showed that remittances have only a marginal effect in this direction. Therefore, the effect upon the balance of payments is generally seen as a relatively positive one, because remittances do not generate external debt and do not carry interests.

Thus, the receiving country's international credit worthiness is improved. In many developing countries, remittances are the main source of external financing for the economy. On the other side, the sending countries may gain from remittances may change with the type of migration (temporary or permanent), as the amounts remitted increase with the period spent abroad. The human capital accumulation, provided by migrants can also affect remittances' frequency and consistency (once those with higher education are correspondently remunerated). But, it may benefit from the taxes imposed on official money transfers, as the unofficial ones can hardly be recorded and detected at their real dimension.

The Impact of Remittances upon the Romanian Economy

According to World Bank estimations, official remittances for 2007 outran 300 bn. USD, almoust double in value compared to foreign direct investment (167 bn. USD). Considering unofficial channels used my emigrants, we assume total remittances to be much larger, when only about 60% of the transfers are officially registed. In the same time, the United Nation Development Program found that over 500 million people benefit directly from these remittances, coming from over 150 million emigrant workers. National Bank of Romania estimated for the last year (2007) that Romania received 7.16 bn. EUR in remittances, with a 29.13% growth compared to 2006, placing us on the eighth rank (considering a correction of two ranks done to the World Bank top of October 2007). The amout is not very large if we look at the first three countries in the remittances top (India -27 bn. USD, China-25.7 USD and Mexico-25 bn. USD), but it is sufficient in order to significantly influence the balance of payments, domestic consumption, exchange rate and inflation.

The influence upon the current account. The income transfers from abroad are accounted as assets of the current account. Therefore, a financial assessment might say that they have a substantial contribution to the balance of payments equalization. And, yet, the reality is quite different, because according to the same World Bank estimations, nearly 60% of the remittances received by developing nations are allocated to consumption. According to the statistics of National Bank of Romania (NBR) 56% of the sums received from the Romanian employees working abroad are domestically consumed. This fact can be explained by a limited supply on the market, unable to cover the demand. Also, Romanians have certain subjectivity in favoring foreign brands in their act of consumption. Therefore the demand generated by the remittances allocated to consumption is oriented mainly on imported goods. Thus imports increase in volume, and the current account's incomes surplus is undermined by the trade balance deficit, which reached 17.58 bn. EUR in 2007, with 49.6 percents higher than the year of 2006 (according to National Bank of Romania). Of course, remittances are not the single cause of the deficit. But their influence should not be neglected, especially when we analyze the change in consumption patterns, determined by increased expectations of future income flows. Individuals make the allocation of their available income by estimating future inflows on long terms. Therefore, they plan their lives, considering the same rates of growth for their future projects. So, at present they choose consumption instead of savings (using credits), considering the present utility of the future goods as higher. This is the explanation of the sharp increase in Romanian consumption, though not sustained by present income levels. Yet, this optimistic attitude related to the attractive remuneration of those working abroad must be tempered, because external labor markets accept emigrants as marginal employees, who are the fist to be fired in case of crisis. And this is the situation nowadays in Spain, Italy and Germany. The flow of remittances is thus interrupted, creating problems for household budget administration and initial credit reimbursement. And these are channels which may lead to major blockages in the entire economy. However, the influence of remittances upon the current account is not just a positive one, as there is the real possibility to generate indirect negative effects on medium and long run.

The influence upon exchange rates. The remittances are received as foreign currency, converted into the national one. The remittances inflow of 7.16 bn. EUR in 2007, next to the 7.069 bn. EUR of foreign direct investments and a large amount of speculative currency led to a substantial appreciation of the national currency, with an annual average of 9.46%. Such a refresh of the ROL would be very good news, if it had been the result of an increased competitiveness of the national economy. It comes instead as an effect of unproductive inflows of foreign currency, giving us real reasons to worry. A strengthened national currency contributes to additional purchasing power for foreign goods, encouraging imports. By adding the change in consumption patterns previously mentioned, we can understand the demand further increase. In the same time, the exports become expensive and Romanian goods lost their international price competitiveness and exporters visibly registered reduced profits. Important distribution markets were lost,

due to high prices or export contracts cancellation, due to their weak profitability. The increase of imports correlated to diminishing exports and consumers' preference for foreign goods, generated the immense trade deficit representing 13.9 % of GDP (according to National Bank of Romania's assessments).

The influence upon inflation, purchasing power and standard of living. Coming back to the NBR's estimations, stating that 56% of those 7.16 bn. EUR remittances were allocated to consumption, this means that nearly 4 bn. EUR of liquid money entered national economy, which is 13.33 bn. ROL. If this money had had a domestic source, it would have been a contribution to the national product. Instead it is the result of incomes produced by nationals working abroad. In order to prevent inflation, this flow should be compensated by outflows generated by foreign agents involved in the national economy. These flows barely reached 1 bn. EUR in 2007. Therefore, the most part of money had no cover in goods and services, causing inflationary pressure. The National Bank had to massively buy currency from the market, in order to prevent excessive strengthening of the national currency, thus increasing the international reserves with 4 bn. EUR in 2007, which by the end of year reached the maximum historical level of 25,3 bn. EUR. Even so, the 2007 inflation surpassed the prognosis, being slightly over 7%. This increased level of inflation leads to a general downturn of purchasing power of the entire population. Yet this negative evolution is partially compensated on short term by the increased purchasing power of importable goods, which become cheaper due to the national currency's appreciation. But the overall effect upon general wealth is hard to asses. Certain negative evolutions can be noticed, as well as positive signals in domestic consumption dynamics. Though, we must emphasize that public policies, especially the monetary ones, are responsible for the turning of currency inflows of remittances into current consumption, savings and investments. A prudential credit policy would increase the saving rate, answering to the needs of an economy assaulted by the demand for investment credits. We must also consider an optimum level of the interest rate, meant to partially limit consumption in favor of the saving preference. We are aware that investments are possible as long as the market is able to absorb additional production. However, if there is a risk of a ex-post restraint in consumption, it would be compensated by the orientation towards exports in a liberalized European market. This trend would be favored by a repositioning of the exchange rates until they become sustainable and remunerating for exporters.

Conclusions

The phenomenon of migration is the result of the globalization process, reaching a significant level. The mirage of the developed markets gives the individuals living in poor or developing countries a special motivation, as they offer income advantages which for most of the cases are incomparable to those in the home country. Romania is in the same situation, having over two million nationals working abroad at present. They send considerable amounts of money, which must be considered when shaping macroeconomic policies. The effects of remittances are diverse and mainly positive. But they require monitoring, as their inflow may have negative consequences upon the long run economic activity, as shown above. Although the remitted sums apparently have a contribution to balance of payments' stabilization, we noticed it cannot happen in any kind of circumstances. As long as the propensity of consumption is high, disequilibria may occur. Thus, the deficit is deepened, by the significantly increased imports of goods and services as a result of consumption patterns' change. Also negative influences appear following the trend of exchange rates, price stability and purchasing power. Therefore, a prudential approach is required, both from the Central Bank and the Government.

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SENSE OR COUNTER-SENSE CHANGE IN THE CONTEXT CREATED BY THE NEW ECONOMY

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Abstract

The paper entitled "Sense or Counter-Sense Change in the Context Created by the New Economy" attempts to answer to a series of challenges, out of which we mention the following: change as a new certainty in the business world, the problem of change management and its negative externalities, sense and counter-sense in the change evolution, parties advantaged and disadvantaged by the change, the problem of adapting to change.

Key words

New Economy, change, sense and counter-sense in evolution, responsability

1. Change – a new certainty in the business world

According to the specialists in the economic area, change represents a new certainty in the business world.

The need for change occurs consequent to the fact that the analysis of the economic-social life on a global scale has emphasized the conclusions of theories on economic knowledge, namely that they have only partially succeeded, on a small portion of the population, to solve the problems regarding development, with severe consequences upon the economic – social and ecologic disequilibrium. There has been noticed over time that the development of some can only be achieved by others' becoming poor, by irremediable environmental pollution or by destroying the planet's other life forms.

In this respect, the Canadian professor Bernard Hodgson (2001) brought into discussion the problem of the morality of uncontrolled economic growth as imperative and reality for economic liberalism. He drew attention over the following aspect: growth serving only to the satisfaction of certain desires can end by undermining the liberal dimension of the liberal growth ethics, due to constant manipulation of the consumers and due to real consequences of the economic growth over the environment, consequent to negative externalities. "It's an irony that growth networks in a liberal market economy, promoted both by technological advances in production, and by uncontrolled consumerism, are only reducing the possibilities of choosing for both the producer and the consumer, such choice representing the very essence of a market economy based system".

Hodgson referred to the reconstruction of the economics theory from a moral view, due to the inherent morality of the human action and also demonstrated that economic theories cannot be neutral in respect with the values they promote, but are of normative nature and promote moral values.

In the context created by the New Economy, in which we address to more and more trained producers, knowing increasingly complex and varied strategies, and to increasingly demanding consumers, the problem arises of managing change an its negative externalities.

Putting into practice the theoretical – pragmatic considerations has been concretized by drawing up the concept of companies' "corporate social responsibility" (Rosca, Ion Gh., 2006). A new vision on their social positioning depicts the system of companies' functions. "A company's main function consists in creating value by producing the goods and services demanded by the society and by such in generating

both profit for the owners and stakeholders, and welfare for the society, in particular, by a permanent process of jobs creation. In general, the new social and market pressures are gradually let to a change in view of the values and horizon of the business activity" (Corporate Social Responsability, 2002). Given this social function, the concept of "corporate social responsibility" particularizes what it actually means organizational behavior. "Most definitions of corporate social responsibility describe it as a concept by which companies integrate social and environmental concerns into their business operations and in their interaction with stakeholders, on a voluntary basis" (Green Paper. Promoting a European frame - work for corporative responsibility, 2001).

The concept introduced by the European Union attempts for a behavior change on an organizational level. Enterprises should fulfill their legal obligations, exceeding current agreements, and voluntarily undertaking new and important social obligations and responsibilities which do not (*directly or indirectly*) derivate from the demands of obtaining profit for owners and stakeholders.

The range of such new responsibilities is very wide.

- a) On an internal level (regarding the enterprise related activities) corporate social responsibility can refer to:
 - Investments in the human capital, such as: training the employees in continuous learning, employees' motivation based management, ensuring proper training for the personnel, promoting more harmonious rapports between work, family and spare time, larger work diversification, equal payment for women and equal chances for them to promotion;
 - Non-discriminating practices in respect with ethnic and national minorities;
 - Work security and protection of workers' health on their job (other than those which are legally mandatory);
 - ♦ Managing the environmental and natural resources impact: reducing the natural resources consume, pollution, energy waste, practicing the "win win" opportunities relation ("good for the business and good for the environment").
 - z) On an external level (regarding some companies' activities "beyond their gates" local community, shareholders, partners, suppliers, consumers and public authorities):
 - ♦ Integrating the company in the local community by providing jobs, incomes (benefits and services), cooperation with other enterprises (mainly SMEs) and the contribution to their viability, training employees and providing them with the possibility of being hired in other units, etc.;
 - Protecting human rights in rapport to the international activities and the channels of global offer, promoting exemplary relations on a moral level, politically legal on a local level and in rapport to the environments outside the community;
 - Voluntary involvement in complying with the demands for a cleaner environment;

2. Change in the New Economy implies both generating changes in the sense and also in the counter-sense

The evolution of change implies both generating changes in the sense, positive and benefic to mankind, and also in the counter-sense, capable to generate negative externalities in the society.

The New Economy implies the existence of social, cultural, psychological and economic implications, capable to generate transformations that could lead to the occurrence of gaps between the main institutions of a society, to increased tensions between synchronization and de-synchronization on any level and in any activity branch or sub-branch, in continuing the hyper-acceleration of the knowledge process on a global level, in enhancing temporal irregularities, in the "dissolution" of the connection between productivity and time

University Professor Gheorghe H. Popescu, PhD in his extremely actual paper "**The Sense of Transition**, 2003 (Romanian title: **Sensul tranzitiei**)" made the following clarifications regarding what a sense development and a counter-sense one imply, with the purpose of suggesting the importance and decisive role of the individual in the society, both under the natural environment aspect (*overview*, *direct referrals to the life of*

planet Earth) and in view of dynamic interdependencies (man in close connection with the other society members, with the existence and movement of the natural life); "The danger in stopping the natural course of the planet Earth's life exists only in the case of irreversible disequilibrium of the forces supporting the environment, consequent to the changes produced from within such and / or in the micro-cosmos of the interactions guaranteeing its permanent movement. The life of planet Earth exists in a diversity of natural forms, which imply and inter-condition each other, given a general law which manifests itself in the specificity of life conditions. In the set of life forms supported by the micro-cosmos of planet Earth, human life is a special creation of our natural environment, which is in a viable system of dynamic inter-dependencies with the other expressions of natural life. (...) Between these two unique and irreversible moments – birth and death, the life of the human individual is a permanent struggle with the nature and society within him in order to adapt and survive. Considering that the individual is both nature and society, the life he has to live occurs as a permanent transition, transfer, smooth or sudden change and adapting process, in which man learns to understand in order to know and act for his wellbeing and happiness. (...) The sense of the transition trough life refers to integrating all its sides into a set of values, which could express what each of us wants, in this unique experience. (...) The joy of living our lives expresses that state of internal harmony of the three powers - mind, heart and soul - which provides us with the needed energy in order to permanently fight with the nature and society within us, upon each biological age we face." (Popescu, Gheorghe H., 2003)

The general changes in the increasingly rapid and accelerated expansion of the New Economy's components have resulted in increased competition (which has long ago exceeded the borders of the United States and which has historically moved towards Asia).

Regarding the evolution of the sense change, we can assert that this can be achieved due to the specific features of knowledge and of generating such on a global level, in the context of its increasingly rapid spreading:

a) **Knowledge is inherently non-rival**, due to the fact that a number no matter how large of individuals can use the same portion of information without diminishing it, and the more individuals get to use it, the larger the possibility is for someone to generate even more knowledge based on such.

The fact that we speak of the inexistence of a rival of knowledge has nothing to do with the cost or free nature of using it. Patents, copyrights or anti-pirating technology can protect a certain part of its usage, not-allowing those who don't pay to use it, given the legal constructions, and not the inherent nature of the knowledge itself which by its nature is inexhaustible.

- aa) Knowledge is intangible, because we can't touch it, bent it or hit it, yet we can manipulate it.
- bb) Knowledge is non-linear, because it can be transmitted in any possible form and in any direction this is intended.

In this respect, the case of the Stanford students Jerry Yang and David Filo who grounded Yahoo is an extremely relevant one (Chmielewski, Dawn C., 2000). In the same case, we can recall the case of Fred Smith who also during college years acknowledged that in an accelerated economy people will pay more on speed – and founded Federal Express, the best courier company in the world. (La Barre, Polly, 1999; Osborne, Richard L., 1995)

- a) **Knowledge is relational**, because any individual piece of knowledge gets to have sense only when it is juxtaposed to other parts, which provide its context. Sometimes, context can be communicated without words, by a simple gesture.
- **b) Knowledge is collegial**, because the more it is, the more complex, numerous and varied are the possible useful combinations.
- c) Knowledge is more easily transportable than any other product, because once it's converted into 0 and 1, it can be instantaneously sent to other person, at any distance, upon the same price.
- d) Knowledge can be compressed in symbols and abstract elements.
- e) Knowledge can be stored in smaller and smaller pieces.

An example in this respect is Toshiba company which entered the **Guinness Book** in 2004 with a computer hard disk smaller than a postal stamp. Soon mankind will have access to storing means of nano-metric levels, meaning milliard parts of a meter, and even smaller than that.

Knowledge can be explicit or implicit, expressed or not, shared or tacit.

a) **Knowledge is difficult to isolate**, because it is amazingly rapid spreading.

The New Economy, regarded on a global level, has the following defining features:

- Faster and thinner production processes (continuous flow practice, allowing for production acceleration)
- Multiplying alliances and partnerships

The boost in the number of mergers between companies is a clear clue of the totally different nature of the world economy, as is the increased number of alliances concluded between commercial partners.

- The extension of the services sector and tele-services generalization

Services ground the new world economy, and that is why at the present moment we face an unprecedented phenomenon: services which ten years ago were only rendered within companies exist today traded upon considerable distances.

Companies' restructuring

Companies can now externalize entire sectors in their activity.

The occurrence of new types of products and services

Electronic trade which has developed on the Internet is now a new type of service by which goods can be bought in real time by potential interested clients.

The opportunities generated by the new economy worldwide are divided in a number of categories, out of which we mention:

- The new world economy generates new products, new markets and new practices and proceedings completely transforming working modalities.
- The new world economy seems to indicate the decline of inflation.
- In the new world economy economic cycles are no longer configured as they used to.
- **The new world economy** comes with an increase of the productivity growth rate.

The new world economy has four basic features:

- **The new world economy** is based on speed and calls for a great deal of agility (*Bill Gates calls this feature "velocity"*).
- The new economy overcomes national boundaries.
- **The new economy** is intensive in respect with knowledge and transforms permanent knowledge renewal into imperative.
- The new world economy is characterized by hyper-competitiveness, which forces the various players
 to excellence, otherwise facing the risk of assisting to the way in which competitors take over the
 market.

Amartya Sen, in the paper "Development as Freedom (Romanian title: Dezvoltarea ca libertate)" considers that change on a world level will generate negative aspects (disadvantages of change) which will be unprecedented in the mankind history, as it follows: "Despite unprecedented growth registered in the general welfare, the contemporary world denies the elementary freedoms of a large number of people, perhaps even of the majority. Sometimes the lack of fundamental freedoms is directly connected with economic poverty, which steals away from people their freedom of satisfying their hunger, of reaching a sufficient food level, of achieving remedies for the treatable diseases or the opportunity of having clothing and decent shelter, or of enjoying clean water, or sanitary facilities. In other situations the lack of freedom is closely connected to the lack of public facilities and social securities, such as absence of epidemiologic programs, of organized medical care frameworks or educational facilities, or efficient institutions in the field of upholding peace and order in the area. In other cases, the breach of freedom directly derives from the denying by authoritarian regimes of the political and civil rights and from restrictions imposed to the freedom of taking part in the community's social, political and economic life".

Regarding the problem of adapting to change, there can be ascertained that only the really motivated ones will manage to maintain on a market belonging to the new economy, and that the larger demand for increasingly diversified products, yet efficient and increasingly better upon a quantitative level, capable at all times to face competition is increasing. That is why the problem of adapting to change has revealed methods by which both producers and consumers on a market which now has to be globally perceived can adapt as rapid as possible, obtaining visible advantages in the shortest time possible.

Besides obvious advantages it has, the shift to the new society also has a series of negative aspects (Rosca, Ion Gh., 2006). Some have been identified and measures are searched for avoiding or minimizing them, such as inequities between wealth and poor countries, between regions of different development levels etc. Others are only guessed, such as those regarding transforming in the individual's life, which can lead to isolation, alienation, sedentary, fear of direct inter-human contacts.

Sustainable development should consider the view of world society structure and it should re-launch on this basis the still available resources' management.

3. The problem of adapting to change

Economic challenges of the new society are major even only if we consider that information is now transnational. As money, information doesn't have boundaries. For certain geographical regions, information society brings upon new possibilities for expressing identity and cultural traditions, whilst for others it represents a possibility of minimizing the inconvenient regarding distances and isolation. For governments and administrations, information society also means more efficient public services, more transparent and more rapid, closer to the citizens' needs and less expensive.

European institutions have been aware of this geographical area's remaining behind in respect with building informational society, speeding up the process of building by recommendation of reports fro groups of experts, plans of actions, structural plans and revisal and updating plans regarding certain priority development aspects. In 1993 the European Commission published the White Chart entitled "Growth, competitiveness and employment: the challenges and courses for entering into the XXI-st century". The White Chart underlined the importance of speeding up the development process regarding informational infrastructure as a factor of growth and competitiveness for the European economy, of creating new markets and jobs. One year later, in the European Council at Essen, the Commission presented a plan of action in which activities in various areas regarding the informational society had to be structured and consolidated. The plan was accompanied by a schedule in which the main action lines consisted in:

- Adapting the legal and statute framework to the demand for infrastructure liberalization;
- Encouraging initiatives in the field of trans-European networks, services, applications and content, and as a catalyzing element for initiatives originating in the private sector, creating a projects office;
- Social and cultural aspects: designating a group of experts with studying the impact over private, public and professional life in order to grasp the measures to be implemented;
- Promoting informational society: imagining promotional actions, focused both towards
 the large public and towards target groups in order to explain the chances and risks for
 the informational society.

The limitative development factor will refer more and more to *knowledge*, to the human capacity of assimilating and developing technologies, of using them in new activity areas, for new products and services. The computers and communications revolution due to the occurrence of Internet, the mechanism of distributing information and a collaboration and interactivity environment between individuals and computers with no geographical limits are the main factors supporting the idea of globalization. We assist today to a restructuring of the values whereas it has become generally truth that **information and knowledge mean power**. In this context, the globalization phenomenon occurs as the modality (*or system*) for perceiving and approaching on a long run the great contemporary problems, generated by the interaction of the multiple economic, technical, political, social, cultural processes and phenomena and by the forecasting of solving such in a wide perspective by the society as a whole.

The interaction between communication means was named by Alvin Toffler "media-fusion", term defining the dependency of the society on faxes, computers, text processors, electronic libraries, digital images, electronic networks, satellites and other inter-connected technologies (Toffler, Alvin, Toffler, Heidi, 2006). The dense data interactivity is the one transforming individual means into a system. Along with globalization, this system reduces the influence of a single medium, channel, publication or technology compared to all the other, yet it enhances the system as a whole of mass-media, with an enormously developed power, affecting the entire planet. In the current context, in which we are daily bombarded with information, each individual perceives reality differently. Reality s nothing but a set of visual, acoustic and

even tactile images, perceptions and the connections between such, which each individual creates, establishing his own vision over the world, placing himself in time, space and society.

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THE DETERMINANTS OF HUMAN CAPITAL IN ROMANIA

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Human capital, defined as a sum of knowledge, abilities and skills that may be used in a productive way, plays an important role at the growth and development of a country. For this reason, the purpose of this article is to analyze the way in which its five determinants – formal education, professional experience at the workplace, informal life style, the country's specific and the level of health – are influencing the Romanian stock of human capital. In order to fulfill this objective we used the information existent in the specialized literature and the results obtained in a research conducted by us on a representative sample of 300 persons from the North-Eastern part of the country.

Key words: human capital, formal education, professional experience, informal living environment, country's specific, level of health

Introduction

Adam Smith noticed, in the very beginning of the Wealth of Nations, that the abilities resulted from the specialization obtained through the labor division lead to a significant increase in the productivity of the other factors of production. Analyzing the importance of the knowledge, abilities and investments in accumulating these factors, authors such as J.B.Say (1821), J.S. Mill (1848) or W. Roscher (1878) have created the premises of a new concept that, lately, has revolutionized the growth theories. A first step in this direction was made by Irving Fischer (1897) that included workers in the definition of a firm's capital. The beginning of the XXth century brings with it many approaches on the field insufficient explored of this subject that seemed to die as many other subjects. Uncertain and ambiguous studies for calculating something that, practically, had not been very well defined (see T. Wittstein, 1867; A. De Foville, 1900; Huebner, 1914; Dublin and LotKa, 1930) placed an idea, relevant into Smith's analysis, into commonplace. The things are brought to their normal direction by an article of Jacob Mincer, published in 1958 in the journal of Political Economy - "The Investment in Human Capital and the Distribution of the Personal Revenues" - and also by Gary Becker, who published in 1964 the book that have definitely establish the place of the term human capital, even from its title - "Human Capital". This was the moment when a new stage has opened in the economic theory, a phase that brought different approaches of a subject to which nobody had paid too much attention until then. Human capital, defined as a sum of knowledge, abilities and skills that may be used in a productive way, starts having its own way in the economic theory, gaining a significant consistence through the neoclassical approaches of the growth theories. The introduction of this new factor in the production function of Solow and the developments made by Th. Schultz, Maddison, Barro or Sala-I-Martin have led to remarkable results, which underlined that an increase of the human capital stock generates continuous economic growth rates and this might be a solution for helping economies to surpass the steady state.

There are few elements that, combined, have a significant impact on human capital formation. Considering that the one who has this type of capital is the human being, a complex and social creature, whose evolution is marked by endogenous and exogenous factors, it is difficult to identify all the influences that lead to the accumulation and capitalization of his knowledge and abilities. The theory remarks only a few factors that seem to be more important in this direction: formal education, professional experience at the work place, informal living environment, country's specific (OECD, 1998, p.12) and level of health. In the present paper, we have analyzed these determinants in the context of the Romanian economy, pointing out the deficiencies or the lack of correlations that impede having an optimal contribution of human capital stock to the economic convergence.

Formal Education

This type of education is acquired especially through the learning system. In Romania, it is free of charge at almost all the levels. Unfortunately, this fact has its disadvantages because it diminishes the marginal utility and the value that a person gives to each additional school year. This is one of the sources of inefficiency of the Romanian education system. The international tests and evaluations are, sometimes, discouraging. The PISA test (that evaluated the knowledge of 15 years old people and their ability to put it in practice) conducted in 2006 put Romania on a dishonorable place 47 from 57 participant countries. Considering the combined schooling rate calculated by World Bank, Romania was on the 70th place in 2007, immediately after South Africa and Egypt. These classifications come to certify something that is easily noticeable into the Romanian labor market, where the specialized workers become more and more rare, in the context that the labor productivity is up to forth time lower than the European average. These effects occur after a long neglect of the educational system, not only from the financial aspect but also from the institutional reform point of view. The major changes necessary to pass from a general theoretical system to a more specialized one, focused on the market demands, are waited for a long time. Consequently, the resource allocation was made according to principles hard to identify. The primary and the secondary education has been neglected long time due to the fact that it was wrongly considered that a greater importance given to the tertiary education would increase the human capital stock. Authors such as Judson (1998), Lee (2001) or Lall (2001) have noticed, in some empirical studies conducted in countries with high growth rates and convergence levels, that, next to the dimension of the resources allocated to education, very important it is their distribution between the educational levels. The developing countries need medium skilled labor force, able to use and reproduce the technology created in the developed states. Emerging countries do not have the financial and technological capacity in order to sustain innovative fields with highly skilled workers. Romania is in this last situation. Yet, the educational system has continued producing university graduates that the economy could not absorb. Consequently, a large part of them have emigrated, looking for a proper compensation of their contribution to the production system. The effects of such a tendency were very important and diverse: the resources spent by the state for the school years, that could have been used for an additional allocation in the primary education, were lost; it has narrowed the medium qualified labor supply through the encouragement of the easy access at the superior levels of education that are considered to be a passport to emigration; it was lost the potential national income that could have been created by those who had emigrated; the population started to getting older, due to the fact that those who are more tempted to emigrate are the young people, etc. There are various ways to prevent these problems, starting with matching the specializations to the market demand and finishing with a substantial reduction of the public financing of the tertiary education. Actually, we consider that this last solution would solve a great part of the emigration problem. First of all, the private cost of an additional year of study would determine a person to make a correct judgment in terms of opportunity costs, rationally analyzing if the additional time and money allocated to education would be repaid by the extra future incomes in the context of an internal market that does not need a great number of highly qualified specialists. Secondly, giving up the tertiary education will diminish the tendency to emigration and will keep into the country the human capital at an optimal level. It is easy to understand that, instead of creating highly qualified labor force that would be lately unused or lost through emigration, it is better to extend and intensify the medium education, which could be easily assimilated by the internal market. In this way it could be also stopped the emigration. Thirdly, a reduction of the spending with the tertiary education would allow the reallocation of the resources in the benefit of the first two levels, primary and secondary, and, in the same time, would increase the quality of education.

Professional Experience at the Workplace

There are various options to increase the human capital stock, two of them being, as we have seen, raising the basic level for all the workers and having a reduced number of highly skilled workers. The first solution is considered to be optimal for the developing countries, while the second one might be used in order to gain innovation. Education is viewed as an investment. Lucas (1988) estimated that the educational effort is indirect related to the preference rate in time and direct related to the school efficiency. This is why workers have to rationally choose between the time spent with production and the period spent with education, giving up on one of these activities. Yet, there is an alternative that reduces the necessity of the substitution through the factor time and which leads to the endogenous knowledge accumulation, into the productive act. It is about the learning-by-doing process. Unfortunately, in Romania this process is a

concept very vague defined and applied, even in the case of the multinational corporations' subsidies. In a statistical study conducted by us on a sample of 300 persons from the North-Eastern part of the country, in October-November 2007, only 3,5% of the respondents had participated on specialized courses organized by companies and only in 56,5% of the cases the courses had been financed by the employer. This aspect demonstrates that the interest of the Romanian economic agents for increasing the stock of human capital is reduced. The attitude was also encouraged by the relative abundance of the highly skilled labor force that existed until the free movement of persons in European space. Meanwhile, firms avoided spend money for training the employees since they did not have the certainty that they would not migrate to other companies or markets. Nowadays, the internal market is lacking labor force, fact that impose a more careful personnel policy, focused on acquiring new knowledge and skills specific for the firm and for the job. The costs that a company may have with the training of the employees are benefic on medium and long term, generating an increase of the labor productivity, a prolongation of worker's productive period, making him devoted, and a prevention from the underemployment situation. A good example is that of the German or Japanese firms, which prefer hiring young labor force, without experience, but with a good level of general knowledge; lately, they invest substantial sums in training this people in order to acquire the proper experience. The policy is to offer identical wages for similar jobs, fact that prevents loosing the employees. There are various and complex remunerating forms that keep alive a high interest for assimilation and improvement. The idea that the trainings offered by firms to the employees are, actually, investments similar to those made in the technical capital is not exaggerated at all (Lee, 2001). The researches conducted into dynamic economies such as Malaysia, Indonesia, Mexico or Colombia revealed the fact that the trainings and the iob specialization have led to a substantial growth of the productivity. These experiences might be a bench-mark for the Romanian companies in achieving the competitiveness goal.

Informal Lifestyle

The evolution of the man up to the adult position, with social responsibility, is a complex and long lasting process. A very important role is played by the family and by the community in which he develops, in which he identifies and follows various models, acquiring values and abilities. The theoretical approaches regarding the role played by the family come from two directions: either it is considered that the human capital accumulation is fostered by the information remittance, experience and education between generations, from parents to children (Bordieu, Putnam), or it is assumed that the family relations are limiting the extension of the contacts to the society level (Cox, 1997; Fukuyama, 1995; Latham, 1997), reducing the accumulation of new experience. However, parents have a major impact on the children's education. It is difficult to quantify the way in which the family status, the religion or the ethnical origin are influencing the human capital accumulation (Bowles, 2001). Yet, this often happens. It was noticed that in families in which the parents have tertiary education the children will tend to finish a greater number of school years (Harmon, Oosterbeek, Walker, 2000). The explanation is a psychological one: as children, they are trying to imitate their parents and, lately, as adults, they develop abilities through the interaction with those from the group they belong (Borjas, 1995). It was demonstrated that more than 62% of the cognitive abilities and more than 49% of the intelligence are inherited from parents. The formal education has an impact of only 25% from the global abilities of an adult (Zak, 2002). This is why the family is considered very important in accumulating human capital at an individual level.

The Romanian society is focused on family that has a major role. Consequently, the center of the economic life is inside the family and any association outside it becomes difficult. In our study, 55,9% of the respondents consider that the closest relatives are the most trustful associates in a business, of course, if this association is necessary. Most of the people do not choose an association, considering that the partners are a source of misunderstandings and altercations. Therefore, it is not surprisingly why the most frequent form of association in Romania is the limited company, where the number of the partners and the responsibility of each of them are reduced. As a proof, from a total number of 1.691.238 trading companies registered in the Romanian Trade Register in November 2007, 1.180.676 firms were Ltd. If at these companies we add 437.048 family associations and natural persons, we find out that 95,65% of the Romanian economic agents start from the principle of a minimum association.

Our study also reveals that the family has the highest trust degree from all the social, political and economical institutions, being classified even before the church, with a score of 4,21 from 5 points. This close relationship around the family points out an important advantage of respecting the traditional values, of forming and transmitting a great part of the abilities, but, meanwhile, it may be also a disadvantage. The

Romanian family is constituted around the parents, the relationships being based on respect and permanent support. The children are protected up to advanced ages, the parents often allocating their resources in order to ensure them a higher life standard. The major objective of a family is that their children succeed on the labor market, a way to achieve this goal being the increase of the educational level. This protection, although it has some good aspects, does not make the young person being responsible and does not force him to identify his own ways of evolution. The access at the financial resources that are not the result of an accumulation through individual effort deforms the efficiency of resources' allocation. This is why the choices are often wrong and lead to readjusting additional costs. The life options are limited to those identified or suggested by the family, while a greater view outside the family would amplify the number of possible choices. Consequently, although the knowledge and the value system of the young people are well defined, there is a lack of experience and of accommodation ability that will deeply mark his further evolution.

The community is also an informal environment in which the younger develops. The values that are promoted inside the community play an important role if we consider that a child spends, daily, a lot of time outside the family and the school, playing with other children or doing some other activities. The community's ability to involve the young persons in entertaining or creative activities, in which the competition and solidarity spirit develops, will be lately repaid through an additional stock of human and social capital. Unfortunately, the association ability in the Romanian society is very unstable. We found out that it derives from a low level of trust between people and among individuals and institutions. This makes difficult establishing contacts and encourages the individualistic action. There is a large range of factors that influence the ability of trust: the level of culture and civilization that is still at an incipient stage of evolution, the lack of maturity and stability of a "social contract" that is in a negotiating phase, the customs and social norms that, especially in the rural area, have archaic characteristics, or the religion, mainly orthodox, which stimulates expiation through abdication and abstention.

The country's specific

The factor which shapes the large context of creation, formation and accumulation of human and social capital is the country's specific. The impact that it has on the possibilities of acquiring new abilities and knowledge depends, mainly, on the organization of the educational system; this directly refers to the professional specializations possible to be followed by an individual. Consequently, the educational offer of a country has to reflect its socio-economic reality and to consider the internal demand of specialized people for the industrial developing sectors.

Another factor that has a great impact on the human capital is the governance model. The Romanian long communist period has significantly influenced the way the people think and act, fact that made the transition process towards a market economy long and difficult. Therefore, the tensions that have occurred between the various political ruling parties during the almost 20 years of transition, together with the legislative system that was deprived of transparency, clarity and persistence in time, have determined population to trust the least the Parliament and the Government, of all the public institutions. Sobel (2002) considers that those that are willing to trust the others will also trust the political institutions. As long as a person considers the others potential tricksters, he will see the Government with the same eyes; our study revealed that this aspect is well demonstrated by the Romanian case. But, if each member of a society believes that all the others obey the authorities, then he would accept easier their decisions; in this way he would exempt the state from assuming some coercive costs on citizens, in order to respect the laws. Robert Putnam (1993) underlies the fact that the efficiency of the public institutions is significantly influenced by the civic engagements of the citizens. Being based on norms of the civic behavior, these engagements cover a large scale of attitudes and beliefs, starting with offering material and affective support to a friend and ending with those traditions that appeared because of the religion and cultural environment. A study conducted by Kilkenny, Nalbarte and Besser (1997) shows the fact that, indeed, the involvement in the community' benefit has a positive impact on the economic and political success. Moreover, the norms of the civic behavior may foster the accumulation of human capital due to the effect that they have on the knowledge and ideas exchange, aspect that is considered by some analysts as a side of the cooperation behavior. So, the cooperation is direct related to the process of obtaining new abilities and skills or, in other words, when there are strict rules of civic behavior, there is also a strong tendency of changing ideas and information and, as a consequence, the knowledge transfer will be much more ample.

Health

Regarding the level of health, it is demonstrated that, on one side, the level of development of a country is influencing the health status that, on the other side, has a significant impact on the human capital stock. So, as a country is more developed, the people are better nourished and healthier, fact that positively influences not only the possibilities of acquiring new knowledge but also the work abilities. There are various approaches related to the indices of the health status, most of which classify them in two categories; input and output indices. Into the first group there are not only the general indices - the overall level of health declared by the population in the surveys, the average level of life expectancy at birth – but also the specific ones that include: the infant mortality rate, the incidence of the low birth rates, the incidence of the overweight persons, the incidence of the diabetic people, of the chronic pains, of depression, cancer, heart diseases, suicides, accidents, or of AIDS, the absence rate at job, the health level and life expectancy on socio-economic groups, the financial insecurity risk caused by diseases and the incidence of the persons with limited activity. The input health indicators refer to the quality and the accessibility of the healthcare system, the medical knowledge level, the public political decisions that influence the life, the environment factors with impact on the health and the individual lifestyle. In Romania, despite the fact that, nowadays, the sanitary system confronts with different problems, mainly caused by the changes that took place on the social and political level after 1989, which influenced the way of implementing the reforms, the majority of the respondents of our study (69.8%) consider that they have a normal, good or very good level of health. Despite this, it is noticeable that the mortality rate is increasing, especially the infant mortality rate, surpassing the birth rate; meanwhile, the fertility rate is continually decreasing. To these phenomenons it adds the general tendency, noticed into all the European Union states, of aging population. Analyzing the factors that influence the health status in Romania, we may note that, together with the genetic, physical and social causes, the behavior has a significant impact on the welfare and health level of the people. The way of living, reflected in the nourishing habits, smoking or in the increased consumption of alcohol, correlated to factors such as the high blood pressure, the high cholesterol level or the overweight situation are positively influencing the premature death rate, especially through cardiovascular diseases and cancer.

Conclusions

The governance model has a very important influence on the Romanian human capital. The communist period had significantly influenced the way people think and act, fact that made the transition process towards a market economy long and difficult. Both the educational and the healthcare system were neglected for a long period of time, not only from the financial aspect but also from the institutional reform point of view, fact that had a strong impact on the quality of human capital. Some of the solutions that might be adopted, in order to remove a part of the various problems, are focused on matching of the specializations to the market demand and on the substantial reduction of the public financing of the tertiary education. Meanwhile, in the healthcare sector, the solution would be to increase the efficiency of the public health spending. Moreover, due to the fact that the internal market is lacking labor force, it would be necessary a more careful personnel policy, focused on acquiring new knowledge and skills specific for the firm and for the job.

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ROMANIA FACING THE MONDIAL GOVERNANCE ERA

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Abstract: Globalization, which challenges to a great diminution of the power or of the intervention capacity of the state, is a part of the state politics result; the international level, which mondial economy has reached, reimplies the need of nation-state as a principal mechanism of connection between the international government level and the organized communities of the third world.

As a result, an analyze should be done both regarding the globalization impact over the states, but also the states impact over the globalization.

The roles of state, of public authorities and of the economic politics are the most important for the gradual transformation of the national economic governance system.

Is going Romania, a country having a history confronted with the communist period, to be able to adapt its' governance politics in order to face the globalization?

Key words: Global Governance, public policy, implementation system, public institutions, Legislation, structural instruments

Introduction

One of the opinions spreaded in mass-media, politics, the academic environment and even in the important business groups is that the globalization creates problems that cannot be resolved in the old institutional cadre of international relations. The economic instability, generated by the recurrent crises of the financial crises, the environment's degradation, grace to the excessive exploitation of natural resources and the gap's emphasis between rich and poor countries, due to the incorrect economic order, beat the institutional capacity and the political competences of the actual international states and organizations. Consequently, there would be necessary a restyle of the international relations both from the institutional point of view (rules and norms), but also from organizational point of view. (the implementation and control capacity).

The ideas regarding this reform are a little bit heterogeneous because they reflect the visions of a great number of studies, political currencies, opinion leaders and official or nongovernmental organizations. But, generally, on may speak about the concept of global (mondial) governance, concept that was adopted by ONU, politics makers and lots of the nongovernmental organizations.

What means "Global Governance"?

The aim of Global Governance is a (re-) tameable of the free from globalisation "tiger". The uniform less distribution of earnings, the unpaid taxes by the off-shore financial centres, the international crises as a result of speculative capital movements, a ruined concurrence at the local level, because of the potential threats come from the multinational companies, but also the other unfavourable (economic) globalisation's consequences can be analysed only in a global context, being imperative for all level actors to cooperate.

The same thing is available also for other global problems, from the greenhouse effect or the migration phenomenon to the international criminality and the mass distribution of arms.

The national state is too small for an efficient resolve of these problems. The first successful "capitalism's tameable" has been inside the state boundaries. Only that now these boundaries, which defines the state, are in a big contrast with "the total miss of limits" implied by the globalisation: the national state erodes, it cannot finish some of its' important functions, such as the safety assurance of its' citizens in this era of mass destroying arms.

The Global Governance wants to fulfil the result empty, the settlement deficit, through cooperation at an international level – the state is keeping its' own settlement functions-, but also through the construction of new political forms, especially through the civile society's implication (from the global level) and through consolidation of international organizations. "Global Governance is not a romantic project for a "unique world", but a real response to the globalisation's provocations", Franz Nuscheler said. Global Governance tries to find solution strategies of the global problems. The necessity of new political ways for resolving the existent problems is an incontestable fact and often on reproach to the Global Governance's architects that their projects are utopias.

But how could function the cooperation at a global level, when the United States, a hegemonic power, have chosen their own way, giving up, for example, to the Kyoto protocol and thus generating a regress of the decisions regarding the global climate protection? Who should become responsible for the cooperation between the states, corporations, towns, ONGs? And even if this cooperation could be coordinated: who legitimizes the decisions? How can be organized the democratic processes at a global level? Global Governance has to be in the same time not only efficient, but also democratic. These two base requests are in a tense relation.

The most advanced cooperation model between states and societies is the European Union (EU) that could be considered a "laboratory" of Global Governance. But inside the EU there could be observed the same dilemma regarding the efficiency and democracy. It must also be considered the fact that the European states have much more likely characteristics than the states from the global level.

Pollack and Wallace (2006) argue the necessity of a "governance perspective" at the EU level, especially due to the non- hierarchic or "network" character of the policy elaboration, implying subnational, national and supranational actors and a normative preoccupation regarding the democratic deficit "from EU, in the sense of the EU's potential of being a deliberative democracy (the possibility of citizens and of the representative associations to make known their opinions and to make an exchange of opinions in a public way, in all the EU's action domains; the realization of an open, transparent and constant dialogue of the EU's institutions with the representative associations and with the civil society; large Commission's consultancies with interested parts and the possibility that at the initiative of at least one million EU's citizens from an eloquent number of member states, the Commission to be invited to present, in the limits of its' attributions, an adequacy proposition for everything that these citizens consider to be necessary a juridical act of the EU in order to call on the Constitution). At the EU level there is a political and institutional cadre of the governance and it is in an implementation process through the creation of cooperation policies from all the EU's member states.

In order to elaborate the cooperation European strategy between the Govern and the nongovernmental forms of representing the civil society, there were organized working groups, covering domains such as the European public space, the participation of civil society to the elaboration process of the public policies and the participation forms settlement, the decentralization through the building of some expertise and reconfiguring structures for the decisional process – the European Agencies specialized on public interest domains with decisional power in that domain- and the vertical decentralization, the national policies' convergence by the development of the policy networks and of the multilevel governance and the global governance's problems – the international criminality, the environmental protection and the transboundary migration. The nongovernmental organizations requested a greater participation to the taking decision process before these are adopted, the reorganization of consulting proceeds in order to make them better and the administrative focalization on the input's importance of the nongovernmental organizations.

The development in the autochthon space of the socio-economical governance's culture is not possible only by a great transfer of "forms" which, in time, through adaptive pressures, are going to create the necessary "background", meaning a radical decentralized society, where the Govern is just one of the numerous actors on the policy "market". This is, informally, a possible definition of the Europenisation

process. Among the three societal systems-the public sphere, the political one and the politics sphere- the Europenisation process begins with major changes in the politics sphere. The Communitarian Acquis is one of the strategic political cadres where the innovation is taking place in the process of policy making. The Europenisation, across all the definitions that have been given, can be seen as a complex process of policy transfer meaning learning new ways of making policy – methods, institutions, ideas, good practices-oriented towards the process' actors. Thereby, the direct approach of the policy networks cuts the way and hurries up the policy learning and, through this, the innovation comes in from down to up, from the experts groups, specialized agencies, companies and other local structures to the governmental structures, creating thus the premises of a decentralized policies environment, sustained by the consensual method which predominates in the political practice of the EU. On may bet on the mobilization of national structures in order to sustain the common interests by policy networks, sectorial consorts and other governance's forms, which imply direct relations between the European Commission and the European policies beneficiaries, avoiding the bureaucracy rapports between governs and the European institutions, that are often intermediated by the heavy and unspecialized bureaucracy in the complex domain of public policies (Wallace).

Is going Romania, a country having a history confronted with the communist period, to be able to adapt its' governance politics in order to face the globalization?

Regarding **Romania**, the sectorial policy's study, as a paradigmatic phenomenon of policy transfer in the bigger context of the public sphere Europenisation, imposes two important ideas: the first one concerns the political capacity of formulating and of implementing EU's policies in a national context and the second one concerns the cooperation capacity between the public and private actors concerning the public interventions, approaching them as collective decisions. The political capacity concerns the political willingness, the political resources and the political legitimacy of the discourse between the problems and interests of all implied actors: citizens — women and men, civil society from Romania and the other member states of the EU, the media and the public opinion, politicians, governmental actors, autochthon parliamentarians, policy groups from the EU, another political factors. The political capacity is important in the "fight" for the policy (public and institutional) agenda, for the problem's definition (considering the perspective upon the problem — social, cultural, institutional, educational — or in function of the aim — to focalize the public attention upon it, in order to introduce it on the public agenda, or, considering the problem as known, to determine the change, the political alternatives) and for formulating the alternatives policies.

In the case of transferring politics, the process of establishing the agenda is less relevant for the political capacity because the problems enter directly on the institutional agenda at the same time with the European Agreements. The public capacity concerns both the administrative resources (the expertise, the financial and logistic ways, the decision level of the staff) and the representatives of those who are implied in the policy's elaboration process and also the non-hierarchical implication of the private actors. From the perspective of the representative bureaucracy theories, it is important the proportion in which the policy administrators (the bureaucrats from the public administration) are active or passive representants of the citizens' interests. In this context, the interest points are the problem of the policy's institutional feedback and of the political action arenas, expected effects of the political elaboration process.

During the process of public policy elaboration, the Governance represents, in the cadre of the public sphere, a space of political action through which on advances directly the citizens' political interests, which may participate by active representation to the decisional process. Moreover, the policy's beneficiaries may organize themselves in a "policy's community" or in policy networks, that can be: professional networks, production networks, territorial communities or simply "thematically networks", on public policy problems and which are opened to all partners interested by the domain.

Regarding the way of entering on the political agenda of the state, there could be problems similar with the ones from the public agenda or enters directly on the institutional agenda, other way said it enters or not in a public debate, which influents the (re) definition and the (re)formulation of the problem.

The elaboration and implementation public policies still represent a priority for Romania and the Romanian authorities continued the efforts in order to evaluate the economical and social impact of those and in order to monitories the efficiency of public funds use. The Govern agreed all the procedures that realize an analyzing mechanism for the fundament of all projects regarding the normative acts or public policy

documents. Regarding the mode evaluation in which the ministers, the authorities and the agencies have fundament the public policy propositions and the normative acts projects, the General Secretary of the Govern monitories and evaluates periodically the way in which the ex-ante analyze of the public policy documents and of normative acts projects under the approbation of the Govern is done.

Regarding the consolidation of the territorial cohesion component, during 2007 were implemented the following measurements:

- 1. The elaboration of the Strategic Concept for Romania's Territorial Development 2007- 2030 (SCRTD). As all the other member state, Romania has to assure the documents, which confer the economical and social cohesion, a territorial dimension underlying the territorial impact of the European funds utilization. SCRTD underlies, from integrated territorial perspective, the ways of evaluating the national potential in order to recover the development gaps and to stimulate the equilibrate development in Romania. During the project, there were identified and approved the major strategic objectives for the Romania's territorial development, which refer to the network's development of urbane places, to the capitalization of the natural and cultural patrimony, to the regional development. A process started in order to elaborate on long and medium term the priority list projects for each major objective.
- 2. The elaboration of Improvement Plan for the Regional Territory
 Improvement Plans for the Regional Territory are now being elaborated. These plans fundament the territorial profile of Romania's competence, all the measures necessary for
- 3. The Legislation Modification in the Domain of Territorial and Local Scheduling.

 The aim of implementing this measure is to realize the reform of territorial scheduling system in Romania realizing all the necessary legislative modifications.

economical, social and territorial cohesion and all the projects for different financial sources.

4. Developing the idea of a clean and durable regional and urban transport

For implementing this measure there is necessary a national strategy in the domain of promoting clean transport based on nonpolluting redeemable energetic resource, on increasing life quality from the urban environment and on the urban mobility management in the context of towns' space development. Moreover, for *increasing the quality of public services*, during 2007, the Romanian Govern enhanced its' efforts to simplify the settlements to reduce the administrative boundaries and costs for companies and to improve the communication between the public institutions. This instrument is called the auto evaluation cadre of the functioning mode for public administration at local and central authorities' level. Plus, the Administration National Institute together with regional centers rolled on 3 projects for improvement: *Quality System Management in the Public Administration; Management Standards in Public Institutions; Documents Management in Public Institutions*.

There was also realized in 2007 a project named *For a Better Settlement Strategy at the Central Public Administration Level 2008-2012*. This strategy will have a great impact upon the public administration, basing on the reduction of administrative tasks, on the ex-ante analyze of impact, on consultancy promotion, on the legislation simplification, on the applying of EU's legislation. The aim of this strategy is to realize a healthy settlement environment for economic development by increasing the productivity from the economic sector and by reducing the administrative tasks, thus saving important financial resources that can be reinvested in the economic development and in the creation of new working places, without neglecting all aspects regarding the consumers' and employees' protection.

The main specific objectives of the strategy are:

- a higher quality for settlements by improving the fundament process, by evaluating the public policies' and normative acts' impact and by improving the consultancy activity;
- measured administrative costs and reduced administrative tasks by using a set methodology;
- simple and clear legislation by the eliminating redundancies of the normative acts;
- coherent institutional cadre for authorities and agencies with settlement and inspection attributions;
- improved cadre for transposing and implementing the communitarian legislation.

The *simplification of legislative* procedures means the complete set of steps in order to facilitate and to simplify the administrative formalities that a solicitor (physique or juridical person) is obliged to execute for respecting the rules imposed by the authorities.

During the creation of an institutional and procedural cadre, there were also implemented measures for informing and training the potential beneficiaries from regional and local level. Using as a financial source funds from the state budget, the Ministry of Economy and Finance, in its' quality of national coordinator, together with the Management Authorities and the Intermediate Organisms, organized different conferences and seminars in the whole country. These promoting events had as theme not only the financial opportunities regarding the structural and cohesion funds, but also the principles, rules and procedures that apply during the implementation of structural instruments.

Conclusions

The policy elaboration, at least in this domain of public intervention, consists of a bigger process than the fundament of hierarchical and authorial decisions. There is a need of reorienting the formulation processes towards policies with public and of reorienting their implementation axe from down to up towards the strategic interaction of multiple actors implied in the policy networks. The decisions' rationality, once it is out from the logic of values' authorial allocation, must recognize the existence of social under-systems rationality based on negotiations between governmental and non – state (public or private) actors. By assuming Governance as a reorientation mode of the relation between the state and the societal autonomy, in any of its' dimensions- policy, political or public-, the state's traditional functions are completed are completed at least by the negotiating function, by new levels of the political action, by political behavior rules, by interaction models, by new instruments of policy – making: consultancy, social dialogue, partnerships, by new opened methods of coordination and of co- settlement, by externalizing the public services. If the input of this process is mostly constituted by acquis' adaptation, the transfer's efficiency is obviously conditioned by policy- learning, not also from instrumental perspective, but also from the societal one.

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THE MANAGEMENT OF THE COMPANY THROUGH DIVIDEND AND THE ETHICAL DIMENSION OF THE DECISIONS TAKEN IN ETHIS FIELD

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The main objective of a company's shareholders is to increase its market value. Of course, they also wish, on a second level, to obtain dividends as big as possible from the investment they made. Just that the exacerbation of their wish to obtain substantial gains, especially when the dividends are distributed in the form of free shares, makes them overlook two regularities that exist in this field: the increase of dividends has to be continuous, and to not have big fluctuations, and the decisions taken in this field do not have to infringe on the self-regulatory capacity of the capital market.

Key words: market value, shareholders, ethical decisions

The dividend policy of a firm concentrates an ensemble of problems and interests that reveal, for instance, the quality of the management act and of the relationship manager – administrators, the rationality of the development strategy of commercial society and of the program of increasing the employees' faithfulness. It offers at the same time profound explanations of the evolution of the market values of the firm's shares and of the public image it benefits from. Thus we consider that the elaboration and implementation of a dividend policy in accordance with the featuring characteristics of each firm has to be the main preoccupation of the management, rather than the non-fulfilment of the job duties of each employee, a problem that can be left for a domestic manager. And the competent analysis and, maybe, an authorised public debate on the dividend policies of the societies on the share market are nowadays more necessary as they are more and more required to obtain high economic performances and, at the same time, to distribute constantly high dividends. If these objectives are not fulfilled simultaneously, the firm is sanctioned by the decrease of its price on the share market, by higher costs of resources of alternative financing, as some investors do not understand that the firms that, for instance, renounce for several years to the payment of dividends of their reduction – in order to survive by own means – prove good sense and concern for the conservation of the capital invested in it by the shareholders.

It has become a common place to admit the fact that, by raising the proportion of the distributed profit under the form of dividend, there is a decrease of the part of it that is accumulated during that year and at the same time the sums available for investments decrease too. In order to renounce, for that reason, to some projects of profitable investments, the firm will have to use on a larger scale external funds. When these reach appreciable dimensions and get associated with important cash flows, in form of interests paid, the future profits and the share holders' compensation possibilities will fall at least significantly. This dividend policy, oriented towards satisfying the share holders' desire to gain - in form of dividends – has a contradictory effect upon their objectives in this plan, on short and long term.

This effect is emphasized first as the number of shares at holders increase, as the rate of dividend per share reduces. Secondly, the more volatile the market, the more it amplifies the effect discussed, as in such circumstances a bigger value is attributed to the RON obtained from dividends than to the one form capital gain (difference in the price on the share market), because of the difference in risk level between the two sources of financial advantages. The said difference is favourable for dividends.

The major objective aimed by the shareholders is the increase in the firm's market value. It can be obtained if the price of the shares mentioned increases on the market they are transacted on, or, if the number of shares issued by the firm and existent with the shareholders increases to such extent that it annihilates possible decreases in the future price of those shares. But the market price of the share is frailly balanced by the dividend policy.

If the investors in a title estimate that the issuing firm will assure an increase in the dividend by a certain percentage and it has increased as forecasted, the share's price on the market does not change after the date

of the announcement of this fact. In such cases, the increase of the dividend has been anticipated by the market and included in the price prior to the confirmation of the forecast's accuracy. Things change by 180 degrees when the dividend made registers a smaller increase than the one estimated. The price on the market decreases in such circumstances even if the level of the estimated profit is exceeded, that difference does not cover the supplementary risk that threatens the achievement of the anticipated objective.

The note of a direct correlation existent between the evolution of dividend per share and its price, made several researchers believe it is given by the investors' propensity towards dividends rather than capital gains.

But two famous economists, M. Miller and F. Modigliani, hold a distinct point of view, extremely useful to those who decide, very often confirmed in practice. They start from the banal notice that the firms' management always expresses an appreciable dose of concern when it come to reducing the level of dividends from a year to the next and, consequently, they do not increase the value of dividends per share unless they are convinced that the profits permitting such a compensation are stable, i.e. likely to be obtained in the future as well. Miller and Modigliani expressed their strong beliefs that bigger dividends than those estimated by the investors represent a sign for them that the firm is in a lasting favourable situation while a reduction of the dividends attributed signals a forecast of smaller revenues. From this perception there is only a step to the influence of it upon the market price of the shares of that firm in the logic direction of the significance of the informational content of the deciphered sums.

Reality, inclusively that in our country, has confirmed what the economic theory sustained in logic arguments, regarding the dividend policy. It is not the amount of the dividends distributed or their proportion in the profit made, but the continuously raiding evolution of their dimension. In time, the investors gat to become aware of the relationship existent between the profitability of an investment and the risk assumed by the one undertaking it, as well as the further advantages brought by the capital gains as compared to those from dividends; or vice versa. Thus, some will be attracted by the firms distributing big dividends, others by those that direct profits mainly towards investments. There are shareholders that need current, annual incomes and would not agree on the complications of getting them as a result of some operations of selling the shares owned, even if their price has increased following the capitalisation of a big amount of the profit. Such a pertinent analysis of the investors' preferences reveals the fact that each firm creates in time a certain type of customers that prefer the features of its dividend policy.

Still, we can note the effect of the sudden change of this policy on the price of the firms' shares. If the commercial society retains and reinvests the profit obtained and does not pay the dividends expected even by the stable shareholders, they will cover the need of current income by taking credits or, more frequently, from capital gains, selling part of the shares they own. It the number of these is big, there is no other argument that can stop the price from a needed vigorous correction.

The policy of residual dividends. The amount of the dividends to be distributed to the shareholders can be stated only after the deduction of the net profit of the fund necessary for the investment budget. Such a procedure is agreed upon by those shareholders that would rather the firm retained and reinvested the profit than distributed it as dividend. Their choice is determined not by a small need of current income, if not by the conviction consolidated by the previous results of the firm that it can obtain – by reinvesting the profit – a rate of profitability higher than other placements with comparable level of risk can offer. If the opportunity cost of the profit accumulated is given by the profitability rates of the investments available for the shareholders, then the amount of the capital detained and the level of their initiation in the domain condition the degree of acceptance of this variant of dividend policy. Thus, the residual dividend policy can be successfully implemented by the firms in which actions are concentrated to some investors with high financial potential and vast knowledge in the business field.

After a firm has reached the optimum dimension and maintains relatively easily its average cost to an average level, it can afford to lead a policy of constant dividends. But the remuneration of the invested capital with fixed sums per share equals a decreasing compensation of them, in the case the inflation rate is increasing. This shortcoming, which is likely to generate the desire of selling the respective shares, can be overcome if the dividends are so dimensioned that they are progressively ascending, with a rate at least equal with that of inflation. As we cannot now consider a disinflation, it is recommended that the firms shouldn't ever reduce the annual dividend per share. But anyone can understand that such a accord gets feasible on a long term only provided that (1) the profit rises by a rate identical with the dividends or (2) if it is accepted to cut the part of profit bound for investments.

It is well-known the reaction of anxiety provoked to the shareholders by the fluctuant dividends, as well as the tendency of decrease in the market price of shares of a firm that resorts to annual, inconstant payments, from the profit. Big investors in shares on the share market, the pension funds and the insurance companies avoid including in their portfolio titles of revenue from variable dividends. They estimate the risk of investments in firms, considering the fluctuation in time of the dividends rather than of profits, as they take into account that their amount can be influenced by adequate book keeping.

The companies can avoid problems associated with unstable dividends by measures more or less popular, such as postponing the implementation of certain planned investments, the decrease of the profit allocated for accommodation, issuance of new shares, distribution of a sure dividend, in low value, to which variable increases are added, called extra-dividend, in accordance with the amount of profit obtained in the previous year. Doing that, the shareholders get to know the quantum of the minimum sum of dividend which they would surely get and they can count on. At the same time they get informed directly about the firm's accomplishments above those planned. The shortcoming of this policy comes in the case of a possible regular payment of the extra-dividend. Receiving it can become a habit so as the lack of it at a certain moment can generate similar effects with those triggered by the alteration of the amount of the regular dividend paid to the shareholders. But the relation of determination can be extended and, as such, we identified a way of annihilating this insufficiency; it is established as an objective the dividend to be distributed as an average for some years. Thus, the decrease in the size of the source for the dividend's payment in a year can be overcome by its increase in another year. For implementing this variant of the dividend policy, the management of the firm has to use important resources in order to inform the shareholders about its connotations, otherwise it cannot avoid the market price of its own shares when the profit or the dividend decrease.

No repeated issuance of shares can be easily administrated, even if the management of the firm encourages this method of financing their own investments. In selecting the method of financing they should consider the costs of issuance and the possibility dividend payment not only from current profits but also from those accumulated in the previous years; when the costs of issuance of the new shares are low it is recommended to resort to the variant of a high proportion of dividend from the total profit. If these costs are high, it is more economical to finance from the profit rather than from the sums obtained from selling new shares. By investing a big part of the profit, the value of the firm increases but it is likely that during some years — maybe when the investment in application does not reach the planned parameters — the profit and the dividends would not increase. And as between their amount and the market price of shares there is generally a doubtless relationship, paradoxically, the market price of its shares also decreases. This decrease could not be explained else but by the scarcity of many investors' economic culture. Another explanation, not confirmed by practice, would be the emergence of investment variants more favourable or with a more rapid profitability, which would have made the shareholders reorient their placement towards other titles.

The financial titles transacted generally, but especially the actions, have an optimum price interval. When their price is included in it, the value of the firm is maximized. If the possibilities of compensating the shareholders by dividends become very high in a year, probably because of gaining an exceptional profit, the price of the shares increases a lot, exceeding the limits of the optimum interval.

It is advisable in such cases to restrain from distributing a part of the planned profit as dividend but to stock it in order to be paid in the future years. How many shareholders accept this solution? Many would adhere to this variant of the dividend policy but only after they have experienced the consequences of the decision of rejecting it.

The distribution of dividends in form of shares, called free, followed by the issuance of a new one, paid in cash, can lead to damaging the possibilities of self-adjusting of the market and, consequently, to the dramatic decrease of the individual price of the shares. The investors, even the very faithful ones, use – some till exhaustion – the financial availabilities to pay their subscription rights. If then the market price of the said shares decreases, becoming thus appealing to the buyers, they cannot purchase them as subscribing they have used their entire capital. The diminish in the number of potential buyers by numerous issuances of advantageous subscriptions for shares reduces a lot the possibility of stabilizing the price through natural means, belonging to the market.

We believe that we can accept the theses, which are real axioms, that by increasing of the dividend there is a transmission of information referring to the future gains and the decrease of the dividend paid represent a

new information, sometimes expected, that contributes, to a relevant extent, to the decrease in the market price of the shares. The same happens in the event of an issuance of new shares if t is not followed by the payment of some cash dividends of a higher value: the price of the share will drop as the news information is nothing but an anticipation of the future gains.

THE SPREAD OE ECONOMIC IDEAS AMONG ROMANIAN PEOPLE. CASE STUDY: BOGDAN PETRICEICU HAŞDEU

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In this very complex context of globalization and European integration, Romania is facing a very sensitive problem: we need to find the best way to define ourselves, to find our genuine values and to send a clear message to the world. If we search our history we will find that, even though Romanians proved to be less inventively or too moderate on economic issues, there are some important Romanian economists. One of them, almost forgotten by the historians and scholars, is Bogdan Petriceicu-Haşdeu who tried hard to familiarize the public with the sense of occidental economic thought and, thus, promoting the surpass of people's economic ignorance. His desire to spread economic ideas was his guiding light and his economic writings, backed up by a substantial theoretical background, tackles the numerous economic issues. Analyzing Bogdan Petriceicu-Haşdeu economic writings is a very good way to find romanian real values.

Key words: economic culture, romanian economists, liberalism, socialism, protectionism

Introduction

In the nowadays Romania, deeply linked to the occidental values, if someone would like to know more about the Romanians way of thinking he will find about Romanian sausages (mititiei), stuffed cabbage (sarmale) or Romanian brandy (palinca). Everything seems to be reduced to the extraordinary joy showed by Romanians at their religious or laic holidays. What is the cultural heritage of Romanians, which are their intellectual traditions, how they interacted with the civilized word? The answers to these questions seem not to interest us anymore, but, in the mean time, we complain about the depreciatory treatment of the others. The Romanian would like to be appreciated for his joy for live, for his extraordinary versatility and adaptation skills always invoking the now-boring cliché of his social intelligence. Despite a great history filled with genuine heroes who now became fake heroes, Romanians proved to be less inventively or too moderate on economic issues. They did not wish for wealth, did not start wars to seek for wealth because they were already proud of their riches which have to be defended in their own country. The opening to Occident was a gradual but painful process, many of the original values disappeared being replaced by others more or less good, but bad behaviors and attitudes were inertially kept. With all the history turmoil, those who tried to promote the emancipation of the people were forgotten. The History's dust felt out covering the ideas which guided the actions of statesman taken in the long way of emancipation. The trade off between a defensive status to an offensive attitude proved to be difficult due to the ignorance of the people, very convenient for the government, but extremely inefficient for the economy.

Among those who felt the need to give to their peers a small part from their natural gifts, Bogdan Petriceicu-Haşdeu is, by far, the most brilliant. Like other Romanian scientists of the XIXth century, fully aware of the common people hardships, Bogdan Petriceicu-Haşdeu searched, in a critical manner, to detect the historic causes of the Romanian economic underdevelopment. Fully convinced that the assimilation of the western economic ideas will change not only the economic way of thinking of the people but the economic status also, Bogdan Petriceicu-Haşdeu tried all the possible ways to spread the western economic ideas proved to be successful by the extraordinary economic expansion of the West.

The spread of economic ideas

Through articles published in mass-media, essays, translations, controversial discussions, linguistic analysis and parliamentary speeches, Bogdan Petriceicu-Hasdeu tried hard to familiarize the public with the sense of occidental economic thought and, thus, promoting the surpass of economic ignorance. This duty, voluntarily taken upon himself by the Romanian scientist, is revealed when Hasdeu choose to mention Napoleon III as a motto for his study Agriculture and manufacture: "C'est le premier devoir des bon citovens des propager les sages doctrines de l'Economie Politique" [Hasdeu, 2002c: 64]. His desire to spread economic ideas can be felt in every word he wrote beginning with the language and ending with his extremely relevant and accessible examples. The language, subordinated to one clear purpose: to familiarize people and to explain those people the economic terms, is very colloquial, alive and straight to the point. The majority of arguments are followed by exclamations which either express the author's own convictions or ironies regarding some economists or economic theories. The examples used by the Romanian economist in order to support his affirmations are surprisingly clear, accessible, suggestive and, sometimes, anecdotical [Hasdeu, 2002a: 23]. For example, to make clear his thesis that competition is possible only inside a country and never between countries, Hasdeu states: "When a person moves his wallet from the left pocket to the right pocket he does not lose anything, on the contrary, he can be better off if the left pocket was ragged. But, I wonder, it is the same thing for me moving my wallet from the left to right pocket and moving it in my neighbor's pocket?" [Hasdeu, 2002a: 34]. His eagerness to spread abroad as many economic thoughts as possible is clearly revealed by the primary documentary sources used and brilliantly interpreted by Hasdeu. The economist quotes contemporary or ancient economic texts written in English, German, Greek, Italian or French belonging to a wide range of authors beginning with the Greek historian Strabo and ending with economists like Mill or List.

His economic writings, backed up by a substantial theoretical background, even though are written and published in a very short period of time (1867-1870) – which reminds of one of his favorites economists, Frederic Bastiat - tackles, in a positive manner, the way in which Romanian economy should be. Hasdeu proves a deep understanding of economic theories mastering arguments which even today seems to be very complex. For instance, his comments on paper money grasp the very essence of the monetary theory which seems to be nowadays forgotten: "a limited amount of money can not be dangerous" [Hasdeu, 2002b: 47] but the paper money is not desirable when the government can not refrain himself from issuing money in his own interest. Laying the competition principle as the foundation of economic science [Hasdeu, 2002a: 21] and considering economics as "the little sister of history, philosophy and law" [Hasdeu, 2002a: 23], the Romanian scientist grants economics with the status of science of the future which importance is given by its goals: global welfare and universal happiness. Putting together economics, history and philosophy Hasdeu considers economics as a social science consisting in general principles derived from general observations on individual and collective behavior. Hasdeu, a genuine scientist, probably realized the consequences and the faults of the empirical method, and thus, he hesitated in defining economics as a general science considering that the economics can be considered as a set of principles which can be applied in order to achieve wealth [Hasdeu, 2002a:28]. Like other classical economists, Hasdeu defines economics as a science of wealth avoiding the socialist point of view, commonly accepted by the economists of those times, which defines economics as some kind of craft meant to reduce poverty. Even though economics is a science of wealth, its principles should be applied by the poor people who needs economics more than anyone else or, in another way of speaking, using the very language of economics: "It [economics] seeks to be an essential commodity, not a luxury good" [Hasdeu, pg 89]. Hence, for the Romanian economist, economics represents the best way the nation's progress and, thus, economics should be treated as the science of the future.

Although he declared himself as a liberal and even promoted liberal principles, for the very reason that some ideas from the works of the greatest western economists of the XVIIIth and XIXth centuries, such as Adam Smith, Friedrich List, Jean Baptiste Say, Frédéric Bastiat, were according to his own beliefs, Bogdan Petriceicu Hasdeu remains a humanist. His attachment to liberalism doctrine does not restrain him to strongly criticize those liberal theses which, from his point of view, do not find their place in the economic realities. These critics are mainly referring to the so-called liberal incapacity to perceive that there can be competition among nations and, thus, a country could be better off applying protectionist policies. Despite his declared sympathy to the liberal economics, Hasdeu goes as far as arguing that the liberal principles are "the scholastic theology of Middle Ages" [Hasdeu, 2002c:75], blaming liberal economics for fallacies such

as: conclusions without a real background, irrelevant distinctions, symmetrical consequences and false premises.

Honestly interested by the country economical and political progress, Bogdan Petriceicu-Haşdeu is deeply attached to the economic emancipation thesis and gives an almost heroic sense to the land, quoting Robert Peel: "We are placed to the Western Europe's edge like a link which made the connection between the old and the new world" [Hasdeu, 2002a: 35].

Analyzing the Romanian realities, Bogdan Petriceicu-Haşdeu adopts an attitude very similar with the attitude of Lord Acton; he gives away any preconceived nationalist idea opposed to liberty and any kind of politics against national ideals. Needless to say that his ideal was the economic emancipation of the Romanians. The union of all Romanian language territories which share the same history, traditions and values is a leitmotiv of his writings. The unfavorable conjuncture and the fear of invaders emphasize the idea of national unity: "Is hard for us to quarrel with three kingdoms spread across the Eastern Europe which are holding Romania so tight that their love almost broke our nation in three pieces" [Hasdeu, 2002a:36].

Manufacture, agriculture and competition

Hasdeu firmly rejects the most in fashion thesis of that period – "Romania agricultural country"- arguing against this dangerous and "trivial superstition" [Hasdeu, 2002c: 68] which favors only the agricultural development and leaves behind the economic progress of the country. Using a very scrupulous and well documented analysis of the main economic theories and showing an extraordinary impartiality specific only to a genuine scientist, Hasdeu gathers a series of important arguments in favor of industrialization. These arguments belong to schools of thought economic which are usually opposed, such as the liberal and protectionist doctrines. The analysis on manufacture and agriculture offers him the appropriate reason to give an answer to the never ending controversy between the main economic theories. It appears that the common point of interest between all this theories is their clear option for a manufacture based economic growth. Hence, the Romanian scientist can be credited with a very rare success – to reconcile (not for long) the liberal and socialist philosophies. The arguments against "Romania agricultural country" thesis are logically synthesized and presented by Hasdeu and all these arguments are long term valid:

- 1. a development based only on agriculture presents a lot of risks for the nation economy
- 2. an agricultural country is in clear disadvantage in international exchange
- 3. manufacture use assets and labor more efficiently because it is simpler to shape people than land [Hasdeu, 2002c: 71];
- 4. the exchange and competition emerge due to the products diversity which can not be maintain only by agriculture
- 5. manufacture is the key of agricultural development.

In order to prove that manufacture is, eventually, the main propeller for agriculture Hasdeu uses as example the case of professors and students which shows that the amount of teachers is the main factor of an increased number of students. He argues, in a manner which reminds us of Malthus, that:" We can say that the number of teacher increase and decrease in an arithmetical progression while the students number increase or decrease in a geometrical rate." [Hasdeu, 2002c: 84]

Despite the risk of being perceived as a protectionist, "a not so very popular notion" [Hasdeu, 2002c: 89] especially for a person with liberal political options, Hasdeu claims that Romania has to follow the path of industrialization which means that the lawmakers should protect and encourage the almost embryonic industries of the country. Nevertheless, Hasdeu finds for himself some attenuated circumstances for this unorthodox point of view arguing that any economist becomes a protectionist when is bound to give practical solutions [Hasdeu, 2002c: 97].

For Bogdan Petriceicu Hasdeu, competition is a fight between economically equal partners, and also a sign of nation's maturity. His attachment to the national competition is influenced by List's theory and is used more as a very convincing argument for territorial union than a manifestation of human action and liberty. But the hidden message is very clear: the agricultural restoration keeps the country dependency and the lack of investments does not allow economic progress.

Bogdan Petriceicu Hasdeu evokes the advantages of competition for domestic exchanges using the arguments of commutative and distributive justice and the principle of moderation. The competition game and the price variation generate "the balanced competition, the asking (the demand a.n) matching with supply and the supply with the asking. Then there is neither more nor less, there is no extremity or disproportion: it is justice!" [Hasdeu, 2002a: 22].

Disregarding the economic realities, Bogdan Petriceicu Hasdeu claims that there can not be possible nor desirable the international competition among nations. In some way, probably influenced by the writings of Bastiat, Hasdeu only sees the glass half empty. He is not able to perceive that the so called free trade is the result and, in the same time, the beginning of globalization. Nevertheless, Hasdeu takes notice on a very interesting phenomenon, there is an inequality between liberty grades of each entity and thus the exchanges are not always fair: "Let ask ourselves if it is possible a free trade between a master an a slave, between an athlete and a pigmy, between a philosopher and an idiot, between a man and a child, between a rich man and a poor man, between a man armed with a gun and a man armed with a stick, between a nation and another nation?..." [Hasdeu, 2002a: 35]. Hasdeu also gives a very interesting argument against the Ricardo competitive advantages theory arguing that the original argument — the free trade is better for both countries— with the following argument: if a country is allowed to freely develop it might not need the benefits of international trade [Hasdeu, 2002c: 82-83]. This is a very interesting point of view which follows the very same path as Ricardo theory: the exchange of wine and cloth between England and Portugal.

"The Jewish problem"

The widely spread xenophobia was the wrong answer but unfortunately the only answer to the serious fallacies of the Romanian economic politics of that time. The essential problem was: there were just a few local merchants because there was no money, the money was absent because the Romanian economy was stuck in a primitive stage of natural economy, this primitive stage was protecting the almost feudal system and its restriction on labor migration, thus the capitalist monetary economy was driven away. Consequently, the migration to the city was hindered by the villagers economic dependency to the landlord, the city did not flourish due to the scarcity of money and labor needed for urban activities such as manufacture, commerce and banking. The foreigners were filling an empty place, they did not chase away the Romanians in order to take their place, but the incompetency of the Governs, the incomplete legislation and the ignorance of the landlords sustained also by the intellectuals approval amplified a rather nationalist than xenophobic attitude. Bogdan Petriceicu Hasdeu seemed not to understand the historic innocence of Jewish people who was excluded from all public matters for almost 2000 years and who found a way to survive by undertaking economic and liberal activities. By doing the same activities for a very long period of time, the Jewish people developed the well known ability for finances which has caused their exclusion from society.

Bogdan Petriceicu-Haşdeu is, unfortunatelly, still dependent on the moral norm of Antiquity and Middle Age which states that commerce and particularly money trading were undignified occupations because they stimulate the effortless gain: "The merchant and the banker do not produce almost anything they are only intermediaries. The merchant and the banker did not work almost at all they only speculate a merchandise previously using the labor of other people." [Hasdeu, 2002a: 38]. The author's attitude against jewish people is in many cases very aggressive. For instance, Hasdeu argues that Ricardo was the only economist who got rich but not because it was economist and rather because was a jewish. Of course, these hostile attitudes, not necessary against jewish people and rather against not deserved gains, are contradictory to the western values such as tolerance and virtue.

We can see a clear difference between Hasdeu the scientist and Hasdeu the politicians. While his political discourses, filled with a lot of messages, are very populists, the economic writings are conveying genuine scientific messages.

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EUROPEAN INTEGRATION BY MEANS OF ENERGETIC INTEGRATION

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Abstract: The energy security is a growing concern both of the EU governments, and of Brussels. The European officials have been working on a strategy that should ensure the energy security of the Union. Some of the main courses of action are as follows: increasing the energy output from regenerative resources, cutting down on the dependence upon Russia by finding alternative suppliers, and interconnecting the shipment routes.

Romania must act as such in order to face the domestic economic challenges. An increase in the quota of energy derived from regenerative resources of the total energy output will be sustained by important investments in the hydro-energy and eolian field. Another top priority for Romania is to interconnect the shipment routes for hydrocarbons at the European and regional level.

Keywords: energy security, integration, European Union, regenerative resources

1. Introduction

The energy security is a concept differently understood from one country to another, depending on the risks they are faced with on the short term, as well as on the long term. To most experts, energy security means producing the necessary energy in their own countries, and their dependence, as little as possible, of imports. The energy security aims at three dimensions: ensuring alternative supply sources, identifying alternative energy supply routes, and securing the existing sources and supply routes. But the facts of this age have shown that great consumers should give up the utopia of energy independence, and accept the idea of energy interdependence ¹⁴⁹. The great players of "the energy stage" think differently of energy security.

The uneven distribution of energy resources, their convergence into certain countries create vulnerabilities in the energy security area, and affect the relationship between states. The vast resources of the Russian Federation stand for a strong compelling factor, a genuine means of political blackmail, as economies' dependence on the energy resources is increasing.

A UN study stated that "The importance of energy for industry as a whole, and the fundamental role of oil as a source of energy as well as an indispensable military product seem to have contributed to turning the energy issues into a fundamental element of security."¹⁵⁰

Ensuring the energetic resources is a priority to the European governments. It is ever more obvious that we deal with a crisis against a growing demand of energy, particularly oil, natural gas and coal.

According to the Eurostat, in 2005 the average energy dependence rate of the 25 EU members was 56 %. The Eurostat study, published in September 2006, shows that, while in 2004 the EU energy dependence was of 54 %, it rose to 56 % in 2005, due to a decrease in the domestic production of 4.2 %, as the consumption remained the same ¹⁵¹.

¹⁴⁹ Yergin, Daniel, "Ensuring Energy Security", "Foreign Affairs", March/April 2006.

¹⁵⁰ Anastasiei, Traian, "Cosiderații privind corelația dintre securitate și economie", international seminar "România – membru al Alianței Nord-Atlantice", 3-4 iunie 2004, Editura UNAp, București, 2004, page. 102.

¹⁵¹ European consume is up to 1.637 millions tones of equivalent oil - Source: Ministry of Economy and Finance, Public Relations Department

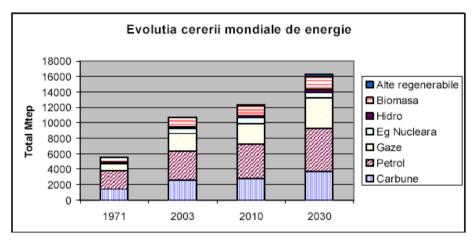
2. Production, consumption and energy import

Fossil fuels are energy sources created over millions of years. As per the statistics by the British Petroleum, considering the current consumption, their exhaustion rate is as follows:

Fuels	Exhaustion rate (years)
Oil	40
Natural gas	62
Coal	224

Tab. 1 The global exhaustion rate of fossil fuels

At the same time, we can notice the dynamics of the energy demand (ill. 2), which triples from 5,500 thousand tons oil equivalent in 1971, to over 16,000 thousand tons oil equivalent consumption foreseen for 2030.



Ill. 1 Evolution of global energy demand (source: IEA taken over by http://www.minind.ro/foaie/PEN_19_10_2006.pdf)

In 2005, the energy production of all kinds decreased in the 25 EU nations by 9 %, in contrast to 2004, according to an Eurostat study. The natural gas production decreased by 5.8 %, that of coal by 5.7 %, and nuclear power by 1.3 %.

The UK is the biggest European producer of oil (70%) and natural gas (44%). As far as oil is concerned, the United Kingdom is followed by Denmark with 32 %, and, as for natural gas by the Netherlands, by 32 %. Nevertheless, in 2005 the production of petroleum decreased in Great Britain by 11.4 per cent and in Denmark by 3.8 per cent towards the previous year. The natural gas decreased in 2005 by 7.7 per cent in Great Britain and 5.9 per cent in Holland.

Poland is the greatest producer of coal in Europe, with a share of 57 per cent from UE. In 2005 its production decreased by 2.1 per cent towards 2004. Poland is followed by Germany (19%) and Great Britain (13%), which decreased their production in 2005 by 3.9 per cent, respectively 17.9 per cent towards the previous year.

France, 46 per cent, produces the most nuclear energy in UE. The production of nuclear energy is the only one that increased in 2005 towards 2004, but only in France, by 0.9 per cent. Germany, which is the second producer of nuclear energy (16%), decreased the production by 3 per cent.

Europe imports a great deal of petroleum and natural gas, with a share of 60 per cent, respectively 25 per cent from the neat energy imports of the Union. The most dependent members of the Union concerning imports were Cyprus (total dependence), Portugal (99.4% dependent), Luxembourg (99%), Latvia (94%)

and Ireland (90%). Denmark is the only European country that produces more energy than needed. Even The Great Britain has imported energy about 13 per cent.

The biggest consumers of energy are four members of the Union: Germany – 324.2 tons petroleum equivalent, France – 257.3 tons, The Great Britain – 224.1 tons and Italy – 181.9 tons. Spain follows with 139.5 tons. Although Poland has the same number of votes like Spain in the European Union Council, therefore a population and a similar territory consumed in 2005 by 53 tons less energy. In January 2007, The European Commission presented some measures in the long term concerning the energy, which contain a Strategic Energy Review, the long term vision of UE regarding energy, a new Ground to cover for the regenerative energy resources, a Report on the liberalization level of the internal market, a Conveyance on the energy routes and a Conveyance on the "green" coal.

The measures taken in the energy field on the common level have been intensified after the year 2000 when the European Commission emitted The Green Card on the providing of secure energy, revealing the UE status at this chapter. The Green Card showed that the energetic dependence of the UE could increase from 50 per cent in 2000 up to 70 per cent in 2030, without any measures taken by all the Union members. In 2000 the imports status of the Union members looked like that: 45 per cent from the petroleum imports came from The Middle East and up to 2030, 90 per cent from the European petroleum consumption could have come from imports. Russia exports in the Union 40 per cent from the consumed gas, (30% Alger, 25% Norway) and up to 2030 more than 60 per cent from the UE gas import was to come from Russia, the dependence level reaching 80 per cent. As for the coal, the European Commission suggested that, up to 2030, 66 per cent should come from import.

In Romania, the whole amount of energy that came from the regenerative sources of energy decreased from 17.520 GWh in 1997 to 16.518 GWh in 2004, almost this energy being generated by the hydro plants. It is desirable that in 2010 the amount of energy got from regenerative sources should reach 33 per cent of the global energy. The hydro- energy industrially produced registered 15.855 GWh in 2004. In 2005 and 2006 it has been registered a slight increasing of the hydro- energy production due to the amount of rainfall mainly (see tab. 2). The contribution of the small hydro plants is moderate, by 658 GWh in 2004. The medium level of hydro energy increasing is small (on average 5 per cent by year between 1997 and 2004), despite its great potential.

Types of Energy Plants	Years								
	2000	2001	2002	2003	2004	2005	2006		
	Millions kilowatt-hours								
Termoelectrica	31701	33497	33376	38480	34421	33651	38709		
Hidroelectrica	14778	14923	16046	13259	16513	20207	18355		
Nuclear electrica	5456	5446	5513	4906	5548	5555	5632		
Total	51935	53866	54935	56645	56482	59413	62696		

Tab. 2 Electric energy production by type of energy plant (source: The National Institute of Statistics)

	Years							
Balance of electric energy by component elements	2000	2001	2002	2003	2004	2005	2006	
F	Thousands tones equivalent oil							
Primary production (recovered products included)	28190	29021	27668	28192	28026	27090	27065	
Imports	10925	12771	13949	14639	16672	17072	17605	
Exports	2947	3334	4999	4112	4820	6534	5983	
Gross inland consumption	36374	37971	36480	39032	39018	37932	39571	

Tab. 3 Balance of electric energy by component elements (source: The National Institute of Statistics)

The Romanian program comprises a resolution for the installation of an eolian plant with a total power of 120 MW until 2010. In 2004, Romanian farms which used eolian energy generated 2 GWh.

In 1996, in the 1st of July the first nuclear reactor has been connected to the national energy- supply to the plant from Cernavoda, and in the 7th of August 2007 the second reactor. At the present day, the first and the second unit are producing together about 18 per cent of the electric energy consumption of the country. The initial project, as from the beginning of the 80s, foresaw the construction of five units. The nuclear reactors from Cernavoda use Canadian technology known as CANDU. The necessary of hard water, used as a go-between, is produced at Drobeta Turnu Severin. The power plant is shut down in dry periods, when the Danube level is low, because the cooling device of the reactors cannot function. This happened, for example, in August – September 2003, when the plant has been shut down for three weeks.

3. The energy strategy

The geopolitical aspects of the energy policy are still a national competence of the EU member states. Still the integration of EU nations' energy markets and the EU cross-national competence in the trade policy with third countries bring the energy issue up on the common political agenda. Prime Minister Călin Popescu-Tăriceanu stated: "Romania will back up the idea of drafting a strategy and a EU common policy for energy, in the EU relationship with Russia". The Romanian PM also tackled this topic in Berlin, in the discussions with German Chancellor Angela Merkel, emphasizing that "it is very important to have a EU – Russia partnership, so that we can speak in a powerful common voice, but by no means in a conflict-wise language". Prime Minister Tăriceanu fosters the idea of achieving a strategic EU – Russia partnership to provide higher energy security for the EU nations.152

Romania faces the same energy market weaknesses as the European Union: dependence of Russia, and the high rates of imported energy. Such problems may be settled by:

- reaching real competitiveness in the energy market;
- raising the energy production based on regenerative resources.

3.1. Energy competitiveness

As far as the first item is concerned, competitiveness is a key word, as it ensures low costs, consumer's wellness, and effectiveness at every tier of the energy industry: production, shipment, distribution, delivery and consumption.

For the period of time between 2005 and 2008, the Romanian Government identified three strategic objectives 153:

- cc) to acquire real competitiveness in the energy sector;
- dd) to improve the institutional framework;
- ee) to rule out the irregularities affecting the market competition.

Three areas have been looked into:

- As far as the mining sector is concerned, mining products are in view to be sold on a free market terms, by harmonizing the price for energy mineral coal and brown coal with that corresponding to the quality of imported coal, privatizing the units that may attract investments, changing the current subsidy granting system, downsizing mine operation losses, and conducting mining activities in environmental protection conditions only.
- To maximize the natural gas production and shipment sector, the main gas producer (Romgaz) is planned to be privatized, geological activities to be enhanced, those at a great depth in particular, in order to get a "new-found reserves/production" ratio at a minimum of 0.5-1.0, so that the production decline should be reduced, and the energy balance be poised (at present, the natural reserves designed for industry are 70% exhausted), gas storage facilities are intended to be increased, the legal status of the natural gas piping system to be cleared up, policies to be promoted that ensure the supply

¹⁵² http://www.gov.ro/presa/integrare/afis-doc.php?idpresa=199 (18.04.2008)

http://www.gov.ro/obiective/afis-docdiverse-pg.php?iddoc=257, "Programul de Guvernare 2005-2008", Cap. 13 - "Politica industrială" (18.04.2008)

continuity and security (variation of import sources, widening of the range of imports from the Russian Federation, by means of new interconnections to the national shipment system (Ungheni) concurrently with the transit facilities' development, interconnection of the national shipment system in the West of the country - Arad, Oradea - with the view of providing the second import source - the North Sea, we also plan to participate in accomplishing the natural gas transit project from the Caspian and the Near East to Western Europe, and to participate in creating the Nabucco pipeline.

c) The electric and thermal power production, shipment and distribution sector: privatizing the production and distribution companies, organizing the energy stock market, establishing the regional energy market in Southeastern Europe, furthering private investments into new production capabilities based on cogeneration and non-polluting natural resources (hydro, solar, eolian), keeping up the efforts to establish the energy interconnection with EU nations, through the Transelectrica Company, and preserving the public ownership of it, extending offers for concession arrangements or privatization of the 25 unfinished hydroelectric power plants, and privatizing the micro hydroelectric power stations, increasing the capacity to interconnect with the European Union – Romania has a power reserve which may be used for export.

3.2. Power from regenerative resources

The regenerative power production helps counter climatic changes, also increasing the energy supply security.

In 2004, most power derived from regenerative sources was produced by the large-scale contribution of hydroelectric plant power (hydroelectric power). To a great extent, the high potential of low scale hydroelectric power remained untouched. Between 1997 and 2004, both the production level, and the rise in most regenerative power sources were stable. Public supply is properly regulated, but the projects on regenerative power production have not been funded yet.

To promote the energy from regenerative sources, Romania enforced the following steps:

- A quotation system with Transactionable Green Certificates (TGC) for the power resulted from new regenerative sources was implemented since 2004. The mandatory quotations grow from 0.7% in 2005 to 8.3% in 2010. The TGCs are used in producing electrical power from wind-, sun-, biomass- or hydro-energy, being generated in facilities with less than 10 MW of their capacity.
- Compulsory shipment and priority marketing of the electrical power from regenerative sources, starting in 2004.

4. Conclusion

The energy sector has a paramount influence upon the evolution of the whole society. At present, we cannot think of a developed economy, with a social sector fit to the 21st century Europe, without an effective energy sector. The energy policy should be able to sustain a long-lasting economic rise, based on harmonizing the economic proficiency requirements, social grounds, and environmental objectives.

The increased international energy and primary energy resources demand calls for ruling out the scenarios based on a long-term low-cost energy price. Improving the energy effectiveness, raising the share of regenerative sources, and broadening the range of primary energy supply sources and routes are top priorities for our nation.

EU member states' dependence upon imported energy is growing. There are undoubtedly enough sources around Europe able to cover the foreseen rise in demand on the continent over the centuries ahead. Nevertheless, the shipment capabilities towards European markets are scarce for the time being. Consequently, one of the main trends of the community energy policies is aimed at diversifying and multiplying the supply sources, as well as the supply routes, especially now, that the European reserves dwindle.

The national energy sector must meet the most important domestic and European challenges: energy supply security, growth of economic competitiveness, and reduced environmental impact. Such challenges are fundamental, given the fact that Romania must make up for the economic performance lag between her the developed EU countries.

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SUSTAINABLE DEVELOPMENT AND COMMUNITY PARTICIPATION IN ORADEA

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In the current paper I will analyze the role citizens should play in community development programs. The community development ideology emphasizes the important role citizen's, or the beneficiaries of different development programs, play for the sustainability of community development. Yet, theoreticians from this field in Romania, refer to lack of interest, abilities and networks to explain the the small rates of citizen participation. In this paper, based on data collected through a CEEX research grant "Leaders, participants and followers: determinants of community participation in urban Romania" coordinated by conf. univ. PhD Adrian Hatos, I will investigate the models and rates of citizen involvement, focusing on the link between these and the sustainable development programs. I will also present data regarding the limits of participation in community development programs from the research grant CNCSIS coordinated by lect. univ. PhD Nicoleta Chioncel "Education for active citizenship: community participation.".

Introduction

Political and civic participation of citizens, social responsibility, community spirit, civic activism along with other concepts from civil society's rhetoric entered, along with the effort of entering the European Union, on the public agenda, being the topic of several studies conducted in this direction. The need for a strong civil society with citizens interested and engaged in the life of their community, oriented toward social and economic development is part of the same discourse of strong democracies described from different perspectives in the literature starting with Tocqueville, Alomnd and Verba, till Putnam and many others. Parallel with this line and the analyses derived by it, we have the studies and theories of community and sustainable development which are on the one hand oriented to developmental policies, regulations, institutional framework, but include also at methodological level aspects of civic involvement as participation in assessing community's problems, involvement in decision making as well as in the implementation of the actual measures considered. In this paper we will try to combine the two perspectives which overlap mostly in regard to social capital which is equally important in both.

Civic participation refers to the socially oriented individual's action for the production of a collective good (Dodescu, Hatos, 2004). The theme of civic participation can be found in the one regarding civil society, being complementary to political participation of citizens. It is most often measured (Badescu 2001, Uslaner 2003, Voicu 2006) as involvement in classical civil society forms: non/governmental organizations. The associative rates are the most common indicator for civic participation, even if for the production of collective goods other forms and mechanism can work as well. Collective actions, social movements as well as grass-root movements are aspects of the same theme yet a bit less operational.

Community participation gets the concepts more closely to the topics under study in the current paper by integrating also the actions of social actors in their community in addressing common problems.

In the first section of this article we will present different aspects of the forms of community participation in Romania, actions realized by a sample of people living in apartment blocks in Oradea. The items which we will present are selected after a literature analysis on research conducted in Romania regarding community participation and community development. The data presented in this paper is derived from the research activity conducted within the project **Leaders, Participants and Viewers: Determinants of Community Participation in Urban Romania**, CEEX grant code 192, coordinated by conf. univ. PhD. Adrian Hatos, Faculty of Social Studies – University of Oradea, in which I am a team member.

In the second section we will present some results of a focus group conducted in Oradea on the theme of the limits of community participation and the identification of the ways to promote successful citizen's involvement, mostly considering the engagement in large scale programs such as social movements and development programs.

In the final section we will present some conclusions focusing on the modes in which different actors, public institutions, local authorities, non-governmental organizations or even chiefs of apartment buildings can use in order to stimulate the involvement of the passive ones and consequently to increase the chases of success of the actions meant to contribute to sustainable development of a community.

Forms and rates of community participation in Oradea

In this section we will present and analyze data regarding different forms of community participation, with the attempt to reveal their importance for sustainable development and even more important the ways through which one can sustain citizen's participation for the community development and the actors which could successfully contribute in the process.

In the CEEX project presented in the introductory section, in the second wave of field work we have applied questionnaires to a random sample of 461 people from different areas of Oradea, in October 2007. The sample consists of 50% men and 50% women, aged between 18 and 86 fairly equally distributed on categories: 16.4% aged between 18 and 25, 8.4% - 26-30,16% aged between 31-40, and 41-50 de ani, 11.3% 51 and 60 years old, and 31.9% over 60. Among our subjects 47.9% work with working papers, 28.6% are pensioners, 12.8% are students, the rest working independently, are working in house, unemployed or are working for season. Most of them – 37.4% are qualified workers, 12.3% are intellectuals, 9.9% are public officers, 7.8% managers (12.3% declare it is not the case – not working). In the studied households live 2 people in 31.6% cases, 3 people in 28.6%, 4 in 20.8%, and 11.9% live alone (in 7% of the households there are five or more people). Our subjects live for around 15.3 years in the same house, around 17.12 years in the same neighborhood and around of 27.4 years in Oradea.

Regarding participation at different actions, as can be seen in chart no. 1, the most frequent forms of involvement are the philanthropical ones: help for the poor and donations for church which were made by more than a half of our respondents. These actions have limited relevancy considering at least three aspects: in both cases we are dealing with normative actions which makes them desirable, so people may have reported higher rates then in practice; second, help for the poor may be as high also as a consequence to the beggars phenomenon in Romania (we may assume that a large part of the answers refer to help for them and not for larger charitable campaigns); and third donations to church are often organized by its representatives who go door – to – door making these donations less voluntary.

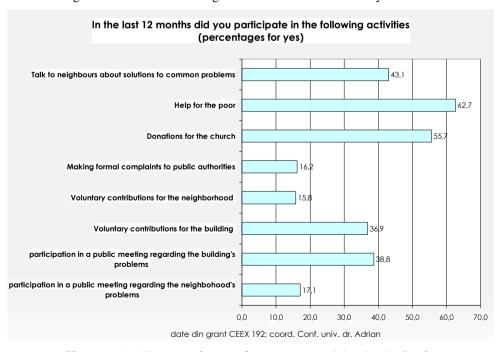


Chart no. 1 – Forms and rates of communty participation in Oradea

The high participation rate in domains as support for others, beyond the limits presented above, indicate an important disponibility for involvement and also the fact that some initiatives which require the participation of citizens may be promoted also by using philanthropical motivations or be supported by the church from the community. Probably actions that can be promoted by church representatives would gain more support then others, of course depending of the type of action and considering the setting in which one can consider the church as part of civil society (Dodescu, Hatos 2004).

The next activity as a frequency of participation is represented by discussions with neighbors about solutions to local problems, which can be considered as a fist step for involvement. In the literature there was shown a positive link between membership in social networks (with neighbors in our case) and participation in solving common problems (Hatos, 2006). Awareness of problems and the identification of possible solutions may take place during these informal discussions, which may lead to revealing common problems the identification of possible contributions of all members of the network and thus may promote participation and empowerment.

We also analyzed the forms of participation for the members of the households noticing the correspondence between the two groups. Regarding the disponibility for participation at the same actions, the distributions remains the same but the declared rates are much higher, which also suggests the significant potential for participation in Oradea, which needs to be stimulated by concrete actions addressing high interest issues for the citizens which need to feel they can change the situation.

The actions that have the smallest participation rates are voluntary contributions for the community, making formal complaints to public authorities and also participation to public meeting regarding the community's problems. One can notice that participation is stronger at the level of the building's problems and decreases for participation at local level such as participation in the decisional processes at the local level.

In the following section we will present some results from a focus group regarding these problems: why do citizens participate less and which are the means by which we can promote higher involvement and more support for development programs.

Limits of community participation

Within CNCSIS project "Education for active citizenship: community participation", coordinated by lect. Univ. PhD Nicoleta Chioncel, we have conducted a focus group with leaders of local community initiatives and representatives of oradean NGOs. The discussion was aimed at identification of social movements in Oradea which gained significant support, focusing on the mechanisms through which these managed to gain support, the role of the actors involved and mostly the mechanism by which active citizenship is learnt

Discussing the reasons for the current situations there were several aspects addressed, among which education and experience for such actions, our participants emphasizing that oradean have no specific education, nor a tradition for active citizenship. Another important aspect noticed during the focus group was the access to information and special role played in this regard by local media both in the direction of correct information of citizens as well as for the promotion of involvement by presenting existent initiatives. Some local initiatives had a higher number of adherents and a higher impact, as the case of the trees from the Crisul Repede river bank, also due to support by the local media.

Even if it is considered a matter of social responsibility as well as responsibility towards self, our subjects, mostly the representatives of local initiatives referred also to the relationship with power, local or national institutions, sometimes even to corruption. In this context they noticed also the character of initiatives in Oradea which are rather re-active occurring as a consequence to problems and decisions of local administration contested by citizens.

Another layer of motivations for citizen engagement discussed by our participant referred to the object of the initiative and the identification with this object. In other words it is possible that citizens will avoid engagement in some actions with community benefit when they do not regard the problems addressed as important for them, or when they do not identify with the problem or the representatives of the movement. Another factor presented revealed the fear of involvement on behalf of citizens collaborated with the feeling of lack of power to change things, a problem which could be overcome by improvement of the relationship with local authorities and a better transparency from local leaders.

Conclusions

As a conclusion we will formulate some directions for action considered significant for social learning of active citizenship and promotion of participation:

- there is a higher disponibility for action in the direction of support for others.
 Consequently, some actions in which it is possible, the involvement of church representatives or using charitable motivations for involvement would probably gain more support for some collective actions.
- The forms of participation which involve the interaction with local authorities have the smallest rates, indicating that this relationship needs to be improved. Nevertheless, our study show that oradean have high rates of trust in the Mayor.
- In order to stimulate the involvement of citizens there is needed a proper formal education which has to transmit all the important information for engagement (civic competencies, duties, legislation), complementary to family education and personal example given by leaders of local initiatives: the promotion of civic values, social responsibility, the creation of a civic consciousness.
- Mass media can be an important factor in the process of social learning of active citizenship through two elements: dissemination of information regarding existent initiatives and information regarding decisions of local authorities, leading to awareness towards civic problems.
- Another aspect derived to some extent from this promotion is the increased awareness of local problems, the prioritization of these problems and thus the increased identification of citizens with these problems (which can be done by mass media, web sites, leaflets, public debates and also by personal communication).
- Raising of trust and improving the relationship between citizens and local authorities, increasing transparency of decisions is an aspect which needs special attention. Though these one can improve the feeling of efficacy and lack of power in from of local authorities and also decreases the fear of involvement by better knowledge of existent actions and their consequence.

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ANALYSIS OF SOCIAL ECONOMIC EFFICIENCY OF HYDRO TOURISM ON THE ROMANIAN BLACK SEA SIDE

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Abstract

General and specific economic efficiency ratios of the balneary tourism on the Romanian Black Sea coast are presented in this paper, including case studies on the activity of a balneary specialized unit. Specific ratios for balneary tourism, which include both medical efficiency and cost efficiency medical assistance ratios, refer to the economic efficiency of the medical activity in balneary sanatoria.

Social efficiency of the balneary tourism may fail to estimate due to the exclusively qualitative features of the activity. Social efficiency is reflected by the increase in labor productivity: formulas in the literature refer to the estimate of labor increase which depends on the period of medical leave before and after balneary treatment.

Key words: economic efficiency, balneary tourism, social efficiency.

Touristic activity has both economic and social effects, concerning the recreation and recovery of physical capacity of human body, extending of knowledge horizon, expressing the need for friendship, communication etc. Within other forms of tourism, the balneary and treatment tourism has more social implications and influence on individual health, his physical and psychological condition and consequently on individual's labor productivity.

New concepts and objectives stand out recently internationally and new objectives for the balneary resorts, congruent with the World Health Organization directions concerning health concept and cures, primary and secondary prophylaxis. The new trend consists of a "positive" health concept that mingles former negative outlook, which is lack of illness and infirmity with a new positive vision that is "well-being", a state of inner comfort of human body.

Reconsideration of health as human fundamental right, adding among health evaluation criteria of the quality of life concept, well-being, and life style have determined a reevaluation of medical care in hydro resorts and of balneology in general as well as of traditional tourism. Between traditional balneology and traditional tourism there is now recreation tourism, of full body recovery, health tourism or prophylactic health cures that consider the quality of life and health preservation and a valid psycho-physical ratio.

Efficient tourism activity means "rational maintenance of basic materials, fuel and energy, labor force and natural assets as well as full exploitation of accommodation, transport, food supplies or financial resources. Moreover, efficiency is emphasized by the necessity of expense in order to settle new technologies of production, development and modernization as well as the manner that the developed activities respond to the tourists needs, may be purchased in optimum conditions and used with maximum results. Analyzing economic efficiency of balneary tourism, an important place is taken by the social-economic ratio. Social effects of tourism are yet hard to quantify because quality is a priority of this activity.

Besides profit set target, hydro tourism brings its contribution to the maintenance and improvement of population health state and consequently of labor force. Within economic-social efficiency characterization both general indicators (total income amount, average income per tourist and average income per tourist per day, average expense per tourist and average expense per day per tourist, profit rate and capitalization rate, work productivity, net amount of foreign currency, exploitation coefficient of accommodation capacity) as well as hydro tourism specific indicators such as: medical efficiency indicators and efficiency – cost indicators of medical care

Among medical efficiency indicators there are such as:

1. *Indicators of the quality of diagnosis* – non-concordance index between patient reception diagnosis and patient leave diagnosis is important to the quality of balneary patient distribution:

$$In(i_e) = \frac{}{Nr. \ of \ patients} \times 100$$

$$Nr. \ of \ patients$$
2. $Index \ of \ bed \ occupation: Ip = No. \ of \ hospitalization \ days/\ No. \ of \ beds \ x \ 100$
3. Average duration of hospitalization:
$$No. \ of \ days \ of \ hospitalization$$

$$Ds = \frac{}{No. \ of \ days \ of \ hospitalization} \times 100$$

$$No. \ of \ patients \ (ambulatory + incoming)$$
4. Index of traffic:
$$No. \ of \ patients \ (ambulatory + incoming)$$

$$Ir = \frac{}{No. \ of \ beds}$$
5. Health index for outgoing patients:
$$No. \ of \ deceased \ (death \ cause)$$

$$Index \ of \ deceased \ in \ the \ hospital = \frac{}{No. \ of \ outgoing \ patients} \ (death \ cause)$$

$$In \ the \ category \ efficiency-cost \ of \ medical \ care \ there \ are \ the \ following:$$

$$Total \ expenses/\ beds$$
1. $Expenses/bed = \frac{}{Average \ no. \ of \ beds}$

$$Total \ expenses/\ patients$$
2. $Expenses/\ patient = \frac{}{Average \ no. \ of \ beds}$

$$Total \ expenses/\ patients$$
2. $Expenses/\ patient = \frac{}{Average \ no. \ of \ beds}$

$$Total \ expenses/\ patients$$
3. $Expenses/\ day \ of \ hospitalization = \frac{}{}$

Average no. of beds

Calculation of efficiency indicators in Table 1 allowed appreciation of economic efficiency of medical care within a treatment facility situated on Romanian seaside, that is Mangalia Balneary and Recovery Sanatorium.

Mangalia Balneary and Recovery Sanatorium has two modern treatment bases (A pavilion - the treatment base and B pavilion - the ambulatory), as well as accommodation in 1 star hotel with 300 spots and policlinic (hospital) with 50 beds. Moreover, accommodation of tourism that would come for hydro treatment can be done in more than 170 rooms in different hotels in Mangalia resort that the Balneary Sanatorium has service agreements for hydro treatments with.

Economic efficiency indicators in Mangalia Balneary Sanatorium 2005- 2007

Table 1

Economic efficiency indicator	2005		2006		Semester I 2007	
	Sanatorium	Hospital	Sanatorium	Hospital	Sanatorium	Hospital
No. of incoming patients	4025	995	4325	1060	1625	610
Index of bed occupation	267,5	237	304,5	289	135,5	171

Average time of hospitalization	18	10,74	18	11,5	17,1	11,36
Traffic index	15	22	17	25	8	15
Expenses/bed (lei)	20325	13344	21556	22821	11430	11430
Expenses/patient (lei)	1349	672	1495	1077	2114	942
Expenses/day of hospitalization (lei)	84,6	62,5	83,6	94	124	83

The analysis of the above table efficiency indicators shows an increase of bed occupation index from 267,5% in 2005 to 289% in the year 2006. Expenses/bed indicator grew in 2006 against 2005 with 6,06% in the sanatorium and with 71,02% in the hospital. Another increase is recorded at the expenses/patient indicator, so that in 2006 this indicator grew with 146 lei against 2005 in the sanatorium, and with 405 lei in the hospital. Such increases were thanks to an increase in the number of patients from 4025 in 2005 to 4325 in 2006, that is with 7,45% in the sanatorium and with 6,5% in the hospital.

New conceptions and orientations in modern medicine concerning health as fundamental human right, introduction among evaluation criteria of the concepts of life quality, well-being, life style have determined a reevaluation of medical care in the hydro resorts, of balneology in general and traditional hydro tourism.

Between traditional balneology and traditional tourism there is now recreation tourism, of full body recovery, health tourism or prophylactic health cures that consider the quality of life and health preservation and a valid psycho-physical ratio. An increase in the number of "healthy" patients that use treatment facilities with natural resources as means of regaining good health requires re-adaptation of structure and infrastructure in hydro spas on Romanian seaside in order to provide at the same time more types of activity: health cures for young and healthy adults, secondary and therapeutic prophylactic cures for sick people, recovery cures for functionally handicapped people.

Within these transformations, the efficiency of the balneary activity may be appreciated according to the following aspects:

- contribution to the improvement of health state by means of: calculation of expense
 destined to health recovery and estimation of a decrease of average time for medical
 leave based on balneary treatment.
- increase of work productivity of outgoing tourists according to their activity in time.

Social effects are transformed in economic effects, expressed in expenses or incomes. In order to increase economic efficiency of Romanian balneary tourism and hydro tourism on the seaside several development directions should be followed: improvement of general environment of the resorts, large exploitation of available natural resources, diversification of treatment activities, increase of competitiveness in accommodation, development and improvement of restaurants, various entertainment options and specific actions.

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DECISIONS ET COMPETITIVITE SUR LE MARCHE UNIQUE EUROPEEN

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Résumée: L'un des traits importants du marché unique européen, a comme source le même énoncé du principal objectif de l'intégration européenne ainsi que: l'harmonisation des niveaux du développement des Etats Membres et l'augmentation du niveau de vie dans l'ensemble de la communauté. Pour le marché unique européen, cet aspect se traduit par une permanente et soutenue augmentation de la demande. Cet ouvrage présente au début une analyse des éléments spécifiques du marché européen. Ensuite on identifie les opportunités et les risques au niveau macroéconomique adjointes aux perspectives du marché unique européen. Comme fondement on présente des stratégies du développement réalisables au niveau microéconomique que puissent assurer l'augmentation du niveau sur la compétitivité des sociétés sur le marché unique européen.

Mots clé: marché unique européen, concurrence, compétitivité, opportunités, risques, les stratégies du développement, les décisions stratégiques au niveau microéconomique.

1. Eléments spécifiques du marché unique européen

Les traits du marché unique européen ont des impacts sur l'évolution de l'environnement d'affaires. Il s'agit de la libéralisation totale du commerce que mène à l'augmentation du niveau sur la compétitivité sur marché.

Pour la première étape, un beaucoup de sociétés concurrent pour l'acquisition du segment identique de marché, compétition où les concurrents se trouvent en situations complètement différent (*l'avantage compétitif*).

Pour la deuxième étape, propre à la relative stabilisation de l'accès sur marchée pour les sociétés, au niveau microéconomique, se produit la consolidation de la position sur marché de chaque société. Certaines sociétés, pour ne sortir pas perdantes au fin de la première étape, ont parcouru l'un des suivant procès: fusion avec une société congénère ou mieux positionnée sur marché; incorporation par une société net supérieur, du point de vue du pouvoir financier et de la position sur marché; la limitation des activités conformément aux requêtes d'un segment de marché moins signifiant; conversion d'une grande société en société subsidiaire, accepter un contrat de coopération industrielle, coopération en vente, management, agences etc.

Pour la troisième étape, le procès de compétition est repris, pour augmenter la compétitivité du marché de la société vers l'extension, en plan microéconomique. A ce niveau, en comparaison avec la première étape, la situation financière, technologique, logistique etc. des sociétés concurrentes, ne connaît plus de grandes différences, entre les sociétés.

La compétition est encore plus difficile de coordonner a ce niveau parce qu'elle inclue aussi des autres instruments comme : la monnaie investie dans les campagnes publicitaires, l'augmentation du niveau qualitatif du produit aux conditions des augmentations insignifiantes des prix, la diminution des prix jusqu'à la concurrence de désavantager les revenues de la société, pour une période limitée, des prix promotionnels pratiqués dans certaines zones la situation financière de la société suivant d'être redressée par le profit accumulé sur les marchés stables etc.

Suivant cette étape, de manière différente que la deuxième, due à la force compétitive congénère des sociétés concurrentes, les extensions et les limites du marché se passera en périodes courtes du temps s'intercaleront et seront signifiantes seulement pour le chiffre d'affaires des sociétés, sans menacer,

l'existence des sociétés. Du ce niveau en haut, les sociétés peuvent coexister, sur le marché, pour longtemps en cette forme. Il y a aussi des autres intentions en ce qui concerne la politique du marché des certaines grandes sociétés, guidé vers la direction d'acquérir le plus possible le contrôle du marché – pour arriver a ce stage, les grandes sociétés fusionnent, la conséquence principale de ces fusions étant celle de l'augmentation du pouvoir financier de la société, utilisée plusieurs fois dans le lancement des campagnes avisées (dumping, l'augmentation des dépenses publicitaires, l'extension de la réseau logistique etc.), au niveau compétitif, pour acquérir des neufs marchés.

Un autre trait important du marché unique européen, a comme source le même énoncé du principal objectif de l'intégration européenne ainsi que: l'harmonisation des niveaux du développement des Etats Membres et l'augmentation du niveau de vie dans l'ensemble de la communauté. La réalisation de cet objectif important est soutenue, en étapes, par le programme d'exécution des politiques macroéconomiques, les étapes suivant du point de vue de l'unification de ces politiques comme une nécessitée d'assurer premièrement l'équilibre macroéconomique, le principal résultat étant d'obtenir les augmentations économiques soutenues ou autrement dit il s'agit du développement durable de l'Union Européenne.

Pour le marché unique européen, cet aspect se traduit par une permanente et soutenue augmentation de la demande. Pour un marché émergente, qui a comme source conceptuelle les principes d'une marché libre et capitaliste, est aussi spécifique l'influence de la mentalité du consommateur pour consommer de plus possible; les possibilités réelles, du revenu, du consommateur sont multipliée par la participation au système cyclique de direction des fonds vers des activités productives, du système financier bancaire par les produits et les services spécifiques a l'activité de crédit. Du ce point de vue, la mentalité du consommateur est dirigée vers combien et comment consommer que quoi consommer.

Les conséquences principaux du ce style d'approche du point de vue des sociétés productrices, sont représentées par l'augmentation des investissements et des économies destinées a la consommation, ce qui conformément a la théorie keynésienne conduira a l'augmentation de la consommation, parce que :

Y=C+S

ou:

Y= revenu

C = consommation

S = 'economies

Pour diminuer, le risque d'apparition de l'inflation par la demande, l'une des mesures choisie par la politique monétaire est celle d'augmenter, en étapes, la masse monétaire. La Banque Centrale Européenne a en programme une augmentation de la masse monétaire avec environ 4% par année, ce qui corresponde avec les prévisions pour l'augmentation de la demande de la consommation, au niveau de l'Euro zone. Un effet direct, de ces phénomènes est celui de l'augmentation de la production au niveau des sociétés.

2. Opportunités, risques et stratégies du développement au niveau microéconomique associées aux perspectives du marché unique européen

En commençant avec le modèle théorétique présenté et avec l'objectif de chaque société, celui d'avoir une vie aussi longue que possible, en conditions de profitabilité optime, en conditions évolutives, induites par le marché unique européen, les sociétés adopteront des stratégies destinées ad accentuer l'accès aux opportunités dans les conditions du portfolio réduit des risques. Prenant en considération l'objectif prioritaire de chaque société, c'est-à-dire celui de résister pour une période plus longue possible aux rigueurs du marché, le management microéconomique peut rencontrer les suivants **opportunités et risques** adjoints:

1. La présence, sur le marché, indépendante des autres sociétés concurrentes ou avec des activités connexes. En cette situation, cette société sera en position d'unique bénéficiaire du profit obtenu par la gestion des offres sur les marchés du portfolio, mais elle se confrontera continuellement avec le plus haut niveau de compétition parce que aussi les sociétés concurrentes tendent continuellement d'étendre ses marchés, et avec une continue augmentation du chiffre d'affaires, la société respective tend d'étendre sa présence sur les marchés. En cette situation, résister au niveau concurrentiel élevé nécessite l'augmentation aussi des dépenses (publicitaires, les emballages, les services adjointes à la vente et au service etc.) que des

investissements (dans la technologie afférente à la production et dans l'infrastructure adjointe aux services connexes).

- 2. En conditions ou la décision du management de la société ou les espoirs de l'actionnariat correspondent à l'augmentation substantielle du chiffre d'affaires mais il y a des inquiétudes concernant la résistance de la société à la compétition sur le marché. Ainsi il n'y a pas de ressources financières suffisantes pour résister indépendamment à cette compétition. L'une des opportunités est la fusion avec une société congénère. En cette situation l'augmentation du chiffre d'affaires se passe dans une période moyenne.
- **3.** Une opportunité approximativement similaire a celle précédente, a moins du point de vue comparatif, en calculant toutes les possibilités d'évolution de la société, dans les conditions de l'augmentation de la concurrence du marché, inclusif la possibilité de faillite, sont la **conversion en société subsidiaire d'une grande société.** En cette situation les efforts de résister à la compétition sur le marché se diminuent beaucoup, restant à l'attention seulement les efforts correspondants à la réalisation du nécessaire des investissements.
- **4.** Une augmentation rapide du niveau de compétition et de la présence sur le marché peut menacer l'état financier de la société. Si on découvre un segment de marché sûr, qui peut être maintenu avec moins d'efforts pour une période plus longue, l'une des opportunités est aussi la limitation de l'activité de la société et éventuellement l'augmentation du niveau de spécialisation, correspondante aux requêtes adjointes au respectif segment de marché.

Le portfolio des opportunités, bénéfices et risques potentiels à la disposition d'une société dans les conditions du marché émergent ainsi que le marché unique européen, représente la base théorétique – méthodologique et la caractéristique pour l'élaboration des stratégies du développement au niveau microéconomique.

Elaboration de la stratégie du développement, au niveau microéconomique, on doit calculer les aspects suivants:

- ff) l'état de fait et la dynamique du milieu macroéconomique ou la société déroule son activité;
- gg) les risques qu'influence l'évolution de la société;
- hh) les opportunités qui puissent être exécutées, pour assurer l'évolution de la société;
- ii) l'évaluation des efforts et des risques nécessaires pour l'exécution de chaque opportunité;
- jj) le procès décisionnel élaboré sur le principe de la sélection de l'optime, de l'ensemble opportunités efforts risques.

Le procès d'exécution de la décision, ou on impose des évaluations intermédiaires pour l'application des éventuelles corrigées, au niveau des efforts et des opportunités, pour la diminution des risques et pour la maximisation des bénéfices. En ce procès on doit faire attention à l'analyse des prévisions au niveau macroéconomique, vers l'adaptation du procès décisionnel et d'exécution pour réduire le niveau du risque et pour augmenter la rentabilité des activités adjointes.

Du point de vue stratégique, l'analyse dynamique du milieu macroéconomique, ou la société développe son activité, se réalise prenant en considération le niveau du marché unique européen.

Les politiques macroéconomique soutient le développement économique (par exemple, la politique monétaire unique calcule une augmentation de la masse monétaire avec environ 4% par année, ce que correspond a l'augmentation de la demande, respectif a la consommation, au quelle correspond une augmentation de la production des biens et des services). Ainsi on peut calculer une augmentation de la demande et de la consommation, basée premièrement sur les suivants aspects : l'extension du marché unique, l'augmentation du niveau de vie, le politiques au niveau macroéconomique et microéconomique que stimulent de la consommation. Ainsi la stratégie de la société calculera l'augmentation du marché potentiel et du niveau de compétition sur marché, qui se déroule de la constitution dans un marché but pour les sociétés concurrentes du marchée potentiel.

En conditions de la présence, sur le marché, indépendante des autres sociétés concurrentes ou avec des activités connexes, la stratégie du développement de la société doit inclure les risques que menacent l'évolution de la société, le risque principal étant la perte des certaines segments de marché. Pour diminuer ou éliminer ce type de risque on peut prendre en considération, progressivement, les suivants éléments stratégiques comme les opportunités implémentées dans des modèles différentes d'évolution de la société :

l'augmentation des dépenses publicitaires, et des investissements dans la technologie et l'infrastructure des services connexes, la diminution, autant que possible, des autres catégories des dépenses, la fusion avec une société concurrente avec presque le même niveau technique et financier; incorporation d'une société avec le même domaine d'activité ou connexe, l'affiliation avec une société concurrente plus puissante, la concentration des efforts sur des segments de marché du quels garde dans le portfolio est plus sure;

En ce qui concerne l'évaluation des efforts et des risques nécessaires pour l'implémentation de chaque opportunité, cet aspect concerne en principal la sélection et l'implémentation du model optime d'évolution de la société. Pour une société qui a choisi d'être indépendante sur le marché qui a une technologie et des ressources financières permettant une telle approche, le problème d'évaluation des efforts et des risques nécessite choisir un certain model évolutif. En ce qui concerne l'évolution en toutes aspects du marché unique et dans les conditions de: l'augmentation des dépenses publicitaires, et des investissements dans la technologie et l'infrastructure des services connexes et de la diminution, autant que possible, des autres catégories des dépenses, ont peut opter pour une des suivantes formules d'activité:

- la présence sur le marché, indépendante des autres sociétés concurrence ou avec des activités connexes;
- la fusion avec une société concurrente avec presque le même niveau technique et financier:
- incorporation d'une société avec le même domaine d'activité ou connexe;
- l'affiliation avec une société concurrente plus puissante;
- la concentration des efforts sur des segments de marché du quels garde dans le portfolio est plus sure.

Pour résoudre ce problème concernant la décision, on peut calculer les suivantes scénarios :

- dans les conditions ou les risques provenant de l'augmentation du niveau de compétitivité, n'existent pas des problèmes en ce qui concerne l'extension de la présence sur le marché, le management de la société peut opter pour la présence sur le marché de manière indépendante que les autres sociétés concurrentes ou avec des activités connexes;
- dans les conditions ou les risques provenant de l'augmentation du niveau de compétitivité, menacent la société avec la remise de la présence sur marché, même dans les conditions de l'augmentation des dépenses publicitaires et technologiques. Si ces risques sont provoqués par des sociétés à moins aussi puissantes, la solution optime est la fusion avec une société concurrente avec presque le même niveau technique et financier. On peut choisir aussi la solution concernant l'incorporation d'une société avec le même domaine d'activité ou connexe, mais il y a la possibilité que les risques de réduire la présence sur marché ne soient pas trop réduites, une solution plus sure que ces deux mais avec plus de coûts d'opportunité, au niveau d'allocation au résultats des activités, est celle concernant l'affiliation avec une société concurrente plus puissante.
- dans les conditions ou on découvre des segments de marché ou la concurrence est plus réduite, on peut choisir aussi la concentration des efforts sur des segments de marché du quels garde dans le portfolio est plus sure.

Ayant comme base toutes ces solutions, l'idée centrale dans les conditions de l'expansion économique de l'Union Européenne et du développement du marché unique, de la sélection, des potentielles opportunités, celles qui confère un niveau plus haut de stabilité et dans le même temps une mobilité assez bonne ; qui puisse accorder la possibilité de l'approche de la politique pour l'extension de la présence sur le marché.

En conclusion, pour être présente et bien positionnée au niveau du marché; la société doit élaborer une stratégie qui puisse inclure les risques qu'influence son évolution dans le futur. Le principal risque potentiel reste celui lié a la perte des certaines segments de marché. Ce type de risque est beaucoup diminué que celui de la présence, sur le marché, indépendante des autres sociétés concurrentes ou avec des activités connexes. En ce cas l'augmentation des dépenses publicitaires n'est plus un objectif principal du système de la compétition de marché, ces dépenses ayant la possibilité d'être gardées au niveau moyen pour servir seulement comme but pour l'image, respectif pour but informatif.

Dans un rythme lié aux évolutions générales du marché; aux investissements dans la technologie et l'infrastructure des services connexes reste le problème de l'augmentation du niveau sur la compétitivité sur le marché.

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THE ANALYSIS OF EQUITY-EFFICIENCY TRADE-OFF IN THE EUROPEAN UNION ECONOMY

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Abstract. The European Union's economic evolution for the last sixty years is specific to the long term stages of the economic cycle, of Kondratieff type. The economic expansion period has been characterized by a higher efficiency level (growth in productivity, in the labour occupation degree) which favoured the reducing of the inequalities related to incomes through the redistribution process. The economic recession stage showed that, under the terms of an increased unemployment, of a low aggregate demand and of a less flexible aggregate supply, the economic efficiency level is relatively lower. On these conditions, the providing of social equity (of the cohesion) will affect negatively the efficiency degree, fact which will extend the period of economic recession within The European Union.

Key words: economic growth; labour productivity; economic recession; total factor productivity

The specific of the European model is to provide economic and social cohesion, meaning equity, by reducing the inequities in incomes both within the member countries and between the economies which are parts of The European Union. The social equity process represents the result of nationally incomes redistribution and of the conferring of structural funds within the communion. The providing of equity supposes, most of the times, a higher fiscal pressure on the employees and on the companies, and this will affect negatively the rate of economic growth. The result is a *trade-off* between equity and efficiency, which can be diminished only if the increasing of efficiency precedes the increasing of public expenses for equity.

Why is there a trade-off between efficiency and equity?

An increased rate of the economic growth suggests a higher degree of economic efficiency, because it supposes both the increase of the labour productivity and the degree of occupation for the population (such as in the case of the decomposition below):

$$GDP = \frac{GDP}{L} \cdot L \Rightarrow \% \Delta GDP = \% \Delta W_L + \% \Delta L$$

The labour productivity growth ($\%\Delta W_L$) represents the result of the investments made by the companies, including those in new technologies, of improvement in the education level of the labour and of the continuous training programs. The most part of the occupation degree for the population represents the effect of the investments and of active policies on the labour market which favour a higher flexibility of the employees.

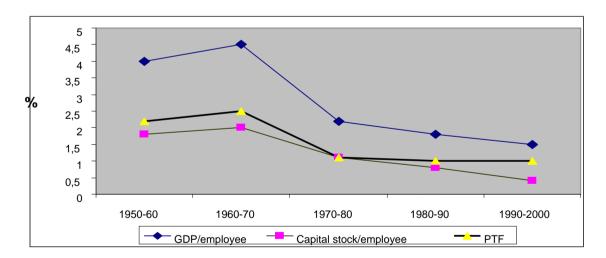
The providing of social equity influences negatively the economic efficiency through the following mechanisms:

- a) the increase of the current social transfers determines the increase in the budget deficit and in the public debt, this affecting the living standard of the future generations:
- b) the loans necessary to finance the budget deficit exerts a *crowding-out* effect on the private investments;
- c) the increase of fiscality for the counterbalance of the supplementary public expenses involves the decrease of consumption, of the private economies and of the investments:
- d) the increase of fiscality reduces the incentives in economy and discourages the business development.

The relationship between efficiency and equity has to be expressed according to the stages of the economic cycle that a certain country passes through. Thus, during the expansion periods, higher rates of economic growth are recorded and this leads to improvement of efficiency at the macroeconomic level. As a result of the automatic stabilizers' action, the budgetary incomes will increase, and this fact can support the social equity, without involving an increase in fiscality. In exchange, during the recession periods the budgetary incomes decrease because there is a decrease both in the labour productivity and in the degree of occupation of the labour. The maintaining of the same budgetary social expenses or even their increase will lead to the increase of the budget deficit and to the decrease of the economic efficiency to a greater extent. The result is that the providing of the social equity has to be justified by the improvement of the macroeconomic efficiency.

The equity-efficiency trade-off in European Union

The post-war economic evolution of the European Union is characterized by two distinct stages, which correspond to the long term stages of the economic cycle of Kondratieff type. Thus, until the '70s, there was a recording of an increase in the labour productivity (assessed as GDP per employee), an increase in the capital-labour endowment, as well as in the use of new technologies (of which impact is surprised by the evolution of the total factor productivity – PTF), and after 1973, their decrease (figure 1).



Source of data: The European Commission (2005)

Figure 1. The European Union's economic evolution

The rate of increase of labour productivity is the result of the summarizing the percentage modifications of the total factor productivity and the capital stock per employee, as it results from the decomposition of the production function of the Cobb-Douglass type:

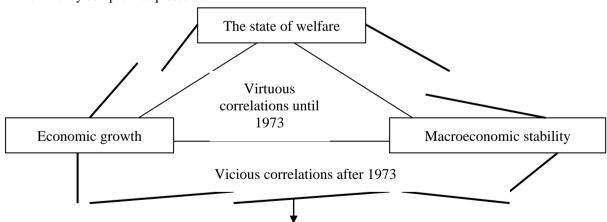
$$GDP = PTF \cdot K^{\alpha} \cdot L^{1-\alpha} \Rightarrow \frac{GDP}{L} = PTF \cdot \left(\frac{K}{L}\right)^{\alpha} \Rightarrow \%\Delta W_{L} = \%\Delta PTF + \alpha \cdot \%\Delta \frac{K}{L}$$

Until 1973, Europe knew a period in which there was provided the sustainability of the *magic triangle*, made up of **economic growth, macroeconomic stability and the state of welfare**, thus diminishing the pressure of the compromise between equity and economic efficiency, through:

- ➤ the increase of the GDP per inhabitant with 3.8% as a result of the increase of the investment rate and of the degree of occupation of labour;
- ▶ the decrease of costs for the state of welfare, under the terms of the increase in the labour participation rate and of a low unemployment (of about 2%). The public expenses weight in the GDP was almost 36% in 1970, out of which the transfers represented 12% of the GDP and the public investments and the subsidies 14% of the GDP;
- the decrease of the rate of rise in prices to a 4% level.

The European Union's catching-up process within these almost three decades (1946-1973) was mainly stimulated by the appearance of new industries within the EU countries, by the diminishing of the occupied population weight in agriculture and their migration towards the industrial sector and towards the commerce, as well as by the settling of unions-employers agreements concerning the salary rise.

After the oil shocks there was a combination, with negative effects on the stability of the European social model, between a high rate of unemployment and the lowering of the rhythm of increasing the labour productivity. The increase of unemployment occurred among the employees less adjusting to changes – those with less qualifications -, under the terms of increasing the business relationships of the European companies with the lower salaries economies. As a consequence, the decrease in the occupation degree, which initially appeared to be a cyclic one, proved to be a structural one, without the rapid productivity growth which could increase the Aggregate Demand. *The magic triangle* broke in the recession stage of the Kondratieff cycle (figure 2), and this could affect the essence of the European model – providing social cohesion. Under these terms, the economies answered through policies of stimulating the Aggregate Demand, through an increase in the social transfers, supported, to some extent, by the increase of fiscality. The implementation of the Maastricht program for introducing the Euro currency has disciplined the EU countries from a macroeconomic point of view, but the decreases in the rates of unemployment and in the public expenses, as well as the GDP increase were only temporary. The incentives (productive, but also for searching a job) have decreased, and this fact accentuated the equity-efficiency compromise pressure.



- a lower rate of labour productivity; increase in structural unemployment;
- the increase of transfers led to a decrease in labour offer (decrease of incentives) and a decrease in labour demand (by increasing fiscality). The unemployment increase to 8-10%, the economic growth rate decreased, but the budget deficit and the public debt increased (this tripled as weight in the GDP, reaching over 60% of the GDP);
- the policies of stimulating the Aggregate Demand were inefficient on conditions that the shocks which affected the states member to the European Union had a structural nature.

Figure 2. Components of the magic triangle of EU

Within the period after the oil shocks, the European Union was characterized by the decrease of the macroeconomic efficiency and by adopting a few measures able to support the social equity process. Their result was only the extent of the economic recession stage (figure 3).

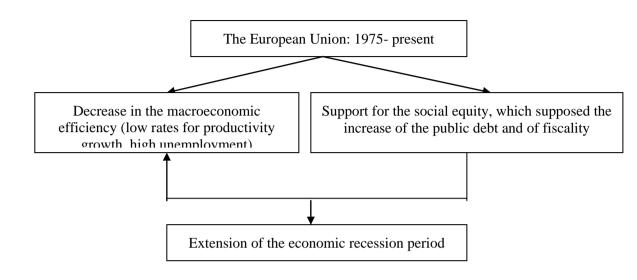


Figure 3. Emphasis of the equity-efficiency trade-off during the economic recession periods

The rate of increase in the labour productivity decreased in the European Union during the last twenty years, from 2.2% between 1987 and 1995 to 1.4% between 1995 and 2007; the percentage modification of the productivity was even lower between 2000 and 2007; the percentage modification of the productivity in The European Union may affect negatively both the economic growth process on a long term and the social equity. This statement can be checked by performing a decomposition of the GDP in EU case, based on the values recorded by the labour productivity and by the PTF during the period 2000-2007.

$$GDP = PTF \cdot K^{\alpha} \cdot L^{1-\alpha}$$

$$\frac{GDP}{L} = PTF \cdot (\frac{K}{L})^{\alpha} = PTF \cdot (\frac{K}{PIB})^{\alpha} \cdot (\frac{GDP}{L})^{\alpha} \Rightarrow (\frac{GDP}{L})^{1-\alpha} = PTF \cdot (\frac{K}{GDP})^{\alpha} \Rightarrow \frac{GDP}{L} = PTF^{\frac{1}{1-\alpha}} \cdot (\frac{K}{GDP})^{\frac{\alpha}{1-\alpha}}$$

Because the ratio $\frac{\alpha}{1-\alpha}$ is subunitary (under the terms of approximating α at the value of 1/3),

then there are records of the decreasing marginal efficiency of the investments' rate (which corresponds to the hypothesis of the Solow model). In stationary state, the ratio K/GDP is constant because the rates of increasing for the capital stock per employee and of labour productivity (depending on the capital) are zero.

$$\frac{K}{GDP} = \frac{\frac{K}{L}}{\frac{GDP}{L}} \Rightarrow \%\Delta \frac{K}{GDP} = \%\Delta \frac{K}{L} - \%\Delta \frac{GDP}{L} = 0.$$

It results that, in stationary state, which corresponds to the long term equilibrium of economy, the rate of increase in productivity is influenced by the evolution of the total factor productivity (PTF^{1-a} from the above equation). Its increase is obtained through logarithmation, as it follows:

$$\ln PTF^{\frac{1}{1-\alpha}} = \frac{1}{1-\alpha} \cdot \% \Delta PTF$$
. On the conditions that the average increase of the PTF during the period

2000-2007 was 0.4% and α has the value of 1/3, then the annual rate of increase on a long term of the labour productivity is equal to:

$$\%\Delta \frac{GDP}{L} = \frac{1}{1-\alpha} \cdot \%\Delta PTF = \frac{0,004}{0.66} = 0,006 = 0,6\%$$
.

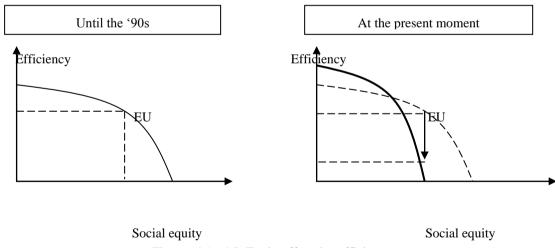
Between 2000 and 2007, the average increase of the occupied population within EU was 1.1%, so that the maintaining of the same evolution on a long term will generate an economic growth of only 1.7%:

$$GDP = \frac{GDP}{L} \cdot L \Rightarrow \%\Delta GDP = \%\Delta W_L + \%\Delta L = 0.6\% + 1.1\% = 1.7\%.$$

Solutions for Diminishing the Trade-off between Efficiency and Equity. The Adopting of the Lisbon Strategy

The inverse relationship between efficiency and equity can be described by a concave curve, according to which the opportunity cost for providing a more increased level of social equity is reflected by the bigger and bigger losses in the macroeconomic efficiency.

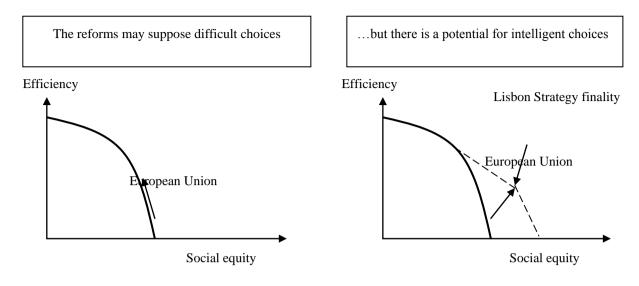
In The European Union, under the terms of regulation of the markets and of the catching-up process after the World War II there was a more flattened form of the curve of the compromise between efficiency and social equity. At the present moment, the increase of the global competition on the factors and products markets as well as the trend to de-regulate them suppose a more abrupt form of the curve, this being explained through the necessity to increase the external competition (figures 4.1 and 4.2).



Figures 4.1.; 4.2. Trade-off equity-efficiency curves

The maintaining of the same level for the social equity affects negatively the current rate of economic growth in the EU economy, and this determines a decreased external competition. A solution for its improvement is decreasing the social protection through the reforms in the social assistance systems, of which implementation is nevertheless pretty slow. As the EU officials have asserted, the economic transformation of the model aims both the improvement of the economic growth and the social cohesion

through *intelligent reforms*, which would determine the compromise curve's movement towards the right (figures 5.1.; 5.2.).



Figures 5.1.; 5.2. Lisbon reforms finality

In fact, the Lisbon Strategy, through the mentioned objectives, can provide *intelligent solutions* to the problems that the European model has to face. Its finality is predicted by the Northern states' performances, among the most competitive in the world, although there are super-developed welfare/providential states (if we take into consideration the public budget as a weight in the GDP, the amounts allotted for social assistance etc.).

The Northern economies' evolution is characterized by different mechanisms able to diminish the trade-off between equity and efficiency:

- the increased productivity and the social cohesion may be in a direct correlation:
- ➤ the policies active on the labour market determine the diminishing of the time for searching between jobs and the decrease of the rate of unemployment, on a long term;
- > the labour market flexibility and the social security are not contradictory objectives;
- ➤ the continuous training, the developing of the employees' competences represent conditions for increased adjustment to changes of the labour;
- > women's integration into the labour market constitutes a central element of the prosperity raise;
- > the increase of the rate of participation on the labour market constitutes an efficient modality to diminish the pressure generated by the demographic evolutions:
- the increase of the amounts allotted to research-development, as well as the innovations constitute sources for the competitive advantage, which determine the increase in the macroeconomic efficiency.

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WHAT IS WRONG WITH OUR SCHOOLS? A GUIDE TO EDUCATION REFORM

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The aim of this paper is to analize an alternative institutional arrangement of the education sector. As we can easily observe, the recently attempts of institutional reform according to European standards are not the best way to meet political targets like: better education, opportunities for everyone, boost the capacity for creativity and innovation. The weak capacity of education to stimulate creativity and human capital accumulation is a (natural) consequence of lack of incentives among state-run-schools. Without taking into consideration school choice and a real competition among educational services providers, the Romanian education system will continue to have various functioning difficulties.

Key words: education, voucher program, education reform, institutions, ethics

Is There A Market For Educational Services?

Presently there is an increasing interest towards the economic analysis of education, once it has been acknowledged as a determinant factor for the progress of society. Analyzing the concept of education we can find, on the one hand, a formal level: the school and the educational system and, on the other hand, an informal level represented by the education received inside one's family, from the media, the Church or other social institutions. Education is a learning process occurring during the entire life, not only in schools but also in all other aspects of social life. When an individual is playing, listening to his friends or parents, reading the paper or working, he acquires knowledge. From this perspective, the formal education represents only a small part of the educational process, and it is suitable only for academic topics, especially complex and specialized ones. The essential aspects such reading, writing, calculating and so on, can be easily taught at home and outside school ¹⁵⁴. In our paper we will focus mainly on the formal education. The approach is derived mainly from building a frame for the economic analysis of education.

The market is an exchange system of the private property rights; the economic dimension of the exchange terms is the market prices that are making the economic calculation possible. Using the mechanism of profit and loss, the decentralized allocation of resources contributes to their distribution according to the most valuable uses. As there are a very large number of individuals on the market, there is also an efficient allocation of the scarce resources in the society. All the above can help us to appreciate correctly the realities existent on the educational market, in order to finally be able to identify some possible solutions for an efficient functioning and –apparently paradoxes- ethical principles of this domain. Thus, we try to show that education, such as any other public service, cannot be provided more efficiently apart from the mechanisms of the market.

Similar to the ordinary market, we can talk about defining elements for the education market: demand, supply, market price, competition.¹⁵⁵ Thus, the demand of education expresses the need for information, knowledge and abilities that are coming from the consumers of educational services: pupils, students,

¹⁵⁴ Murray Rothbard, *Liberal Manifesto Against Educational Socialism*, http://www.misesromania.org/articole/rothbard/edu.htm

¹⁵⁵ Cosmin Marinescu, Educația – perspectivă economică, Editura Economică, București, 2001, p. 111

parents, corporations. A defining feature for this market is the fact that those who demand educational services (students and pupils) are not passive customers – as for the majority of the goods - but they are also producers, by actively participating to the educational activities. The education supply comes from different public or private educational institutions, and their mission is to satisfy the needs of their clients. This situation could make us believe that, as suppliers of educational services, there is a strong competition between schools to satisfy the educational needs of parents and children. Then, we can ask ourselves what is going wrong with the education supply or more broadly with education system? Presently all private schools who want to enter the market of education are compelled by the law to ask for an authorization and accreditation from the Ministry of education and research. In other words, every private school cannot organize his business as he thinks necessary to suit his clients, but as the public institution feels it has to be organized. That's why we believe that is preffered a private alternative to the actual public education system, but only according to its principles and organization. Still, despite all institutional constraints and barriers, it appears that the private education system is more suitable for the public needs. A proof to support this is the different development of economic, juridical or polytechnic education in the two systems, which shows on one hand a greater opening of the private sphere to the stimulants of the education and labor market, and on the other hand the reluctance and inflexibility shown by the public sector when it comes to change and adapt the educational services.

We can anticipate therefore the necessity of a massive liberalization of educational services, of eliminating of most of institutional constrains to entering the education market as a measure to show more interest for the demand coming from the consumers of education. Practically, we suggest a new way of thinking, a new paradigm change in education meant to overpass the present approach based on uniformity and to replace it with the one oriented towards diversity. In a paper regarding state education, Rothbard appreciated that it is in the nature of every governmental bureaucracy to be guided by a set of rules and therefore to impose them in a uniform, rather aggressive manner. Except for the last attribute, there are many opinions even inside the governmental structures coming to support this reality. But why is it not good to have a unitary treatment or in other words, what would make the difference in promoting diversity in education matter? Certainly, ensuring too much diversity wouldn't be good for the government who would feel compelled to take different decisions depending on the levels of education, their profile and so on. Still, even if it stays faithful to the uniformization policy, the bureaucrats have to face many crucial and controversial decisions when he must decide the pattern of the formal education system under his jurisdiction. He must decide how this system should be, traditional, or progresist. Favoring competition or being even? Segregated or integrated? Including sexual education or not? Focusing on liberal arts or based on vocation?

There is a fundamental distinction between the expectations guiding the behavior on the market of the private and public schools. The market oriented schools have strong stimulants to allocate their resources towards developing a set of educational services compatible to the expectations of the families, and the specialized abilities required by the economic activity. Accomplishing this kind of compatibility between education quality and the level of school taxes is the necessary condition to continue this activity. In other words, not respecting this rule can lead to financial difficulties and, in the end, to bankruptcy. But can we say the same thing about the public schools? No, unfortunately. The fact that public schools do not depend entirely on the consumers' payments to get their financial resources offers weak incentives for public education managers to increase the quality of their services, to reform organizational structures or to adapt school programs depending on the new social-economic factors. Thanks to redistribution process of budgetary resources, the state keeps its schools away from the market rules (e.g. possibility of bankruptcy). Therefore these schools are not necessarily motivated to adapt to the dynamic demand of the customers, parents and children being captives of the public education system.

Analyzing the educational process from an economic perspective we can suggest that only by manifesting liberty of choice and competition between schools can the reorganization of the system be achieved. The development of the private sector as education supplier has, among the positive implications involving quality also an ethical reason. Parents who consider public education not suitable for their children, or just don't believe it provides a suitable education according to their own beliefs and values and whose children attend private schools, they have to face a double issue: they are compelled, on one hand, to pay taxes and support the education of all the children from the public schools and, on the other hand, to pay for their

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¹⁵⁶ Murray Rothbard, op.cit., p. 3

own children's education. Is this situation ethical? It is obvious that this money transfer is not voluntary and this shows utter ignorance of this fundamental principle.

"The Right" to Education!

According to the article 32 align. 1 from the Romanian Constitution , the right to education is ensured by the compulsory primary education, the secondary, the professional one and also the superior ones, including other forms of instructions". Generally it is considered that the right to education (and, afterwards, the right to a job) is as important as the right to defends one's life or free of speech. As a consequence, it is considered that's our duty to sustain, respect and protect these rights. But if we analyze it thoroughly we would unveil some problems concerning the above interpretation. Is there any distinction between the right to protect one's life or the right of free to talk, on one side, and the one to work and to be educated, on the other side? Although our analysis can be considered rather philosophical, it is strictly necessary in order to understand the fact that, while the first of them come from human nature itself, the other two are not fundamental rights to apply no matter the time and place. The right to work and education cannot be guaranteed and applied legally despite all legal reglementations, but the natural right of freedom of speech or to defend one's life is equally and universally applied. Moreover, the right to speak one's mind does not involve consequently affecting the freedom or the rights of other to express their own opinion, while the institutionalization of the right to public education, for example, means compelling a group or community to pay taxes for it, so there is a restriction of freedom to use their income as they wish. On a different level of analysis, by introducing and accepting compulsory education, even if it is entitled free, the concept "right to education" has been misinterpreted and completely transformed into an obligation. If we agree that "from a philosophical view, a right must be something within human nature and reality, something that can be preserved and sustained anytime" 157, we find no mentioning of the terms obligation or compulsory. To have the right to an education mean being free to choose whether to act or not, meaning only people who want to use their right to go to school, and the others must not be forced by anyone else (not even by the state) to go through all the necessary steps of education.

Arguments for School Choice

Today more than anytime we witness a process of reorganization of the education system from the entire world. The reform in education is generated by the idea that any educational system may be improved. Taking into account the directions of the education reforms in different places of the world, it is surprising to conclude that although they have several particularities, all of them are built on some basic ingredients: promoting choice among the consumers and competition among schools. It is acknowledged the fact that the deficiency of the public education system in shaping competent and creative young people is the consequence of poor disponibility to offer consumers opportunities and viable alternatives. What can be wrong in encouraging choice and competition in education sector? Is it not fair for parents to have the right to choose which school is considered best for their children? Then what can we say about the possibility that some schools (less popular) would have to shut down because educational services consumers choose other schools? Will the decentralization and competition between schools lead to improving the quality of curricula and academic courses? We will consider further four major arguments which altogether will support the idea of promoting choice.

The first argument is based on the presumption that parents have the fundamental right to decide on matters regarding their children. There are a few Conventions and International Declarations supporting this idea. For example, the Universal Declaration of the Human Rights adopted by the United Nations in 1948 states that: "...parents have the right to choose the kind of education their children will receive ". Also, the European Convention over the Human Rights states that "...in exerting the education and teaching process, the state will respect parent's right to ensure the education and teaching according to their religious and philosophical beliefs".

As a natural consequence, the second argument for justifying choice in education would be that parents are the most appropriate to choose a school to suit the needs of their children. Generally, parents have both a higher interest in the education of their children and also a deep knowledge of their possibilities and needs, more than anyone else. Social reformers and especially education's reformers start from the wrong premise

¹⁵⁷ Murray Rothbard, op.cit., p. 5

that parents, especially the poor and less educated ones, are not interested in the education of their children nor have the competence to decide and choose for them.

The third argument in sustaining the free choice of schools comes from the idea that an increase of parents' implication would be beneficial for the way children see school, and their motivation. Few can contradict the fact that the high interest of parents in their children's education is mainly useful in the educational activity of children. Finally, there is the following issue: If parents can choose food, clothing and the place to stay for their children, why couldn't they choose also the school where they could study? In modern societies people still have different values regarding religion, ethics and so on. This diversity reflects the freedom that modern societies seek and protect.

The forth argument of liberty to choose in education matters is the belief that the existence of competition among schools may contribute to the improving of the quality of education services.

Once that we agree with these arguments, we can identify the basic principles for a real reform in education, meaning a substantial change of the philosophy of education and not only superficially shaping this system. The following reform's measures aim to increase competition in education field and to increase the involvement of parents and communities in this process. As long as education is considered by many an important field with deep social implications, we agree that the market principles of an educational policy must be placed outside any political controversies.

Among these fundamental principles we find the quality of education, equal opportunities for all, autonomy and economic efficiency, diversity and closeness to the demands of parents and children. There is also a fundamental question regarding the reform process: which is for Romania the most adequate institutional arrangement to lead us to achieving the principles mentioned above? The relevance of institutions comes from the neo-institutional approach in which the educational process and schools are influenced and coordinated by the set of institutions (rules) which prevail in society.¹⁵⁸ Therefore, the rules and the present institutional structure influence the internal organization of schools and therefore the performance of education. Consequently it is expected that the same schools must obtain different performances since they are attached to different institutional arrangements.

The Principles of Reform

✓ Opportunities for everyone: means that the reform of education must apply to all social categories. We support the idea that it is totally inappropriate - and therefore intolerable- to adopt a reform which ignores certain social categories, favoring the development of social exclusion. It is essential for the reform process to promote social inclusion in order to optimize the level of education among individuals especially in those regions where specific indicators indicate dramatic situations.

- ✓ Autonomy: we can make the principle opportunities for everyone easier to achieve if one of the reforms conditions is focusing on autonomy and diversity. Autonomy means an increase in the responsibility of schools regarding the educational process, and more freedom in management decisions. These measures are favorable to assimilate modern information and communication technologies in educational process. Reforming the actual educational system must consider autonomy a stimulant for innovation and creativity. The success of every school depends on the degree in which it develops new didactic methods and curricula. Therefore increasing the quality of education in certain schools is a determinant factor for the transformation of all education levels.
- ✓ Diversity: Ensuring diversity is important from two points of view: the first one refers to the fact that people have different needs and expectations. It is therefore necessary that schools offer a larger set of educational services according to the individual demands and aspirations. Moreover, by ensuring diversity, schools will be able to meet the parents' expectations as they are guided by the evolution of the labor market. The second argument shows the fact that diversity leads to a better understanding of choice among all the alternatives of the education system.

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¹⁵⁸ Chubb& Moe, Terry M., "Politics, Market & America's Schools", The Brookings Institution, Washington D.C. 1990, p.2, www.brook.edu

In conclusion, any reform proposal must be developed keeping in mind three fundamental values and, even more importantly, all must be accomplished: increasing the overall level of education, ensuring equal opportunities for all and promoting choice, diversity and innovations in the educational process.

Market Reforms in the Romanian Education Sector

The patterns and programs developed in different countries have already shown that improving quality of the education process, facilitating the access to education for marginal groups, increasing diversity, choice and competition are possible to accomplish. It is therefore essential that the long waited reform of the Romanian system be focused on the liberalization of the educational services market.

According to the principles mentioned above, we can identify three different instruments for reform:

- The specific voucher educational program: It is addressed especially to the pupils educated in public schools with low performances to turn to private schools which have well-known standards of education. Using the voucher system those children can be able to finance their studies. If this program is applied, it is expected that inefficient public schools become more motivated to improve their educational process, teaching methods, curricula and so on. It is also stimulated the emergence of new private schools focused on offering new innovative ways to serve education demand. The mentioned program is based on the experience of the state of Florida, combined with financing elements from Europe or Asia (e.g. Hong Kong); it is supposed to be flexible enough to ensure substantial growth of private education. For example, the model applied in Florida is based on two directions: On one hand it allows parents whose children attend low quality public schools to transfer them to private schools according to their preferences. On the other side, as a consequence to the possibility of choice, strong stimulants for public schools emerge in order to change their self-sufficient attitude towards the educational process. An efficient way to test the viability of this model could be experimental schools. The Ministry of Education could implement this program in selected schools considered to have poor results obtained at national tests. It is obvious that the Ministry can use other performance indicators such as results to national exams, admission to college grades and so on. Although the Florida experiment has as purpose obtaining in two years out of four the F degree, it is possible to build another arrangement, for example three years out of four, or two out of three, according to the estimated representative time frame. We also suggest that the one year option could be efficient, the main reason being that public schools will be alert for new ways to improve the educational process even from the current year, motivated by their interest to keep the pupils for the next year, or even to bring in new ones. Regarding the value of the educational voucher, we can consider that public resources per student are a good start in financing matter. Concerning the ability to finance a new school, the Dutch model is the best example. Therefore, following Holland's example, groups of parents (minimum 20) interested in founding a new school must be granted funds and investment grants for modernizing schools with technical equipment.
- The universal educational voucher program: The second proposal for reform is more radical, trying to implement a universal voucher program based on Sweden's experience. Among the main features of this model we can identify: the educational voucher can be used for both private and public schools, depending on the parents choice; any school is free to participate at this program, including private schools profit-motivated; the amount of governmental financing must no cover the entire school taxes (for example it could be about 75-80% of the sum, as in the Danish model); schools must be able to cover the rest of the costs for the educational process by imposing schooling taxes, such as in Germany or Hong Kong; similar to the model of Hong Kong, there must be a special system of scholarships meant to facilitate the access to education in private schools of children coming from low income family.

If this program would be applied in Romania, we foresee a very good perspective, for two reasons. Firstly, as mentioned above, it increases parent's influence in choosing schools (they become more responsible), assures opportunities for everyone and also stimulates competition between schools. Secondly, the development of the private schools is paradoxally meant to stimulate the government to implement this program. Most primary and secondary schools are public and by introducing the universal voucher there will be no extra pressure over budgetary resources. This program will only redistribute the public funds according to the demands and preferences of parents and not according to the bureaucratic decisions based

almost exclusively on quantitative evaluations. We can also think of reducing public expense, for two reasons: Firstly, voucher covers only 75-80% of the educational cost in the public system and secondly, because increasing the education services competition, will lead to a cost-cutting management. Although such a measure can be blamed to put aside the quality standards, we remind that private schools (and even the public ones) depend on offering high quality education, because this is the criteria for receiving the voucher.

• Fiscal credits for education: the third proposal is the result of a success of USA and Canada's models. It basically involves offering a fiscal credit to parents whose children go to private schools. The procedure is relatively simple: from the total amount of the taxes paid by one family, expenses for education are deducted. If the family has low incomes and the taxes paid are less then the schooling taxes we recommend creating a legislative context to allow additional funds to facilitate the access to private schools. The advantage of this proposal is encouraging parents to send their children to private schools, and therefore stimulating competition among education services suppliers. Some parents, whose children used to attend public schools, will choose private schools. Therefore, the fiscal credit will bring into force the ethical criteria. The only losers in this model would be the inefficient schools, practically, that ones that don't fulfill the quality standards according to the customers' expectations.

In conclusion, we strongly believe that such proposals are aimed at achieving common goals like increasing quality in education process, bringing more ethics in this field and, furthermore, stimulating competition among schools.

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LA CRISE GLOBALISÉE DE L'ENVIRONNEMENT NATUREL

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Résumé: La politique de l'environnement corrige les déficiences du mécanisme marché et des pratiques administratives et établit les objectifs à long terme concernant la qualité de l'environnement. La détermination des coûts sociaux extérieurs de pollution et détérioration de l'environnement est barrée par la manque des informations sures concernant la casualité des dommages et par l'estimation difficile de la valeur monétaire exacte du ''dommage''. Une société durable signifie pourtant une politique de protection de l'environnement très efficiente et étendue, ce qui implique la participation des acteur communautaires et nationaux, mais en plus celle des autres acteurs internationaux, parce que la pollution n'a pas des frontières et elle est devenue un problème globale.

Mots clefs: la crise économique, l'environnement, le dommage, la pollution, la protection, les ressources, les technologies, non polluantes, l'écosystème, la consommation d'énergie, l'urbanisation, le chauffage global.

Au début du troisième millenium, le système global entier semble s'approcher de limites des activités humaines induites par les normes et les contraints de protection de l'environnement. La crise de l'environnement naturel est une crise de la survivance, ayant un caractère global, ce qui implique toutes les nations. Pour la survivance, les gens doivent comprendre que le meilleur est de ne détruire pas la nature, mais de coopérer avec elle, doivent respecter les besoins et les limites de l'environnement naturel, le protéger et la raccommoder, valoriser rationnellement ses ressources par des technologies non polluantes pour les générations actuelles mais aussi pour celles suivantes (1).

Les plus grand péril avec lequel le monde actuel se confronte est représente par nos activités économiques et sociales: industrialisation production et consommation d'énergie, urbanisation qui ont et auront dans l'avenir comme résultat le chauffage au niveau global ayant des conséquences sévères pour l'écosystème planétaire et pour le façon de vivre des gens soit riches, soit pauvres.

Les principaux problèmes globaux qui reflètent l'aspect général de la crise écologique à qui se confronte l'écosystème planétaire et pour la façon de vivre des gens soient riches, soit pauvres.

Les principaux problèmes globaux qui reflètent l'aspect général de la crise écologique a qui se confronté l'humanité peuvent être présentes ainsi (2):

- Exploit des ressources. La plupart des activités économiques nécessitent l'emploi des ressources naturelles en laissant l'empreinte sur les écosystèmes terrestres. Chaque année, l'emploi des ressources naturelles dépasse de 20% la capacité de la planète de se régénérer, conforme au Fond Mondial de la Nature. On estime qu'en 2050 la consommation dépassera de 180 220% le potentiel biologique du globe.
- Les changements climatériques. La combustion du pétrole, des gaz et des charbons provoque des émissions de bioxyde des émanations de chaleur de la Terre et contribuent au chauffage du climat. Le contenu de CO₂ dans l'atmosphère a dépasse 280 ppm et au cours de 150 ans va atteindre 360 ppm. Les experts soutiennent que jusqu au 2100, la concentration sera de 500 1000 ppm, ce qui conduira a une croissance de la température moyenne du globe de 1,5 5,8 °C.
- Les trous dans la couche d'ozone. La couche d'ozone qui contourne la terre et la protège d'émissions de rayons ultraviolets lances par le soleil a diminué a cause de chlorofluorocarbures (CFC) utilises dans des certains produits. Le trou a atteint une surface de 30.000.000 Km² au dessus d'Antarctique en octobre 2001.

- La disparition des forêts. Chaque année, à peu prés 17 millions hectares sont perdues sous la pression de l'industrie du bois, des activités minières et de l'extension des villes, conforme FAO (Organisation ONU pour Alimentation et Agriculture).
- L'accès a l'eau potable. Environ 1.100.000.000 de gens n'ont pas accès a l'eau potable et 2.400.000.000 n'ont pas et rivières du monde entier ont les niveaux réduits et sont pollues. La croissance démographique au niveaux de la planète enregistre un rythme soutenu ce qui met en discussion une possible crise de l'eau provoque non par exigence que par gestion.
- La pollution du sol. Dernièrement, le développement de l'industrie et de l'agriculture a détermine une croissance excessive des quantités de déchets pénètres dans le sol qui dépassent les possibilités de celui-là de les assimiler et d'annuler les effets polluants. D'après les données FAO environ 70% de sols nécessitent des améliorations. A cause de la désertification environ 6.000.000 d'hectares de terrains cultivables disparaissent chaque année.
- La diminution de la biodiversité. La globalisation de dernières décennies provoque les diminutions de la diversité biologique sur Terre. La prolifération rapide du commerce et des voyages enlevé les barrières écologiques de existantes de millions d'années, permettant aux milles espèces plantes, insectes et autre êtres vivants envahir des territoires lointaines, souvent poussant les espèces indigènes vers la disparition et perturbant les processus écologiques essentials.
- L'énergie nucléaire. Représente 16% de la production mondiale d'électricité. Le problème écologique est du a l'irradiation produite par les accidents aux réacteurs atomiques et par le stockage des déchets nucléaires ainsi le démontage des réacteurs après l'arrêt du fonctionnement.

La cause majeure de la détérioration continue de l'environnement au niveau global est représente par le modèle déficitaire de consommation et de production, en particulier dans les pays industrialises. La consommation n'est pas seulement une question de l'emploi raisonnable des ressources.

Si tous les gens vivraient au niveau d'une personne ayant un revenu moyen d'un pays ayant des grands revenus, on aura besson de plus de 2,6 planètes pour tous conforme au Ecological Footprint Sustainability Mesure (3), une évaluation indépendante réalisée par les statistiques ONU.

Même les niveaux courants de consommation et de production, fondes sur la mesure écologique moyenne global sont de 25% plus grades que la capacité écologique de la planète, e`humanité érodant le capital naturel de la planète.

Au Summit de Johannesburg de 2002, les chefs d'état et du gouvernement, les hommes d'affaires, les chercheurs et les académiciens, représentants des syndicats, autorités locales, populations indigènes et jeunes gens ont analyse les menaces de plus en plus graves avec qui se confronté l'humanité. La troisième partie de la population du monde se nourrit d'un moindre revenu de 2\$ par jour. La consommation des combustibles minéraux grandit rapidement. Les besoins de production et de consumation risquent épuiser les ressources naturelles plus vite qu'elles peuvent se redresser. Dans les trois quarts de régions piscicoles du monde on pratique la pêche irraisonnée.

Les glaciers montagneux fondent. La surface boise du sol a diminue dernièrement d'une aire comparable a Venezuela.

Les conséquences attendues — la croissance du niveau de l'océan planétaire, la dépréciation de l'agriculture, la diminution des débits des eaux, la réduction du niveau des nappes phréatiques, l'augmentation des périls pour la santé des gens, les événements climatiques majeures, les tensions sociales — suggèrent que les pays soit au cours de développement soit puissants, développes ont des raisons bien fondées pour craindre les changements climatiques.

Ces conséquences grandissent en proportion directe avec la croissance économique globale, mais la plus situation est grave dans les états qui ont des standards écologiques différents.

Les états se concentrent sur le « gouvernement économique » et dans la plupart des cas négligent les problèmes écologiques, ne se sentent responsables parce qui`il n'y a pas un organisme international assez

puissant qui pourrait protéger efficient la Terre contre la « consommation autodestructive »de l'espèce humaine (4).

Dans une telle société, les paramètres normaux d'évaluation de la vie dépassent leur limites normales et ainsi s'installe la crise humaine, c'est à dire l'aggravation des conditions de vie pour un nombre croissant de gens. Cette crise, d'un caractère naturel – humain reçoit de la gravite quand les équilibres de la compatibilité entre l'environnement artificiel, errée par l'homme, et l'environnement naturel sont affectes provoquant des conséquences négatives, irréversibles dans le temps et l'espace, qui peuvent mettre en danger l'évolution de la vie au niveau global – mondial.

Les recherches entreprises sur l'équilibre d'avancement a l'échelle régionale et global – mondiale soulignent l'accentuation et le rangement de la crise naturelle – humaine du mondiale du développement fonde sur l'économie dans le but du profit monétaire, assure par une concurrence pour ainsi dire loyale, en réalité et malheureusement inégale.

Conscients de ces graves conséquences, souvent irréversibles, de la crise naturelle – humaine, de l'impacte sur la continuité de la vie dans des conditions normales du point de vue biologique et écologique, les hommes de science, les hommes politiques et la société civile ont lance l'appel de se préparer pour le changement du mode actuel de produire et de consommer les biens dans la société, au niveau des managements nationaux, régionaux et mondiales, en passant ainsi vers un développement d'un caractère durable, fonde sur l'économie humaine et sur la compatibilité da l'environnement crée par l'homme avec l'environnement naturel, profit monétaire avec le profit social – humain, a l'échelle de chaque collectivité humaine.

D'après les spécialistes, la crise naturelle – humaine du développement, qui a englobe tous les états du monde, présente en débat publique, devant les du monde, présente en débat publique, devant les parlements et les gouvernements du monde ou devant les organismes internationaux et mondiales, la vérité cruelle sur le danger qui menace l'humanité si l'actuel mondiale de développement connu par les états bien développes continuera a long temps (5).

Les couses de la crise naturelle – humaine du développement jusqu`au pressent ne doivent être cherchées parmi les pauvres du monde mais dans les pays qui établissent les standards mondiales d`une extravagance gaspilleuse qui domine les politiques globales qui dirigent notre monde vers l`autodestruction sociale et écologique (6).

Orientations et besoins des politiques sur l'environnement en Union Européenne

Dans son démarche l'Union Européenne part de l'idée qu'il n'existe aucune contradiction entre la croissance économique et le maintien d'un niveau qualitatif acceptable de l'environnement. C'est pourquoi, les mesures d'intégration de l'environnement dans les activités économiques et les politiques économiques doivent agir ensemble pour diminuer la pollution et pour améliorer le fonctionnement de l'économie.

La politique de l'environnement de l'Union Européenne, établie par l' Accord de la Communauté Européenne, a comme but assurer la soutenabilité de l'activité de protection de l'environnement, en l'inclussent dans les politiques sectorielles, par l'élaboration des mesures de prévention, en respectant le principe « celui qui pollue, paye », par le combat de la source de pollution et en assumant la responsabilité commune. Les états membres doivent s'assurer qu'une évaluation de l'impacte sur l'environnement a été effectue e avant l'approbation le développement d'autres projets dans les secteur prive au publique.

Dans le sixième Programme d'Action pour l'Environnement 2001-2002 sont identifies quatre domaines prioritaires :

- les changements climatiques l'objectif est celui de stabiliser la concentration atmosphérique de gaz a effet de serre de la manière de ne pas causer de variations anormales du climat; par la ratification et l'implémentation du Protocole Kyoto on prévoit la réduction des émissions de gaz qui produisent l'effet de serre de 8% en 2008-20012:
- la nature et la biodiversité l'objectif est de protéger et de restaurer le fonctionnement des systèmes naturelles et d'arrêter la perte de biodiversité au niveau global ; la protection du sol contre l'érosion et la pollution;

- l'environnement et la santé l'objectif est celui d'attendre une qualité de l'environnement dans laquelle le niveau de la contamination a la suit d'activité humaine, ou des différents types de radiations n'augmente pas le risque d'un impacte négatif sur la santé des gens;
- les ressources naturelles et le management des déchets l'objectif est celui d'assurer une consommation raisonnable de ressources, pou ceux qui se règnent ou non, qui ne doivent déplacer la capacité de su portabilité de l'environnement; on a en vue les mesures pour stimuler la recyclage, la récupération et l'incinérations ales déchets par la réduction de la quantité des déchets de 20% en 2010, et de 50% jusqu'au 2050.

Ce fait représente le plus solide abord stratégique de l'UE jusqu'au pressent parce qu'il implique tout les segments de la société qui cherche des solutions innovatrices, pratiques et de durée concernant les problèmes de l'environnement, en offrant le cadre optimal pour appliquer la Stratégie de l'UE pour le développement durable. Il établit les priorités et les objectifs de la politique du milieu pour les années suivantes et détaille les mesures à appliquer.

L'abord stratégique est soutenu par cinq objectifs qui soulignent le besoin de solutions innovatrices qui doivent être appliques :

- amélioration de l'implémentation de la législation de l'environnement ;
- intégration des préoccupations concernant l'environnement dans l'ensemble d'autres politiques ;
- implication des mécanismes de marché pour attirer l'intérêt pour environnement des agents économiques et des consummateurs.
- implication directe on indirecte des citoyens individuels dans le problème de la protection de l'environnement ;
- planification du territoire, ainsi que les décisions managériales doivent tenir compte de l'impacte sur l'environnement pour promouvoir les meilleures pratiques d'environnement.

Le but de la politique de l'UE est « la croissance économique » en même tempos avec le maintien des lieux de travail et d'un environnement propre et sain. On peut réaliser ça par l'implémentation des stratégies et des politiques économiques et d'environnement, pat la législation sur l'environnement, par l'information, l'éducation et l'instruction des gens par l'octroi de stimulants fiscaux et par la pratique d'une politique active sur le marche du travail.

Le succès de la réalisation d'intégration environnement – lieux de travail pourrait être réalise si tous les facteurs impliques, y compris l'autorité publique, les organisations non gouvernementales et financiers, les transport, l'agriculture, la population serrant préparer a coopérer pour contribuer a cet desiderata.

Il est possible que au cours du temps l'implémentation de la législation de l'environnement aura comme effet la perte des lieux de travail dans des secteurs considères surs économiquement. Par la réduction de la pollution industrielle, par l'introduction de technologies plus propres, par l'utilisation des énergies regenelables, par l'emploi de la récyclation ainsi que par d'autres activités de protection et de conservation de l'environnement on peut créer beaucoup de lieux de travail nouveaux comparatif au nombre de ceux perdus.

Cette croissance sera plus grande dans les secteurs des services de l'environnement et, dans ce contexte, le développement et la commercialisation des produits verts assurent des nouvelles opportunités pour le développement des écoaffaires ayant comme effet la promotion de nouveaux lieux de travail. Les solliciteurs de ces nouveaux lieux de travail proviennent de la population jeune qui est réceptive au changement et désireuse d'accumuler des nouvelles connaissances et des nouvelles professions. La relation écoaffaires, écodéveloppement et la durabilité doivent exister, fonctionner et avoir de l'efficience.

En conclusion, par la politique de l'UE on poursuit l'implémentation des stratégies et des politiques économiques et d'environnement, législation d'environnement pour informer, éduquer et instruire la population, l'octroi de stimulants fiscales et la pratique d'une politique active sur le marché de travail. Ce fait renferme une collaboration effruite avec les entreprise et les consommateurs pour obtenir de nouvelles formes de production et consommation qui ne causent des préjudices dans l'environnement. Les sociétés serrant soutenus pour promouvoir et pour utiliser les technologies propres et non polluantes.

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LE DÉVELOPPEMENT DURABLE – UN NOUVEAU TYPE DE DEVELOPPEMENT ECONOMIQUE

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Résumé: Le concept de «développement durable» a été au centre des discussions et des débats ayant comme objectif de définir la stratégie et les mesures permettant dépasser la crise économique et de retrouver les modalités d'accorder au nouveau type de développement économique. Le sens du développement durable est inclus dans le processus de changement contenant des objectifs clairement définis: la stabilité de la croissance démographique, la promotion des ressources d'énergie, la conservation du sol et du sous-sol, la protection des écosystèmes, ainsi que la récyclage des matériaux. On ajoute encore l'exploitation rationnelle des ressources, l'orientation vers les investissements, le développement des nouvelles technologies et le replacement des institutions. Le nouveau type de développement regarde les dimensions économique, sociale et écologique étant intéressant par la croissance du potentiel économique, la garantie et l'égalité des chances et l'accès à la prosperité. Le développement durable implique la corrélation des systèmes économique, humain, ambiental et technologique et pour le réaliser notre pays a besoin d'investissements et d'assistance internationaux.

Mots-clefs: développement durable, dimension économique, sociale et écologique, les ressources, l'invironnement, les objectifs du développement durable, la stratégie

L'introduction de la syntagme «développement durable» – dans le lexique usuel de la science économique économique, a representé une nécessité objective, comme réponse à la crise économique et écologique que le monde l'a parcouru à la fin du XX-ème siècle et continue la parcourir au début du millénium. Le concepte «développement durable» a été consacré, en particulier, par le document «Notre avenir comun» (Le Rapport Brundtland) en 1987, confirmé ensuite par le deuxième Forum écologique, celui de Rio de Janeiro (Juin 1992), qui a établi la nécessité de réaliser le droit de dévellopement d'une telle manière pour satisfaire équitablement les besoins des générations présentes et futures.

Le concept est apparu du moment quand les discussions sur l'environnement se trouvaient au centre des dèbats politiques. Pourtant, un problème lié au concept de développement durable pourrait survenir à la suite d'une fausse compréhension de celui-ci par les hommes politiques qui doivent concevoir les projets et les réformes économiques soigneusement en réalisant la compatibilité de ceux-ci avec l'environnement. Un autre danger est celui que le développement durable, comme objectif politique, peut devenir faible et inefficace. En grande partie, cette chose pose des problèmes non parceque le concept est axé sur la soutenabilité, mais parcequ'on emploie le terme développement.

Le Summit de Johanesburg (1) a été la plus grande réunion internationale de l'histoire dédiée au développement durable, qui répond aux besoins de cette génération, mais aussi aux ceux futures. La mise en pratique des exigences du concept du développement durable réclame un certain temps pour atteindre ses veritables valences mais l'environnement et sa qualité constituent une variable clef (2).

Les composants essentiels d'une stratégie pour un développement durable sont clairement définis, prévoyant la stabilisation de la croissance démographique, la réduction de la dépendance de petrolle, la stimulation des réssources régenérables d'énergie, la conservation du sol, la protection des systemes biologiques de la Terre, le recyclage des matériaux. Comme ça, le concept de «développement durable» définit un procès de changement dans lequel l'exploitation des investissements, le développement des ressources, l'orientation des investissements, le développement des

institutions se complètent et font augmenter le potentiel actuel, celui de l'avenir, pour satisfaire les besoins et les aspirations humaines (3).

Le développement durable a les attributs suivants (4):

- 1. contient trois dimensions: économique, sociale et écologique
 - la dimension économique se délimite de développement traditionnel par le caractère des néofacteurs qui le soutiennent: investissements dans la recherche scientifique et la technologie de l'information et la stimulation des capacités innovatrices du capital humain. Considérée comme la principale forme de l'activité humaine, l'économie assure, par la voie du facteur travail, le transfert de substances et d'énergie de l'environement, qu'elle l'utilise pour la production de biens économiques déstinés au consommation productive et nonproductive. Ces changements de substance et d'énergie, à qui on ajoute l'information et les connaissances, comme source économiques antientropiques se répètent durant le temps, la reprise permanente de circuit constituant le support de la vie et du développement sur la Terre. Sur un tel support, l'économie représent un procès d'administration efficiente des quelques ressources économiques limités, avec des utilités alternatives, en assurant ainsi l'élargissement des besoins choisis et retennus par les gens, qui peuvent être satisfaits par ceux sacrifiés.
 - la dimension sociale du développement durable regarde la diminiation sensible des disparités entre les divers groupes sociaux, la garantie de l'égalité des chances au générations succesives et l'accès à la prospérité, à l'éducation, à la culture et à l'information. Le développement durable aborde le **concept de qualité de la vie** dans sa complexité sous l'aspect social, économique et écologique, en promovant l'idée de l'équilibre sociale, l'efficience et la conservations de l'environnement. C'est pourquoi, le développement durable favorise le procès intégré de l'élaboration des décisions soit au niveau global, soit régional, national ou local, ainsi que la distribution correcte des coûts et des bénéfices du développement entre générations et nations.
 - la dimension écologique du développement durable contribue à refaire l'équilibre entre la société et la nature par l'emploi des ressources rationnellement, par l'éducation d'une conduite responsable des gens par le rapport au milieu ambiant. Aucune activité économique ne peut être conçue, d'autant plus développée, sans prendre en considération l'écologique à mésure que l'environnement contribue au procès de la croissance économique. Pour aquerir la prospérité, la richesse, contribuent également le capital crée par l'homme (le capital physique), le capital humaine et le capital naturel. Comme facteur générateur de richesse, le développement durable doit assurer la protection du capital naturel sous l'aspect quantitatif et qualitatif et la mantien d'un niveu minime de celui-ci, c'est-à-dire du capital naturel critique. Par conséquence, le développement durable est conçu en plus comme une modalité de consolidation des voies de croissance de la richesse nationale, simultanément à l'utilisation prudente des ressources naturelles communes, de sorte que les ressources régénérables pusissent être maintenues et celles nonrégénérable puissent être utilisées dans un rythme tenant compte de besoins des futures générations.
 - 1. est centré sur l'homme, le sujet et le bénéficiaire en même temps en effets du développement durable sans faire abstraction des besoins de la prosperité générale et de l'équité sociale ;
 - 2. c'est la modalité principale de croissance du potentiel de l'économie et de la prospetité de la population, étant considéré comme le remède essentiel contre la pauvreté ;
 - assure l'évolution de la société humaine en harmonie avec la nature aux termes longs et très longs, ayant comme le pricipal support le secteur quaternaire, producteur de services informatiques et scientifiques qui ne pollue l'environnement et emploie en principal les ressources inépuisables l'intelligence humaine;
 - 4. reflète la relation directe entre input de ressources et output concretisée par la production et PIB. La difference entre input et output souligne l'efficience du procès de développement et la consommation de ressources par laquelle se réalise;

- 5. le développement durable n'est guère un problème national, il tend devenir international en attirant des éspaces plus amples et des objectifs réalisés seulement par la coopération de tous les pays au niveau zonal, régional ou mondial;
- 6. l'extentension du processus de développement durable dans des zones plus étendues ouvre des prespectives et des voies pour construire une économie globale: l'interrelation développement durable et économie globale ayant des effets positifs, marqé par une ample diffusion du progrès technique, la croissance de la production et des échanges commerciaux des biens, l'amélioration de l'occupation de la main d'oeuvre, la mobilistion des quelques ressources financières et leur meilleure orientation ou bien des effets adverses comme la migration incontrolable de la main d'oeuvre, les décalages économiques, sociaux, éducatifs, ou inéquités dans l'allocation des ressources.
- 7. implique la corrélation des systèmes économique, humain, ambiental et technologique dont l'évolution doit se réaliser simultanément. Le messurage du développement durable est difficile même impossible de réaliser tenant compte de la grande diversité de ses éléments. Les indicateurs macroéconomiques employés par le modèle traditionel de croissance sont totalement inadéquants

Il faut trouver les modalités d'évaluation et d'aproximation du procès réel de développement, en appelant aux analyses globales et aux indicateurs complexes.

Le Comité Mondial de l'Environnement et du Développement définit le développement durable comme «un procès de transphormation dont l'exploitation des ressources, la direction des investissements, l'orientation des techniques et les changements institutionnels se déroulent harmonieusement», en soulignant que la réalisation de ces objectifs contribue à la solidité du potentiel économique actuel et prochain pour repondre aux besoins et aux aspirations de l'humanité.

Pour que le développement durable peut se réaliser il faut adopter une façon de vivre qui respecte les limites écologiques de la planète pour ne préjudicier par les écosystèmes naturels à qui nous devons notre vie: l'air, l'eau, le sol, le sous-sol, la flore et la faune, la santé humaine. La croissance économique et le développement impliquent inévitablement des transformations dans les écosystèmes et la politique économique de développement doit être conçue d'une telle manière que l'exploitation des ressources régénérable soit conduite et gestionnée rationnellement pour ne préjudicier pas l'environnement et le facteur humain ni aujourd'hui, ni demain (5).

Les objectifs du développement durable et les voies de les réaliser dans le troisième millenium

Les objectifs du développement durable proposés au Summit de Johanesburg, accompagnés de mésures adéquates poursuivent les grands provacations de notre temps: l'élimination de la pouvreté, la modification du mode de consommation, le changement des systèmes de production nonviables, la protection et la gestion des ressources naturelles en but du développement économique et social, l'amélioration des conditions de santé, la solidité des mécanismes institutionals pour réaliser un développement durable est impossible. On a en vue: la garantie de la paix, de la sécurité et de la stabilité, le respect des choits de l'homme, des libertés fondamentales, de la diversité culturelle, la promotion du dialogue et de la coopération entre civilisations et peuples sur la planète, la garantie de l'universalité et d ela dignité humaine pour le même but – l'effort commun mené à sauver la planète et pour promouvoir l'évolution de l'humanité.

Les objectifs économiues et sociaux doivent être définis par rapport à la durée de l'étape du développement et aux priorités nationales parceque ce qui est durable à une certaine époque ou à un certain pays d'un niveau de développement quelconque peut être le contraire dans une autre époque ou dans un autre pays ayant un certain état de développement (6).

Chaque pays a ses propres besoins de croissance économique ainsi que des caracteristiques nationales démographiques, des particularités de l'environnement, un certain espace construit. Le sens du développement durable est donné par le modèle endogène de réconsiliation entre l'homme et la nature. Cela n'exclude sûrement la nécessité de coopérer et collaborer au niveau international (par exemple: renforcement de la capacité de management écologique et l'application des politiques nationales

augmenteront la demande des technologies nonpolluantes, ce qui accélérera le transfert et le coopération technologiques).

Parmi les voies concretes de réalisation de ces objectifs, les suivantes seraient représentatives (7):

- le contrôle de la pollution, la gestion des ressources et les considerations concernant la qualité de la vie;
- la fondation du cadre institutionnel efficace pour formuler et mettre en pratique les politiques de protection de l'environnement;
- la promotion du progrès technologique en faveur d'une croissance écologique «écologisée»;
- le besoin de faire les instruments de réglèmentation plus efficientes et moins coûteux;
- une large utilisation des instruments économiques qui reflète précisement les rarités relatives, dans le but de fournir des signales de marché concernant la protection de l'environnement;
- le développment des stratègies intégrés dans le secteur de la protection de l'environnement et en plus entre ce secteur et autres secteurs de l'économie;
- une analyse plus détaillée des liens existants entre le milieu et l'économie et la modalité d'élaborer les indicateurs de protection de l'environnement pour mésurer la tendance et les progrès enrégistrés dans le domaine de la protection du milieu.

La théorie et la pratique du développment durable doivent se fonder sur la compatibilité des politiques d'assurance de la qualité des resultats de l'activité humaine avec les politiques de protection de l'environnement ainsi que sur l'évitation des risques majeurs dans le déroullement des activités humaines et finallement sur l'élaboration d'une Charte des affaires sur le développment durable qui contient les principes, de coûts de production de l'environnement ainsi que sur l'évitation des risques majeures dans le déroulement des activités humaines et finallement sur sur l'élaboration d'une Charte des affaires sur le développement durable qui contient des principes, de coûts de production jusqu'aux revenus obtenus à coté du management éducationnel nécessaire soit par ceux qui produiessent, soit pour ceux qui distribuent et utilisent les produits et les services nécessaires à la vie des gens.

Le passage au développment durable marque l'entrée de l'humanité dans l'ère de l'environnement dont les risques du développment doivent être diminués même écarter. Pour cela est nécessaire la modification de la manière dont les gens comprennent une série d'élements de la vie. Par éducation, culture et science, les gens peuvent dépasser le seuil perceptual qui les détermine à observer, à juger et actionner à long terme en se dirigéant vers une nouvelle frontière morale qui prouve que le problème du développement doit être regardé en interdependance dans l'espace et le temps. Le dépassement d'un seuil perceptual a comme prémise indispensable, l'information pour que les communautés humaines comprennent les menaces qui plannent avant que telles catastrophes se produissent.

Le développement durable suppose un nouveau code de valeurs réalisable dans le cadre d'un procès général de transition vers une société viable, où les gens peuvent être attirés par des nouvelles modalités d'organiser leur vie et de devenir conscients de ce qui peut se passer s'ils ne changent pas le façon de vivre (8).

Le développement durable peut être la solution de conciliation de tous les conflits à condition que les interêts unanimes convergent vers l'évolution humaine. Il est nécessaire d'assurer le passage de l'idée au fait par des efforts individuels et collectifs pour que le développement durable se réalise réellement.

Les objectifs et les priorités du développment durable en Romanie

Dans notre pays, les objectifs du développment durable s'attachent sur la stabilité économiques, sociale et écologique.

Les objectifs économiques comprend deux grandes catégories: objectifs regardant les activités économiques à l'intérieur et objectifs concernant les relations économiques externes.

Dans la première s'inscrivent les objectifs qui ont en vue les reésultats économiques globales (PIB); les objectifs à l'impacte direct sur le développement durable: les investissements et la formation du capital et les effets de leur emploi; l'offre globale de biens et services, la circulation monétaire, l'exécution

budgétaire, la distribution de revenus, la dette publique et le objectifs liés à la recherche scientifique et à l'inovation technologique. La deuxième comprend les activités générées par les realtions économiques extérieures: le commerce extérieur, les mouvements de capital qui se retrouvent dans la balance de paiements externes, les investissements externes. De même, à côté des objectifs qui se rapportent à la qualité des biens et des services et aux perspectives de leur capacités concurrentielles sur le marché intérieur et extérieure.

Les objectifs sociaux se rapportent à l'utilisation des ressources humaines et à l'occupation de la main d'œuvre, à l'éducation, l'instruction, l'information, à la formation professionnelle, à la santé, au loisir, à l'équité et assistance sociale.

Les objectifs écologiques se concrétisent dans la protection de l'environnement et la conservation de la nature, la sécurité de la diversité biologique et l'utilisation durable des ressources non régénérables. L'objectif fondamental de la Stratégie Nationale pour le Développement, Durable en Roumanie est "la croissance de la prospérité et du bien-être individuels et de l'ensemble social au niveau national, en suivant un développement économie aux limites de support du Capital Naturel qui peut garantir la qualité de la vie pour les prochaines generations".

De l'objectif fondamental se détachent les objectifs prioritaires du développement durable en Roumanie comme suit (9):

- la garantie de l'état de santé de la population en corrélation avec tous les secteurs économiques et sociaux pour un développement humain mondial;
- la fixation des secteurs et des directions d'un potentiel compétitif comme priorités du développement durable dans le contexte des tendances majeures mondiales;
- la redimensionne et le remodelage de la structure économique et sociale pour sa conversion dans un système durable, apte à assurer la croissance continue et stable du niveau de vie en concordance aux critères d'intégration à l'Union Européenne;
- le stoppage du procès de détérioration du capital naturel et son redressement;
- le développement du système législatif et institutionnel, l'assurance de la cohérence et de sa compatibilité avec celui de pays de l'UE, la consolidation de la démocratie par la participation civique;
- la formation des ressources humaines au niveau des exigences scientifiques, technologiques et informationnelles sur le plan international pour tous les secteurs économiques et sociaux;
- la surveillance et l'évaluation permanente des performances économiques, sociales et de protection de l'environnement par un système d'indicateurs quantitatifs et qualitatifs déterminables. En conclusion nous pouvons dire que Etablir et choisir les objectifs stratégiques à long terme supposent examiner davantage, attentivement et responsable ment, les priorités spécifiques à chaque étape, tenant compte de leur urgence et impact sur le développement économique et social. La sélection des priorités doit prendre en considération l'emploi rationnelle et judicieux des ressources pour que l'accroissement des richesses ne préjudicie pas les chances des futures générations de satisfaire leur besoins.

Pour réaliser son développement durable, la Roumanie a besoin, sauf ses propres fonds, des importants investissements et d'assistance. Le déficit de ressources qui peut apparaître au début de l'élaboration des stratégies et des programmes de développement l'élaboration des stratégies et des programmes de développement on au moment de mise en train, pose le problème d'assurer les ressources nécessaires en appelant souvent aux sources extérieures.

La Roumanie n'est pas seulement un pays possédant un capital naturel et des ressources variées mais aussi est un partenaire crédible pour l'associations avec d'autres pays ou compagnies internationales, quoiqu'il persiste quelques inconvénients économiques, institutionnels et sociaux.

L'encouragement des associations entre le secteur publique et prive, entre le capital étranger et autochtone, l'assimilation des fonds obtenues de l'UE et de institutions financières et économiques internationnelles dans les meilleures conditions conforme aux accords conclus représente l'une des directions de la politique de la Roumanie pour mettre en pratique les arrangements de Johannesburg.

L'impact des accords convenus au Summit de Johannesburg sur la Roumanie doit etre regarde de deux points de vue (10):

- tout d'abord, il faut actionner fermement dans touts les domaines impliques dans le développement durable. La réalisation des objectifs établis par la Stratégie de Développement Durable en Roumanie, comprenant des responsabilités précises pour les institutions impliquées, l'évaluation des résultats en fonctions de lesquels il fout améliorer les objectifs et les solution pour le développement durable, est restée un problème qui balance entre les desideratum et les bisions de la vie réelle, des actions concrètes.
- deuxièmement, la Roumanie doit adapter sa Stratégie, élabore avant le Summit de Johannesburg, aux nouvelles demandes globales du développement durable. Dans le sens de ce qui a édit, il faut effectuer des nouvelles analyses critiques sur le stade de la réalisation de la Stratégie, sur les performances, les obstacles et les provocations concernant ce procès, mais il ne faut pas manquer la proposition de nouvelles solution et une meilleure adéquation des priorités. De même, établir précisément les attributions et les responsabilités des institutions et des agents entraînes dans l'implémentation du développement durable la meilleure information et la transparence peuvent accélérer l'apparition des résultats positifs dans ce domaine.

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THE GLOBAL ASPECT OF THE UNDERGROUND ECONOMY

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Globalization is the historical process of the worldwide integration of the national economies, through social relations and economic transactions, which unites countries, banks, financial institutions etc. Through globalization people of different citizenship, language, religion and cultural are involved in solving together various global issues, like the fight against terrorism.

On the other hand globalization is accompanied by the worldwide spreading of criminal network, which proved to be more flexible than that of the formal economy of the countries. But the obligation of these democratic states, together with the international community is to reply to the challenge of the organized crime, in order to reduce or even eliminate this phenomenon, because criminal organizations menace the national suzerainty and the authority of the states.

The activity of the organized crime penetrates everywhere that it can gain a profit, and because of the monopole position in the areas, it can raise the prices and thus the earnings. Nowadays criminal network are more flexible (micro organizations) to assure their secret character in order to face the police and judicial attacks.

Keywords: globalization, underground economy, criminal network.

On behalf on an obvious social and economic progress, we assist to a new phase of development in the mankind history, characterized by the process of spreading international relationship, of economical, political and social-cultural nature. Thus, worldwide, the bases of a network are founded, a network which is meant to include all the communities, even if they are at a distance of thousands kilometers, uniting countries, banks, financial institutions etc. The phenomenon of globalizing the relationship between people and communities, caused and still creates, major controversies among economical analysts, sociologists, and historians.

Most people consider globalization as a progress fact on behalf of social development, a new revolution in the continuous preoccupation of man to benefit of the advantages of welfare, democracy and social safeness. Others are strongly against globalization, claiming that this process represents a real threat for the civilization, a new form of colonialism or totalitarianism. Many consider globalization of human relationship, as the Americanization; maybe this is the reason why more frequent ample anti-globalization demonstrations take place, especially organized during certain international meetings, without the participants' real or not belief that they can oppose this phenomenon, which is becoming more and more obvious.

We consider the globalization as the historical process of the worldwide integration of the social relations and of the transactions, which increases the interdependence of relations all over the world. The economical globalization which maybe the most important component of the process, is the result of the innovations and of the technological progress, and it refers to the integration of the national economies, due to the growth of commercial and financial flow.

Surely we are facing events, unimaginable ages ago, namely breaking some political, economical, ethnical or cultural barriers and historical agreements between nations that seemed to be enemies forever. Never had so many people of different citizenship, language, religion and cultural been involved in solving together various global issues, irrespective of their connection to the saving of economical resources and finding some others, fighting against terrorism, protecting the environment, eradicating the undergrowth in some regions of the globe and so on. The inhabitants of the planet realized that they could not eliminate certain dangers, acting only from the inside of some small communities. Air and water belong to everyone, and cannot be isolated by potential polluting attacks of a single community, although the others are struggling to maintain them clean. Terrorism cannot be eradicated by some nations whilst others are supporting it. It is also unimaginable that there are nations living in freedom and welfare, whilst there are

areas where children are starving. Globalization can be the solution of all these problems, as well as of same others too. Life will prove justice.

Globalization is accompanied by the worldwide spreading of criminal network, with all its aspects: illegal trading with drugs, trafficking in human beings, weapon traffic etc. With the spreading of the criminal network influence we are present at their prosperity, which involves reinvesting the exceeding profits, usually in the speculative currency trading. Such investments are affordable by the new technologies which allow a speed without any previous situations of the money movement¹⁵⁹.

On behalf of the great geo-political, economical and social transformation which international communities are facing nowadays, criminal network gained new sectors, spreading its influence and domain of activity to a high level, a reason of worry for most of the national economies, especially for those in transition process, due to the vulnerability of the law enforcement, and the fragility of the democratic institutions. Criminal network proved to be more flexible, than that of the formal economy, the countries from Central and East Europe being concluding in this way. In the early 90's when the views of the politicians on privatization, liberalization of trade and encouragement of the foreign investment were hardly clear, the criminal networks had already established, dividing themselves the territories, taking the resources, and especially to take to hold of both economical and political power.

Analyzing the situation of Romania, we realize that before 1989 our country was not included in the international criminal network, and in our country there were practically no criminal organizations. We observe that in less than a decade we have become full-righted member in the worldwide criminal system. From a country where drugs didn't penetrate¹⁶⁰, Romania became firstly a transit region on two of the major routes of transport towards Central Europe¹⁶¹, and after hand it became a drug consuming country. We can also state that all the forms of organized crime known in the world has developed here, from human trafficking to blackmail, smuggling, high fiscal evasions and other illegal activities.

Surely those who oppose globalization can use this example as an argument against the spreading of the international relations, unless they consider objectively the fact that during the socialism, the efficiency of the state control on the organized crime phenomenon, was made by political and economical isolation of the country, depriving the citizens of their elementary democratically rights, limiting movement of the capital and people, especially eliminating the conditions of freedom and development. It is the obligation of the democratic state to reply to the challenge of organized crime, and together with the international community to eradicate this phenomenon.

The international criminal organization are extremely dangerous because they menace the national suzerainty and the authority of the states, the democratic values and public institutions, the national economies, the process of democratization in the ex-totalitarian countries. These organizations are flexible, sophisticated, and easily-adaptable and they act according to the multinational companies strategies, continually extending their allies and agreements in order to obtain larger access to know-how, to the new technologies, to the modern technical means assuring them a much better protection against the authorities. A larger space for the organized crime automatically means huge profits and higher possibilities to blackmail the kindness of the clerks, hiding the illegal products and laundry of the incomes. The allies between criminal organizations are made quickly without contracts, warranties and written agreements, and the tough fight on the black market leads to the founding of great international structures with well defined areas of influence. The spreading of organized crime to a global scale made the national authorities to study, to cooperate in order to react efficiently to this. Both organized crime and its globalization became study object for scientists from economic, legal, and social fields, as well as headlines that captivate people's attention.

¹⁶⁰ There were few cases involving drugs trafficking before 1989, and were connected to the foreigner students from Arab countries.

¹⁶¹ It is about the road line: Turkey, Bulgaria, Romania (Giurgiu), Hungary, Slovakia, and the mix one Turkey, Romania (Constanța, on the Black Sea), Ukraine, Poland, Germany.

¹⁵⁹ United Nations Office for Drug Control and Crime Prevention, *Financial havens, banking secrecy and money laundering*, 1998, p.19.

Reality assures that criminal activities spread all the barriers, all the markets, but also subdued the local economic activities, on behalf of the logical competition law and the need of the global economy. Such activities accompany the legal international economy and they reach the entire global market. Money, drugs, weapons, human beings, works of art etc cross the borders due to lack of the controls or the kindness of the controllers. The reward for the controllers increases the costs of the criminal activities, bearded by the customers. Drugs are obviously more expensive if the access in a country is more difficult. Usually the criminal network affords to raise the price because of the monopole situation in the areas where it acts.

The existence of borders becomes an advantage for the criminal network members, their pursue being very difficult because of a police and legal cooperation based on archaic principles and without efficient legal and technical means. To assure the insertion in the legal economy the criminal organization daily converts according to the new criteria of economical organization. They limit their structure to a tough core, purely criminal, reserved to the members from the top of the hierarchy whom the other participants have more relaxed relations with, than before. Just like the companies from the legal field, the criminal organizations also eliminate the fields that are not useful for the concise object of activity. A copy of the management of these companies the more dynamic criminal organizations have already assured their adjustment to the legal or criminal global markets.

The criminal society is very different from that usual image, the activity of the organized crime penetrating everywhere that it can gain a profit, balancing between legal and illegal, lawful and unlawful, honest and criminal diversifying the activities, reorganizing in a very flexible mode. The modern criminal network are not as rigid as the Sicilian Mafia, the North American Cosa Nostra, or the Columbian Calli and Medellin coalition; they are flexible as Russian Mafia or Neapolitan Comorra, less centralized, but having important features in order to face the police and judicial attacks, as well as to make profit of the new opportunities of economical and financial globalization ¹⁶².

As for the Russian Mafia, we have to mention that it is made of many groups, set on flexible structures, and variable to the outside, but very united inside. The estimation of Russian Minister for Internal Affairs about the number of active members is of 160,000, grouped in about 12,000 of micro-organizations controlled by 13 persons. The same tendency of proliferation of micro-organizations can be found in Columbia, too, after the decrease of the influence of the Calli and Medellin coalition, nowadays in this country there are 2,000 and 3,000 of such groups. The advantage of the micro-organizations is that they can preserve the necessary links for their coordination, but in the same time they can also shape their productive structures and they defend more efficiently their secret character. We can also notice that the criminal organizations speculate the advantages of the fiscal and bank paradises, where there is no legal obligation to register the economical activities made and report of income source. On the whole, these are micro-countries with a generous fiscal policy and a tolerant system of laws.

Being continuously filled with money obtained by the most various types of organized crime these "ports" are settled at outskirts of the truly industrialized countries of North America, Europe and Asia. Nowadays off shore banks advertise on the internet and in British newspapers as the highly appreciated "The Economist".

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THE KEYNESIAN THEORY OF PRICES

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Every time when a crisis casts shadow over the economy, all the economists seem to remember about "long forgotten" Keynesian theory. Although just a few economists think about themselves as traditional Keynesians, the economic policies inspired by Lord Keynes are still alive. For instance, the fundamental goal of any central bank is to avoid inflation which means to assure prices stability. Is not this the Keynes ideal: economic progress with full employment and fixed prices? Let's take a look of the current subprime crisis. The best solution found by FED is to cut the interest rate and to cheapen the loans. If Keynes will be alive he surely would be delighted by the FED's acts. The purpose of this paper is to analyze the Keynesian theory of prices in order to find the extent in which the solutions found by Keynes are still valid.

Key words: macroeconomics, theory of prices, liquidity, interest rate, economic crisis

Introduction

Few were the theories that had a sufficiently strong impact to change the course of economic thought and to create what Shumpeter called "classic situations" in Economics. The last "classic situation" in the history of economic thought was created by the "general theory" elaborated by John Maynard Keynes in 1936. This theory was proposed by the most famous British economist of those times, the one that had acquired a star status once with the publication of a shot work [Keynes, 1919] about the "Cartagena peace" brought about the Versailles treaty, a status that the economist maintained and never abandoned. This is only one of the arguments that explain why Keynes' theory was received and readily adopted by the majority of the economists with a speed and openness never met before. Another reason is obviously linked to the historic context in which Keynes published *The General Theory of Employment, Interest and Money*. His theory had been launched at the best time possible, immediately after the great economic crisis 1929-1933, when the specter of depression had not yet been completely erased from the memory of people, and the negative consequences of the crisis had not yet totally disappeared from economic activity. Having at disposal the case study offered for free by the Great Depression, Keynes makes an analysis of the phenomenology of the economic crisis in order to offer solutions by means of which to avoid the re-occurrence of such episodes in the economic activity.

In Keynes' vision, the most serious consequence of the economic crisis was represented by the fast growing rate of unemployment which directly affected the welfare and peace of society. For this reason, the main purpose of Keynes was to solve once and for all the problem of occupation and the solution proposed was a bold one and apparently, innovative: the state had to indirectly intervene in the economic activity by stimulating aggregate demand by means of manipulating the interest rate and control of monetary mass. Moreover, the Keynesian analysis proposed a total separation from what Keynes called classic economy. The new economic theory was base on a holistic approach of economic activity and introduce in the economic language original terms such as: investment multiplying, preference for liquidity, cash trap, aggregate demand, aggregate offer, anti-cycle fiscal policies etc. In this context, it is no surprise the fact that Keynesian theory was regarded by many generations of economists as the solution to all economic problems.

Relevant for the peak and decline of the doctrine initiated by Lord Keynes if the affirmation of Milton Friedman – otherwise a moderate critic of Keynesianism - in 1968: "In a certain way we are all Keynesian now, on the other way, nobody is Keynesian now. We all use the Keynesian analytical language but none of us is still accepting the primary conclusions of Keynesians."[Friedman, 1968:15].

Significance and role of price in the Keynesian macroeconomics

The fundamental hypothesis of Economics presupposes that there is a reciprocal determination between prices and the whole economic activity: on the one side current prices offer fundamental information to economic agents because based on the comparison between current prices and estimations regarding future prices, individuals decide about activities they are going to start, and, on the other hand, the decisions and activities of economic agents influence, by means of supply and demand, the price. So, any economic theory can only be coherent under the circumstances that it succeeds in funding itself on a coherent theory of price, something that the Keynesian theory did not manage to accomplish.

Being perfectly aware of the role that prices play in the economic system, John Maynard Keynes devotes an entire chapter out of The General Theory of Employment, Interest and Money to the theory of price. The British economist proposes a new theory of price, different from the classic one, one that would bring arguments in support of his new general economic theory. In the theory of price advanced by Keynes, the level of prices on one market is determined by the cost of production factors and production level. The extension of the proposition from a microeconomic level to a macroeconomic level brings about a modification determined by individual demand and aggregate demand. The latter obeys to the law of "macro psychology" issued by Keynes - marginal inclination towards consumption. Consequently, the British economist adopts an economic analysis borrowed from classic economy of which he so much wanted to be separated. Much like the supporters of the objective theory of value, Keynes pays attention to the way in which the cost of production factors influences the final price of goods. Keynes' innovation in this domain is to propose a simplification which he himself considers unrealistic, but which is very suitable to support his conclusions. The simplification proposed by Keynes says that the retributions of all the factors of production modify in the same proportion the marginal cost [Keynes, 1970:303]. If this hypothesis is accepted, then one may say that the level of prices is directly related to the level of wages and employment. In this way, the level of wages, that is, the price of labor becomes an essential factor in establishing final price.

From this perspective, one may easily observe that Keynes' vision does not essentially differ from that of the marxists. Yet, the purpose of Keynes differs from the one of Marx. If Marx uses this premise to justify the necessity to replace one economic system with another, Keynes appeals to the above mentioned hypothesis to sustain an expansionist monetary policy meant to reduce unemployment rate because for Keynesfor Keynes the unemployment cause was not the wrong employment policy but the problems of the monetary and loan system." [Mises, 1980]. Keynes argues that: Thus if there is perfectly elastic supply so long as there is unemployment, and perfectly inelastic supply so soon as full employment is reached, and if effective demand changes in the same proportion as the quantity of money, the Quantity Theory of Money can be enunciated as follows: "So long as there is unemployment, employment will change in the same proportion as the quantity of money; and when there is full employment, prices will change in the same proportion as the quantity of money" [Keynes, 1970:304]. This way, Keynesian offers a new monetary theory according to which, as long as there is unemployment, the growth of monetary fund does not influence price, only employment. If full employment is not achieved, the growth of monetary mass will not have any effect upon the level of prices, but merely a beneficial effect on the rate of unemployment. Thus, monetary policy may decisively contribute to the accomplishment of every government's fundamental objective - full employment. This conclusion is crucial, it offers the best theoretic argument for an active monetary policy which, by expanding credit produces what Ludwig von Mises called: "the stones into bread miracle" [Mises, 1980].

Nevertheless, Keynes had enough analytic sense and economic knowledge to realize that the simplifications to which he had appealed were sufficiently significant to put to doubt the relevance of his new theory. This is why the British economist felt the duty to improve the model by adding a few essential restrictions: 1) the effective demand does not modify proportionate to the monetary quantity; 2) as the level of employment rises, there will be declining or not constant output; 3) resources are not perfectly interchangeable; 4) wages will incline to rise before full employment; 5) remuneration of production factors does not always modify in the same proportion [Keynes, 1970:304]. Examining the extent in which these restrictions are modifying the initial model, Keynes reaches to the following conclusion: the increase of the quantity of money when the employment is not full is influencing the level of unemployment and also the level of prices. In this context, the role of prices theory, Keynes argues is "the analysis of the relation between changes in the quantity of money and changes in the price-level with a view to determining the elasticity of prices in response to changes in the quantity of money" [Keynes, 1970:305]. Hence, the

monetary theory is incomplete in absence of an analysis of the extent in which the monetary expansion spread through the interest rate to the aggregate demand level.

Interest rate as liquidity price

Keynes attitude on savings and loans marked the point of separation between Keynesian and classical economics. While traditional economists such as first Austrian school of thought assumed that savings are a trade off between present consumption and future consumption in order to obtain a higher utility, for Keynes the abstain from consumption is just a waste of present resources. This point of view is clear state by Keynes at the beginning of the XVIth chapter of The General Theory: "An act of individual saving means—so to speak—a decision not to have dinner to-day. But it does not necessitate a decision to have dinner or to buy a pair of boots a week hence or a year hence or to consume any specified thing at any specified date. Thus it depresses the business of preparing to-day's dinner without stimulating the business of making ready for some future act of consumption. It is not a substitution of future consumption-demand for present consumption-demand,—it is a net diminution of such demand." [Keynes, 1970:226]. By presenting such a familiar image Keynes is trying to argue that, mostly, the individual decision to save is not a priori determined by the individual decision to invest. Thus, an important quantity of money is redrawn from the economic circuit determining a decrease of the aggregate demand. Individuals do not save money in order to trade off a present satisfaction foe a future higher satisfaction as the traditional economics states, they are saving just because they refuse, from various reasons, to spend money now. In this context, savings and consumption (or investments) are two clear separated acts, distanced in time which is connected only through the interest rate. When the savings are not equal with consumptions and investments, there is disequilibrium between aggregate demand and aggregate supply and the economic crisis is about to start.

In this way, the interest rate becomes the essential element of the economic activity. This interest rate is considered by Keynes as a pure financial variable which level is determined not by the supply and demand of loans (as the traditional economics assumes, because the supply and demand are not linked) and rather by the supply for money and the demand for liquidities. Consequently, the interest rate is transforming, according to Keynesian theory, from a price determined by the trade off between present and future, in a price of money or, in other words, a price of liquidity. In this context, a decrease in interest rate is the same with an increase in the quantity of money and because "free market economy is like a broken car or a car without a driver" [Skousen, 1997], interest rate variation is a very subtle and efficient method to control maladjustments of the capitalist system. The interest rate level will determine the level of aggregate demand and will spread itself along the entire economic system through three ways: the preference for liquidities, marginal efficiency of investment, investments multiplier. Since a laissez-faire economy could not guarantee the level required level of investments needed for a full employment, Keynes created, using the interest rate theory, an alternative mechanism which assumes the indirect intervention of the state in economic activities. This mechanism is functioning like this: the central bank (controlled by the State) controls the interest rate level; a decrease of the interest rate will determine a diminishing price of loans; this diminishing price of loans will produce an increase of the demand for liquidities; the increased demand for liquidities will be covered by an increase in the quantity of money; the newly created liquidities will increase the level of consumption and investments; the increasing of the investment level will eventually determine a decrease of unemployment. This mechanism is functional because, Keynes argues, "Unemployment develops, that is to say, because people want the moon;—men cannot be employed when the object of desire (i.e. money) is something which cannot be produced and the demand for which cannot be readily choked off. There is no remedy but to persuade the public that green cheese is practically the same thing and to have a green cheese factory (i.e. a central bank) under public control." [Keyens, 1970: 249].

But this intervention mechanism was not invented by Keynes; he just refined it and gave it a theoretical background. The cheap money policy was already at its height even before the economic crisis of the 30's when Great Britain as well as the US central bank, FED, set as a goal to increase the loan possibilities by reducing the interest rate. In other words, the state assumed itself the moral right to set the just price on the money market. Thus, FED always undertook a cheapen money policy which reached its height in July 1927 when FED president, Benjamin Strong cut the interest rate to 3, 25 in order to give "a little *coup de whiskey*" to the economy [Johnson, 2003:235]. Despite this new credit expansion the crisis still occured. Keynes finds the explanation of this paradox by condamning the stock market – the main defendent of the

economic crisis. The cheap money were consumed in stock speculations instead of real investments. Hence, the keynesian mechanism is efficient only when the stock exchange is not developed and when the prices are fixed at least for a short period of time.

Short term and price theory

The traditional microeconomics assumes prices flexibility as an essential characteristic of general equilibrium. The Walrasian general equilibrium model is based on the prices ability to freely float until the supply and demand are met on each particular market and, thus, the entire economic system is in an equilibrium status. From a marginalist perspective, prices are the first variables which react to the various changes on the market, sending valuable information to the individuals regarding the market status. Once more, Keynes will criticize this traditional assumption arguing first that on a short term prices are not as flexible as the traditional economics assumes and, second, prices flexibility is not by far the most important condition for general equilibrium. In his earlier writings, such as *Treatise on money* published in 1923, Keynes talks about a state controlled monetary system as the most important condition for a stable level of prices. Governed money and price stability should maintain an optimum wage level in order to keep the social peace [Johnson, 2003: 230]. In addition, Keynes argues in *The General Theory* that prices fluctuation is a very severe economic problem and this fluctuation is, in the most cases, the sign of recession [Keyens, 1970: 281].

Keynes does not loose too much time to explain why the prices are fixed for a short term. This explanation should be offered by microeconomics rather than macroeconomics and Keynes only find time to explain the more complex issues of macroeconomics. The only explanations offered by Keynes are concerning the rigidity of wages and his argument that nominal wages never fall. The point of departure for this demonstration is, of course, is the traditional economics which, according to Keynes, "has been accustomed to rest the supposedly self-adjusting character of the economic system on an assumed fluidity of money-wages; and, when there is rigidity, to lay on this rigidity the blame of maladjustment" [Keynes, 1970: 269]. For the classical economics, a nominal wage falling will produce, according to Keynes, a cost cut and, consequently, a price reduction which will determine the employment to soar. Keynes is vet skeptical on this theory which is, for him, too simplified. The main fallacy of this theory is determined, according to Keynes, by the incompatibility between the microeconomic and macroeconomic behaviors. If, at the microeconomic level, the demand for labor curve is resulted from a combination between market demand and supply curves, at the macroeconomic level, a demand or supply curve for a particular market can not be transferred to a whole economy [Keyens, 1970: 271]. At the macroeconomic levl, the classical assumption will be true only if the effective aggragate demand will be fixed. But as long as the aggregate demand depends on revenues i.e nominal wages, such a condition could not be meet. This is the sort Keynesian demonstration for the rigidity of wages. In addition, Keynes will try to argue that not even flexible wages are not desirable for the health of economy.

For Keynes, a flexible wage policy will produce, in the best case, the same effects as a policy of money increasing. If, from the governor's perspective, there is, at least theoretically, the possibility to choose between the two options, for Keynes there is only one option – the monetary policy. To strengthen his point of view, the British economist will use an ethical argument. Fixed nominal wages, he states, can assure, when the prices are changing, the equity in distribution of income between the means of production and labor because the price soaring is determined by the fall of productivity when production is increasing [Keyens, 1970: 271].

All these arguments are meant to give a solid background for one of the most important assumption of Keynesian theory: the wages and prices are not quickly decreasing to a new equilibrium level when there is a supply surplus on the market. For this reason, market equilibrium is not accomplished through prices, as the classical economics states, and rather through quantity. Hence, the production level is determined by the aggregate demand and not by the supply, money are not neutral and the money fluctuations produce real effects and, thus, the monetary and fiscal policies are important for the economic welfare [Barro, 1997:523].

Analyzing Keynesian assumptions and arguments we are strike by the following observation: Keynes treats only half of the wage flexibility. For Keynes, the wages flexibility is defined as the possibility of wages to fall and not to soar. So the question appears: why Keynes ignored the wage soaring possibility? The answer is simple and is derived from the Keynesian vision: the wage soaring is a built-in feature of the economic

mechanism and, thus, de facto assumed. For Keynes a healthy economic system means an increase of production, wages and employment while prices are fixed

Conclusions

Claiming and assuming the prices rigidity, Keynes, as Robert Barro states [Barro, Grossman, 1976], defines and analyzes only a particular case of economic theory, i.e. the prices are fixed for a convenient term so the results of his theory not to be influenced. Hence, although Keynes considers, as he states in the title of his book, that he created a general economic theory, in reality he only studied and theorized a particular case. The question is obvious: it is possible that his conclusions to be applicable when the prices are fluctuating?

The Keynesian doctrine produced a serious impact on the way in which the economic system is built and perceived. Although, nowadays, just a few economists are willing to take for granted Lord Keynes initial conclusions, at least at the level of economic policy, a series of Keynesian assumptions are still considered to be valid. For instance, the fundamental goal of any central bank is to avoid inflation which means to assure prices stability. Is not this the Keynes ideal: economic progress with full employment and fixed prices?

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EMIRICAL ANALISYS OF ROMANIAN PLANT'S DECISSION REGARDING POLLUTION ABATEMENT EXPENDITURE

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ABSTRACT

This paper analyzes the determinants of plant decision regarding the pollution abatement expenditure, in the context of transition economy. We use a panel dataset, containing information related to the pollution abatement expenditure at plant level, plant – specific characteristics, state and local regulatory stringency, market incentives and community characteristics. The results of the estimation indicate that all the variable coefficients have the expected signs but some variables are not statistically significant. The both community characteristics- and environmental taxes does not matter in the plant decision regarding the Pollution Abatement Expenditure.

Key words: Pollution Abatement Expenditure, Manufacturing, Environmental Regulation, Market incentives, Community characteristics

Introduction

The basic economic processes are production and consumption; the firms transform natural resources, through the production process, into commodities demanded by the consumers. In physical terms, this conversion is never perfectly efficient: by-products (residuals) are produced. When residual has no economic value then it can be thought of as waste which may lead to pollution. Thus, the firms impose a cost on other agent in society and these cost are not full compensated. This is the typical case of negative externality i.e. the cost are outside or "external" to the market. These were situations where prices did not take account of damaging effects, means that the price failed to regulate the use of the environment. The price does not reflect full production costs to society. To correct this from of market failure is necessarily to internalize the externality. Assume that the polluter is a profit-maximizing firm this behavior minimize the firm's production cost. Thus, the firm in a unregulated system, will lack incentive to compensate the other agent in society because his welfare was affected. Thus, is a discrepancy between the private cost to the firm of dumping which approximates to zero, and the social cost to society which is positive and potentially large. Societal welfare is increased if this discrepancy is addressed by making the firm pay in same way for whatever pollution damage it is causing.

To correct this market failure, involves the state intervention, in private actions of the firms. The state, consisting of three branches the legislature, the judiciary, and the regulators, try to induce a polluter to take socially desirable actions, which ostensibly are not in the best interest of the polluter, using the two major types of environmental regulation: economic incentives and command-and-control. Thus, the state intervention is necessarily to achieve the "right" level of pollution for society. But the states, in reality, receive pressures from both, citizens and polluters. Thus, environmental regulation is particularly susceptible to interest group influence.

Determining the "right" amount of pollution also involve determining "damages from pollution". Economics is accustomed to condensing the variety of the damage's effects into a single measure – the willingness to pay to reduce pollution. If pollution is bad, people are willingness to give something on their resources to eliminating pollution. The all environmental problems really involve a trade-off between using

resources (money) for conventional goods and services and using those same resources for environmental protection i.e. how much is the consumer willing to pay for particular levels of an environmental good. Thus, income and living standard were important, not only because rich people to consume more and thus generate more pollution, but also because the environment is often take a backseat to other more pressing needs related to survival. Most generally the community characteristics can affect local environmental outcomes.

The firms also perceive informal regulation. The informal regulation may be direct (directly pressure to the firms) or indirect (pressure to the authorities). Where formal regulation is weak or perceived to be insufficient the communities may informally regulate firms indirectly or directly through bargaining, petitioning and lobbying.

Market pressure emanate from customer, investors and competing firms can induce costs e.g. consumers boycott but also benefits which might arise from green consumers choosing environmentally friendly products, reduced operational costs etc.

The strategies of the firm are droved by their resources and capabilities. Thus, key plant-characteristics are also expected to influence the quality of environmental strategies choosing by the firms.

By integrating theories of institutional and organizational dynamics we develop and test a model to explain the determinants of the Pollution Abatement Expenditure.

ECONOMETRIC INVESTIGATION

Romania, like other countries of Central and Eastern Europe, has made efforts of approximating its environmental legislation with the European Union. Thus it is probable that substantial and even fundamental changes will be required at the plant level as a result of this process. The compliance cost require that firms make efforts to adjust themselves to the norms and rules set in the regulation and so goes toward improving the environmental performance. These efforts are concretized in a two directions a capital expenditure and operating costs both associated with pollution abatement efforts.

While the plants have a lack incentive to internalize the negative externality, these are subject of extern normative, coercive and mimetic factors that affect firms decisions (DiMagio and Powell 1983). This pressure can be moderate by plant-level characteristics and organizational structure as well as industry effects. While each has provided a piece of puzzle, is desirable to examine the external and internal pressure that drive plants to regulatory compliance and so, to improve their environment performance.

The pollution abatement expenditure can be modeled by a parametric form, using a model of qualitative choice. The data used concern a one year period 2004, and cover a sample of 4661 plants located into the all regions of Romanian.

In the framework of this article we develop an empirical model for the analysis of the determinants of the dependent variable, the plant decision to make pollution abatement expenditure. We estimate the decision by a variable proxy, the existence of the pollution abatement expenditure. In this case this variable can take two values. Therefore, the variable takes value 1 if the amount of pollution abatement expenditure is positive and it takes value 0 otherwise.

The simplest statistical model to describe a binary variable is there the distribution of Bernoulli with P[y=1]=p and P[y=0]=1- p. Nevertheless it is possible that the chances of success differ between the individuals, and we are interested of modeling, in the spirit of the regression, the possible causes of these differences. Our approach will be to analyze each one within a framework general of the models of probability

Prob(event
$$j$$
 occurs) = Prob(Y = j) = F [relevant effects, parameters] respectively

$$Prob(Y = 1 | x) = F(x, \beta)$$

$$Prob(Y=0 \mid x) = 1 - F(x,\beta)$$

The nonnegative discrete nature of the variable observed generates not linearity which makes the inappropriate usual linear models, because some basic assumptions like the normality and the homoscedasticity of the residuals or the adjustment linear of the data are not filled any more. The use of the

linear regression with the nonnegative and discrete dependent variable will give inefficient, inconsistent and biased estimates (Cameron and Trivedi, 1998). For the regression linear:

$$F(x,\beta) = x\beta$$

it results that

$$P[y_i = 1 | x_i] = E[y_i] = \mathbf{X}_i' \boldsymbol{\beta}$$

 $x_i\beta$ measure the probability that an individual with characteristics x_i will make the choice $y_i=1$.

The marginal effect of the explanatory variable *j* is equal to:

$$\partial P[y_i = 1]/\partial x_{ij} = \beta_j$$
, $j = 2, 3,, k$

The binary response models can be derived from an underlying latent variable model that satisfies the classical linear model assumptions. Let y* be an unobserved, or latent variable, determined by

$$y_i^* = \beta_0 + \mathbf{X}_{ij}' \beta_i + u_i$$

Therefore, y is one if $y^* > 0$, and y is zero if $y^* <= 0$. We assume that ui is independent of xij and has the standard normal distribution. In either case, ui is symmetrically distributed about zero. Economists tend to favor the normality assumption for ui, which is why the Probit model is more popular than Logit in econometrics

The Probit models are non-linaires and the parameters can be estimated by maximum of probability (maximum likelihood).

Our binary qualitative model shows that plant decision to make the Pollution Abatement Expenditure is influenced by three variables categories formal regulation, plant-level characteristics and community characteristics. The Probit model permit to take the decision-making process into account and to examine the contribution of the various determinants to this process. We found convenient to use 9 explanatory variables that characterize better the decision to make the Polution Abatement Expenditure:

Imob – plant capital size defined as amount of long-term assets,

Solv – solvability is the ability of an entity to pay its debts with available cash.

CA – plant activity size defined as turnover

Emp – unemployement proxy for the population welfare

Iso – ISO 14000 certification, proving environmental management adoption

Mark – listing on Bucharest Stock Exchange proxy for the firm's visibility

Sect – dummy variable which take value 1 for the pollution sectors and 0 otherwise; proxy for the regulatory pressure to adopt an environmental behavior

Urb – percent of population in the urban area; proxy for population reactivity

Tx – environmental taxes proxy for the economic incentives to adopt an environmental behavior

The econometric specification used is the following:

 $Dec_{i} = \beta_{0} + \beta_{1} * Imob_{i} + \beta_{2} * Solv_{i} + \beta_{3} * CA_{i} + \beta_{4} * Emp_{i} + \beta_{5} * Iso_{i} + \beta_{6} * Mark_{i} + \beta_{7} * Sect_{i} + \beta_{8} * Urb_{i} + \beta_{9} * Tx_{i} + u_{i}$

where: Dec_i represents plant decision to make the Pollution Abatement Expenditure and u_i is the residual term.

We first determine the qualitative influence of the explanatory variables (table 1, column 1) and then calculate the marginal effects (table 1, column 2). The numerical value of the estimated parameters reported in table 1, column 1 is not directly interpretable. The only really useful information is the sign of parameters that indicates whether the associated variable influences positively or negatively the dependent variable.

To highlight the quantitative influence we carry out another estimate when the coefficients of the variables will show the level of influence of the decisions to make the Pollution Abatement Expenditure. It is important in practice to have an idea of the sensitivity of the probability of the event $\{y = 1\}$ and $\{y = 0\}$ compared to variations in the explanatory variables. This sensitivity is generally provided by calculation of

the marginal effect. This is why we analyze the results of table 1, column 2 which reflect the marginal effect of the variables.

Table 1 Appendix

The results of the estimation indicate that all the variable coefficients have the expected signs but some variables are not statistically significant. The both community characteristics unemployment Emp and urban population Urb, and environmental taxes does not matter in the decision to make the Pollution Abatement Expenditure.

Conclusion

Economic transition is a process of gradual adjustment from a non-market equilibrium to a market equilibrium. During the transition process, many variables such provision of public goods, willingness to pay, technology and capital markets and many other are in disequilibrium. The adjustment process creates both constraints and opportunities that may be unavailable to more "settled" economies. Ignoring them may lead to the misallocation of scarce resources in the provision of public goods, in pollution abatement, and in the financing of private environmental investments, or to a choice of inappropriate instruments for environmental management.

Our results stress that the population's potential for collective action in the environmental area is not significant. Also, there is not evidence that the economic incentives to adopt an environmental behavior raises the level of plant Pollution Abatement Expenditure. The most consistent results, were the indication that demands from regulators and plant characteristics are the most influential determinants in the adoption of the decision to raises the level of plant Pollution Abatement Expenditure.

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Table 1

	(1)	(2)
	Dec	Dec
Imob	0.000	0.000
	(4.26) **	(4.26) **
Solv	0.556	0.556
	(6.95) **	(6.95)**
CA	0.000	0.000
	(2.96) **	(2.96) **
ISO	0.625	0.625
	(4.88) **	(4.88) **
Mark	0.766	0.766
	(13.55) **	(13.55) **
Sect	0.186	0.186
	(3.61) **	(3.61)**
Tx	0.000	0.000
	(0.73)	(0.73)
Emp	-0.012	-0.012
	(1.15)	(1.15)
Urb	0.073	0.073
	(0.58)	(0.58)
Constant	-2.441	-2.441
	(13.02) **	(13.02) **
Observations	4661	4661
Absolute value of z-		
statistics in		
parentheses		
* significant at 5%		
level; ** significant		
at 1% level		

THE ECONOMIC UNIVERSITY EDUCATION – AN OPTION FOR THE HIGH SCHOOLS GRADUATES FROM ROMANIA

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Abstract: This paper explores the circumstances in which the high schools graduates choose the high education system. For this purpose we use the results of an investigation among the students of an economic faculty. We approach the aspects of the choices between the public or private faculties and universities from different towns.

Keywords: Occupational Choice, High Education, Labor Market

1. Introduction

In the present, on the Romanian labor market there are serious changes that make it difficult to foresee. In this context, the high school graduates choice of the field they will study is very complex. In the last years, it increased the competition between the universities in order to call the high schools graduates. After the collapse of the Communist regime in December 1989, the number of the universities from Romania is much bigger than in the previous period. Many private universities appeared whose survival depended on calling fees payers students. In the same time, the circumstances of low financing from public funds, even of the state universities have to offer paid studies, besides the ones financed by public funds.

In the competition for calling the high schools graduates, the universities used until now different promotion methods. Their offer was various, including programs of studies in the economic, law, technical, military, sport, artistic field a.s.o. For the university year 2008-2009 it is anticipated competition intensification, in the context of demographic decreases from the beginning of the '90s would lead to the significant reduction of the high schools graduates' number.

In the present, the economical university studies are taken into consideration by many high schools graduates. In Romania, after the transition to the market economy, the offer of jobs as economists increased very much. The universities adapted to these evolutions, raising the offer of studies programs in the economic field.

The occupational choice for the high schools graduates was approached in several studies. Some authors questioned the rationality of the choices, claiming these graduates do not have accurate information about the universities and about the labor market (Varga, 2003). There were also stressed out the particularities of the occupational choice for the former socialist countries (Kertesi, Kollo, 2002).

In this paper we approach the relevant aspects for the university studies choice of the high schools graduates. In this purpose, we use an investigation among students from the first year at the Faculty of Economic Sciences from the State University "Dunarea de Jos" Galati. It is one from the big universities in Romania that call high schools graduates from many regions of the country, especially from the South – East one. This university includes 15 faculties: Faculty of Mechanical Engineering, Faculty of Computer Science, Faculty of Electrical and Electronics Engineering, Faculty of Naval Architecture, Faculty of Metallurgy and Materials' Sciences, Faculty of Food Science and Engineering, Faculty of Mechanical Engineering Braila, Faculty of Sciences (with three fields: Physics, Mathematics and Chemistry), Faculty

of Letters and Theology, Faculty of Physical Education and Sport, Faculty of Economic Sciences, Faculty of Medicine, Faculty of Law, Faculty of History and Philosophy and Faculty of Arts. We tried to find out the reasons a high school graduate choose State owned faculties of economic sciences.

Obviously, the results of our investigation could not be extended for all the faculties of economic sciences from Romania. Anyhow, this research may bring some clues about the factors that influence significantly the graduates' options regarding the university studies.

2. Data collection

The data we used for this paper come mainly from an investigation we realized in the period February – April 2008 on a sample of 129 students from the first year of study in the Faculty of Economics – University "Dunarea de Jos" Galati. All of them graduated high school in 2007. There were not included in the sample students from the Distance Education (DE) or from the Republic of Moldova because their choices regarding the economic university studies were done in special circumstances.

The Faculty of Economics has in the first year (excepting the DE) 524 students. Among them the number of girls is almost three times bigger than the number of boys, aspect that will be approached later.

The sample we used has a weight of 24.6 % from the total of students in the first year of study. The whole sample includes 96 girls and 33 boys, representing a rapport close by the one at the level of all the students in the first year.

Our research developed in different phases. Initially, we practiced group interviews when the students were invited to explain the circumstances they chose the field of university studies (a group consisted in between 8 and 15 students). Then, under the protection of anonymity, the students answered at questions concerning the concrete aspects of the option for the economic university studies. Later, some of the students offered supplementary explanations for the answers they gave in the questionnaires. In the investigation we tried to maintain an atmosphere that helps students' sincerity and lack of inhibition.

3. Choice between universities

When they decided about the future university studies, the investigated persons had the possibility to choose between state or private universities from Galati County or from other counties. From all the 129 students we interviewed 55 (38.8 %) tried in 2007 to enter a university from another county. There were taken into account especially universities from Bucharest, Iasi and Cluj, being considered by the students better seen than the ones from Galati.

Universities location Counties of students residence	Universities from Galati	Universities from other counties	Total
Galati	56	40	96
Other counties	18	15	33
Total	74	55	129

Table 1 - Options of the students for universities from Galati and from other counties

From the 129 investigated students 96 live in Galati county and 33 in other counties. Most of them come from the counties situated near Galati: Braila, Tulcea, Vrancea, Buzau and Vaslui and some of them come from counties located at a certain distance from Galati: Arges, Calarasi and Constanta. It resulted there are not significant differences between the options of students with residence in Galati and from other counties (table 1). In the group interviews it resulted the distance from families was not a very important aspect in the choice of universities. The material aspects were much more important, the majority of students perceiving Bucharest, Cluj and Iasi as having a living cost much bigger than Galati. Moreover, some students who had also the possibility to follow paid studies in universities from other counties preferred, finally, to study without paying at the University "Dunarea de Jos" from Galati.

From the investigated students, 12 (9,3 %) participated at the admission to a private university. All of them were received but they finally gave up because they had the possibility of studying for free at the University "Dunarea de Jos" Galati. The students who did not participate at the admission to a private university offered different explanations. Most of them declared private universities are not well seen by the potential employers. Wrongly, some students thought, in the moment of admission, that the institutions of Romanian high education evaluation accredited none of the private universities from Galati and from the near counties.

Another important aspect was the material one, many of the high schools graduates wishing a public place. Even those admitted at the University "Dunarea de Jos" on fee-paying places have the hope to move on the public places. Some students explained they did not go to the private universities because they had the impression they would have many colleagues much older than they are.

4. Significant factors for the faculty choice

In the group interviews the students were invited to remember the most important factors that influenced their choice regarding the faculties. Four important factors may be stressed out:

- a) the perceived utility for the available jobs the future graduates of the faculty have in mind;
 - kk) the compatibility with the exigencies of the education process in a faculty;
 - ll) the faculty accreditation by the Romanian Agency for Quality Assurance in Higher Education (ARACIS)
 - mm) the parents influence (table 2).

Factor Degree of importance	Utility of the future job	Compatibility of the knowledge	Accreditation	Parents influence
Very big	67	25	25	8
Big	34	47	30	6
Medium	22	40	6	23
Little	5	12	9	26
Very little	1	5	4	66
Total	129	129	74	129

Table 2 – The importance of the factors influencing the faculty choice

In order to compare the significant factors for the choice, the degrees of importance were transposed from 1 to 5 (1 for "very little importance" and 5 for "very big importance"). The Descriptive Statistics based on this quantification shows the biggest score was obtained by the perceived utility for the available jobs, followed by the faculty accreditation, the compatibility with the exigencies of the education process in a faculty and the parents' influence. However, in the case the faculty accreditation it must be taken into account the fact that in the admission period only 74 from the students knew some faculties were not accredited. The values of Standard Deviation, Skewness and Kurtosis indicate quite far from the normal distributions and the Confidence Levels for the average scores are significant (table 3).

Indicator	Utility of the future job	Compatibility of the knowledge	Accreditation	Parents influence
Mean	4.248	3.581	3.851	1.946
Standard Error	0.082	0.091	0.137	0.106
Median	5	4	4	1
Mode	5	4	4	1
Standard Deviation	0.927	1.028	1.178	1.201
Sample Variance	0.860	1.058	1.389	1.442
Kurtosis	0.405	- 0.113	0.0878	0.408
Skewness	- 1.054	- 0.485	- 0.994	1.150
Range	4	4	4	4
Minimum	1	1	1	1
Maximum	5	5	5	5
Sum	548	462	285	251
Count	129	129	74	129
Largest (1)	1	1	1	1
Smallest (1)	5	5	5	5
Confidence Level (95.0 %)	0.162	0.179	0.273	0.209

Table 3 - Descriptive Statistics of the factors influencing the faculty choice

a) The perceived utility for the available jobs the future graduates of the faculty have in mind

More than three quarters from the students we interviewed consider that jobs utility for the future graduates had a big or very big importance in the faculty choice. Six from the students associated a little or very little importance to the future jobs facilitated by the faculty. They consider that graduating a well-regarded university, no matter what faculty, is enough in order to obtain a good job.

The students were invited to evaluate the utility they suppose from the jobs facilitation point of view offered by the faculties of our university. There were approached globally all the engineering faculties (ENG) because, in general, the students perceive these as being very similar, which it is not quite true. There were also taken into consideration the faculties of Economics (ECO), Medicine (MED), Sport (SPO), Arts (ART), Letters, Theology, History, Philosophy (LTH), Law (noted LAW) and Sciences (SCI) (table 4).

	LAW	SCI	ENG	ECO	MED	SPO	ART	LTH
Very Good	5	2	6	91	26	3	2	9
Good	21	32	53	27	43	12	5	21
Moderate	56	53	32	11	33	35	29	62
Bad	32	30	15	0	19	51	53	28
Very Bad	20	12	23	0	8	28	40	9

Table 4 – The students' perceived utility for the available jobs offered by the faculties

In order to compare the students' perception of the jobs utility facilitation by the universities faculties, the answers were transposed in a rating scale from 1 to 5 (1 for very bad and 5 for very good). A Descriptive Statistics resulted and it indicated the biggest utility was assigned to the Faculty of Economics, followed by the Faculty of Medicine and by the Engineering Faculties (table 5). The values of Standard Deviation, Skewness and Kurtosis indicate quite far from the normal distributions and the Confidence Levels for the average score are significant.

Faculties Indicator	ENG	ECO	MED	SPO	ART	LTH	LAW	SCI
Mean	3.031	4.620	3.465	2.310	2.039	2.946	2.605	2.860
Standard Error	0.106	0.056	0.101	0.087	0.080	0.085	0.083	0.084
Median	3	5	4	2	2	3	3	3
Mode	4	5	4	2	2	3	3	3
Standard Deviation	1.199	0.640	1.153	0.991	0.913	0.971	0.939	0.950
Sample Variance	1.437	0.409	1.329	0.981	0.834	0.942	0.882	0.902
Kurtosis	- 0.908	0.921	- 0.603	- 0.131	0.445	0.041	- 0.776	- 0.496
Skewness	- 0.531	- 1.462	- 0.426	0.517	0.735	0.110	- 0.280	- 0.271
Range	4	2	4	4	4	4	4	4
Minimum	1	3	1	1	1	1	1	1
Maximum	5	5	5	5	5	5	5	5
Sum	391	596	447	298	263	380	336	369
Count	129	129	129	129	129	129	129	129
Largest (1)	5	5	5	5	5	5	5	5
Smallest (1)	1	3	1	1	1	1	1	1
Confidence Level (95.0%)	0.209	0.111	0.201	0.173	0.159	0.169	0.164	0.165

Table 5 - Descriptive Statistics of the students' perceived utility for the available jobs offered by the faculties

More than three quarters from the students we interviewed assigned a very big utility to the jobs facilitation by the Faculty of Economics. Some of them explained they thought, no matter the changes from the Romanian labor market, the economist profession would be always wanted and well-paid.

More than half from the members included in the sample assigned a big or very big utility to the profession of doctor. However, from them, quite many students consider a graduated from the Faculty of Medicine could have chances to find an attractive job more abroad than in Romania. For the 27 students who assign a little or very little utility to the profession of doctor the main explanation was in Romania there are already too many graduated from faculties of Medicine and it would be more and more difficult to obtain jobs in this field.

For 59 from the questioned students the jobs facilitation by the engineering faculties has a big or very big utility. These perceptions may be associated to the fact in the last years in the area of Galati the offer of jobs for engineers increased very much due to the acquisition by foreign investors of some enterprises. The 38 students who assign a little or very little utility to the profession of engineer consider that jobs in this field are quite tough, supposing big dangers.

For 30 students from the interviewed ones jobs facilitation by the Faculties of Letters, Theology, History and Philosophy has a big or very big utility. They are attracted especially by "Journalism" that offers, in their opinion, interesting and well-paid jobs. Anyhow, more than a quarter of the students assign to the jobs facilitation by the Faculty of Letters a little or very little utility. In their opinion, jobs of journalist are quite difficult to obtain. The jobs offered by the Faculty of Sciences were appreciated as having o big or very big utility by more than a quarter from the students. In general, they explained they found the jobs in research or education interesting, even if there are not always well-paid. Sort of surprisingly, the Faculty of Law was not appreciated, from the jobs facilitation point of view, as having a very big utility. The general impression of the interviewed students was it would be very difficult for a graduated of this faculty to practise as lawyer. The jobs facilitated by the faculties of Sport and Arts are perceived in general as being low-paid, even if some of the students find it attractive.

Our investigation also revealed some significant differences between girls and boys concerning the utility of the professions offered by the faculties. It resulted that girls perceived a bigger utility than the boys for the jobs offered by the faculties of Economics, Medicine, Letters, Theology, History and Philosophy and Law and the boys are more favorable than the boys to the jobs offered by the faculties of Engineering, Sport, Art and Sciences (table 6).

Faculty	ENG	ECO	MED	SPO	ART	LIT	LAW	SCI
Gender								
Girls	2.979	4.708	3.521	2.146	1.938	2.979	2.646	2.813
Boys	3.182	4.364	3.303	2.788	2.333	2.848	2.485	3.000

Table 6 - Means of utility for jobs offered by the faculties calculated for genders

b) The compatibility with the exigencies of the education process in a faculty

More than half of the investigated students consider the compatibility with the exigencies of the education process in a faculty had a big or very big importance when they made their choice. We asked the students to evaluate this characteristic for the faculties from our university (table 7).

Faculty	ENG	ECO	MED	SPO	ART	LTH	LAW	SCI
Mark								
Very Good	9	96	4	11	10	16	29	8
Good	17	27	18	30	14	26	54	21
Moderate	11	6	7	14	14	29	17	23
Bad	18	0	46	19	28	37	25	52
Very Bad	74	0	54	55	63	21	4	25

Table 7 - Students perceptions about compatibility with the exigencies of the education process in a faculty

In order to establish a hierarchy of the faculties depending on the compatibility with the exigencies of the education process in a faculty the students' answers were transposed in the same rating scale we used before. The Faculty of Economics, followed by the Faculty of Law and by the Faculties of Letters, Theology, History and Philosophy, obtained the biggest score. The values Standard Deviation, Skewness and Kurtosis indicate quite far from the normal one distribution. With the exception of the Faculty of Economics, the Confidence Levels for the average scores are quite big (table 8).

Faculties Indicator	ENG	ECO	MED	SPO	ART	LTH	LAW	SCI
Mean	1.984	4.698	2.008	2.403	2.070	2.837	3.612	2.496
Standard Error	0.119	0.049	0.101	0.127	0.116	0.112	0.099	0.102
Median	1	5	2	2	2	3	4	2
Mode	1	5	1	1	1	2	4	2
Standard Deviation	1.352	0.553	1.149	1.444	1.318	1.273	1.127	1.160
Sample Variance	1.828	0.306	1.320	2.086	1.737	1.622	1.270	1.346
Kurtosis	- 0.362	1.905	0.060	- 1.358	- 0.292	- 1.032	- 0.706	-0.577
Skewness	1.050	- 1.679	1.052	0.434	0.993	0.196	- 0.551	0.559
Range	4	2	4	4	4	4	4	4
Minimum	1	3	1	1	1	1	1	1
Maximum	5	5	5	5	5	5	5	5
Sum	256	606	259	310	267	366	466	322
Count	129	129	129	129	129	129	129	129
Largest (1)	5	5	5	5	5	5	5	5
Smallest (1)	1	3	1	1	1	1	1	1
Confidence Level (95.0%)	0.236	0.096	0.200	0.252	0.230	0.222	0.196	0.202

Table 8 - Descriptive Statistics of the compatibility with the exigencies of the education process in a faculty

The Faculty of Economics obtained the best score with a very good compatibility with the exigencies of the study process by almost three quarters from the questioned students. At a big distance there are the Faculty of Law and the Faculties of Letters, Theology, History and Philosophy. This situation may be connected to the fact that half from the interviewed students had in high schools economic or human specializations (we must say many of them declared in the moment of admission they expected economic matters based only a little on mathematic methods). On the last position regarding the compatibility with the exigencies of the study process there are the engineering faculties regarded as having specific complex knowledge, based mostly on difficult Mathematic methods. Moreover, quite many students consider some practical activities at these faculties imply a special physical preparation and it might be a risk of accidents.

Our investigation also revealed significant differences between boys and girls regarding the compatibility with the exigencies of the education process in a faculty. The girls assigned better marks than the boys to some faculties more of Human type than of the Real one: the Faculty of Economics, the Faculty of Medicine, the Faculty of Arts, the Faculties of Letters, Theology, History and Philosophy and the Faculty of Law. On the other side, the boys consider themselves more compatible with the exigencies of the education process at the faculties connected to the real profile or that imply a better physical preparation: the Engineering Faculties, the Faculty of Sport and the Faculty of Sciences (table 9).

Faculty	ENG	ECO	MED	SPO	ART	LIT	LAW	SCI
Gender								
Girls	1.737	4.75	2.021	2.302	2.156	2.927	3.698	2.427
Boys	2.727	4.545	1.970	2.697	1.818	2.576	3.364	2.750

Table 9 – Means of compatibility with the exigencies of the education process in a faculty calculated for genders

c) The faculty accreditation by the Romanian Agency for Quality Assurance in Higher Education (ARACIS)

Three from the faculties from the "Dunarea de Jos" University (Medicine, Arts and Law) are not accredited for the moment. In the moment of admission only 74 from the questioned students knew that our university includes also unaccredited faculties. For almost three quarters of them the faculties accreditation had a big or very big importance (table 2). Eight students even declared they would have preferred to follow the courses of the Faculty of Law or of the Faculty of Medicine if they had been accredited more then going to the Faculty of Economics. It is important that more than half of the students had, in the moment of admission a wrong perception on the consequences for a faculty that is not accredited. They considered such a faculty gave diplomas that would not be recognized by the public authorities from Romania. The big score obtained by the faculties' accreditation importance may offer a wrong image because there were not taken into account the opinions of the students who, at the moment of admission, did not know that the University Dunarea de Jos includes also unaccredited faculties.

d)The parents influence

Only 14 from the questioned students appreciated their parents had a big or very big influence on their faculty choice (table 2). Among them, 5 students gave up, because of the parents' opposition, at going to the Faculties of Sport, Letters, and Arts or to the Engineering faculties. More than half from the questioned students presented as very little the parents influence. However, these opinions must be regarded with certain wariness because of certain reasons. First, it is possible that some students avoided admitting, even under the protection of anonymity, parents influenced them. Second, it is possible this influence to have been so subtle that some students not have noticed it. We consider important to present the fact none of the students declared the parents were unfavorable to the Faculty of Economics.

5. Sources of information for the faculty choice

In the group interviews the students indicated many sources for the information they based on when they chose the faculty. As it resulted, the students used four main sources:

- Friends and relatives;
- University website;
- Faculties' promotional campaign;
- Teachers from the high school.

Nr. Crt.	Source	Nr. of students	Weight
1	Friends and relatives	56	43,41 %
2	University website	42	32,56 %
3	Faculties' promotional campaign	22	17,05 %
4	Teachers from the high school	9	6,98 %
5	Total	129	100 %

Many students have relatives or friends who are or who were students at the "Dunarea de Jos" University or at other universities and they offered information regarding the knowledge or about the jobs they could get. Another main source of information was represented by the websites. The students noticed the ones of the private universities are sometimes better organized than the websites of the public universities.

In 2007 some public universities realized promotional campaigns in order to attract candidates. Publicity materials were done and some teachers went at high schools. For a significant number of students this campaign represented the main source of information.

An important part of the students based mainly on the information received from the teachers in high school, some of them being graduates of the faculties from Galati. Some of them explined they had more confidence in the teachers' opinions than in the information from the universities sites or from the promotional campaigns.

Conclusions

In this paper we approached some circumstances of the high schools graduates' options for the economic university education. We identified some significant aspects of choices between the private universities and the public ones or between the faculties from a university. In this purpose we used an investigation on the students at the University "Dunarea de Jos". It resulted when choosing the town for the university studies the material aspects were very important. Many students considered in the towns where there are famous universities the living cost is too high for their possibilities.

The choice between the public universities and the private ones was influenced both by the graduates perception of the education institutions prestige and by material reasons. As it concerns the choice from the faculties in the university certain significant influence factors were identified: the perceived utility for the available jobs the future graduates of the faculty have in mind; the compatibility with the exigencies of the education process in a faculty; the faculty accreditation by the Romanian Agency for Quality Assurance in Higher Education (ARACIS) and the parents influence.

For the perceived utility for the available jobs the future graduates of the faculty have in mind it was confirmed the recovery of the engineer profession. In the same time, there were revealed some significant differences between the girls' perceptions and the boys ones regarding the perceived utility for the available jobs the future graduates of the faculty have in mind and the compatibility with the exigencies of the education process in a faculty.

In the year 2008, when it is expected a decrease of the candidates number, the universities will have to be more and more receptive at the future high schools graduates requirements. The offer of studies programs will have to be adapted based on the situation from the labor market and the promotional efforts will have to be intensified.

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ASPECTS OF THE SUSTAINABLE DEVELOPMENT IN ROMANIA

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One of the main coordinates of the contemporary economic theory is – and there is no doubt about it – represented by the problem of the sustainable development, in the wider context of the theories concerning the economic growth and development.

These theories do not belong exclusively to the contemporary thinking, for Spengler asserts that "the first elements of a theory of the economic growth can be found in the mercantilist and physiocratic works" (J.J. Spengler, 1970, p. 1)

In the meantime they multiplied and enriched themselves both regarding the content, the ways of analysing and approaching, the presupposed solutions and regarding the conceptual exactness, the used indicators and the pointing out of the interdependencies among these aspects and those related to them.

At present we are the witnesses of a re-evaluation of the problem of the economic growth and development, of the formulation of <u>solutions</u> in order to overcome the identified inconvenient matters, as well as of the suggesting some optimal models of economic growth and development.

Regarding the way of approaching this problem, the change is to be noticed in the economic logics, because the classic one is no longer very reliable. The latter was aiming at obtaining some finite, numerous and good quality products, with the help of the available resources, a situation in which only a part of the active particles were to be found in the finite products, as a greater part of them were eliminated in the environment: in the air, water, soil, under the form of residua which are damaging for the health of the environment and of man as an element of the environment.

The new logics aim at the total use of the active particles, a fact which is possible by recycling the wastes according to the natural pattern.

It is also doubled by some new logics of the relation between production and consume. If in the context of the classic theory, after producing some goods and services they looked for their consumers and the classic marketing consisted of the best techniques to sell the products, the modern logics change the meaning of the relation: the consumers and their needs determine the level and the structure of the production while the modern marketing tries to identify the needs of the consumers and, according to these, also the adapting of the production.

This new attitude lies at the ground of the "consume society", of the "phenomenon of consuming" which, according to some authors (D. Gabor, V.Colombo, *Let us get out of the epoch of waste (Sa iesim din epoca risipei*), The Political Publishing House, Bucharest, 1982), perverts the system of the human needs, creates false ones, invents and stimulates new wishes, a fact that leads to waste and inverts the relation production-consume, in the sense that it is no longer produced in order to cover the consume needs, but it is consumed in order to create new reasons for producing (Galbraith), while the man is a thing manipulated by the producer by means of commercials and fashion.

Regarding the presupposed solutions, they are very varied, from the solution of "zero growth" until the one of the sustainable development.

Some specialists are right to think that the greatest deficit of these solutions concerning the economic growth and development was represented by the tendency to isolate, to make autonomous the economic domain and especially its breaking up with the political domain, having as an argument the fact that "while politics centralize, the economy decentralizes", that "economy cannot be done with feelings, and the economic knowledge is not emotional, but the economic discourse has to get objectivity through the emancipation from ideology, from politics" (Maria Muresan, 2003, p. 313).

It is obvious that the factors of the economic growth and development are at the same time **economic** ones (resources, the productivity of work, the size of the internal market, the aggregated demand and offer, the volume and the structure of the external trade, a.s.o.), **technical** ones (the size, the quality and the structure of the production apparatus), **demographic** ones (the population number: both at the national level and at global level, the density of the population in different parts of the world, the increase rate of the population,

the urban overcrowd, the depopulation of the rural areas, a.s.o.; *the population structure*: the access to education, the level and the quality of education, the qualification of work, the comfort, the degree of civilisation, a.s.o.; *the health of the population*: birth rate, death rate, the diseases, the hygienic status, a.s.o.), **political, juridical, social, cultural, ethic, environmental** factors.

So, instead of the term economic development it was preferred, especially in the last decades, the term social-economic development which means that the quantitative combining of the endogenous variables is more and more correlated with qualitative changes (institutional and structural) and with the consequences of the economic growth upon people's life, without neglecting the problems of the environment, meaning the realization of the desiderate "humanizing the growth" (Toader Ionescu, 2002, p. 449).

This purpose is reached, at least a part of it, by including the concept of "sustainable development" in the economic terminology, this concept being understood as a type of economic development which ensures the satisfying of the needs of the present generations, without compromising the possibility that the future generations should satisfy their own needs as well, a development which could be included in that what A.D. Xenopol means by "long series" (Florica Stefanescu, 2003, p. 32), concerning measures which could be applied in long periods of time and with long-term effects.

The term sustainable development was used at the beginning of the 80s of the previous century at the International Conference on the Preservation of the Environment and was launched in 1987 together with the publishing of the Brundtland Report "Our Shared Future". Within the report, the objectives pursued by the sustainable development are:

- eliminating poverty
- continuing the economic growth with the preservation of the natural resources
- emphasizing the qualitative aspects of the economic growth
- the controlled increase in the number of the population
- restructuring the economic and the technological processes in order to protect the environment.

(CMED, Rapport Brundtland, Notre avenir a tous, Ed. Fleure, Montreal, 1987)

Synthesizing, the passing to the sustainable development means, in the context of the economic development, the transformation of man and of nature from means into purposes. And even if this fact implies additional costs, respectively a reduced productivity, these can be compensated by supplementary benefits at the level of the quality of life.

The concept of sustainable development designates the elements which are to be found at the intersection of the contents of some other three sectors: **economic development**, **social development** and the **environmental protection**. Some authors add a fourth sector, that is the technological development, as the latter has a strong impact on the other three, a point of view which we support, most of all because technology, which makes everything take place very quickly and sometimes too soon, is often considered the cause of the multiple social or natural problems such as war, ecocide a.s.o.

Also, nowadays the rhythm of development of the technology overcomes the ability of recovery of the environment, and sometimes also the one of the adapting of man to the changes suggested by technology causing a "feeling of anonymousness, of frustration" in relation to "a world whose complexity increases permanently" (Ionita Olteanu, 1981, p.56).

However, objectively, we have to admit that technology, even if it causes a series of lacks, of problems, it also solves many lacks and problems. It depends on whom and to what purpose he/she uses technology. And the man can use the instruments of culture in order to overcome some problems and adapt himself to others.

The economic development aims at obtaining a maximum flux of income under the circumstances of rational and efficient use of resources, especially of rare resources.

The social development aims at the socio-cultural stability, at realizing the equality both at the level of a generation (reducing all kinds of differences among states, eliminating poverty, equal chances for everybody, a.s.o.) and between generations (not jeopardizing the future, not exhausting the resources, a.s.o.). At the same time it is aimed at maintaining the cultural diversity within the "planetary village", as well as preventing or healing of some "social diseases" of the contemporary world: loneliness or foreignness (a paradoxical fact under the circumstances of the developing without precedent of the

communication and transport means), the lack of satisfaction in work (under the circumstances of a continuous narrowing of the specializations relying on the principle "to know more and more about less and less" which reduces the possibility of the worker to perceive the finite product and to understand the utility of his work), the relativizing of the values, the end of history, the uncertainties concerning the nearer or the farther future, "diseases" which are typical for the postmodern society.

Finally, the objective of the social development is the reducing of man "to the daily order" (J.K. Galbraith, 1997).

The protection of the environment follows the stability of the physical and biological systems, the development of their ability to adapt to change and less the "conservation" of a state considered ideal. Given that the environment means not only resources which can be exploited under all circumstances, that is real "cows to milk" for the entrepreneurs, it also means clean air and water, lovely landscapes, source of oxygen and ozone, absorbent of carbon dioxide and of other waste, investment opportunities for numerous economic domains and so also many workplaces, to put it shortly, a vital frame.

Nature has always provided nutrition for the workers, natural materials and energy for the economic and technological activities, getting in return only material and energetic waste, both as a consequence of the production processes and of the consume ones (Paul Bran, 1991, p. 87).

Who is actually guilty for the pollution, for the destruction of the environment? Some lay the guilt on the demographic increase which is thought to have overloaded the natural chemical and biological recycling processes. Others accuse wealth – as the wealthy countries produce the most part of the solid waste of mankind – and they praise poverty, which confers the production an ecological character. Some accuse the inborn aggressiveness of man, "the cruellest and the most unmerciful species that has ever lived on the Earth"; others lay everything upon the things that man has been learning; some clerics see the essence of evil in the profit, which determine the damaging of the environment; some historians incriminate the religion which supports the idea that the only reason of nature's being is to serve the man; some politicians lay the guilt on technique, because it pollutes the air, the water, the soil as long as it is out of control; some ecologists accuse the politicians which do not make laws for and not apply the measures suggested by the ecologists; some lay the guilt on capitalism, and some accuse everybody (Barry Commoner, 1980, p. 10-13).

No matter what the answer or the answers might be to the questions regarding the causes and the agents of pollution, this problem has also an ethical dimension, both regarding the relations between generations and the relations within the same generation, because it is just a part of the people who pollute, but the whole population has to endure the effects of pollution, and the equality of chances also means equal possibilities of enjoying the purity, the beauty and the gifts of nature (Ion Pohoata, 2003, p.27).

The equality within a generation regarding the pollution would mean that the polluter is also the only "beneficiary" of its effects, a fact practically impossible. At the same time we have to keep in mind that the penalties for pollution, no matter how high their value is, do not totally repair the damage done to the environment.

In order to ensure the equality between generations, the economists David Pearce and Jeremy Warford suggest the realization of some compensations between generations by means of two methods:

- either by transferring some resources for the future by means of constituting a compensatory sum calculated according to the formula: S=X/(1+r)T, where
- **X** costs determined by an action of the present generation, but payable by the next generations;
- \mathbf{r} rate of interest
- T the period (in years) after which the costs X appear;
- or by compensating with the help of a certain capital, calculated through the formula:
 K=Km+Kh+Kn, where
- **K** the total amount of transmissible capital
- **Km** material capital
- **Kh** human capital
- **Kn** natural capital; (David W. Pearce, Jeremy J. Warford, 1994, p. 51-54)

Even if the idea of the compensation between generations is a good one as well as its including in a mathematical formula, both formulas are relative: the actual costs are not at the same level after a longer period of time; the rate of interest is permanently changing; the elements of the material capital – machines, constructions, infrastructure – suffer in the course of time a process of moral damage; the elements of the human capital – knowledge, abilities, level of qualification, state of health – change according to the standards used in their evaluation; the elements of the natural capital – resources, the quality of water, of the air, of the soil, a.s.o. – can be rethought in other terms.

The factors which could contribute to the reaching of the objectives of the sustainable development are: the free market, the intervention of the state between certain limits, international organizations, to which a factor is added which is very important for practising the idea of equilibrium: education.

I mean an education based on interdisciplinary views, which should overcome the fragmentation characteristic for the actual educational system and which should permit the understanding of the phenomena of the world in which we live in their whole complexity. An education which should develop a global view upon the world, which should induce attitudes and desirable behaviours as well as it should form competences in order to give solutions for the problems which the contemporary world is facing. An education which should determine a civic attitude matching the objectives of the sustainable development: harmonizing the logic of profit with the logic of the quality of life; modifying the emphasis from the trade value to the use value; choosing lasting objects to the disadvantage of the one-time-use ones, choosing good quality things and not necessarily "in fashion"; understanding the great necessity to recuperate the recycling materials. A moral education in the spirit of equality and fairness towards the other people, either contemporary or from the next generations.

The sustainable development gets a great importance in the context of integration and globalization, a context in which the intersection of the economic, social, technological and environmental sector is more and more obvious.

If we accept as a definition for globalization "the free increasing over-border circulation of goods, services, money, people, technology and ideas" (H. & W. Wallace, 2004, p. 52-53), the up-mentioned statement does no longer need argumentation.

On the other hand, the integration can be seen as a particular form of globalization, which is produced in certain places, normally, neighbouring ones. It represents "the creation and the maintaining of some models of economic, social and political, intense and various interactions between units which were earlier autonomous" (William Wallace, 1990, p. 81).

The European Union, the greatest, strongest and the most famous integrative structure, considered "the integrative model of the future", faces beside the political and economic problems also some other ones: environmental problems, collective security ones, geopolitical stability, health, the distribution of the incomes, the quality of goods and services a.s.o. Actually it is the very European Constitution the one which mentions the value of the "equilibrated development" – the term meaning the same as sustainable development – beside known values such as: freedom, democracy, human dignity, respecting the law. The "equilibrated development" imposes an integration of the decisions concerning the economic, social and environmental development which should ensure the maximizing of the benefits under the circumstances of preserving a healthy environment.

Unanticipated in 1957, when the European Economic Community was founded through the Rome Treaty, "the environmental politics moved from silence to stridence in only 30 years" (H. &W. Wallace, 2004, p. 302). So that in the 70s-80s of the previous century the "green" governments imposed the "lazy" environmental standards which overcame the ones existing at the national level. There was a series of realizations at the legislative level in this domain as a consequence of the compromises between the member states, which were all aware of the necessity to protect the environment, but also of the efforts needed to this purpose.

The stridence of these politics diminished in the 90s as a consequence of the impact produced by the unification of Germany, "the fief of the green", of the increase of unemployment, of the economic constraints imposed by environmental restrictions under the circumstances of the amplification of the global competition, leaving a wider action space for the national initiative.

However, the problem of the environmental protection and implicitly of the sustainable development continue to be the preoccupation of the European organizations under several aspects: "the role of the

traditional instruments of the type command and control, the role of the public administrations in relation to the ecologist groups, the need for environmental politics, the stimulation – including the fiscal one – of the firms to voluntary reduce the polluting activities ("eco-taxes"), the role of the European Agency for the Environment, the strengthening of the sanctions, of the penalties a.s.o. (H. &W. Wallace, 2004, p.303).

The problem of the environmental pollution is not a national or a regional one, but a global problem, a fact which made the General Gathering of UNO overtake in 1998 the concept of sustainable development as an adequate concept for the strategies of this organization. At the same time, the Business Association for Sustainable Development was founded as well as the Industrial Forum for Environment and Development and the International Organization for Standardizing which also elaborates the Environmental Management Systems.

But when we put the problem of pollution near other problems that the contemporary world is facing such as: the underdevelopment in some areas on the Earth, the rhythm of the demographic increase, the accelerated urbanization a.s.o., we notice that there appears a vicious circle, which we can hardly escape.

So the increase in the number of the population means the increase and the diversifying of the consume needs, that is the growth of the production volume which implies the growth of the consume of production factors, at the same time with the intense development of the various economic branches; in its turn, this causes the increase in the degree of pollution and the danger of exhausting the resources.

On the other hand, a non-polluting or anti-polluting technology means not only important additional costs, but also a decrease of the productivity in certain economic branches, a fact that could in its turn mean an increase of the prices for different goods, an increase which will affect first of all the poor.

That is why the greatest problem that needs solutions is the one of matching the economic development with the social, technological one and with the environmental protection, to put it shortly, fulfilling the objectives of the sustainable development.

The two industrialization centuries which followed the industrial revolution caused the accumulation of some negative effects, which have nowadays become, to a great extent, uncontrollable and unimaginable.

At the end of the 19th century the great Romanian historian and economist A.D. Xenopol stated: "When the blue sky of Romania is dirty because of the black smoke of our factories, when instead of the shepherd's flute which makes our mountains so delightful the infernal sounds of hammers and machines can be heard, when our towns are turned into large working camps, then and only then ... we can be sure of our existence and we can look faithfully towards the long future" (Florica Stefanescu, 2003, p.242). It is clear that Xenopol, and not only, saw only the virtues and not also the desadvantages of industrialization. He was actually right to think that *then* when Romania was in the middle of an increasing industrialization, a desired fact, given the development level of the industrialized countries.

It was the time when it was considered that all the countries have to follow the way of the developed economies, have to reach certain stages of economic growth. Only in the middle 70s of the previous century they began to discuss "development alternatives" which aimed at a new equilibrium between the technical-economic and the human side of the values.

Nowadays it is thought that the impasse in which the industrialized countries are is a consequence of an "over-industrial economy at a global scale" which characterizes Herman Kahn's "great transition", that is the passing from the pre-industrial to the post-industrial stage between 1800 and 2200 (Ionita Olteanu, 1981, p. 23).

In the 20th century there appear other polluting economic branches beside industry: agriculture and transport. The spectacular development of agriculture in the 20th century can be compared only to the time following the discovery of America (the 15th century). But then it was a consequence of the acclimatization of some new kinds of plants and species of animals, while in the 20th century it was a consequence of industry, especially of the machine constructing and chemical one. In the 15th-16th centuries the explosion of agro-alimentary products managed to stop the hunger in Europe, in the 20th century it caused the oversaturation of some markets, which actually coexist with areas on the Earth, where people die because of starvation.

But the modern techniques used nowadays in agriculture, as well as the "medicines" and the stimulants used in order to improve the vegetal and animal production (chemical soil fertilisers, growth hormones, insecticides, fungicides, genetic modifications a.s.o.) have damaging effects on the environment, being more and more contested by the consumers and by the ecologists for several reasons: the arable land

changes its composition, the vegetal rests do no longer decompound, the waters contain more and more damaging substances, the humus content of the soil is less and less as a consequence of its intensive use for the cereal production, but not also for grass, the fixation of the azoth in the soil through the action of the bacteria stops when having to face the inorganic azoth a.s.o.

The considerable progress of the agrarian economy, caused by the increase of the work productivity in agriculture, has been proved nowadays, to a great extent, to be counterproductive due to the economic, social and environmental costs which it generates. Important side effects of the industrialized agriculture consist also of "the endangering of the traditional peasantry, the danger that the archaic village disappears and the progressive destruction of the environment" (Werner Rosener, 2003, p. 7).

We can state that the new agricultural technology is an economic success, if we consider agriculture as like the industry from the point of view of the intense development, of the economic efficiency, of successes a.s.o., but, at the same time, it is also an ecological and partly a social failure.

However, the giving up on these advantages would cause dramatic effects regarding the volume and the aspect of the agricultural products, the very alimentary security would be endangered, actually a too big responsibility, which the producers and the public authorities are not willing to take.

An alternative solution is suggested by Werner Rosener, that is the modifying of the regime of the agrarian property, more exactly of the dimension of the agricultural exploitations and the partial reorganizing of the agrarian activity within the small property: "in many regions it is the very peasantry agriculture which is indispensable for the conservation of the landscape and of the natural resources. The peasant becomes this way the cultivator of the landscape and the one who guarantees an agrarian economy which harmonizes the agrarian production with the environmental protection" (Werner Rosener, 2003, p. 16).

The solution should not surprise us, especially if we take in analogy the situation in the industry and in the services, where, parallel with the multi- or with the trans-national companies or societies, there coexist the small and middle enterprises. In the European Union for example their number is about 17 billion, while they detain 70% of the number of employees and have as a main advantage the ability to adapt rapidly to the demands of the market.

Why would a similar solution not be viable also in agriculture, where, in addition to that, there could be avoided also the ecological problems generated by the big property and there could be obtained ecological, healthy products? "... the optimal efficiency of the production would be the merit of the big households; through them the further conservation and development of a satisfying alimentary production would be ensured, having a good efficiency at a high level. But the small and middle households would have to reduce the intense aliments production and, in its place, to overtake on a wide scale the fulfilment of new tasks in the domain of nature and landscape protection. In many regions the peasantry agriculture remains actually indispensable for preserving the landscape and the natural environment" (Werner Rosener, 2003, p. 239).

In this situation the Romanian agriculture should not entirely follow the European model, but should keep, at least to a small extent, the small peasantry properties.

Actually the small peasantry property is compatible with the "trivalent enterprise" which responds to the "efficiency criteria, to the ecologic and social restrictions", because "it allows the restructuring of the strictly specialized enterprises, by creating a real small and middle enterprises family around them, which should overtake a part of the products, under-products and residua and, by means of further adaptations, should use them, avoiding losses and pollution and creating new workplaces" (Maria Popescu, 1999, p. 109-110).

By means of creating new work places, the peasantry household stabilizes the population in the rural area and can produce superior quality goods, of course, with greater prices, so that the producers can get a satisfactory profit.

Also, the breeding of animal races and plant kinds resisting the damagers would be possible, the use of natural fertilisers, the production of cultures which ensures the fixating of the azoth in the soil, the alternation of the cultures and the resting of the soil, the use of some treatments, vegetal sprayings, the diversification of the production structure, practicing agro-tourism, the protection of the biotope, of the environment a.s.o. It is also the point of view of N. Georgescu Roegen who pleas for an organic agriculture, less intense, in order not to dry the soil and which should use its own products instead of chemical substances (N. Georgescu Roegen, 1996, p. 31)

For the consumer there would be more satisfaction obtained, which obviously has to be paid either directly, through price, or indirectly by means of subvention of the prices for these goods. At the same time the society would not have to face crises of agrarian overproduction any longer.

Even by admitting also elements of the critical theory on the rural life (Th. Adorno) which characterizes the peasants' village and households as "forced and coercive ... incapable of getting mature ... which prevent their own emancipation and clarifying", the solution of Werner Rosener remains a viable one given that the aspects related to civilization, especially those concerning the infrastructure, will be very close to the ones in the urban areas (Werner Rosener, 2003, p. 9). This would be possible if the rural communities which refrain themselves from polluting benefited from a compensation which should cover the costs for the modernization of the infrastructure and for other elements typical for the urban civilisation.

On the other hand, the members of the peasantry household could obtain sufficient incomes as a consequence of the use of the products at prices which include all the costs needed for their producing, including those related to the refraining from polluting.

It is a known fact that the agriculture represents the economic sector in which the European integration process lasted the longest. The Common Agrarian Politics (CAP), founded in 1966, has been reformed five times until today (1972, 1988, 1992, 1999, 2003), a sign that agriculture can always be improved. So that today, CAP, near objectives such as: the increase in the agrarian productivity, the stability of the markets, the increase in the incomes of the agrarians, the alimentary security, accessible prices for the agroalimentary products, follows also other objectives such as: the realization of a "lasting agrarian sector in terms of respecting the environment, which should contribute to the preservation of the natural resources, of the natural patrimony and of the beauty of the landscapes" ("The Agenda 2000", elaborated on the occasion of The European Council in Berlin); or, the use of some "reliable production methods, allowing the delivery of quality products which should respond to the consumers' demand" (Nicolas Moussin, 2002, p. 378).

Synthesizing, we consider that for the European Union the agrarian solution consists of the existence, beside the great agricultural exploiting responsible for the alimentary security, of the small rural households which should preserve and protect the environment, should ecologically produce and should ensure, at the same time, through adequate measures, appropriate incomes for the peasants.

Once more could education contribute, to a great extent, to the overcoming of these problems, by making the agents aware of the necessity to include in the "benefit" also some non-monetary components, but which play an important part in the improvement of the quality of life: a clean environment, health, qualitative education, the beauty of the landscapes a.s.o.

Victor Platon tries to include in the total economic value the ecologic resources (VET) of the following components: the contribution of the environmental factors to the production and consume factors, the value of the indirect services of the environmental factors (the natural filtration of water, the planting of woods, the fixation of the azoth in the soil, of the carbon in the air a.s.o.), the prise given by some consumers for some unused ecological goods (for example, the protection of the biodiversity), as well as the monetary value of the satisfaction of knowing that certain ecologic resources are not and will not be used (Victor Platon, 1997, p. 14-16). In this way the relation benefits/costs would be improved and a closeness between the producer and the consumer would be realized.

There are also optimistic opinions according to which "the past demonstrates that the people will not remain without solutions to the ecologic and environmental problems ... if some of the conditions, which have lead to the great scientific and technological process in the last centuries, will continue multiplying themselves, then we do not have any reason to be pessimistic regarding the future" (Daniel Chirot, 1996, p. 194-195)

But it is necessary that the research in the area of the environment should be an interdisciplinary one, meaning "an organic cooperation among the members of a team, whose researcher talents and abilities to be open to other disciplines make the scientific sectism fail" (*Interdisciplinary Views* ... 1986, p. 482)

The researcher needs to come out of the laboratory, it is necessary that he should cooperate with simple people, with the ones affected by the researched problem in order to find the best efficient solutions to solve it. Otherwise, "the too developed and too narrow specialized analytical methodology of science and of the modern technique cannot allow, in many cases, the finding out of all the problems of the environment" (*Ibidem*, p. 512).

The conclusion is that we have to learn to survive, and in order to survive "we have to close the circle. We have to learn how to give back to nature the richness that we have borrowed from it" (Barry Commoner, 1980, p. 295). We have to approach the economic life out of the holistic perspective, so as a subsystem which has to mach the other subsystems of reality and especially the socio-cultural and the natural one.

We have to reconsider the way of producing by making use of the rationality of using the material, financial and human resources as well as by means of developing the productions, the industries and the clean technologies, for example as N. Georgescu Roegen said, a radical change in the technical way of producing by means of an energetic re-conversion – similar to those produced through the discovery of fire, respectively of the energy produced through the burning of the fossil combustibles – consisting of the reorientation towards the sun energy (N. Georgescu Roegen, 1996, p. 31); we also need to reconsider the way of consume in the sense of avoiding the waste, the useless, the artificial, the false needs as well as "our unsaturated hunger for giant things" (*Ibidem*, p. 31); we have to reconsider the man in its quality of sociocultural being, as a purpose not as means; we have to reconsider the concept of the quality of life and understand it not only as the material gift, but also as the social and cultural one; we have to implement an environmental management which should pursue: "reducing the quantity of waste and diminishing the exhaustion of resources, reducing or eliminating the polluting factors in the environment, projecting the products so that their impact upon the environment can be reduced ... promoting the environmental awareness among the employees and the membes of the community" (M. Manoliu, C. Ionescu, 1998, p. 90).

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EVALUATION OF NATIONAL BANK OF ROMANIA MONETARY POLICY CREDIBILITY

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Abstract

In this paper, using the models from the economic literature, the authors study the credibility level of National Bank of Romania (NRB) during the time span Mars 2007 – Mars 2008. We will use three types of credibility indexes - two from the economic literature and one proposed by the authors. Also, we will emphasize the impact of unpredictable shocks - the natural calamities (drought) which affected the aggregate supply in the summer of 2007 and the depreciation of RON against the euro - on the NBR credibility.

Key words: credibility, monetary policy, inflation expectations

1. Monetary policy credibility in the economic literature

Blinder (1999) defines credibility as "words matching deeds. A central bank is credible if people believe it will do what it says". [Svensson, L.E.O. (1999), p. 23]. The correspondence between inflation target and private inflation expectations shows high level of credibility, while the deviations of private inflation expectations from the inflation target indicates a lack of credibility (both when inflation expectations are above and below the target). Cukierman and Meltzer (1986) define credibility as "the absolute value of the difference between policymakers' plans and the public's beliefs about those plans" [Lyziak, T.; Mackiewicz, J.; Stanislawska, E. (2005), p. 4]. They believe the level of credibility influence the speed with which the public learns about changes in policymakers' objectives. When the society reacts slowly to changes in the objectives of the monetary policy they assume that central bank has a lower level of credibility.

Most of the central banks are obsessed by their credibility. Knowing the benefits of a credible monetary policy we understand and sustain their obsession for being credible. Svensson identifies the advantages of a credible central bank [Svensson, L.E.O. (1999), p. 25]:

- a high level of credibility reduce the variability of the real economic variables (output and output gap). As a consequence, there is less need for the central bank interventions' in the real activity in order to keep inflation close to target. So, the central bank can easily achieve its target;
- the impact of nominal interest rate on the real interest rate is more stable and predictable. According to Fischer equation, when inflation expectations are stable and close to target, the only factor that influence the real interest rate is the nominal interest rate;
- avoid the liquidity trap a situation whit a major surplus of liquidity in economy and nominal interest rates very close to zero. In this situation, the real interest rate has an opposite evolution from the inflation expectations level: when the real interest rate is positive the inflation expectations are negative, that means the society expects to occur a deflation phenomenon. In this circumstance the monetary policy effects are very weak and the central bank can't control the economy throughout the interest rate channel.

Although is easy to define, the central bank credibility is difficult to measure. Due to this
aspect, in the economic literature we do not have a commonly accepted index to measure

501

the level of central bank monetary policy credibility. The existing indexes measure the gap between the inflation expectations and monetary policy target. We will present two of these methods.

Lyziak, Mackiewicz şi Stanislawska (2005, p. 5) consider that the level of credibility can be measured as a difference between the private inflation expectations and the inflation target:

$$IC1 = \left| \pi_{t+1/t}^{e} - \pi_{t+1}^{\text{target}} \right| \tag{1}$$

where: IC1 – level of credibility at the moment t, $\pi_{t+1/t}^{e}$ - the private inflation expectations for the period

t+1, π_{t+1}^{target} - the inflation target for the period t+1. The method does not make difference between the positive and the negative deviations of inflation expectations. Moreover, due to the fact that results are expressed in percentages, we believe that the obtained values do not clearly reflect the level of central bank credibility.

To increase the results relevance, we compare the value obtained for IC1 with the inflation target. For example, a 3% difference between expectations and target may illustrate a high level of confidence if the target is 15%, but, in the same time, it may illustrate a low level of confidence if the target is 2%. As a consequence, we consider appropriate to adjust the formula (1) as it follows:

$$IC1_{\text{adjusted}} = \begin{cases} 1 - \frac{\left| \pi^{e} - \pi^{\text{target}} \right|}{\pi^{\text{tinta}}}, & \text{if } \left| \pi^{e} - \pi^{\text{target}} \right| < \pi^{\text{target}} \\ 0, & \text{if } \left| \pi^{e} - \pi^{\text{target}} \right| > \pi^{\text{target}} \end{cases}$$
(2)

where: π^e – the private inflation expectations and π^{target} – the inflation target. The result will fall between 0 – that means a very weak level of credibility – and 1 – that represents the maximum level of credibility.

In order to eliminate the weaknesses of the formula (1), Cecchetti and Krause use another index. They consider that a lower level for private inflations expectations than the inflation target does not affect the central bank credibility. Their index is calculated according to formula (3):

$$IC2 = \begin{cases} 1, & \text{if } \pi^{e} \leq \pi^{\text{target}} \\ 1 - \frac{1}{0.2 - \pi^{\text{target}}} (\pi^{e} - \pi^{\text{target}}), & \text{if } \pi^{\text{target}} < \pi^{e} < 20\% \\ 0, & \text{if } \pi^{e} \geq 20\% \end{cases}$$
(3)

where: π^e – the private inflation expectations and π^{target} – the inflation target. If the result is close to 1 the level of credibility is high. Moreover, they consider a level of private inflation expectations grater that 20% similar with the absence of central bank credibility. When the society expects a level of inflation lower than the target they consider the level of credibility for the central bank as being maxim.

2. Method and results

Using the methods presented previously, we will evaluate the National Bank of Romania (NBR) level of credibility. NBR adopted inflation targeting as monetary policy in august 2005 and, from that moment on, our central bank announced its targets. At the beginning the targets were established for the next 6 trimesters, while now are announced for the next 8 trimesters. We evaluated the level of inflation expectations using a questionnaire. In order to determine the evolution of inflation expectations of the people from Transylvania, the authors applied the questionnaire during the time span Mars 2007 – February 2008. Regarding the private inflation expectations, we collected two types of data: the first category refers to the level of expected inflation rate at the end of 2007 and the second category refers to the level of expected inflation rate for the following 12 months from the moment of answer. In consequence, we will take into consideration two inflation targets: firstly, the target announced by NBR for the end of 2007 and secondly the target announced for 2008 and 2009.

Firstly we will evaluate the NBR credibility regarding the achievement of the inflation target at the end of 2007. The expected level of inflation rate is evaluated using the results obtained at the following question: According to your estimations, the inflation rate at the end of the current year will fall between: $<0\%/0 - 0.9\%/1 - 1.9\%/\ldots/9 - 9.9\%/>10\%$. In the quantification process we took the central value of each interval as being the representative value. In the case of <0% and >10%, we consider as representative values <0.5% and <0.5%. Their frequencies being very low, these two values did not have a relevant influence on the final result. We analyzed this aspect also in January 2008, due to the fact that NBR did not announce the inflation rate for 2007. Starting from these assumptions and applying the formula (1), we obtained the results represented in figure 1:

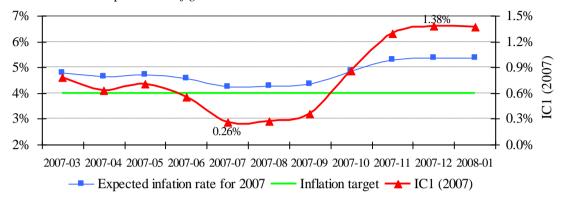


Figure 1 – Evolution of IC1 regarding inflation rate at the end of 2007 Source: authors' calculation and NBR

As we can see from *figure 1*, until July 2007, NBR credibility rise – the value of IC1 become closer to 0. The natural calamities that affected the agriculture during the summer raise the population's inflation expectations, starting the decline of NBR credibility. The RON depreciation against the euro (more accentuated from September 2007) accentuated the inflation expectations raise, sustaining the loss of NBR credibility.

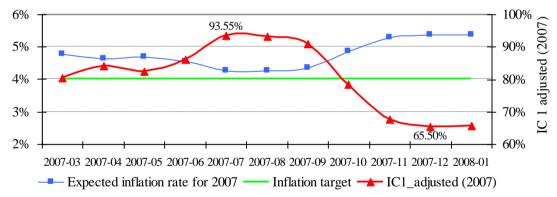


Figure 2 - Evolution of IC1_{adjusted} regarding inflation rate at the end of 2007 Source: authors' calculation and NBR

Analyzing the evolution of $IC1_{adjusted}$ we can draw other conclusions. Looking at the *figure 2*, we can observe that, as a result of not fulfilling its inflation target, NBR loosed appreciatively 30% from the credibility that our central bank had at the middle of year 2007. In spite of the fact that NBR intensified its communications with the society - explaining that the causes of the target fail were not its fault - the private inflation expectations could not be maintained low. As a result, at the end of 2007 the private inflation expectations of population were high.

The evolution of IC2 – created by Cecchetti and Krause - is similar with the evolution of the previous two indexes, confirming that a stable economic environment, without major unpredictable shocks, lead to an increase in the NBR credibility, while the lags between the NBR reaction to these shocks and the appearance of the decisions' effects in economy will inevitably elevate the level of inflation expectations and decrease the central bank credibility. We have to mention that these lags are inevitable. While the

shocks that hit our economy were unpredictable, the NBR could not react previously (before their manifestation). Although NBR reacted promptly, the effects of its monetary policy decisions will be seen only after a few months (at least 6 months), period of time during which the inflation expectations are raising consistently. In the *figure 3* we present the result obtained:

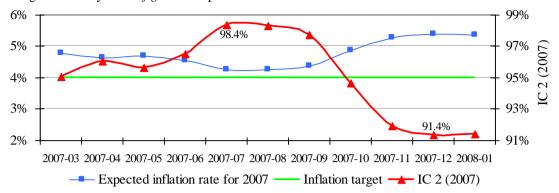


Figure 3 - Evolution of IC2 regarding inflation rate at the end of 2007 Source: authors' calculation and NBR

Now we will evaluate the NBR credibility using the probability method developed by Carlson and Parkin (1975) to estimate the inflation expectations. The data collected from the questionnaire allowed us to estimate the expected inflation rate for the period Mars 2008 – Mars 2009. In order to gather the necessary date, we used the following question: By comparison with the past 12 months, do you expect that the consumer price will: increase more rapidly / increase at the same rate / increase at a slower rate / stay about the same / fall.

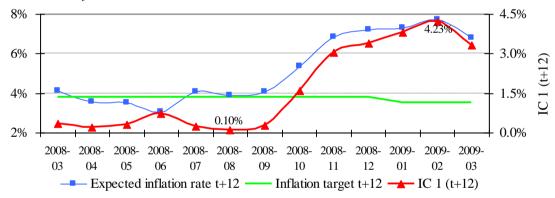


Figure 4 - Evolution of IC1 regarding inflation rate for the next 12 months (t+12)

Source: authors' calculation and NBR

As we can see in *figure 4*, when our economy was stable and inflation was falling (until June 2007), the credibility of NBR was very high: the private inflation expectations for the following 12 months (from the moment of the answer to questionnaire) were even lower than the inflation target announced by NBR (during months April, May and June 2007). The natural calamities from the 2007 summer raised a little the private expectation for the next 12 months, but the expected inflation rate remained very close to the target. The penury of agricultural products and the RON depreciation against the euro, raised the prices of imported vegetables and fruits, having a very consistent influence on the inflation rate. In fact, all other imported goods determined the raise of consumer prices, but the price of fruits and vegetables had the biggest effect on inflation.

The evolution of $IC1_{adjusted}$ reveals the same conclusions as IC1. Additionally, this credibility index shows a great loss of credibility for the NBR: at the beginning of 2008, the population confidence in inflation target achievement for this year was very low. More than that, in the first months of 2008, the differences between the expected inflation rate for the next 12 moths and the corresponding inflation target was grater that the target level. As a consequence, the value of $IC1_{adjusted}$ will be zero. In *figure 5* we represented the results obtained for NBR credibility in the following 12 months:

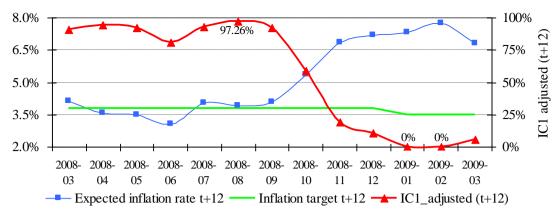


Figure 5 - Evolution of IC1_{adjusted} regarding inflation rate for the next 12 months (t+12)

Source: authors' calculation and NBR

Analyzing the evolution of IC2 we obtain the same results as in the case of previous credibility indexes. For the time span April – June 2008 the level of expected inflation is lower than the inflation target, NBR having a maximum level of credibility (100%). The lowest level of credibility is attained in February 2008, where the difference between the expected inflation rate for the next 12 months and the corresponding inflation target register the greatest value.

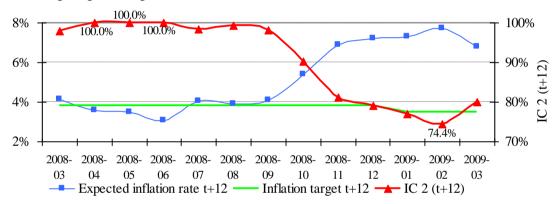


Figure 6 - Evolution of IC2 regarding inflation rate for the next 12 months (t+12)

Source: authors' calculation and NBR

3. Conclusions

Analyzing the results obtained, we consider that the society has an adaptive behavior in the formation of its inflation expectations. That means, people form their expectations about what will happen in the future with inflation based on what happened in the past. Although the communication actions of NBR were intensive – explaining the factors that raised the inflation pressures in our economy – NBR could not stop the loss of credibility. Moreover, the release of predictions regarding the future evolution of inflation could not attenuate the NBR loss of credibility. As a result, we consider that, at this moment, society is more influenced by the current evolution of inflation than by the actions took by NBR in order to calm down the inflation pressures.

In our opinion, the time span from the inflation targeting adoption and the summer of 2007 was too short to facilitate a credibility gain as the result of this monetary policy implementation. The NBR previous successes in its fight against inflation – the consolidation of disinflation process and the RON appreciation against the euro – were the main causes of the NBR credibility until the summer of 2007. Unfortunately, these two reasons were not enough in order to attenuate the negative effects of the first major shock that hit our economy after the inflation targeting adoption.

We think that the negative shock suffered by the aggregate supply in 2007 represented the first true test for the credibility of society in NBR capacity to control the evolution of inflation. Neither the current high level of transparency nor the existent credibility could anchor the private inflation expectations. As a consequence we believe that NBR failed the credibility test. Additionally, we can see that a high level of transparency is not enough to maintain the central bank credibility. Considering that our economy is in the first years of inflation targeting monetary policy, NBR have to obtain remarkable results in its fight against inflation – reduction and stability of inflation rate – in order to anchor the future inflation expectations. Furthermore, to ameliorate the society adaptive behavior, NBR need to raise the society's information and knowledge level regarding inflation phenomenon.

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GLOBALIZATION, A COMPLEX AND CONTRADICTORY PROCESS WITH MULTIPLE MEANINGS

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Abstract: The globalization is a complex process and contradictory process, from different points of view: the historic positioning of the process, the definition of globalization and its impacts. On one hand, there is gain, advantages and wealth and on the other hand there are expenses, sacrifices, poverty. The two type of impacts (positive and negative), analyzed in the article, strike both developed and developing countries. Between the exaggerated optimism that offers groundless hopes and the pessimism that generates emotional tensions, the most appropriate way is for sure the middle one. The phenomenon related to globalization mustn't be approached disdainfully, with ignorance, with fear when facing its magnificence, but nor from the defeated position, or by inevitably accepting it as the implacable fate.

Key words: globalization, FDI (Foreign Direct Investment), TNC (Transnational Corporation), financial globalization, informational revolution

The dialectics of globalization points out a process that, however complex, vast, dynamic, upright, innovative, competitive it may be, is just as much contradictory. The conflicts of opinion accompany the historic positioning of the process, its defining, the fundamental coordinates, the dimensions alike, but especially the impact of the transformations at countries-nation level, of the induced fears concerning the humankind's fate and even of the Planet.

There are opinions according to which **globalization is not at all neither a new phenomenon, nor irreversible.** To this respect, Brigid Gavin (2001) invokes the "**golden age**" of the economic globalization characteristic to the end of the **XIX century** until around the First World War. The global fluxes of commerce and FDI (Foreign Direct Investment) were remarkable given the technological circumstances, the level of means of communication and transportation back then. In Great Britain, France and Germany (the three great European powers) the weight of the commerce and the GDP (Gross Domestic Product) had an average of 40% in the year 1913. Still in the period of glory which was the end of the XIX century beginning of the XX century, the outcome assets from the European countries were more amplified than nowadays. Great Britain used to be the greatest assets exporter. The financial crisis of the '90s has characterized the end of the XIX century as well. Another co-ordinate of the globalization that proves that the phenomenon is not new consists of the FDI fluxes. Before the First World War, the FDI stock that the European countries had abroad was, from a weight point of view, bigger than the one nowadays, reaching 60-80% of GDP. Nor the manpower migration from Europe to the USA hasn't been any lower than it is nowadays before the First World War.

The intensity of the economic globalization from the end of the XIX century and the beginning of the XX century has been confirmed by other aspects as well. The information was circulating very fast thanks to the telegraph, the blast of the capital movement was favoring the infrastructure financing in North and South America. The outcome assets from France during the 1900-1913 periods were annually about 5% from GDP compared to only 1% at the end of the 1890s. The global capacity of the merchant fleet transportation has doubled between the 1860 and the 1913, and the length of the railway road was of over 1 million kilometers in 1913. The volume of the world commerce has multiplied six times between the years 1890 and 1914 (Emmanuel Lechypre; *L'Expansion*, 2006).

These comparative approaches support the idea that globalization is a **multidimensional**, **cyclic**, **reiterative process**, although not at the same level of indicators. However, prestigious economists such as Ohmae in Japan, Julius in Great Britain, Reich in the US state that **the globalization is not similar to the classical economic integration**, and changing the production from a national level to a global one, through TNC, overcoming the rhythm of growth of the commerce by FDI and the complementarities between commerce and FDI are specific only to the contemporary globalization. **The liberalization of the international fluxes makes the globalization an objective and irreversible phenomenon.** The most

relevant **factor of its irreversibility** is the **technologic progress.** The level of the new technology is an irreversible parameter.

The subjective components of the globalization process can however, hold down its evolution. Situating on extreme positions the **national political factors** and their intervention in the process of deciding can constitute a danger in losing the globalization race, giving a **subjective and reversible connotation** to the process (Dumitrescu, Sterian; Bal, Ana; 2002). For the time being, it's difficult to give a trenchant response to these characteristics: objective-subjective, reversible-irreversible, and labeling the phenomenon with an attribute or the other will probably be done by its dynamic in time.

Regarding the globalization concept, we find contradictory opinions in the debates area as well. An eloquent example for that is the analysis of the researchers Bruno Amoroso and Andreea Gallina (2002). They have reached the conclusion that both the supporters and the critics perceive the globalization as a "universal concept that comprises all contemporary phenomenons related to internationalization", the specifics of the actual degree being impressed by "innovation, technological endowment and cultural progress". This would have to be the convergence point between the two trends. The one thing that distinguishes the supporters of the globalization by its critics is the way it is implemented. While some of them are preoccupied by putting the globalization process to good use as efficiently as possible (supporters), the others (critics) try to diminish its negative effects. Both of the approaches appreciate the western modernity as being the model for development at global scale, in the future. The issue is the way people should get adapted to it. The appropriate expression would be: "Think globally, act locally!" whose meaning consist in the importance of the "local and endogenous growth". This slogan represents as well the compromise between the supporters and the opponents of the globalization. The analysis has identified the third position in approaching the concept of globalization, respectively the ones that consider the process as being "the last degree of western form domination over the world economy, following the previous stages, respectively slave system, mercantilism, colonialism and imperialism". The justification would be that the amplification of the economic growth is not used for exploitation and profit any more, but in supporting the "global apartheid" process, of reaching such an accumulation level that "1/5 of the world's population benefits of 80% of its resources". In the authors' opinion, the explanation of these transformations resides in the fact that: "the ideal type of modernity pursued over more than 500 years by the western world has encountered a serious obstacle: it can't be reproduced at global scale". The effects can't be eliminated or diminished in intensity unless by demolishing the trend towards globalization in the favor of all the other forms of national and international development, in a reinvention of the globalization slogan as follows: "Think locally, act globally!".

But what does globalization mean for the mankind, under the aspect of the variety of impacts? On one hand, there is gain, advantages and wealth and on the other hand there are expenses, sacrifices, poverty. The two type of impacts (positive and negative) strike both developed and developing countries. The proportion of the commercial fluxes in the developed countries generates economic growth and working places. The increasing of the competition favors the exports, and these ones increase the companies' incomes, but the same phenomenon for the same country category generates contradictory aspects as well. For instance, the competition at international level implies reorganization, reform, and bankruptcy of some companies, manpower mobility, and unemployment.

The same international fluxes produce contrastive effects on the **developing countries** as well. Going on the foot steps of the positive aspects, it can be seen that **they have shifted from the category of those that preponderantly export row materials to the category of the countries that primordially export manufactured goods.** The shimming of these countries in the international commerce forces to emulation, competition and adjustment. The opening through international commerce has allowed a faster development and even enrichment of the East Asian countries, changing in the same time the destiny of millions of people from the region who, although paid less than in the West, just by simply changing the working conditions from agriculture with more civilized ones from the factory, have raised their life standard. The back-hand of the situation may that the emergent countries are threatened with a bigger instability and insecurity than the developed countries, because the rhythm of growth of the profit from exports is lower than the export itself (Jean-Pierre Robin; *Problèmes économiques*, 2003).

Under the aspect of the assets fluxes and of the FDI, the developed countries win from the diminishment of the manpower costs, row material, and low fiscality. The evaluations regarding the effects of the delocalization of the activity through TNC (Transnational Corporation) reflect as well the conflict of opinions. The increasing of the TNC competitiveness, the creation of new working places

through the activity of the subsidiaries, the growth of exports of these subsidiaries are shadowed by the **reduction of the working places from the origin countries, of the incomes** and sometimes, even of the **purchasing power.**

FDI and the delocalization through TNC is most definitely a progress factor for the developing countries. They sometimes meet the latest technology and the best management techniques, that in different circumstance it might have been impossible to purchase with their own funds and to directly use them. These countries (China, India, Singapore, Indonesia, Mexico, and Brazil) have known economic growth and dynamism and they've put down their TNC in the world's tops (China, Hong Kong). The contradictory aspect of globalization in the developed countries translates through the inadaptability of the available manpower to the TNC demands, the bankruptcy of the local producers, unequal development.

The financial globalization and the deregulation have allowed the developed countries to create a balance between savings and portfolio investments. The earnings from the activity on the assets markets and the stock exchange markets are very important. But as we've shown before, the financial globalization can also create a lack of balance. The financial fluxes from the developed countries towards the other countries can sometimes ruin the sheet payments balance. Moreover, the financial globalization can generate speculative activities that can start serious crises. The growth of the inequalities is sometimes due to this type of globalization, because the obtained profits are higher than those coming from the productive activity (D'Agostino, Serge; 2002). Many criticisms have been advanced at the address of the financial globalization, even by governors or presidents: John Major, Lamberto Dini or Jacques Chirac. But it must not be forgotten that what is happening on the financial markets is the consequence of an established logic and verified even by the governments of the developed countries. Muhammad Yunus, the laureate of Bengalese origin to the Nobel Price for Peace in 2006, considers that globalization doesn't have to be a "financial imperialism" (2006). For the developing countries, the portfolio investments have been beneficial because they have covered their financing needs. The contradictory aspect resides in the increasing of the external debt of these countries, and in certain conditions, the triggering of financial crisis.

Regarding the migration of the manpower, we can appreciate that it brings benefits to the developed countries through the financing of the pensions system and through developing activities using cheap manpower, but as shown, what concerns the governments of the developed countries is the less qualified component of the immigration because it generates delinquency, claims, chaos, insecurity. Sometimes, the developed countries give up in taking position in issues related to violating the human rights in countries such as China. This can be explained by the fact that an extended freedom for such countries should be repaid by accepting tens of millions of immigrants every year.

Out of all the inconvenient of the globalization, the most to blame are: the widening of the inequality and the accentuation of poverty, as well as the loss of sovereignty and the decision power of the countries-nation. Through globalization, the countries that can be hampered are the countries marginalized geographically, politically or because of the economic policies, because of the weakness of the institutions, of the lack of infrastructure or corruption. As a result of globalization, workers and owners from the unprotected economic sectors have to lose equally; unqualified workers from the industrialized countries have to lose, becoming unemployed, creating new jobs being a more slow process (Mario D. Nuti, 2002). The polarization of the society reunites the most "no global", that assert the right to a decent life, to social security, to a safer future, to human dignity. But holding responsible the globalization for all difficulties, many economic analysts consider it unjustified.

Alvin Toffler (1995) considers that those who can't connect rapidly to the current system, accepting the informational revolution, through which wealth is acquired, will only have to lose and be left outside the system, overwhelmed by poverty.

On the short run, globalization may cause losses, but on the long run it brings gains as well. Improving the global average, which consists in giving indemnities to the loosing part by the winning part, is not enough to consider globalization as a process that generates wealth. It's necessary that the indemnities exceed the losses, which can be achieved by activating the mechanisms of net advantages redistribution of the globalization. Therefore, the reference should be not only the current situation but the perspective as well, not just the national level, but the international one as well where the mechanisms register redistribution lacks. An inappropriate redistribution of the incomes becomes a perturbing element, which weakens the internal and international cohesion between peoples. However, "there is no doubt that globalization, although accompanied by the reduction of the absolute poverty, has determined the increase of the

relative poverty" (Mario D. Nuti, 2002). Achieving a "world tolerable order" can happen only by preventing the development of the globalization process towards the extremes, keeping a balance between liberalism and democracy and a proportion between its advantages and disadvantages (Sterian Dumitrescu; Ana Bal, 2005).

The world well known economist Jagdish Bhagwati (2005) appreciates globalization as being "a good thing, but not sufficient", considering that it's very important to accelerate the process of choosing and implementing adequate policies and institutional mechanisms through which shock therapies and excessively rapid reformation can be avoided. The globalization process is still incomplete, the phenomenon associated to it having an evolutional trend, but the scenario of this process for the future is hard to imagine, for the time being. The tendencies outlined by the *L'Expansion* (2006) magazine points out aspects that question the future evolution of the contemporary globalization:

- more and more countries tempted by the protectionist policies, reacting because of the delocalization phenomenon;
- delaying the negotiations within World Trade Organization (WTO);
- the harsh competition that can be foreseen prospecting the provisioning with raw materials and hydrocarbons, that become more and more rare and expensive;
- the growing economic power of China, India and Brazil that are becoming remarkable, uncomfortable and submissive contestants.

The only certainty in the publication's opinion would be that the third globalization (which is different from the other two so far) has started off by being "more political, less conflictive, less dominated by the Occident". Between the exaggerated optimism that offers groundless hopes and the pessimism that generates emotional tensions, **the most appropriate way is for sure the middle one.** The phenomenon related to globalization mustn't be approached disdainfully, with ignorance, with fear when facing its magnificence, but nor from the defeated position, or by inevitably accepting it as the implacable fate.

What rests each and every one of us with a balance position? As economic individuals and entities, we should have mobilization, initiative, effort, respect towards the democratic institutions, to manifest understanding and respect for our fellow citizens, to act with a mutual aid spirit when facing calamities, in one word we should be soldiery.

As state entities, the responsibility materializes through reform, adjustment to the new world conjuncture, **cooperation,** ensuring the people's security, accomplishing justice and social cohesion, protecting the Planet. Thus globalization can take the dimensions of a modern, relevant and efficient process.

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COMPETITIVENESS IN THE AGE OF GLOBALIZATION. THE CASE OF ROMANIA

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The fundamental determinant of the competitiveness of a nation is the productivity of the companies acting in its economy. In the age of globalization, countries compete not only for markets, technology, skills and investments, but also for raising their standards of living. The national prosperity is highly affected by competitiveness, defined as the productivity with which a nation uses its resources. The objectives of our paper are to analyze the concept of national competitiveness and to outline the importance of competitiveness in today's uncertain world. In this respect, we consider competitiveness as a multifaceted concept including both quantitative and qualitative aspects. The objectives of our paper were achieved by reviewing the literature, and by presenting the case of Romania.

Keywwords: competitiveness, productivity, Romania, globalization

Introduction

In the last 50 years, the world economy has evolved from "making things cheaper" in the 1970s, and "making things better" in the 1980s and 1990s, to "making better things" in the 2000s. The problem of competitiveness has arisen as an essential issue of nations and firms in the age of globalization. The intensification of the globalization process greatly expands the range of nations involved in the international competition. The global competition enables countries to strengthen their own competitive status and to promote the enhancement of their national competitiveness.

The actual level of national competitiveness is determined by the level of productivity. In our paper, we have analyzed the concept of national competitiveness and outlined the importance of competitiveness in today's uncertain world. Our study case focuses on the competitiveness of Romania.

Theoretical aspects regarding the competitiveness of nations

Competitiveness represents one of the most dynamic economic and business concept, a complex and meaningful one, with many definitions and quantification methods upon which the economists and researchers all around the world have not yet reached full consensus. The competitiveness of a nation can be defined as "its ability to attract and maintain activity which increases economic prosperity"(Porter, 1990: 47) or, as "the capacity of a state, which is in an international competition, to generate a high level of incomes and placement for the labour force on a sustainable basis"(OECD, 1996: 6).

Competitiveness is a multifaceted concept including both quantitative (e.g. growth rates) and qualitative aspects (e.g. human resources). Also, it is an important issue for policy makers and other stakeholders in a country. In our opinion, there are several main features of the concept as follows:

- The widespread use of this concept reflects the growing need of nations and business enterprises to examine their relative position with regard to competitors in the global market.
- The concept of competitiveness is applied on different levels (e.g., international/global, national/domestic, local/regional, macroeconomic, microeconomic etc.). The increasing importance of competitiveness issues both at international and national level may be considered as the effect of the globalization process. The continuing liberalization of world trade has been strongly connected to the competitiveness of goods and services.
- The concept of competitiveness is at the core of the success of nations and companies. At the level of the company, competition determines "the appropriateness of a firm's

activities that can contribute to its performance" (Porter, 2004: 1). A competitive firm is the one that produces goods and/or services of a higher quality or at a lower price than its competitors. In a similar way of thinking, a competitive country is the one that creates, produces and markets goods and services either of a higher quality or at an inferior price compared with other countries. Also, a competitive nation is forging ahead in gaining market shares in business sectors that foster the economic well-being of its citizens. The growth of the market share of a country depends on four factors (Fagerberg et al., 2004):

- The potential for exploiting knowledge developed elsewhere in the world, which depends on the country's technological level.
- The creation of new knowledge/technology in the country relative to that of its competitors.
- The development of the country's capacity to exploit knowledge relative to that of its competitors.
- The change in relative prices in common currency.
- The competitiveness of a country relates both to several indicators (e.g., the Gross Domestic Product (GDP) per capita, the trade volume etc.) and the relationships between them. National competitiveness highly depends on the productivity with which a country utilizes its human, capital, and natural resources. Productivity represents the fundamental determinant of the principal goal of a nation: to produce a long-run raising standard of living for its citizens. In other words, the ultimate aim of a nation is to raise the overall level of prosperity of its people. A higher level of national prosperity represents the result of the interaction of three forces (Garelli, 2006):
- The competitiveness of firms, focused on profit.
- The competitiveness of people, focused on personal well-being.
- The competitiveness of nation, focused on prosperity.
- The national competitiveness is influenced both by macroeconomic and microeconomic factors. Government plays a key role in establishing macroeconomic stability and providing sound political and social institutions. On the other hand, the ultimate determinant of the economic efficiency is the productivity of the companies acting in the national economy (Fung at al., 2008). The first nation's source of competitiveness lies in its companies, where is added value created. This is why companies need a proper national environment in which they are born and learn to compete. Such environment is based on the following four broad attributes of a nation that constitute the diamond of national advantage (Porter, 1998):
- Factor Conditions.
- Demand Conditions.
- Related and Supporting Industries.
- Firm Strategy, Structure, and Rivalry.
- Among the several sources of competitiveness, the so-called 'competitive bunches' are the most important as following (Porter, 2004):
- Competitive advantage relative to the structure of domestic market.
- Competitive advantage relative to the access to raw materials.
- Competitive advantage relative to the technology.
- Competitive advantage relative to the quality of human resources.
- Competitive advantage relative to the demand on the domestic market.
- The national competitiveness is a relative term because what is of interest is how well a country does relative to other countries. It does not seek the absolute performance, but the comparative perspective. The benchmarking of national competitiveness requires the

- use of a competitiveness index as a composite indicator that can be compared across countries (Bowen and Moesen, 2005).
- There is a lot of diversity in the way countries perform around the world. In this respect it is useful to take into account the fact that competitiveness is a multi-dimensional concept. It depends on the technological competitiveness, on the capacity competitiveness, on the cost/price competitiveness etc.

The concept of national competitiveness plays a key role in today's uncertain economic world and represents a major concern for all nations. In the age of globalization, national competitiveness is less and less based on economies of scale (Scase, 2007) and more and more on knowledge products and/or services. Countries compete not only for markets, technology, skills and investments, but also for raising their standards of living (Vietor, 2007). In this respect, Romania has made efforts to increase its overall level of prosperity.

The competitiveness of Romania in the age of globalization

According to the Lisbon Agenda there is a strong interest of European Union (EU) to increase its competitiveness. As one of the EU members, Romania is the seventh largest country in terms of population. While its population is the equivalent to 6.0 % of the EU-15 population and its territory is the equivalent of 7.5 % of the EU-15 territory, Romania only produces 1.4 % of EU's GDP. It means that the Romanian economy is lagging significantly behind many European economies. In 2005, the Romanian GDP per capita recorded in purchasing power standard was just 30 % of the EU-25 average.

By the late 1980s the limitations of the Romanian central planning economy had become very clear. In the first decade after the fall of the communist regime, Romania was engaged in a historic transition process from planned economy to market economy. The level of the national competitiveness decreased very sharply. However, in the last years, the Romanian economy has been growing steadily (Table 1), but it still has one of the lowest competitiveness index in the EU (IMF, 2007).

	Real GDP							
	2005	2006	2007	2008				
Romania	4.1	7.7	6.3	6.0				

Table 1. The evolution of the Romanian Real GDP, 2005-2008 (annual percent change)

In order to create a competitive, dynamic and prosperous economy, the Romanian government has designed and begun to implement the National Strategic Reference Framework (NSFR) 2007-2013. NSRF has two key objectives:

- To reduce the social and economic development disparities between Romania and the EU Member States.
- To reduce the disparities with the EU by generating an additional 10 % increase in Romania's GDP by 2015.

These objectives demonstrate the need for economic growth and competitiveness improvement in Romania. Starting from the SWOT (S- Strengths, W- Weaknesses, O- Opportunities, T- Threats) analysis of the present situation of the country (Table 2), economic growth requires the creation and development of a modern and competitive Romanian economy by (Toma, 2007):

- sustainable development;
- effective public and corporate governance;
- dynamic entrepreneurship;
- increasing the productivity;
- continuous research and innovation;
- social inclusion;
- socio-economic regional development etc.

Strengths		Weaknesses
	Fiscal policy Macroeconomic stability Political stability Annual GDP growth Functioning market economy Monetary policy Geographical location in Europe Natural resources Industrial and technology parks Tourism potential Wage level Information and communication technology (ICT) professionals Quality of education Quality of labour force Railways traffic safety Domestic consumer market Number of students entering higher education etc.	Corruption Black economy Structure of the economy National competitiveness Demographic trends Legal framework Regional disparities Inflation rate Administrative capacity Basic facilities (water, sewerage) Road traffic safety Energy usage Intermodality connections Environmental policy Productivity Entrepreneurial culture Access to business finance Ageing population ICT infrastructure Mobility of labour force High employment in agriculture etc.
Opportunities		Threats
•	EU policies EU funds and projects Globalization World knowledge-based economy Worldwide demand for ICT products and/or services Global tourism expansion EU labour market EU consumer market EU research and development activities EU transport networks Worldwide e-commerce Strategic alliances Outsourcing etc.	 EU legislation World competition World economic crisis Competition within a single European market Worldwide demand for ICT professionals Climate change Wars International terrorism Migration of highly skilled and educated people etc.

Table 2. A SWOT analysis for Romania

Under the circumstances of a new economy based on knowledge and innovation, Romania currently competes mainly in low-value added sectors and labor-intensive products (Daianu et al., 2001). In spite of the fact that most of the Romanian economy of today is to a large extent a factor-driven economy, embryos of an innovation-driven economy appeared and developed, especially in ICT (Gheorghiu et al., 2004). In sum, Romania needs to concentrate its resources on building an innovation and knowledge-based economy.

This is the only path to competitiveness, growth and prosperity, and this is why Romania has to heavily invest in education and, research and development.

Conclusions

Tremendous changes occurred during the spread of globalization around the world. Globalization has exacerbated competition between states and played a catalytic role in accelerating growth.

In search for raising their prosperity, countries aim at enhancing the national competitiveness. As the only source of welfare, productivity is at the core of the success of nations and represents the key factor to the competitiveness of nations. A high level of productivity guarantees the improvement of the population's standard of living. In an increasing knowledge-based economy, nations compete in providing, supporting and attracting high levels productivity activities.

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ANALYSIS OF THE PENSION EXPENDITURES IN ROMANIA AND OTHER COUNTRIES

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The group that includes the expenditures on old age pensions and heirs pensions is the most important chapter of the social insurance state budget. The above-mentioned group decisively influences the level and the dynamics of the total expenditures on social welfare/security both in the countries of the European Union and in Romania. An increase in the expenditures on public pensions has been observed for the last twenty years in most countries of E.U., under the influence of the economic and demographic factors, their level representing about 12% of the GDP.

Key words: public pensions, schemes/tables for pensions, beneficiaries, social security services.

1. The Romanian pension system – a short description

In Romania, the expenditures alloted to pensions are currently made in accordance with more schemes:

- the public pension system which functions within the social insurance system of the state by means of which the state offers other services, too, such as the allowance given for raising children till they are two years old;
- special schemes for the employees who work in certain public institutions, such as: the
 Ministry of (National) Defence, the Ministry of Administration and Home
 Affairs/Interior, the Romanian Secret Service, The State Secretariat for Cults, the
 Lawyers' Insurance Agency;
- the agricultures' social insurance scheme;
- the scheme for the pensions granted to the invalids/disabled, orphans and war widows;
- the scheme that provides welfare pensions.

The most comprehensive and representative scheme is that of the public pension system which functions under the law no. 19/2000, a law that was put into force on the 1st of April 2001. Within this scheme, we can find the following services, granted as types of pension:

- the pension due to age limit with a complete period of financial contribution;
- the anticipated pension;
- partial anticipated pension;
- invalidity-disability pension;
- · heirs pension.

a) The pension due to age limit

Beneficiaries: This type of pension is granted to the insured persons who meet, on the date of their retirement, cumulatively, the following conditions: the standard age limit and the minimum level of financial contribution. For those who work in normal conditions, these are as follows:

• The standard age limit for retirement as provided by the law is 60 years old for women and 65 years old for men. This age should be reached within 13 years from the date the law comes into force, by gradually increasing the retirement age, starting from 57 years old for women and from 62 years old for men, according to the actual spacing out scheme found in an appendix/annexment of the law. The age of 60 for women and 65, respectively, for men, as an obligatory condition for them to be offered a pension for the

age limit will be reached in the period December 2014 – March 2015. (according to the appendix no.3 of the law).

- The minimum level of financial contribution, both for women and for men is of 15 years (before the enactment of the law the proposition was for a 10 year period) and will increase gradually in 13 years.. The persons who meet the two obligatory conditions will be granted a minimum pension.
- The complete stage of financial contribution has been fixe dat 30 years for women and 35 years for men. As in the case of the standard age, reaching the complete stage of contribution will be accomplished in 13 years from the date the law came into force, through its increase, starting from 25 years for women and 30 years for men.

For those persons who work in different, special conditions, the age limit for retirement and the stage of financial contribution are lower. For special work conditions, for example, the age limit cannot be less than 50 years for women and 55 years for men. The provisions of the law stipulate that the cumulative decrease in the standard age limit and the complete stage of contribution for those who have worked in special or difficult conditions cannot be less than 12 years.

b) The anticipated pension

Beneficiaries. The insured persons who have overran the complete stage of financial contribution by at least 10 years are entitled to an anticipated pension. They can claim their right to anticipated retirement, meaning before they turn the standard age for that, with no more than 5 years before. When they reach the standard age limit, the anticipated pension will become a pension for age limit and will be recalculated.

c) The partial anticipated pension

Beneficiaries. The right to a partial anticipated pension is given to the insured persons who completed their contribution stages as well as to those who overran the complete contribution stages by up to 10 years, but who are no more than 5 years younger than the standard age limit. The level of the partial anticipated pension is decided taking into account the sum alloted for the age limit, by decreasing it in accordance with the contribution leve land the number of months before the standard age limit. For instance, for a person who overran the standard contribution stages by 5 years, the percentage of pension reduction for each month of decreasing the standard age is 0.25%.

d) Invalidity/disability pension

Beneficiaries. The persons who are entitled to an invalidity pension are those who have lost totally or partially or at least half of their working capacity because of:

- work accidents, according to the law
- professional diseases and tuberculosis;
- common diseases and accidents that are not related to their work.

There are some other categories of persons entitled to the invalidity pension, too, if they meet the conditions mentioned above: the insured persons who do their military service; the pupils, the apprentices and the students who have lost their working capacity because of accidents or professional diseases that ocurred during and because of their professional training/practice period; those who have lost their working capacity and the persons severely mutilated during the events that took place in 1989 as well as those who were already part of the previous system of invalidity pensions.

There are three degrees of invalidity/disability and a different type of pension is assimilated to each of them:

- First degree, characterized by the total loss of working capacity, of self-service, etc., when the invalid requires permanent attention/supervision; the first degree pensioner have the right to receive an allowance for their attendant/carer in a fixed quantum.
- Second degree, characterized by the total loss of their working capacity, but with the possibility for the invalid to self-service, orientation, etc. by himself/herself;

- Third degree, characterized by the loss of at least half of their working capacity, when the invalid is still capable of working.

When reaching the standard age or the reduced standard age for obtaining the pension for the imposed age limit, the beneficiary of the invalidity/disability pension may choose the most advantageous one between the two.

e) The heir's pension

Beneficiaries. The children and the surviving spouse are entitled to obtain an heir's pension if the deceased person was a pensioner or met the requirements for obtaining one.

The children have the right to receive the heirs pension till they are 16. If they choose to continue their studies in an organized educational institution, according to the provisions of the law, they are entitled to the pension till they graduate, but till the age of 26.

The surviving spouse is entitled to the heir's pension as long as he/she lives from the moment they reach the age of retirement, if their marriage has lasted for at least 15 years (or at least 10 years on condition that the level of the pension of the surviving spouse decreases by 0.5% each month, or 6.0% accordingly, for each year of marriage left till the completion of the legal period).

The heirs pension is to be calculated, depending on the case, from:

- the pension for the age limit in course at the time of death or the pension the spouse would have been entitled, according to the actual laws, the deceased spouse;
- the first-degree invalidity pension in such cases when the death of the support of the
 family had taken place before meeting the requirements for obtaining the pension granted
 for the legal age limit and had at that time an invalidity pension of any degree,
 anticipated pension, partial anticipated pension or he would have had the right, under the
 provisions of the law, to one of these types.

The level of the pension is established by applying a certain percentage to the average yearly total of points realized by the support of the family and on its basis, the pension is calculated taking into account the number of heirs and heiresses who are entitled to it:

- for a single heir 50%;
- for two heirs -75%;
- for three or more heirs/heiresses 100%.

The surviving spouse who is entitled to his/her own pension and meets the requirements to obtain the heir's pension as the surviving spouse may choose the biggest pension.

2. The expenses concerning the pensions for the old persons. A comparative analysis

The pensions are one of the biggest, most important and at the same time, most complicated in the entire system of the expenditures on social protection. These claims are supported by the indicators expressing, in short, the expenditures implied by their proper functioning: the percentage of the pension expenditures of the GDP and the total amount of the expenditures on the social protection services. The analysis shown below refers to the expenditures on pensions associated to old age risks, most of them pensions granted for age limit and heirs pensions. Invalidity pensions are included in the "Disability" function, according to the ESSPROS methodology.

The expenditures on the services designed for the coverage of the sector consisting of the old age risks and the heirs risks (taken together) hold nearly 12 % from the GDP (table 1) and cover nearly half of the total expenditures on the social protection services (table 2) in the EU member states on the whole

	1990	1995	2000	2001	2002	2003	2004
EU-25			12,1	12,1	12,0	12,3	12,0
EU-15	11,3*	12,1	12,2	12,1	12,1	12,4	12,32
Italy	13.6	15,2	15,4	15,3	15,5	15,7	15,4

		1		T			1
Austria	13,0	13,2	13,3	13,5	13,8	13,8	13,6
Sweden		12,8	12,0	9,1	9,1	12,9	12,7
Greece	11,2	11,2	12,6	13,0	13,0	12,9	12,8
France	11,4	12,5	12,3	12,2	12,4	12,6	12,8
Belgium	10,5	11,4	11,2	11,7	12,2	12,6	12,3
Germany	11,2	11,6	11,9	12,1	12,3	12,4	12,4
UK	9,9	11,6	12,7	12,4	12,6	11,6	11,5
Denmark	10,2	11,7	10,7	11,8	10,9	11,1	11,1
Holland	11,6	11,1	10,9	10,4	10,7	10,6	11,1
Portugal	5,6	7,9	8,7	9,1	9,9	10,5	11,0
Finland	8,2	10,0	8,8	9,1	9,4	9,7	9,6
Luxemburg	9,9	10,3	7,9	7,8	8,2	8,7	8,1
Spain	8,3	9,4	8,8	8,6	8,5	8,5	8,5
Ireland	5,4	4,8	3,4	3,5	3,6	3,7	3,8
Poland			10,8	11,8	12,2	12,4	11,8
Slovenia			11,0	11,3	11,5	10,8	10,6
Malta		8,8	8,6	9,4	9,4	9,5	9,5
Hungary			8,0	8,2	8,7	8,6	8,6
Czech		6,6	8,3	8,2	8,3	8,2	7,8
Cyprus			7,9	7,2	7,9		8,5
Latvia			8,8	7,9	7,6	6,9	6,1
Slovakia		6.9	7,1	7,1	7,2	7,0	6,6
Lithuania			7,3	6,8	6,5	6,3	6,1
Estonia			6,4	5,9	5,9	5,9	5,8
Romania			6,2	6,2	6,3	5,6	5,6

*EU-12

The percentage of expenditures on the pension services (old age/OAP + heirs) of the GDO

	1990	1995	2000	2001	2002	2003	2004
EU-25			46,8	46,4	45,8	45,7	45,9
EU-15	46,2*	44,8	46,8	46,2	45,7	45,5	45,5
Austria	50,1	47,3	48,1	48,8	48,5	48,3	48,2
Belgium	41,7	43,1	43,9	44,9	44,8	44,5	44,1
Denmark	36,7	37,7	38,0	38,0	37,6	37,2	37,2
Finland	33,8	32,8	35,9	36,6	36,9	37,0	36,9
France	42,7	43,5	44,7	44,1	43,6	43,3	43,6
Germany	45,8	42,8	42,4	42,8	42,6	42,9	43,5
Greece	51,7	52,0	49,7	51,4	50,6	50,7	50,9
Ireland	30,4	26,4	25,1	24,4	23,5	23,2	23,3
Italy	57,3	63,4	63,2	62,2	61,9	61,8	61,3
Luxemburg	46,8	45,1	39,8	37,4	37,4	37,2	36,5
Holland	37,4	38,0	42,4	42,0	41,6	40,3	41,6
Portugal	41,9	41,1	44,7	45,7	45,4	46,2	47,2
Spain	42,9	43,9	46,3	45,2	44,5	43,8	43,7

Sweden		37,4	39,4	39,9	39,4	40,2	40,1
UK	45,4	43,2	48,7	46,3	45,3	44,9	44,6
Czech Republic		38,8	42,7	42,7	41,9	41,2	41,1
Cyprus		•••	•••	46,9	49,3	•••	48,3
Estonia			45,4	44,2	44,6	44,8	43,7
Latvia			58,3	56,3	56,3	53,1	50,0
Lithuania		•••	47,9	47,6	47,5	47,4	47,3
Malta		51,4	51,8	54,0	53,1	52,3	51,2
Poland		•••	55,7	57,3	56,9	58,5	60,1
Slovakia		38,1	37,1	38,3	38,5	39,4	40,1
Slovenia			45,3	45,5	46,5	45,0	44,7
Hungary		•••	41,5	42,4	43,1	41,3	42,5
Romania		•••	48,5	48,7	48,2	45,6	37,9

*EU-12

The percentage of the expenditures on pension services (old age and heirs) of the total amount of expenditures on social services

The highest percentages of the services related to the old age (OAPs) and heirs pensions were recorded in Italy, Austria, Germany, France, Holland, etc., and the lowest, in Ireland. In the cases of the new EU member states, except Cyprus and Malta, the highest percentages are found in Poland, Slovenia and Hungary.

In Romania, this percentage out of the GDP was estimated at 6.2% in 2002 and at 5.6% in 2004, according to the ESSPROS methodology. With such a percentage in 2004, Romania is on the penultimate place of all the 26 countries compared. This percentage is situated at less than a half of the average percentage estimated for the 25 EU member states on the whole. The highest level of this indicator was recorded in Austria (13.6%), France and Greece, each of them with 12.8% of GDP. When interpreting this evaluation, one should take into account the important differences between these countries as far as their GDP per inhabitant is concerned.

As a percentage in the total expenditures on the social protection services, those for the coverage of the old age and heirs risks (together) hold the highest percentage, about 45% on the average in the EU countries.(table 2). The services for these two functions hold a high percentage in Italy (61% of the total social protection services). High percentages are found in Austria, France, Germany, etc., and from the newly admitted countries, in Poland (60.1%) Among the dominant factors we should mention the great number of people aged 60 and more as well as the level of pensions.

In Romania, the percentage of the services in this group in 2004 was estimated at 38% of the total of services and at only 5.6% of the GDP, percentages that are much lower than those from most European countries, though nowadays we have a big number of pensioners, most of whom have a very low level of pensions, far from being enough to make a decent living.

The big amount of expenditures on pensions and their continuous increase have led and will lead to serious financing problems on the one hand, as a result of the fact that the pension is the main source of money for many old people (in many cases, the only one) and, on the other hand as a result of the fact that the financing process is closely related to the economy, the economic growth and the competitivity of products respectively.

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THE SOCIAL PROTECTION COSTS. SPHERE OF CONTENTS. COMPONENTS.

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The social protection is a fundamental component of the European type of society. It can be understood as an expression of the set of collective changes meant to protect people against some social well defined risks. The functioning of the social protection systems supposes important costs and, therefore, the corresponding allocation of financial resources. At present, the costs of the social protection engross and stimulate an important proportion of the financial and human resources at the European states' level. Thus, on the whole of the European countries UE-25, the costs of the social protection represent more than a quarter from the Gross Domestic Product (28% in 2005), almost half of the public budgetary expenditures, with very important variations from one country to another.

Key words: social security, cash services, social protection.

1. Definition. Sphere of contents.

The social protection is understood and especially seen in many ways. This depends on the way of approaching the subject or on the interest witch it represents for the social and economic politics.

Before circumscribing the sphere of contents of the social protection system, it is necessary for us to specify that the literature of specialty and the statistics use another term, too, similar to the one of social security. In practice, there is almost a overlapping between the two concepts. The first term, the one of social protection imposed in the European space and in the European Union' institutions, the second term is much more used in the American territory, especially in the United States of America and by the International Labour Organization.

In the literature from our country, the literature published after 1989, the researchers devoted to the social problems used, frequently, the concept of social security with its actual meaning, of social protection. Thus, Maria Molnar shows that the security system in our country is made of "an ensemble of schemes oriented towards the safeguard of the necessary resources for our existence, in case of the appearance, in individual's and families' lives, the following social risks: old age, sickness and handicap, the loss of the upholder, unemployment, the absence of the family care, the insufficiency of the income, of the social services or other sources.

Through all these, the individuals and the families affected of these risks benefit by cash services (pension, indemnity, allowance, assistance) or in kind (in the form of some social services granted for the old persons, the persons having handicaps, or to single mothers)etc.

One part of these services (especially the cash ones), constitutes direct incomes for their beneficiaries, witch have to assure the total protection (pensions, sickness indemnities, unemployment compensations, social aid) or partial protection (child allowances) of the consumption expenditures or other occasional expenditures.

The literature presents other definitions less precise in order to be used with a view to analyses. For instance, in the "Dictionary of Social Politics", the social protection represents an ensemble of actions, decisions and measures taken by the society in order to prevent, to diminish and to remove the consequences of some events considered as social risks for the people's life conditions and in the "Sociology Dictionary", the social protection is defined as an ensemble of politics, measures, institutions, organizations which assure their support to the persons and groups of persons which find themselves in difficulty and which can realize through their own effort, normal conditions, minimal conditions of life.

In the last period of time, in the territories of the European Union's countries and in Romania, the concept of "social protection" was imposed. An important factor to better understand and to use correctly the term of social protection is represented by the definition given by Eurostat (The European Union's Statistics Organization) witch calculates- after a public and unique methodology- comparative data referring to the expenditures and the incomes of the social protection system, in the countries of the European Union.

According to Eurostat, the book of the ESSPROS (European System of Integrated Social Protection Statistics), 1996, the social protection contains all the interventions made by the public and private organizations which do not have in view to protect the households and the individuals from the burden/ the negative effects generated by a set of social risks or well-defined needs, for which no mutual agreement, a simultaneous or an individual one, is implied. In this definition, another term which can explain the sphere of contents appears, and this is the one of social risks or needs.

The list of risks or needs which can generate social protection are established, through convention, and refer to: (1) Sickness / Health care, (2) Disability, (3) Old Age, (4) Survivors, (5) Family / Children, (6) Unemployment, (7) Housing, (8) Social exclusion not elsewhere classified.

The negative effects against the conditions of life of persons/ households, generated by the appearance of these risks, are attenuated through the granting of social services in some specific schemes of social protection, associated to a certain risk. For instance, against the risk of "old age" and this represents the retirement of one person or of a category of persons from the working life when reaching the retiring age (and that means the disappearance of incomes from salaries), schemes of pensions (frequently called pension plans) were created and they function, practically in all countries. It is important to mention that in order to attenuate the effects of any risk, as the age advancement/old age, in one country, many plans may function. For instance, in Romania, there are many more plans through which the social services are furnished (pensions, traveling facilities, other aids) when the risk of old age appears. We mention here one of the most known and important: public pension plans (as part of the state social securities), the pension plans for farmers; the pension plans for the military, etc.

Every plan is stipulated by law and contains precise rules through which are stipulated: the conditions of eligibility (who has the right), the manner of calculation and/or the dimension of services, the period of granting, etc.

The social services are money transfer or in kind made by plans of social protection for the households or individuals in order to be able to handle the burden of the eight risks or needs (social protection functions), mentioned above.

Function	Category of services
(1) Sickness / Health care	Indemnities for sick leave; services for health care; pharmaceutical products.
(2) Invalidity	Invalidity pensions, aids in the form of goods and services (other than the health care); for the ones in this situation.
(3) Old Age	The old age pensions (with a limit age) the goods and services (other than the health care) granted to the aged persons.
(4) Survivors	The pensions and aids granted in connection with the demise of a family member.
(5) Family / Children	The services (other than the health care) in connection with pregnancy, birth, motherhood, children care and other members from the family.
(6) Unemployment	The unemployment services and the professional briefing, financed by the public agencies.
(7) Housing	The intervention of the public authorities in order to help the households to handle the expenditures for dwelling.
(8) Social exclusion	The services for supporting the incomes (minimal); the rehabilitation of the alcoholics, drug consumers, different other services (other than the health care).

The social services, on functions

The social protection expenditures represent the overwhelming proportion (almost 95%) from the total of the social protection expenditures. In the total of the social protection expenditures are also included the

administration expenses and other costs. So, according to ESSPROS, the total social protection expenditures at one country's level consist of:

- 1. expenses with social services; which can be money or in kind (see the figure above):
- 2. administration expenses, expenses made by a plan for its management and administration;
- 3. other expenses consist in different other costs made by a social protection plan, as the bank interests or other loan lenders and the payment of some income or estate taxes.

It may be said that this entire gearing made of plans, social services (grouped on functions, at their turn, associated to the risks), on the basis of the legislation which regulates their functioning in one country, at a given moment, forms the social protection system in that country.

2. The social protection of the aged persons

The demographic ageing and the rising of the needs for social protection of the aged population supposes higher expenses. This reality creates many worries in almost all the European countries.

On one hand, the book-keeping of the volume increase in the social protection expenditures, and on the other hand, of the signals intercepted from the projections regarding the evolution of the number and the structure of population, made by the ONU' division, by Eurostat or specialized institutions at a national level.

At the moment, it does not exist the possibility of a very clear delimitation of the social protection expenditures which concern especially the aged persons. But, it is sure that the ones presented by the statistics at present, as being included in the function old age and an important part of those referring to the health care and, entirely, those made for the long term care of the aged persons as well as the survivors function (an important part of the beneficiaries being widows/widowers- aged persons) can be considered expenses for the social protection services from the two functions mentioned above, respectively, those for "old age" and "sickness/ health care"- involve at the moment, in the European Union's member states, around 70-75% from the total social protection expenditures or around 20% equivalent Gross Domestic Product.

That state of facts generated many worries at the level of the European Union organizations, as well as at the level of many member states, concerned with pensions, with health care and long term care of aged persons.

In October 2001, the Ageing Working Group under the Economic Policy Committee of the European Commission presented in the firs report which show projections of the public spending on pensions, health care and long term care and examines the way in which these projections could be used for the assessment of the general sustainability of the public finance. The projections were realized on the basis of an assumption of demographic evolution elaborated by Eurostat and on the agreed assumption regarding some important economic parameters (the participation rate, unemployment, the growth of productivity and the real interest rate).

For pensions, the national authorities used their own models or subcontracted that project with the national research institutes, and regarding the health care and the long term care a common methodology was used.

The projection showed that the expenditures for the public pensions will increase substantially – as the Gross Domestic Product - in the following decades in the majority of European Union Member States, if the politics remain unchanged.

The results of the mentioned projection showed that the expenditures with the public pension are to increase between 2000 and 2050 with 3 or 5 percentages, because of the old age dependency ratio. The highest rate was projected for Greece, of 12 percentages from Gross Domestic Product, followed by Spain with 7,9 percentages.

It obviously results that the demographic factor, expressed by the growth of the dependency ratio, represents the prevalent power which will exert pressure over the growth of the spending on pensions.

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THE EVALUATION OF THE INFORMATIVE FUNCTION OF THE COMPLEX OF BALTILE MICI OF BRAILA

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The paper work approaches the theoretical methodological support of the informational function s evaluation of the natural capital.

In this purpose we have resorted to the characterization of the evaluation methods and technics from the point of view of the fields of pretability, stages, and limits. The measure is completed by the selection criterions of the methods and technics of evaluation regarding the application field.

The usement of the evaluation methods stands for the turistic activity under the comparative results obtained by using the hypothetic market methods and the substitution market.

Key word: hypothetic market, substitution market, paying approval, consumer s overflow.

The characterization of the monetary methods and evaluation techniques of resources and services generated by the natural capital.

The technique of "implicit prices" is applicable in the following cases:

- the lowering of the air and water quality in the considered zone
- the affecting of the recreative characteristics of an area
- the increase of the ecological risks due to the placing in the nearby area of a dangerous installation

For the application of the technique of "implicit prices" there must be ran through more steps:

- the defining and measurement of the environmental parameters: the concentration of CO2,NOx,SO2, particles in suspension, etc.
- the establishment of the function of "implicit prices" (the characteristics and the facilities of the real estate asset)
- collecting the data
- the determination, based on multiple regression, of the environmental characteristic value
- the establishment of the demand curve regarding the environment quality

The limits of this technique refer to the following aspects:

- the real estate market is not active and transparent enough, and it doesn't assure the data flux
- it presumes collecting and processing a large data volume, which necessitates special competences in the domain of statistics and econometry
- some characteristics of the environment are either little or at all measurable
- the perception of the environmental quality has an important subjective dimension
- the results of the application are highly influenced by the form of the function and the estimation techniques; once the quality of the environment has been assimilated, in the regressional analysis, as residual value, the defining of the function is determined
- the prices of real estate assets may reflect anticipations of the market evolution, including probable changes of the environmental quality.

"The travel cost" is a technique that has a large applicability for the evaluation of the natural areas or the environmental resources which price hasn't been set, because the availability to pay for visiting(with recreative, cultural, scientific purposes) such an area can be considered as an expression of the value associated to it.

As a result, the technique based on "travel cost" is operational especially for:

- parks for spending free time
- natural reservation, national parks, forests and humid areas used for spending free time
- dams, artificial lakes, forests having recreative functions as well
- supplying wood for heating

Applying this technique presumes running through the following steps:

- delimitating the affluation areas of the visitors
- making polls amongst the visitors of the area
- estimating the frequency rate
- estimating travel cost
- calculating the statistical regression
- establishing the demand curve

The difficulties (the limits) of using the technique of "travel cost" come from a series of aspects such as:

- crossing the track to the evaluated area aims other objectives (touristical) as well
- the utility or the lack of utility of the crossed track
- estimating the value of the time assigned for visiting the area
- the possibilities of making the poll based on a representative group
- from the multiple functions of the area only the recreation, esthetical, scientific function is targeted
- choosing the form of the regression function
- evaluating the changes regarding the quality of the environment; the technique based on
 "travel cost" can allow evaluating the incidence of the changes or the suggestions
 regarding the modification of the recreation "vocation" of the area on it's frequency rate,
 or the importance of the demand for an area comparative to an other which offers a
 different quality of the environment. Under these terms it's necessary the objective
 measurement of the environment condition, which may be an objective hard to achieve.

The technique of "conscriptioned evaluation" is a form of hypothetical market study referring to the environmental quality change:

- the quality of the air and of the water
- expressing the recreation function(fishing, hunting, walks, etc)
- preserving some components of the natural patrimony
- the value of option and existence of biodiversity
- risks for health and life
- improving transportation, etc.

Applying the technique of "conscriptioned evaluation" is being handled by the following steps:

- isolating and characterizing the environmental issue
- establishing the way of contacting the subjects of the poll group (mail, phone, direct meeting)
- conceiving the questionnaire in shape of direct, open or multiple choice questions so that:
- the minimal necessary information is provided to the interviewed one
- the value which the interviewed one associates with the environmental quality change can be established
- the social and economical status of the interviewed one is known
- the data analysis on three levels:

- the elaboration of a frequency distribution table, relating the indicated level of payment consent (CAP) to the number of those who indicated that level
- the elaboration of a multiple entry table, for relating the CAP level to the social and economical characteristics of the interviewed ones
- the use of multi-criterial analysis techniques.

The reserves against the use of the "conscriptioned evaluation" technique are related to the fact that there are taken into account the points of view of the interviewed ones instead of concrete aspects of their behaviour, as well as their training level.

The technique based on the "dose-answer" relation (circumscribed to the indirect method of monetary evaluation of the physical effects) estimates the physical impact of the environmental quality change on a receiver:

- atmospheric pollution and material corrosion
- acid rains and terrain(agricultural, of forests) efficiency
- water pollution in the coast area and the health of those who bathe, etc.

Usually the "dose-answer" relation is applicable in the following situations:

- the effect of acid rains on the growth, fading or quality of the crops and trees, and on the corrosion and the aspect of the materials and equipment
- the damages caused to human health by the atmospheric pollution (particles in suspension, toxic substances),
- the impact of pollution on human health
- the oversalting of the lands
- the accumulation of heavy metals and chemical substances into the soil and underground water as a result of the mining activity

The application of the "dose-answer" relation runs in two stages:

- the determination of the physical impact, by using:
- laboratory or field research
- controlled experiments
- regressions techniques
- the modeling of the phenomenons and processes.
- the determination of the monetary value of the physical effect, utilizing for this purpose especially the market cost (even if this means taking some risks on the deformation of the results)

Criterions for selecting method packages, techniques and instruments proper the evaluation of the resources and services generated by natural assets.

The theories of applying the "implicit prices":

- the real estate market is dynamic, active
- the quality of the environment is perceived by the population as an important factor of property value
- the space-time distinctions regarding the quality of the environment are obvious
- the real estate market works relatively free and the transactions take place under transparency conditions

The theories of applying "expenses for protection":

- the dwellers understand the ecological risks that they are exposed to
- the assumption of the measures aiming the protection
- the effort made for reducing the damages is expressed by numeric indicators

The theories of applying the "travel cost" technique:

- the area is accessible at least for certain periods
- the access in the area is not restricted by paying a fee(or the level of the entrance fee is symbolic)
- the visitors assign a lot of time and money to be able to get to the recreation area

The theories of applying "conscriptioned evaluation":

- the changes in the environment have no direct impact on commercialised production
- direct observation of the individuals' preferences is not possible
- the poll group is representative concerning the information level and for the interest of the solved problem
- there are funds, human and time resources suitable to realize achieve a true study

The hypothesis of using the "duse-response" technique.

- 1. The change of the quality of the environment determines, directly the diminution (or the increase) of the productivity of a commercialized object.
- 2. The effect is obvious and may be observed or tested in an empiric way.
- 3. The market functions well, so as the price represents a good indicatory/sign of the economic value

The evaluation of the informative function of the Baltile Mici ale Brailei (Bm Br) Complex. The hypothetic market method.(the sounding technique)

Crt. Nr.	The tipe of tourist's activities	The pattern's structure		The variation of compensation	The medium variation of compensation
		Nr.	%	Ron/year	Ron/year
1	Scientific tourism	22	13,3	1900	86,4
2	Recreation tourism	106	64,3	8141	76.8
3	Educational tourism	37	22,4	2220	60
Total	total	165	100	12261	74,3

Note: the structure of the pattern doesn't reflect even the member of non-responses.

Table 1. The tourist's structure and their disposability to pay for keeping safe Bm Br

The determination of visitors number

- the number of the used beds.105
- the average of the holiday:5 nights
- the number of the tourists/bed/year:73
- the number of the tourists:7665

Variation's determination of compensation for all visitors:

7665*74.3 ron/year=569509,5 ron/year.

The informative function of Bm Br has an annual net value of 569509.5 ron/year. This sum would change obviously if we took into consideration the entire Bm Br capacity of maintaining the tourist activities.

1. The varying of compensation represents the sum which the visitor can pay aver the market price" (the annual cost of the holiday) to conserve Bm Br so that the level of his well-being remain at last the initial

level (before expiring his availability of paying); the varying the net value of the tourist resource determined by the Bm Br informative function.

The method of substitution market (technique based on the price of the trip).

Crt.	The zone	The number of t	he tourists	Tourists /1000	The cost of the trip	
Nr		Total	%	inhabitants	The cost of the trip	
1	Alexandria	221	2.9	3.9	1105	
2	Bacau	605	7.9	2.9	1151	
3	Brasov	813	10.6	2.7	1186	
4	Braila	1015	13.2	4.3	967	
5	Buzau	585	7.6	4	1015	
6	Focsani	617	8.1	6.4	950	
7	Galati	723	9.4	2.2	987	
8	Ilfov	810	10.6	2.8	1100	
9	Pitesti	648	8.4	3.5	1121	
10	Ploiesti	792	10.3	3.2	1100	
11	Slobozia	144	1.9	2.6	1093	
12	Targoviste	458	6.1	4.6	1100	
13	Vaslui	234	3	3.1	1105	
	Total	7665	100	3.6	1068	

Note :the cost of the trip =the transport expense + the value of the consumed time * expense in site (the value of the consumed time was calculated on the basis of the medium salary in the economy from 2006).

Tabel 2. The number of the tourist and the cost of the trip coming from origin areas (big cities)

The determination of the petition for tourism function.

$$Y=a + bx$$

y-the cost of the trip

x = tourist's number / 1000 inhabitants

Taking into account the data from the table nr. 12, the parameters of the petitions function for tourism are:

$$Y = 1250 - 46.8x$$

The determination of consumers excess

- the determination of the balance price, estimated medium shared cost of the trip; taking into account the data from the tabel 12 results a balance price of 1028 ron.
- the measurement of the 'consumers excess' for one tourist:

$$1250 - 1068*1*0.5 = 91 \text{ ron/year.}$$

• the measurement of the medium approved to pay "for a tourist: (the raw value conferred on the informative function of Bm Br by a tourist):

$$1068 + 91 = 1159 \text{ ron / year}$$

- the approved to pay = the market price * consumers excess
- the determination of the total net value of the informative function of the Bm Br 7665 * 91 =697515 ron / year
- the determination of the total net value of the informative function of Bm Br : 7665 * 1159 = 8883735 ron / year

the determination of the total raw value of the informative function of the Bm Br 1068 * 7665 = 8186220 ron / year

It is found that the net value of the informative function of the Bm Br based of the variation of compensation (569509.5) is 18.4 % smaller than the one determined by the consumers excess (697515), by this being checked the theoretical size relation between the variation of the compensation and the excess of the consumer.

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THE GROWTH OF ECONOMIC COMPETITION AND THE DEVELOPMENT OF ECONOMY BASED ON KNOWLEDGE

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Abstract:

Once with its integration in European Union, Romania's entire development plan will have in view its convergence with European economic space, both at nominal and especially at real level. This process of gap recovery presupposes that in the period of years 2007-2013, Romania should have high economic rhythm, while microeconomic balance is still kept stable. The key factor in determining the economic growth, under the conditions of entering a market characterized by strong competitive forces, is the growth of economic competition. Furthermore, the development of competitive economic advantages must be a constant process to take into consideration the European tendencies, but also the globalization process in its whole.

Keywords: innovation; economy which learns; social renovation.

Once with its integration in European Union, Romania's entire development plan will have in view its convergence with European economic space, both at nominal and especially at real level. This process of gap recovery presupposes that in the period of years 2007-2013, Romania should have high economic rhythm, while microeconomic balance is still kept stable. The key factor in determining the economic growth, under the conditions of entering a market characterized by strong competitive forces, is the growth of economic competition. Furthermore, the development of competitive economic advantages must be a constant process to take into consideration the European tendencies, but also the globalization process in its whole.

That is why, the competition rise must not be looked upon as an exploiting process with short term advantages (e.g. the low cost of workforce), but like a building process of an economic structure based on capital investments and on process of research – development – innovation.

The economic growth, the sustainable development, and the improvement of life standard of population are determined in the context of world challenges (economy globalization, the opening of international markets, rapid technological changes), provocations which must be changed in opportunities for Romanian economy.

Romania has known a substantial progress lately and yet not so much as to go beyond the position it has, behind all the new member states. Our country has serious competitive gaps as compared with the states in west or central Europe.

The National Plan for Development (NPD) represents the fundamental instrument, by means of which Romania will try to recover the social and economic differences compared with European Union, of strategic planning and multinational financial programming.

The reasons of remaining behind of our country are to be found at the level of all elements which determine the competitive capacity. All are translated, by a low productivity, which determines the competition problem in Romania.

The use of technologies and equipments which are obsolete and energo intensive, drastically reduces productivity in most industrial sector. The SME sector is likely to be most affected, having a structure to denote a low orientation to productive activities. In spite of a positive dynamic, the SME rate to GNP is not enough yet, being necessary both a quantitative and qualitative rise of SME sector. The SME access to capital, technology and infrastructure is low, much lower that than the role of SME might have in increasing economic competitiveness, by the flexibility with which it introduces innovative process and adaptability to the market requirements.

As regards the connected industries and the sustainable services, the Romanian economy presents major deficiencies.

Many of the economic sectors have developed either as a result of natural advantage (wood processing, building materials, tourism), either as a result of state massive intervention of forced industrialization (machines and equipments, metallurgy, chemistry-petrochemistry). Both reasons determined a low degree of aggregation and cooperation within the same sector, with serious syncope as regards the insurance of an adequate chain of production, capable to create added value.

Other weak points are: the infrastructure business which presents numerous delays; sustainable service which are still at the beginning of their development and have limited access to specialized consultancy as regards SME, although it engages almost half of the employed population.

The competitiveness of an economy is also based on efficient consumption of energy resources. In this context, a special importance should be given to production, transport, distribution and efficient use of energy. Romania is characterized by an extremely high use of energy in comparison not only with EU average consumption but also with the average of former communist countries in the area. Moreover, the comparative analysis of the selected competitive indicators shows that the energetic intensity represents the competition factor with the highest gap as to the EU countries. This discrepancy may constitute an important handicap for the national economy competitiveness especially in the perspective of gradual rise of energy prices and their alignment to the European ones.

Besides, there are other decisive factors of competition, which do not directly come under this strategy, but which must be looked upon in close connection with the process of competitive development. The transport and environment infrastructure presents serious deficiencies, both quantitative and qualitatively, after decades of insufficient investments. The access to higher education is still under regional average, with an unfavorable situation as regards the rural graduates (corroborated with a low level of urbanization all over the country).

The strategy of NPD has settled six national development priorities, which include prioritary domains and subdomains:

The grow of economic competitiveness and economic development based on knowledge;

- 1. Development and modernization of transport infrastructure;
- 2. Protection and improvement of environment quality;
- 3. Development of human resources, the promotion of employment and social inclusion and the increase of administrative capacity;
- 4. The development of rural economy and the growth of productivity in agricultural sector:
- 5. The diminishing of development discrepancies among the regions of the country.

Their identification is not accidental, but it is based on careful evaluations.

The fact that their number was restricted asks for the motivation that it was necessary a concentration of resources available for the achievement of objectives and measures of maximum impact for the decrease of differences between Romania and European Union, in the same time eligible for structural interventions (EFRD, ESF, Cohesion Fund).

There is also a correlation with Lysbon Strategy based on the concepts:

- 1. innovation as the engine of economic changes;
- 2. economy which learns;

3. social and environment renovation.

Further on we will approach aspects referring to 1 priority, whose general objective is the growth of Romanian enterprise productivity so as to diminish the differences with regard to the Union average productivity.

It is aimed at generating till the year 2015 an average growth of productivity of about 5.5% yearly, enabling Romania to attain a level of about 55% of the EU average.

The strategic direction of priority "The growth of economic competitiveness and the development of an economy based on knowledge", are in full agreement with both Romania's objectives of a long-term competitive policy, and with action lines proposed by European Commission regarding the frame for competition and innovation 2007-2013, as well as with the direction lines proposed by European Commission for a cohesion policy for the period 2007-2013.

Sub-priorities within which are focused measures for these priorities are the following:

- The growth of competition through the improvement of access on the market of enterprises, especially
 of small and medium ones.
- The development of economy based on knowledge through the promotion of research and innovation and the acceleration of information society development.
- The improvement of energy efficiency and the taking into account of regenerating resources of energy.

Further on we will try to notice the important sides of these sub-priorities, their selection being motivated and pointing out some of the main lines we had in view.

The growth of competition by improving the access on the market of enterprises, especially of small and medium ones.

It is known the fact that the enterprises are the engine of economic growth, on their performance depending the competitiveness of the entire economy and the improvement of their participation within the single European market by sustaining the access to finance represents a critical condition for the assurance of competitive development of Romanian economy.

As regards small and medium enterprises, in spite of certain progress got in the implementation of European Charter for SME, there still exist difficulties due to limited resources they dispose on, to the difficult access to grants, to the significant technological difference and of lack of know-how to allow them a rapid adaptability to the European market requirements and to the changes in the world economy.

For the development of enterprises it is necessary sustainability of productive investments (equipment and new technologies) to allow the production adaptability to the requirements of a single European market. We will have in view the acquisition of non/polluting equipments with high energy efficiency, the contributing both to the decrease of energy consumption in the Romanian productive sector, and to the decrease of environment pollution.

Under the conditions of sharp competition within the E.U. inner market and of the high level of complexity of consumers is requirements, the Romanian companies will have to improve their product quality which are to be brought on the market and the certify their performance, ensuring a high level of security and consumer's protection.

Environment and quality certification represents but an investment which assures the acceptance of Romanian goods in the European area and the access to inner market. Obviously, the existence of proper infrastructure certification is a critical condition for eliminating any barriers in the certifying process.

The creation of a favorable medium for business grants, under the conditions of a competitive financial market, is a qualitative and quantitative leap regarding the previous approaches, mostly based on direct investment support. Financing under commercial conditions implies a better supervision from the grantors, who bring in this way more experience and assures the validity of "selection" process of companies or of competitive business models.

An important factor in the consolidation of the existing enterprises but also in the sustainability of start/ups constitutes the **development of a proper business infrastructure** by specific soft and hard instruments, in accordance with SME, in this way benefiting from the advantage of corporative management, from proper financing sources and associated guarantees, form the technical advantages of informational society

services and from active cooperation with higher education and research for the exploitation of scientific knowledge and the taking into account of own creative potential.

The sustainability of **incubators** will have benefic effects on the development of new competitive firms, as well as on turning to account of innovating potential at SME level, preparing them for market competition.

The development of business centers represents another sustaining factor of enterprises, by the fact that increases their access to consultancy services, as well as to other types of sustaining services specialized in high added value.

The process of internationalization is evidently more risking for SME than for the enterprises having a larger productive basis. Successful inland firms, belonging to SME, do not succeed to reach performances on external markets. It is clear that SME try to internationalize their activity especially through exports and less through direct foreign investments, in order to minimize associated risk. For Romania it is important in the actual stage of development to exist an expansion of export initiatives from SME.

Furthermore, for preparing the next stage of competitive development, **there will be sustained SME internationalizing actions** through investments, delocalization and extension of national networks.

An element which may have an important role in the growth of entire economy competitiveness on a medium term is also the achievement of objectives for **the growth of Romanian tourism competitiveness** and the improvement of Romanian image by promoting the touristic potential. This objective needs the intensification of actions which have in view Romanian's international promotion as a touristic destination alongside with the development as a result of the special natural advantage, of a diverse historical / cultural patrimony equally distributed on Romania's entire territory. On the other hand, being familiar with Romanian products through tourism represents a main promoting factor on the external markets of specific and development economy on its internal market.

The promotion of touristic products and services on the internal market by an incisive national campaign and the increase of internal tourism also represent another side of SME competitive growth in tourism.

The development of economy based on knowledge, by promoting research and innovation, and by accelerating the development of informational society.

Taking into consideration the 2000 Lisbon objective of stimulating innovation, as a basis of competitive economic development, with Romania it is necessary a systemic application of **stimulative measures for innovation and technological transfer**, inclusive by through financing the research development activity made or acquired by enterprises.

Research-development expenses have had a modest dynamics in Romania up to the present, but as Romania integrates on the communitary single market, once with the competition intensification, the research development activity will be one to allow the firms to remain on the market.

The Government will encourage the private expenses for research-development both directly, by the rise of public development research expenses and public product acquisition of high technology and indirectly by actions of the kind: **risk funds, indirect fiscal measures, promotion campaigns** etc. As regards this measure, infrastructure projects of research-development will be started, which will constitute real public good in the process of competitive development.

The stimulation of innovation is very important for the creation of added value, for long term competitiveness and for the access of Romanian firms on international markets, and implicitly for the decrease of commercial deficit. In this way, it is necessary **the sustainability of innovative capacity at firm level**, by different assistance activities, consultancy, support for access to finance, the creation of conditions for development.

Having in view the fact that Romania benefits from an active CIT sector (especially in software field) **the stimulation of using informational technology** sustains this productive sector which is already known as being most competitively. Besides this, there must be added measures to competitively stimulate the national suppliers with the aim to raise their capacity of competing on a single market.

The improvement of energy efficiency and taking into account of regarding energy resources.

Romania proposes **to reduce the energy intensity** by increasing energy efficiency on the entire chain – natural resources, production, transport, distribution and final use of electrical and thermal energy, in accordance with the assumed commitments within admission negotiations to EU.

By implementing the projects of rising energy efficiency, there will be obtained a reduction of financial efforts for the acquisition of primary resources.

Romania has a relatively important technical potential, which includes all types of regenerating resources (hidroenergy, wind, solar, biomass, geothermal).

At present a very small part of this potential is effectively taken into account.

Because the energy produced by regenerating resources of energy is "clean" energy, their taking into account offers an alternative to the energy produced by using fossil combustible. In the same time, taking into account the disposable regenerating resources of energy will contribute to the entrance of some isolated zones in the economic circuit.

In the context in which the E.U. target for 2010 is that 22% of the entire electrical energy consumption represents the energy produced from regenerating resources, Romanian will intense by its actions of taking into account its regenerating resources. Romania is preoccupied, especially on a medium and long term, with taking into account the regenerating energy resources for producing electrical and thermo energy, in this way contributing to the encouragement of innovative technological development and to the use of new technologies in practice.

Romania's future depends on its ability to fulfill the objectives, strategies, policies we have at present through the approval of strategic documents either they are called plans, frame – programs etc. It depends on the capacity of organizational management to create projects, to have good innovative ideas, to have, in fact, a strategically view on a medium and long term for its own organization and for their registering in the national – socio – economic framework.

By drawing considerable amounts the Romanian enterprises can become profitable, the Romanian capital can be motivated and trained growths in real terms can be obtained.

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CREDIT SCREENING AND THE LIMITS OF TRANSPARENCY AND COMMUNICATION IN ROMANIAN BANKING SYSTEM

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In this paper, we examine the influence of contract costs on the pricing of bank loans. We find that the loan spread depends on a bank's screening and monitoring incentives through transparency and communication, which varies across differentially regulated classes of banks. This leads to significant price disparities in the loan market. Better information about borrower's type encourages tighter lending standards and competition in laxity can arise with multiple banks. Both better information ex ante and stronger legal protection ex post are shown to facilitate the entry of low-cost outside competitors into credit markets. When banks can strategically adjust the test characteristics by investing resources in the screening technology, we show that credit markets are not easily contestable.

Key words: screening, borrower's type, transparency, communication.

Credit screening and borrower's type

Mainstream theories on banking commonly attribute the existence of intermediaries to their efficiency in the credit-screening and monitoring of borrowers (e.g., Diamond, 1984; Campbell and Kracaw, 1980; Boyd and Prescott, 1986). For policymakers and regulators, the effect of credit standards on loan availability and economic output is material – in such manner that the Fed administers periodic surveys that measure the change in credit standards by studying the qualitative answers of loan officers. For instance, a study of a Senior Loan Officer Survey on Bank Lending (Lown, 2006) suggests that a tightening of credit standards explains a significant portion of the subsequent decline in business lending and wholesale inventory investment. In a theoretical framework, Ruckes (2004) develops the hypothesis that banks choose stricter standards of screening when the quality of the borrower pool is toward the middle of the quality spectrum than when the quality is either too low or too high.

The intuition is simple: when the marginal benefits of screening out bad projects exceed the marginal costs of credit verification, the bank will adopt high lending standards (i.e., evaluate applicants more carefully and lend more often to good types). This result holds when the probability that screening the borrower will reveal a good type is sufficiently – but not too – high. In contrast, bank's incentives to screen are the lowest if the probability of discovering a high type is close to zero (e.g., severe recessions, or small regional banks) or one (e.g., economic booms, or large money-center banks).

Traditional theories of financial intermediation assert that information asymmetries are central to bank lending. Prospective borrowers typically know more about their ability to repay loans than lenders do. Accordingly, banks screen borrowers to select high-quality clients and reduce risk of default among low-quality ones. A more recent literature on relationship lending takes the view that repeated interactions can reduce such information asymmetries between bank and borrower (Boot, 2000). According to this view, banks gain knowledge about payoff-relevant borrower attributes during the course of a lending relationship. Consequently, relationships emerge as a prime source of an incumbent bank's comparative advantage over potential outside lenders. This undermines competition in credit markets; the incumbent's superior information about its own clients weakens a competitor's ability to offer credit at lower interest rates.

Banks could require the borrower to secure loans with collateral. Both theoretical and empirical findings have shown that collateral requirements fall over the duration of the bank-borrower relationship (Boot and Thakor, 1994; Petersen and Rajan, 1994; Berger and Udell, 1995; Harhoff and Körting, 1998). This

contrast between secured lending for new borrowers and unsecured lending for established ones is suggestive of the information content in collateral requirements (Sharpe, 1990; Boot and Thakor, 1994).

Theoretical studies that demonstrate collateral use as a screening device also assume that collateral is costly (Bester, 1985; Besanko and Thakor, 1987a, b; Boot, Thakor, and Udell, 1991). Banks incur a dissipative cost in taking possession of and liquidating collateral. Consequently, the lender valuation of collateral is typically lower than that of the borrower (Barro, 1976). Given that collateral is costly for a bank; better information on borrower credit-risk (gained in the course of a bank-borrower relationship) reduces a bank's incentive to secure loans with collateral.

This is consistent with the findings that collateral requirements fall over the duration of the bank-borrower relationship. It also implies that, in markets with poorer borrower quality overall, collateral assumes greater importance for entrants than for incumbents. Stronger legal protection reduces the deadweight losses of seizing and liquidating collateral, and this enables an entrant to bid more aggressively by screening the incumbent's clients. In contrast, weak legal protection discriminates against the uninformed entrant because it reduces the efficacy of collateral use. The model formalizes how variations in law and its enforcement are central to the efficiency and growth of financial markets in general (La Porta, Lopez-de-Silanes, Shleifer, and Vishny, 1997, 2000), and the banking sector in particular (Levine, 1998, 1999).

Consistently, the empirical tests a pattern that would not seem obvious had one not considered the variation in credit standards: Bank loan-portfolio performance can be first increasing and then decreasing in the richness of the bank's loan-origination opportunities. The intuition behind the inverse U-shaped relation is also close in spirit to the strand of literature (e.g., Diamond, 1991; Berlin and Loeys, 1988; Hoshi et al., 1993; Rajan, 1992) that analyzes when it is optimal for borrowers to choose bank loan (debt with bank monitoring) over public debt (arm's-length debt with no monitoring). A central result of these papers is that the firm's choice between debt with or without monitoring depends on the firm's credit rating (i.e., the probability that the firm is a high type).

Borrowers with too low a credit rating choose public debt - if they can obtain debt financing at all. Those borrowers with too high credit rating choose public debt over bank loans (except in Rajan's model where the high type is indifferent between the two sources of finance). The managers of highly rated firms do not need bank monitoring to commit to exerting a high level of effort (i.e., choosing the good project) because of their reputation capital at stake. At the same time, from the bank's point of view, the benefits of monitoring or of pre-issue screening high-quality firms does not justify the costs of doing so. For the intermediate-quality firms, however, the costs of monitoring or pre-screening are less than the benefits of committing the firm to undertake efficient projects, or the benefits of screening out the low types. In equilibrium, therefore, only firms with intermediate credit ratings rely on debt with monitoring.

Banks whose loan-origination opportunities exceed their funding capacities (e.g. money center banks with constrained capital) originate more loans than they can profitably keep on their books and sell the excess to other domestic and foreign banks, as well as to nonbank financial institutions such as money-market funds. Thus, the "comparative-advantage" hypothesis, which formally develops these arguments, predicts a positive correlation between loan sales and lending opportunities. The key feature of the analysis is to use loan sales activity at the bank level as a proxy for the bank's lending opportunities (with certain caveats to be discussed shortly). These criteria were also studied by Dragulanescu in 2008.

Güth and Kliemt (1994) have analyzed the evolution of trustworthiness for the simple game of trust. In this game, a seller can trust the buyer or refrain from cooperation. Whereas the latter decision ends the game, it continues after "trust" with the buyer's decision to pay or not. What is studied evolutionarily is whether or not a conscience evolves preventing the buyer from not paying. The result depends crucially on what the seller knows about the buyer's type: Only trustworthy buyers will survive if the seller can recognize the buyer's type. If, however, only the buyer knows his type, the opposite is true: Only opportunistic exploiters, who do not pay the price, remain (see Güth and Kliemt, 1994). Perfectly signaling types or no type signaling are just the extremes.

Limits of transparency and communication in Romania

From banking sector point of view transparency means to offer current customers and potential ones basic information about the products and services in use and to train them to ask for further information about the real benefits and the actual costs of banking services. The development in competition among banks and the desire to increase market share lead to an adequate environment for promoting services and

products in a misleading way because it accentuates on the benefits, while basic details are overlooked. Such behavior can jeopardize the reputation of the whole Romanian banking industry which will ultimately lead to large discrepancies among banks and their clients.

Clients have to have proper information about the benefits and the costs associated to banking services. They want, also, better quality of services and a diversified supply in the banking sector. For any bank competition, reputation, quality should be words with great impact on their position on the market. Borrowers, often, need consultancy on the services they want in order to access the best solution for their problem. The employees of the banking system must assist and guarantee the best consultancy and the most precise information regarding their solutions.

Incomplete information or even wrong ones, large waiting periods at the office and, in some cases, rude behaviors are only few of the problems in the Romanian banking system. Bureaucracy and employees deficit affect in the worst manner possible the relationship bank-client, thus the average period for solving problems has risen.

The banking system is considered to be one of the most fragile mechanisms in an economy, because it is very sensitive at economic shocks. Romanian banking system was affected since 1990 by a number of bankruptcies of some private banks considered at that time to be efficient. But times chanced and banking system proved it self to be one of the areas in which constant development was made, thus influencing in a positive manner the national economy. The banking system reform started in 1991 through a two level system: separating the commercial character of the National Bank of Romania therefore appeared the Commercial Bank of Romania, and opening the market for foreign competition.

Since 1990 the banking system visibly changed and provides the public more stability and better regulation then the other economy sectors. There were some doubts over the manner in which some credits were accessed but in the end led to better crediting standards, lowering general credit risk and emerging specialized funds to guarantee credits, especially for small and medium sized companies and private agricultural sector. The integration of Romania in European Union at 1st of January 2007 had a great impact on the national banking system as it follows: first of all increasing competition among banks, and second of all increasing capital flows in the country, either trough structural European funds, either trough private capital.

The banks that are currently operating on Romanian banking system, regardless of the nature of their capital, must be very careful because the integration in EU means stronger competition which will ultimately lead to better performances, services, products and administration. Is the Romanian banking system ready of such competition? It's been only an year, so there aren't significant changes, but we can say that domestic commercial banks aren't there where they should be, in other words no. The Romanian banking system is confronting increasing levels of client's mobility, raised interest and low standards in services quality. In the end the client of a bank needs comfort in accessing services and some kind of insurance that his demands are and will be respected.

For a bank it also counts the manner in which it monitors risks and the way it communicates with its clients. Romanian banks have a risk adverse behavior as they try to protect themselves from any kind of "bad" borrower. They consume a lot of time and energy in finding every thing that there is to know about the borrower's type. Thus they often forget that among their objectives should be having clients, having profits and having a market share, then accomplishing all that a bank will have awareness on the market, will have devoted customers and can diversify its services. The costs trend to lower in the attempt to increase market share and to have devoted clients. Lowering credit interest and increasing the volume of overall credit doesn't mean that we have bigger competition on the market. Some analysts in the banking industry assume that the public lending will tighten. But, we can say that because competition is in its first stage, the services and product supply of most banks is similar. Thus, credit institutions have credits with the same characteristics like: the refund period (10 years, 20 years, and 30 years depending on the type of the loan), the interest (although it is different the overall cost is the same because of the Annual Actual Interest), the number of documents needed, the same promoting campaigns, and so on.

One of the reasons for which banks maintain high interests is the lack of banking culture among the public. In example, the websites of the banks offer information about the interest of a deposit and the gain at the end, without mentioning the commissions or the taxes. For instance for a term deposit or a savings account there should be a system through which the public can calculate on its own the interest, the commission, the ending period gain, the tax on interest and the way the Annual Actual Interest it's calculated. In the

case of credits bank offer information about the necessary documents and a calculator for monthly payments, but most of the times the payment calculated includes only the interest of the credit, leaving for the imagination the commission percentage and the life insurance costs.

Another reason for which banks speculate the lack of banking culture is the rising trend of consumption credit, or for personal needs. People came to the bank for a loan without asking the actual costs, because most didn't have the economic background or knowledge. Banks gave the loan to the uninformed party, but until reaching the end period they couldn't afford paying the loan. Accordingly they went to other banks in order to take a refinance credit, thus paying off the credit at the first bank and becoming a customer of the latter. So we can observe a migrating tendency of the population from one bank to the other.

Now on the financial market in Romania we deal with too much information and banking products, most being deviated from other, but the public still has low banking culture. Most of the times there are incomplete standards and advertising campaigns that misinform the public. Transparency in banking system can be obtained through educating the public, lowering restrictions, understanding associated costs of the banking products and services and most importantly by communicating to the public. To be transparent means you have to be prepared to offer your clients the best advice, better information and more professionalism.

Conclusion

First of all this paper makes several contributions to the literature. First, it put together the early literature on information theories of credit to more recent studies under a single framework. Second of all, the paper emphasized the Romanian commercial banks policies that are characterized through lack of transparency, asymmetric communication, low quality standards and risk adverse behavior. This paper has shown that banks' main specific function is to engage in information production about borrowing firms or public opinion, this without offering themselves some basic information in order to eliminate errors.

A characteristic of Romanian banking industry is that its main objective is to attract more clients and to increase market share. Let's have a minute and think why few banks agree with the notion of transparency. Probably they assume that the client it's not interested in the quality of the services offered, in the sense that the public doesn't need rapidity, a special way in which to be approached or some kind of professionalism. Probably some Romanian banks don't realize that giving comfort to your clients may result in a longer relationship, a more willingly to pay more kind of client or even a better informed one.

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CORRUPTION IN SERVICE PROVIDING COMPANIES, IN THE CONTEXT OF ROMANIA'S INTEGRATION IN THE EUROPEAN UNION

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Abstract

Corruption is a highly sensitive issue now, after Romania has adhered to the European Union. In the current context, a significant number of sectors pertaining to the Romanian social, economic and political life display certain vulnerability to corruption. According to the data resulting after the national anticorruption and post-adhesion strategies, the service sector is among the sectors and activities which represent specific risk factors. This paper sets to present the phenomenon of corruption in Romania, since corruption may be seen as a complex social issue, perceived by honest social segments as a very serious and dangerous phenomenon that attacks the economic and political bases of society, endangers the stability of state institutions and affects the living standard of the population by unjustifiably increasing social costs. The purpose of this paper is to prevent and fight this phenomenon.

Key words: corruption, national security, threat to democracy, transition, control.

What is corruption?

Corruption is the abusive use of the public power for the purpose of obtaining, for oneself or for others, undeserved benefits. It may have various forms: power abuse in exerting professional tasks, use of illegal funds for financing political parties or electoral campaigns, fraud, favoritism, institution of an arbitrary mechanism to exert power in the field of privatization or public acquisitions, interest conflicts.

The Corruption Multidisciplinary Group (G.M.C.) set up in 1994 by the European Council Committee of Ministers has adopted the following interim definition: "Corruption G.M.C. deals with contains occult commissions and all the other activities which involve persons with public or private positions who have violated the obligations deriving from their quality of public servant, private employee, independent agent or from another similar relationship, with a view to obtaining illegal advantages, regardless of nature, for themselves or for others".

The penal convention of the European Council regarding corruption, signed by Romania on January 2, 1999, defines corruption as the two means of performing it:

- active corruption "any person's intentional promise, offer granting, directly or indirectly, of any undeserved benefit, by a public servant, for him/herself or for another, with a view to performing or refraining from performing an act in the exert of his/her functions":
- passive corruption "a public servant's intentional request or reception, directly or indirectly, of an undeserved benefit, for him/herself or for another, or accepting an offer or a promise of such a benefit, with a view to performing or refraining from performing an act in the exert of his/her functions".

During the last period, the opportunities provided by the transition phenomenon corroborated with the insufficiency and ineffectiveness of the state control have favored the development of corruption acts, especially economic criminality, oriented towards obtaining maximum profits.

Corruption may be seen as a complex social problem, perceived by honest social segments as a very serious and dangerous phenomenon that attacks the economic and political bases of society, endangers the stability of state institutions and affects the living standard of the population by unjustifiably increasing social costs.

The increasingly large array, the complexity and continuous diversification of the manifestation forms of this phenomenon, together with globalization tendencies, make corruption a real threat to democracy and to the principle of rightful state.

The governmental programs regarding the prevention and fight against corruption start from the idea that corruption is a system disfunctionality originating and affecting the regulatory framework, the institutional system and the inter-human relations specific to social institutions. Thus, normative excess, as well as the lack of legal regulations in certain fields, nurture corruption-related risk factors.

To these, one might add the lack or improper operation of specialized structures with attributions related to prevention and fight against corruption, as well as ineffective strategies of selection, recruitment, training and control of the human resources that are meant to ensure the operation under lawful circumstances of the institutional system components.

Levels and types of corruption

A. Levels of corruption

The strategy of corruption social prevention and control also takes into account the existence of "large-scale corruption" and "small corruption", and measures are adopted according to each corruption level.

"Large-scale corruption" is associated with high level functions, major decision-making factors, serious fraud forms, fund embezzlement, going all the way up to organized crime, whereas "small corruption" has the strongest impact on the public perception.

While the social control of large-scale corruption is, first of all, a repressive-preventive one, "small corruption" represents the target of preventive actions which attack the foundation of the phenomenon pyramid and limits its being spread.

In the anticorruption legislation in our country, the distinction between the two levels of corruption is based on a complex system of factors consisting in the quality of the envisaged person, the value of the sum or of the asset which is the corruption object and the amount of the material damages caused by the said crime.

B. Types of corruption in countries in transition

The classification has in view the influence of legal acts during their draw up or enforcement, as follows:

- "State Capture" represents the actions of certain groups, persons or companies in the public or private sector, carried out with the goal of influencing, to the own interest, the content of certain laws, regulations or other types of governmental acts, by granting personal advantages to public persons, illegally or through other nontransparent mechanisms;
- Administrative corruption intentional distortion of the enforcement of existing laws, norms and regulations in order to create advantages for certain public or private actors, by granting personal gains to officials, illegally or through other nontransparent mechanisms.

Generally speaking, the "state capture" phenomenon is associated with "large-scale corruption", and during the last period there has been registered an increased number of cases when certain normative acts, especially government decisions, have been drafted and adopted in order to create benefits for certain persons or groups of persons, going all the way up to falsifying the content of normative acts, through illegal deletion or addition of texts.

Current corruption forms at the European level

Corruption affects more or less all European countries, but developing countries in transition towards a functional market economy are most vulnerable when faced with corruption-related risks.

Due to modern communication means and a greater opening of European frontiers, the manifestations of organized crime have acquired a transnational nature, being carried out most of the times by corrupting public servants with financial or legal attributions or customs officers or other officers ensuring border security.

In European countries, such fields in which criminal activities take place on the background of corruption acts are as follows:

- enterprise activity many times, companies come to be controlled by the criminal organizations which see them indispensable due to their object of activity, geographic positioning, outlet markets etc.; in this process, besides intimidating actions, bribery is used in order to "conquer" the said company by influencing the decision-making factors and, on the other hand, after acquiring the control over the said company, the profits obtained are used to commit new corruption acts;
- Smuggling with cigarettes manufactured abroad;
- Tax evasion by suing ghost companies;
- Money laundry including by reintroducing into circulation, under the form of bribery, illegally acquired funds;
- Illegal alcohol trade;
- Credit card forgery;
- Illegal money transfers through electronic means (including the Internet);
- The traffic of waste and crimes on the environment— they represent a trans-regional phenomenon, linked to both urban and industrial waste collection and disposal; because of the chronic lack of appropriate installations, criminal organizations resort systematically to illegally storing or disposing of toxic-harmful waste, obtaining huge profits, and such activities, with disastrous and irreversible consequences on the environment often benefit of the complicity of corrupt public servants;
- The traffic of guns, nuclear material, drugs or human beings;
- The expansion of terrorist networks and activities and of transnational organized crime;
- Misapplying and changing the destination of subsidies, with special reference to community financing; in this respect, a specific legislation for the protection of the financial interests of the European Communities has been adopted.

Forms of corruption in Romania

Within the governmental programs regarding prevention and fight against corruption, starting from the identification of sectors vulnerable when dealing with corruption and of the specific risk factors, the following forms of corruption were identified:

- administrative corruption it has in view the activity of the local and central public administration, customs authorities, health and social assistance, culture and education, institutions in the field of defense, public order and national security;
- corruption in justice with reference to legal authorities prosecutor's offices and courts;
- economic corruption it is also met in the sector field, especially in the financial-banking sector; it can also be spotted in agriculture, forestry and certain industrial braches: metallurgy, as well as oil processing and trade;
- political corruption it is especially related to parliamentary activity and that of political parties: the negative effects of parliamentary immunity, influencing legislative initiatives, financing political parties and electoral campaigns.

In the process of transition and adjustment to the conditions of the competitive market economy, corruption tends to become a structured and specialized phenomenon, present in all the fields of the economic, social and political life. This process was initiated by the change of the political regime and is alimented by current risk factors: the relation with other antisocial facts and underground economy, improper management of political and legislative decision-making, as well as the mutations that have taken place in the Romanian society.

It is well-known that the legislative process considers closely the social needs existing at a certain moment, being an accurate barometer of the society evolution and of the risk factors as to its stability. From this point of view, during the last decade, the political factors in Romania have taken numerous measures,

including legislative ones, meant to limit corruption and its consequences. Thus, there have been promoted institutional reforms and measures for adjustment to the European legislation in the field.

As a recently adhered country, Romania has made the object of the European Union preoccupation, which has monitored and continues to analyze the corruption phenomenon in our country.

Romania is involved in the Stability Pact Anticorruption Initiative (S.P.A.I.), is founding member of GRECO – The group of states involved in the fight against corruption set up in 1999. One of the conclusions of GRECO expert missions is that in Romania, the institutions with the greatest involvement in fighting corruption, including the police and the legal system, are also affected by corruption, being necessary to observe strictly the specific recommendations GRECO addressed to our country:

Noticing that the corruption phenomenon tends to get global and take serious forms in Romania has become an ordinary coordinate of the public speeches of the high officials in Romania, who constantly evoke new methods and tools to prevent and control corruption socially.

We discover the same approach in the mass-media, which treats the corruption phenomenon as a real plague of the Romanian society and which criticizes the ineffectiveness of the measures indicated to limit and control corruption. Thus, there is a highly negative public perception of corruption, increased by the lack of short-term concrete and spectacular results in fighting corruption. At the level of the ordinary citizens, corruption has a direct impact, with implications including on their political options, since they notice that the state does not ensure its safety to a significant degree.

Under the circumstances, the corruption phenomenon in Romania has been repeatedly evoked by representatives of European or international entities (European Union, World Bank, USA), as well as by prestigious nongovernmental organizations whose object of activity is represented by this very this field (Transparency International). It has resulted that the current stage of corruption in Romania represents the main obstacle to European integration and economic relaunch by attracting foreign investors, although Romania has adhered to the European Union.

Corruption represents a significant problem of the current Romanian society, which affects almost all fields of social sectors and finally, the citizen, from whose fundamental rights and interests starts the very concept of national security.

The purpose of national security is legitimated including through the promotion and protection of Romania's fundamental rights, the protection of Romanian citizens, the guarantee of their fundamental rights and individual freedom. Reaching this objective is seriously threatened by the intensification of corruption which affects the accomplishment of national objectives and especially the operation of the political-institutional system, the effectiveness and continuity of economic-structural reform process, the implementation of the market economy, the expansion and strengthening of relations with Western democratic states and with European economic-financial institutions, full integration in the Euro-Atlantic structures and the perfection of military component of national security.

Consequences of the manifestation of the corruption risk as to national security

On the short- and medium-term, the various forms of manifestation of the corruption risk might have the following negative consequences as to national security:

- Romania's loss of credibility as adhered country to Euro-Atlantic structures, especially
 with respect to its ability to use fully and effectively the funds of the European
 Committee and to protect the Community financial interests against fraud and corruption;
- disorganization of management and execution systems and the deregulation of administrative, legal and economic mechanisms;
- failure of the reform process, especially of economic and institutional nature;
- increase of social costs, significant reduction of the living standard and impoverishment of the population;
- decrease of the population state of mind and erosion of trust in managing factors, the legal system and administration;
- perturbation of the operation related to essential urban service provision systems.

National sectors vulnerable to corruption

In the current context, a significant number of sectors pertaining to the Romanian social, economic and political life display vulnerability when faced with the corruption phenomenon. According to the data resulting from the national anticorruption strategy, the service sector is among the ones mostly affected by the corruption phenomenon and especially the financial-banking sector; also, here are a few of the activities which represent specific risk factors:

- a) Local public administration
 - enforcing land register law and building retrocession;
 - contracts of work, asset and service public procurements;
 - managing the public patrimony and the transfer of patrimony among public institutions;
 - granting governmental aids in case of disaster or other facilities to the population;
- b) Authorities of the central public administration
 - privatizing economic objectives;
 - public procurements;
 - granting licenses, exemptions and installments related to taxes and;
- c) Customs authorities
 - customs control for imported or transited goods;
 - activities of smuggling and tax evasion;
- d) Health and social assistance
 - failure to pay the contribution to the social insurance and the use of such funds for other purposes;
 - lack of medicines and health assistance:
- e) Financial banking
 - granting or facilitating credits under illegal terms;
 - issuing payment documents without having a guarantee or a real coverage;
- f) Metallurgy
 - reducing prices for exported goods;
 - unjustified annulments, intermediary links and ghost companies;
- g) Oil field
 - directing economic contracts to certain persons;
 - changing the destination of funds granted by the state for oil import;
- h) Agriculture forestry
 - concessions, sale of certain assets, associations or privatization of certain objectives;
 - the system of subsidies and tax exemptions with respect to imports;
- i) Parliament
 - ♦ lobby activities and influencing legislative initiatives;
- j) political parties
 - financing political parties and electoral campaigns

Measures to prevent and fight corruption

- adopting conduct and deontological codes for certain categories of public servants and sector plans for each field vulnerable to corruption;
- modifying the legislation with respect to financing political parties and electoral campaigns;

- perfecting the system for the selection, promotion and regular assessment of public servants, based exclusively on the objective recognition of professional merits and performances;
- reforming management in the public and institutional systems;
- setting up a partnership of public authorities with the civil society and the representatives of the private sector;
- inviting the civil society to supervise the activities vulnerable to corruption, such as important privatizations and public procurements;
- constantly monitoring the stage of implementation of the measures stipulated through the national anticorruption strategy;
- educating citizens with respect to the causes and consequences of corruption and the citizen's rights when confronted with cases of corruption;
- carrying out a scientific activity of diagnosis and forecast of the corruption phenomenon;
- ending the legal system reform, after the set up of the National Anticorruption Office, with a view to ensuring its independence, integrity and efficiency;
- international cooperation in the field.

Conclusions

Romania is perceived as the most corrupt country in the EU, as indicated by the Global Corruption Barometer for the year 2007, carried out by Gallup Organization Romania for Transparency International. Ranking was performed considering the answers provided by 63,199 persons in 60 countries and territories, between June-September 2007. According to the date made public by Transparency International Romania, the most corrupt sectors in countries are perceived as being the political parties and the Parliament, followed by the justice, police and the sanitary system. Fighting corruption is a priority of the post-adhesion strategy. Until 2003, reforms for fighting and preventing corruption will continue. Romanians will no longer be slaves of bureaucracy, since the strategy proposes to increase the transparency of public institutions. Also, the institutions involved in the process of preventing and fighting corruption will have to collaborate closely with those of the European Union in order to assimilate European practices.

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GREEN CERTIFICATES MARKET

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The steep economic growth in emerging countries (China, India, Russia, Brazil) leads to a rise in the world demand of energy; in the short run, the predictable result is the a rise of prices, but in the long run, the basic problem is the limited amount of energetic resources that the planet can offer. Discovering new fields of oil, gas or coal may hardly postpone only with a few decades the deadline for the depletion of these resources, but it is obvious that it is not a solution for one hundred years from now on. Even if we ignore market constraints, this limitation is inevitable, so the necessity of discovering alternative sources seems the only valid approach.

Key words green certificates, market energy, renewable energy

As stated above, in the short run, there is a tendency of growing usage of these resources, which is obvious if one looks at the oil price (from \$2,89 in 1970, to about \$30 at the end of the decade, and \$115 – last month). On the other hand, producing energy is, in most of the cases, a polluting activity, and the growing environmentalist pressures might lead to a reduction of production. As it is not very likely that this will happen, the only solution remains to use other sources for obtaining energy.

Both paragraphs above lead to the idea of the necessity of encouraging renewable and clean energy production, both because it is a solution for the externalities in industry and because it is a strategic, long term solution. But implementing this idea in an efficient manner, and according to the economic mechanisms, is a problem more difficult than it may seem. European Union has an important role in this process, for more reasons: massive concentrations of population and its high sensibility at environment issues and the lack of large inhabited areas, as there are in USA, Russia, or China; also, the political and economical organization of the Union mitigates the structural development policies, which means that not only does it have grater need, but also, it has greater capacity to approach such problems, capacity which is due to its institutional frame, and to its previous experience.

The problems deriving from the implementation on non-polluting renewable energy sources arise both from technical aspects concerning the industry itself as from the economic ones, especially those connected with market mechanisms.

The energy market presents a series of particularities of the production factors and of the product's nature; those give the specific features of the companies in this field and implicitly act on competition. First, we are talking about interconnected markets of partially or complete substitute products. Traditional resources are oil, coal and natural gas, the only significant clean alternative being hydro energy. There are several uses for these, as production of fuel for transport (oil- dependent in it's majority), energy for heating and electric energy. This paper aims to analyze mainly the last component, as the technical nature of clean energy from renewable sources encourages this sector.

At present we have the following renewable sources: wind, solar, hydro, geothermal, biomass and tidal wave energy. These should gradually replace the first category, but transition should occur according to market laws, meaning that alternative sources must prove more efficient from the economical point of view in order to be freely chosen by firms. Here we have one problem regarding competition between fossil fuels and renewable sources: the first benefit from a series of advantages in production, a fact that is underlined by today's market itself. In order to encourage electricity production from renewable sources we must identify and eliminate its disadvantages wherever possible.

A first aspect of a technical nature that favors fossil fuels comes from the economies of scale. The entire energy industry seems to be influenced by this phenomena, general market structure depending at first on

this cost reduction form: larger thermal plants and dams are more efficient and operate at lower costs; in Romania, in 2006, 47,7% of the energy was produced by five big thermal plants (Turceni, Rovinari, Deva, Craiova and Elcen Bucharest); adding to these 9,3% from Nuclearelectrica and 31,1% from Hidroelectrica – most of it from large dams like Portile de Fier, it becomes obvious that economies of scale decide the fate of firms in this industry.

The problem with renewable energy sources is that they have technical limitations in size, so they cannot benefit from economies of scale. Micro hydro plants (those having an installed power below 10 MW) are also limited by the energy potential of falling water and are not a viable source in the long run. Geothermal energy is scarce and also has limited potential, at least in the current stages of exploitation; tidal wave energy is currently limited in size, the most recent projects with 750KW (Portugal) and 2 MW (California, USA) -representing small capacities. These energy forms cannot be taken into account in order to solve the energy problem from the quantity point of view, representing a form of diversity in this field at most. To these we must add the problem of energy transportation and production costs, as markets will not choose economically inefficient forms of energy production.

Those forms having long term potential – whose capacities would be compatible with global economy necessities – are wind energy, solar energy and biofuels. If we refer to installed power potential, solar energy out passes by several thousands of times the present day production capacity (about 90,000 TW compared to about 15 TW) ant wind energy by 20 times (about 370 TW). The issue of putting this potential to work remains open, but its existence is certain, unlike other renewable sources. Biofuels are a viable alternative to oil in transportation, but have the disadvantage of a high opportunity cost in the current global food crisis.

Analyzing the economic potential of the two remaining sources (wind and solar), we can notice the same problem of size as a way to decrease costs, sun based installations having dimensions ranging from hundreds of kilowatts to about 10 megawatts (Solarpark Bavaria, Germany); one major impediment is the rate of transformation of solar energy into electric energy (panels' efficiency), also this is known to have improved significantly. Still, in order to understand the present day dimension of usage of solar power, the total installed capacity by the end of 2007 was about 12,400 MW, most of it in Japan, Germany and USA. By comparison, the solar energy produced by a developed economy from the top of the chart is about the same with a single thermal plant (Turceni, Rovinari). Wind energy remains for the moment the only important alternative because it has both potential for development and some economic advantages at least compared to other renewable sources. Germany, USA and Spain are the states with the largest installed power (about 22,200MW, 16,800MW and 15,100MW), world total being of about 93.800MW. It is also important to mention annual market growth, in some countries even by 40% per year. One important competitive advantage derives from cost structure; although wind energy does not show economies of scale, it has a very low marginal cost; we can asses that once the fixed cost of the capital is paid – which is high indeed - production itself in extremely cheep, making the cost per Mwh comparable to other forms based on fossil fuels. International Energy Outlook (2006) published by United States Energy Information Administration shows that 1Mwh costs 55,8 USD if obtained through wind energy, 53,1 USD by coal and 52,2 USD by natural gas (other estimations show larger gaps between the three)

We intended to underline in those above two important aspects for the development of policies that would encourage alternative ways of production: the potential of a source (important in the long run) and economic efficiency (necessary to development through market mechanisms). The data presented show that only some types of renewable energy depicted by EU policies have both of them; for the moment there are competitive disadvantages, and the European strategy must attempt to eliminate these.

One additional reason for the European Union to show more interest in this aspect is the configuration of fossil fuel resources. Compared to USA and Russia, Europe is almost totally dependent on oil and gas imports; except for Germany, Great Britain and Poland, coal isn't available either; besides, this only resource Europe has to some extent is also the most polluting. Escalating political tension and the possibility to use energy resources to such purposes further impose a quick solution for the EU.

The strategy is ambitious from this perspective. Directive 77/2001 establishes a target of 21% out of total EU consumption from renewable sources, member states having adopted each a quota system and an annual road map. Preliminary data show a setback in this respect, estimations being of only 19% by 2010. Taken in itself, it is an important number, but composition by types of energy in 2005 proves 66,1% coming from hydro energy, which is not a significant progress and as we have shown neither a

development potential (it refers to existing dams); about 16.3% comes from wind energy and 15.8% from biomass, while only 0,7% is given by solar energy.

Some of the cost advantages of fossil fuels based energy production is provided by the fact that firms in the industry do not pay the full cost; besides the issue of long term exhaustion, fossil fuels have become unwanted due to pollution; negative externalities are costs that population and other agents have to pay. Both reduction of pollution and competitiveness can be solved if cost internalization for polluters is achieved, as well as nonpolluting energy production through market. There are, of course, solutions like subsidies or fines, but economic theory proves these are not viable for a number of reasons: economic calculus is difficult, and intervention could affect market results, while implementing such measures represents a cost in itself. Price control is not compatible with market economy.

One proposal that was accepted in this direction is green certificates market. The idea is based on the Kyoto protocol, a system of transactions with pollution quotas through which less polluting countries sell their rights to the big pollutants; of course, in the last resort, transactions refer to individual companies based in those countries, according to the polluter-payer principle. What differentiates this system from other attempts or hypothetical approaches is it's compatibility with market rules: price is established between buyers and sellers, acting as a tax on polluters (thus implicitly internalizing costs) and as well as a subsidy to non polluting industries. The European Union takes this idea one step further, as transactions with green certificates take place between energy suppliers, according to the way they produce it.

One green certificate represents the equivalent of one megawatt-hour of energy produced from renewable sources and is given to the suppliers. They sell the certificates to energy producers using fossil fuels. In Romania, green certificates transactions started – according to ANRE – at 16th of November 2005; these constitute goods in themselves, meaning that can be sold distinctly from the energy and can be transferred between suppliers. A certificate is considered "consumed" when used by a supplier to prove quota payment as imposed by ANRE.

In order to encourage gradual market development, green certificate purchasing quotas imposed on suppliers are of 0.7% in 2005, 2.22% in 2006, 3,74% in 2007, 5,26% for the current year, 6,78% in 2009 and 8,3% for 2010 -2012. In 2006, a supplier had to buy one certificate for every 1893 Mwh delivered, and this quantity decreases as the quota increases. The market administrator is OPCOM, and the eminent is OTS – CN Transelectrica S.A. There are limitations (minimal and maximal) for the price of a certificate, established by the Government to 24 and 42 Euro until 2012.

At the European level, not all states have implemented a specific market, only seven member states actually have such a system. (Belgium, Great Britain, Sweden, Italy, Poland, Bulgaria and Romania) At present there are differences from state to state regarding market rules and functioning.

It is obvious that green certificates system is a better policy than the previous ones, especially because it deals with pollution issues and long term production in a manner compatible with the market. There are yet some limitations to this system, foreseeable from the very beginning. The first is that in a market, transactions are determined by free will; in the green certificates market, even if renewable energy suppliers want – in a natural way – to sell, suppliers of energy produced from fossil fuels have no natural inclination to purchase them, having no practical use. They must therefore be constrained to do so by instating a quota system. Choosing arbitrarily a quota is much more compatible with the market than to establish fines or price control and also serves better in a direct way to the objective of European policy to structurally change energy production from quantitative perspective. Another advantage is that it will allow the development of those renewable energy sources that will prove more efficient, which is impossible to decide ex-ante (are solar energy or geothermal more efficient and viable than wind energy? And how are we going to decide that ex-ante?)

An important characteristic for this market is gradual transformation. We cannot change the industry overnight and not even in several years. The solutions found must prove their sustainability exactly by the duration of efficient functioning. For that reason, it takes time and a progressive quota system, but with acceptable values for the market especially from the technical point of view. It is also necessary that it be transparent, without modifications and communicated in anticipation by at least several years so firms can make calculations and predictions.

There is an important limitation of the potential effects of green certificates market, at least in the manner in which it functions today. The few markets at the European level are national ones and do not form a common market. The most important by size, England, does not allow international trade with green

certificates, Italy permits import and Sweden export. This has serious implications over price, but also over efficiency; due to the fact that the price is determined by demand and supply, it results that the decisive factor is the percentage of the renewable energy and that based on fossil fuels, the ratio between the two. States with a low share of non pollutant sector will have a market with few certificates emitted and many buyers forced to purchase; price will obvious be high, which is supposed to encourage renewable energy. States with already important share of renewable energy (and there are some of those, as hydro energy is considered non pollutant and hydro producers are sellers) will have a lower price. This happens as more and more such suppliers enter the market, leading to two important conclusions: first, green certificates market is a good solution to start the clean energy production from zero to 10 or 20%, not for complete elimination of polluting industries, meaning that as the ratio changes, the way the market works or the quota system will have to be reconsidered; second, since renewable energy is subsidized by pollutant one, the larger the volume of the latter, the more clean energy production will be encouraged. Countries already producing fossil fuels based energy have better chances to develop a high production of clean energy, while those either producing less energy today or have a lower share of coal and gas and higher of hydro have their opportunities to develop large capacities diminished.

The hypothesis above works in conditions on unconnected national markets, with many evidences supporting the statement. The first three producers at European level are Germany, France and Great Britain, the last one being the only one which implemented a specific market; obviously, this is not open to the transactions with the outside. If we follow a classification of the producers based on the weight of unpollutant energy, first states are Norway, Austria and Sweden. The only one which has a green certificates market is Sweden; even more unlike Austria, which gets about a third of the electricity from fossil fuels (coal, gas, oil), in Sweden these are practically missing. The half not obtained from renewable sources comes from nuclear centers. There is a large number of certificates sellers, and a small number of buyers; obviously, Sweden has the lowest price, 25 Euro, and allows green certificates export, this being a way to extend the industry based on other states with large weights of polluted energy and large prices of the certificates. The largest price was registered in Belgium, 103 Euro, the energy from renewable sources being practically absent here. In Italy, the price has grown from 98,9 to 139,1 Euro in 2006. Norway doesn't have a market because it is all based on hydro energy and there are no potential buyers of the certificates.

We have mentioned that certificates transaction is being done separately from the energy, acting more like a financial asset. In this case the prices should be close between different markets; the fact that in reality this doesn't happen clearly shows that we don't have a unique market, but a series of unconnected national markets.

Building a market at Union level would increase the efficiency in the production from ecological sources, because the producers will be able to address also to some buyers outside that state, expanding the potential market and encouraging the sector's development. For now, the numbers show that the green certificates market is more an intention than an accomplishment, by it's insignificant effects; in 2006, on the Romanian market have been emitted 22.745 certificates, according to a similar production of MWh; the total production of energy summed up 62,43 Twh, or 62.430.000 Mwh.

The large differences of price lead to the conclusion that similar effects can be obtained by trade with green certificates between E.U. members, even if it doesn't immediately involve trades of actual energy, because it would act like a subsidy for the producers from certain states. The effect is asymmetrical, some countries having a better potential in the "green" energy production, unexploited for now because of a larger market; but if the E.U. members are willing to forget the national aspects, the result will be significantly better.

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BUSINESS ADMINISTRATION

CONCEPTUAL ASPECTS AND INFLUENCE FACTORS OF TOURISTIC ENTERPRISE PROFITABLENESS

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Abstract:

The organization and developing of any economic activity must be, in the same time, useful, which means to answer to some real needs of the society, and to be rentable, which means to create profit through the assurance of some bigger collects than the total cost of production. The profitableness is in a close correlation with the enterprises' professionalism, with time, with material and financial resources invested for an economic activity, on the fond of technological, scientific and ecological progress. The profitableness is a form of the efficiency, that concentrates in the capacity of the firm of utilize the production possibilities limit in own interes.

Key words: profitableness, production factors, profit, profitableness rate

The profitableness synthesizes the action of all production process factors, being a first-plan indicator in the indicators system of economic efficiency at micro-economic level, thing that conduces to the conclusion that what defines the result of activity from economy, economic efficiency, can be only the supplementary value remained over the spent one, plus product, comparatively with invested resources for the realization of this value. The profitableness is an economic category connected to the existence of goods production and monetary relations. In order to be profitableness an economic unity, it must cover all the expenditures of production and circulation from personal incomes and to realize a profit. The profitableness represents the capacity of economic unities of obtaining profit, of which to dispose them and the society concerning the economic development. It shows the efficiency with which are used the material and human resources in the sphere of material production, it is an organic component of economic efficiency that cannot be identified.

The profitableness is a demanding of economic development. The obtaining of plus product is an objective necessity, a condition for the assurance of a sustained economic growth.

In order to research if an enterprise is viable is imposed the measuring of the profitableness rate. Also, in this sense, it is used the profit rate, between these two indicators not being any essential differences, only nuances that not change the general conclusion, but offer more closed information of some certain enterpriser possibilities to use the capital in risk conditions.

In the conditions of concurential market, the maximizing of profit rate is the essential criterium of enterprises decisions to spend with the development, the maintaining or the restriction of some economic activities. Thus, the economic agent has the possibility to action in first place, over the production volume, in order to find those dimensions of economic goods quantity to maximize the total cashings, minimizing, in the same time, the total costs.

The profitableness can be determined at product level, economic unity or branches level. At all these levels, it can be expressed in absolute size, but also in relative size with the help of profitableness rates.

The absolute profitableness of economic unities is gave by the profit volume, which also depends on the sale prices level and the costs one, and determine as difference between these.

In absolute dimensions, the profitableness indicators are:

1. The exploiting result (profit or loose) which represents the difference between the incomes and the expenditures from exploiting:

$$R_e = V_e - Ch_e$$

2. The current result of the exercise represents the difference between the incomes and the current expenditures. The current incomes are incomes from exploiting summed with the financial ones. The current expenditures represent the expenditures from exploiting and the financial sum.

$$Rc = (V_e + V_f) - (Ch_e + Ch_f)$$

3. The financial result, as a difference between the financial incomes and expenditures:

$$Rf = V_f - Ch_f$$

4. The extraordinary result is the difference between the extraordinary incomes and the expenditures:

$$R_{ex} = V_{ex} - Ch_{ex}$$

- 5. The exercise result before the taxing, established through the summing of the current result with the extraordinary one: $R' = R_c + R_{ex}$
- 6. The taxing profit is formed on the base of the result before the taxing at which we can sum the exceedings confronted to the levels connected to some expenditures categories or corrects with fiscal deductions foresaw by the law.
- 7. The exercise's result or net result is calculated as a difference between the taxing profit and profit tax.

In the context of profitableness indicators, in theory and practice, is associated, respectively, examines the marges. For the tourism, the quartering activity is operational the marge of variable costs (M_c = CA(I)- C_v) or the marge of direct costs (M_c = CA(I) – C_d), where CA(I) = quartering cashing (business number);

$$C_v = \text{costuri variabile},$$
 $C_d = \text{costuri directe}.$

For the intern diagnostic, integrated in the management acceptation covering, but also for the informing of those who activate in the financiary environment (banks, fiscal organs, business parteners) an important role for the capacity of performances reflection occur thanks to the profitableness rates as an integrant part of a large economic financiary rates system. The profitableness rates, as efficiency indicators, are relative sizes that express the grade in which the advanced or consumed resources bring benefies, respectively profit and can take several forms.

Through rates is examined conditions and equilibriums of a past activity, present and future, are appreciated the function parameters of enterprise system.

The operational profitableness rates, in static diagnostic, and also in the dynamic one, are:

- 1. The economic profitableness rate;
- 2. The financiary profitableness rate;
- 3. The commercial profitableness rate;
- 4. The consumed resources profitableness rate;
- 5. The fix and circulant profitableness rate.

The importance of profitableness rates is very special, because:

- it favourizes the orientation of production structure on products, branches, and subbranches, in order to found to ones that assure the biggest advantage. The economic waves redirectionate permanently, putting on the economic activities an unequal development because the economic agents will restrict or abandon the low profit activities in the favour of the ones with bigger profit;
- stimulates the administration through the rational utilization of resources;
- contributes to the strength of enterpriser's interest for the difference of the products, having in his centre the modernization of quality concept;
- it favourizes the market segmentation and the differentiation of concurential strategies.

The profitableness synthesizes the action of every production process factors, expresses the main branches of their utilization efficiency. The increase of the profitableness supposes an increase maximum possible, at one time, of the profit reported to the allocated resources by the society to the unity or the respective economic branch.

The maximum possible increase of the profit cannot be percepted as an absolute and definitive situation. The factors' structure that conditions the profitableness size is in a continuous evolution. The extremely rapid and diverse dynamic of these factors that enters into correlation cannot fix to the profitableness an absolute and definitive value, but determines their movement, typing the tendence of approaching more and more to this point. Thus, the maximum possible increase of the profit appears as a suit of moments which evolution registers on a tendence line.

The increase of the profitableness, as a synthetic expression of efficiency administration of available production factors at a moment contributes to the acceleration of socio-economic progress. It conditions the larging of reproduction sources, but also the necessary funds forming of material stimulation of the producers.

The multiplication of the profitableness has favorable implications not only on intern plan, but also in the frame of international economic relations of that country. How much the created products and the services are of a better quality, have lower costs and a higher profitableness, that create better conditions for the increasing of their competitivity on extern market.

The profitableness is a variable size in time and space, in function of a factors system, that influence it and of what the economic agent must take into account.

The most relevant factors that influence the profitableness rate can be grouped like this:

- 1. Factors about the production;
- 2. Factors about the price;
- 3. Factors about the cost.

These factors action in a systematic way, every factor having a contribution, and thus, the entire system of assembly factors influence the profitableness rate.

Every influence factor must be analyzed and dimensioned until from the faze of project of economic activity, in order to know from this moment the profitableness grade that will have to be followed on all the duration of the respective activity. The financiary analyze will have to show clear with what costs starts the activity creator of economic goods, that are the available resources and the ones that can be attracted, their utilization way, what will be the profit estimated to the beginning of the activity and minimum limit of profitableness.

The profitableness must be thought, realized and used having into consideration that she combines three synthesizing characteristics:

- represents a capacity, a productivity potential;
- expresses a result that acts in a normal way, a part of the economic profit, which means a
 connected supra-income, at least partial, from the absence of elasticity of the
 environment.

In conclusion, the profitableness is an appreciation criterium of the enterprises' viability and it can be obtained through a certain administration of economic activity, through realization of some scientific and realistic anticipations concerning the evolution of its own activity of economic agents, and of the market's conjuncture on which they act, that it can be reached the bankrupt position.

The most efficiency utilization of human, material and financial resources of the society represents the essential condition of economic-social progress, one of the fundamental characteristics of market economy.

In this context, also the touristic activity, through its mode of organization and development, is subordinated to this objective, following the obtaining of some positive economic results, in the same time with the satisfaction, in superior conditions of tourists demandings.

The profitableness of the enterprise represents the appreciated efficiency from the perspective of the entire used factors system, for the production and commerce of all touristic products from a certain period.

The tourism activity has some multiple targets in the direction of socio-economic efficiency, but, the heterogeneousness and the complexity of touristic product offers to the efficiency a larger sphere of comprising and evaluation.

The economic efficiency in tourism has a complex character, because expresses the result of a specific activities ensemble: intern tourism, international, alimentation, carrying out of services, detachment of goods, transport etc. The tourism activity results show, simultaneously, two aspects, that intercondition and interpenetrate reciprocal: economic efficiency and social efficiency. Each of these components of the tourism activity efficiency has direct and indirect effects.

The complexity of the tourism activity supposes a big diversity of the material base endowments, and the correct appreciation of their utilization efficiency supposes a vast and diversified methodology.

The efficiency has into consideration the useful effect (the result) obtained from the realization of touristic

products and the expenditure (the effort) made for its obtaining: $E = \frac{Q}{C}$.

This report must be supraunitary, and the increase of the efficiency supposes the maximization of efficiency indicator.

The producer's profit from tourism is the difference between the total cashings of businesses number (the quantity of labour conscription saled multiplied with the commercialization tariff on market) and the level of touristic activity costs level analyzed: $\Pr{T = t \cdot Q - C_a}$,

where $\,C_a\,$ is the touristic activity cost; the sum of factors values that determines the quantity of saled labour conscriptions.

This profit, as a determinant function between the two elements, (the businesses number and the costs) starts to realize when the marginal productivity of every factor, valoric expressed, is equal with its price, what means that the producer will utilize a production factor in bigger and bigger quantities, as long as the cashings that come from the supplementary quantities utilization from that factor will be superior to the market's price for the respective factor, or paid cost for the quantity (supplementary) with which has multiplied the consum of that factor.

Because of the complex character of touristic activity that supposes permanently a certain number of factors, and the results depend on it, there results that the producer maximizes his profit, increasing in the same time the touristic services production (products) as long as the cashings come from the increasing with one unity of the factors, are superior to their cost. The maximization is a problem that aims at the volume, but also the profit rate or/and the profitableness rate, and the organized actions in this purpose cover practically all the factors that concur to the income raising or to the diminution of some touristic activity costs, but also the performer's options for an activity to another.

In tourism, between the rate and the profit volume, relation is directly proportional, and the profit's volume is influenced by a serie of factors, such as:

- The productivity level or the factors efficiency that influence the results volume, fact that
 imposes to the touristic enterprise to orientate to some actions that conduce to a higher
 productivity.
- 2. Sale tariffs and cost, because the profit volume is the difference between the two as these; any diminution of the costs and raising of sale tariffs of touristic services has positive effects in the frame of profit rate.
- 3. The volume, structure and quality of touristic activities, that acts over the profit volume, individually, but also in combination.
- 4. The rotating speed of money.

Defining syntetical, the profitableness represents the enterprises' capacity of realizing necessary profit to the continuity and activity development, but also to the remuneration of the capitals.

In the assurance of this capacity it is interested the holder and user of production factors.

The notion of profitableness has a relative character. The aptitude to relieve monetary results cannot be judged independently by the hired instruments to obtain them. That is why, the profitableness rentability

does not limit to the investigation of its absolute indicators, but also to the relative ones, obtained through the results reporting to the hired or consumed instruments for the developing of the repective activity.

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VARIABLES OF THE IMAGE OF TOURIST DESTINATION

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The image of a destination is more than a distinguishing element; it is a component of the supply and brings more value to it. The image of a destination can be the decisive component, while the other elements re relatively alike (1). The image of a tourist destination is strongly connected to the image of a country, the image of a nation and the image of a place. The image of a place is formed for a receiver naturally by accumulating experiences with that place, the use of the sources of personal and impersonal information. For the transmitter, the image is the result of some direct and indirect actions. The branding of the place is the conscientious and coordinated process of an image achievement. In the paper there are presented some examples of actions of image research, an essential step having in view the branding or re-branding It is presented a study of the citizens of Oradea regarding their perception of tourist Romania.

Key words: touristic destinations, brand, image

1. Conceptual delimitations

Defining the image of the destination is problematic and a variety of different interpretations has been issued. One of the widest definitions is the one issued by Echtner and Ritchie in 1991 (2). They concluded that the image of the destination contains qualities, attributes, holistic, functional, psychological, common and unique components. The image of a nation involves the image of a country altogether, covering political, economic, historical and cultural aspects. The concept is at the national, multidimensional level and dependent on the context.

The brand adds value to the product or service and differentiates it from the competition. In the industry of hospitality, branding is fundamental in obtaining the competitive advantage. There is not only one definition of a country branding. For some it is another effect of the origin country or of the place's marketing. For others, it refers to a consistent and multilateral branding strategy which determines a strategic vision for the country and by which it is ensured that this vision is enriched and re-strengthened by each communication act between the country and the rest of the world. A series of terms with sensibly distinct meanings is used: branding – product brand, branding – country brand, branding – nation brand, branding – tourist destination brand. There are inter-conditioning relations among these brands. Branding is an international term which could be equalled with branding in Romanian, but this correspondence does not catch all the connotations of branding.

2.Branding a tourist destination

Branding a destination contains a set of marketing activities which (3): they require the creation of a name, symbol, logo or other graphs truly *identifying* and *differentiating* a destination; they express consistently the holiday memorable *expectations* which are associated uniquely with the destination; which serve to *consolidating and strengthening the emotional connections* between the visitor and destination; and which reduce the *searching costs* of the consumers and *perceived risk*. Together, these activities serve to create an *image of a destination* influencing positively the *choice of the* consumerism *destination*.

In branding a nation, the aim is to create a clear, simple idea built around the emotional qualities which can be symbolised both verbally as well as visually and understood by different auditors and in different situations. To work, the branding of a nation must embrace the political, cultural, business, sport activities. What is even more important, the branding of a nation involves not only the marketing but also almost any characteristic of a nation. "The branding of a nation requires the application of the marketing and branding techniques in order to promote the image of a country". (4) The factors influencing the creation of the image of a country, according to Hans Sussmuth's classification (5) in 1993, are the following:

- the historical relation between two states,
- events with profound effects (such as wars, occupation, expel),

- the current policy and the international relations between the two states,
- well-known personalities and social groups,
- the image specific to the country,
- geographical surface and demography,
- the function of the enemy's image,
- the state of economic development (for example, the quality of the products),
- military potential (possible atomic threat) and the behaviour in solving the conflicts (diplomacy),
- culture, such as important cultural treasuries,
- antagonistic ideologies, for example the East-West conflict,
- population (behaviour, rituals, etc.),
- politico-social system and home affairs policy (the way the immigrants are treated),
- moral reputation (for example, human rights).

The branding of a nation works with a wide variety of factors and associations: place – geographical, tourist attraction, natural resources, local products, people – race, ethnic groups, history, culture, language, economic and political system, social institutions, infrastructure, well-known people, images and photos. Depending on the context in which it is used, the branding of a nation can remind of a similar and sometimes intriguing combination of these factors.

The name or the symbol of a country can be used either by a single company or by an organization to promote the origin country. This form of a nation's branding has the clear aim to use the image of the country to promote the export and sales. The second form is actually the branding of the place – to promote the country (or maybe a city in that country), as a tourist destination. The branding of the place is a component of the tourism marketing and it is also called the destination marketing and it promotes a place not only for visitation and tourism, but also for home investments, creation of jobs. A country has several images. What image will receive depends on the audience and the context. For example, China can be associated with the country with the highest number of inhabitants, with the Chinese Wall, Panda bears, kung fu, cheap and low quality products etc. The time seems to be an important factor in determining the people's perception. In December 1989, Romanian was associated with the fall of Ceauşescu's communist regime, while in 1990 it was associated with the miners' revolts. National identity is very difficult to define and it is difficult to provide an image which satisfies a variety of auditors.

Another problems regards the fact that the branding of a country has an epochal dimension. If a country, a nation has its deep origins in history and this is deeply imprinted in the people's mind, a marketing campaign will not be able to erase easily this image. The branding cannot change the physical attributes but only the perception of the clients. Regarding the branding of a country, the full understanding of the clients' perception of that country is important. Their perception of that country is based on the following factors:

- personal experience e.g. They have visited the country
- education or knowledge
- the holder or the user of a product manufactured in that particular country
- the image of the country perceived through mass-media
- stereotypes, etc

Defining the image of a destination was difficult to achieve, the literature having only a few vague references such as: "the impression of a place", or "the perception of an area"(6). Jenkins (7) found the term *destination image* and it was used in a number of different contexts. The image of a nation consists in the first place in the *cognitive* opinion on the events, character and typical features of a country. The images of a nation gain clarity and a univocal character together with the increase of the amount of information regarding the country. It is absolutely necessary the defining of a marketing strategy to punctuate the match between the internal resources and the environment opportunities. For example, Wahab, Crampon and Rothfield provided the following definition of the tourist destination marketing: "the management process through which the National Tourism Organizations and/or the tourist enterprises identify their selected, real or prospective tourists communicate with them in order to notice, establish and influence their dreams, needs, their reasons, pleasant or unpleasant at local, regional, national or international level, and subsequently draw up and adapt their tourist products in order to get the optimal

tourist satisfaction, therefore the achievement of their objectives"(8). In an increasing competitive tourist industry, a challenging solution for the sellers of a destination is to make them heard and to attract the attention of prospective consumers-tourists towards their destination. Gunn (1972) (9) was among the first people who had identified the different ways by which the cognitive images of a country are formed. Gunn's theory is to build and constantly change the images which are perceived as a number of levels, names, organic, induced and changed-induced. The organic images are those images considered non-prejudices, such as: books, school, TV documentaries, friends and family experience. The induced images are those coming from the destination itself, and which are the results of the marketing policy, promotion materials, etc. The key difference between the organic images and the induced images is the control that the destination has on what it is presented. The most reliable sources of information regarding a destination remain personal recommendations and personal experiences. The satisfaction is warranted by providing the experience confirming the expectations and even surpassing them.

Chon (1990) (10) adopted a theory of the cognitive consumerism behaviour, known also as evaluative congruency, and created an integrated model of the destination image and a trip purchasing behaviour. The central point of the model is that the trip purchasing behaviour can be explained as an imagination changing frame with the entire experience of the trip. He found out that a positive image and a positive travelling experience will result a positive incongruence, a much more positive evaluation of the destination. The latter can show that the attractiveness of the destination has not been sufficiently described. The most negative evaluation would result from a positive image and a negative experience (negative incongruence) which shows that the destination has been over-evaluated but the tourists' expectations have not been met by far. This underlines the important role that the tourist industry should warrant the compatibility between image and experience.

3. The research of the tourist destination image

The research of the image draws the attention on the concept of beneficial image, a research containing five stages (11): selecting the tourist destinations which will be studied, generating advantageous attributes; classifying the answers and selecting the final advantageous attributes; developing the main value dimensions by classifying and grouping the 14, 16 respectively attributes into five value consumerism dimensions; and finally, developing the open ending questions in order to evaluate the advantageous image.

This model was proposed and followed (12) for the research of the tourist image of two countries: Thailand and the United States. The 14 advantageous attributes found for Thailand were: - for the functional dimension: the fascination of cheap purchases, exotic food, historical places, friendship, virgin tropical rural regions, gorgeous sights; for the social dimension the advantageous attribute found was that the destination is convenient for all categories of tourists; in the emotional dimension there is calm and relations; in the epistemic dimension it is emphasised the cultural experience, the climate and the experience and in the conditional dimension we have proximity, cheap travel and accessibility to other close destinations. Similarly, the attributes found for the United States were: in the functional dimension: the fascination of purchases, famous theme parks, well-known landmarks, big cities ad gorgeous sights and scenery; for the social dimension it was popularity; for the emotional one: diversity, entertainment and modern; in the epistemic dimension we have the experience of destination, a lot of things to be seen and done; and as conditional attributes the advantages found were the lack of linguistic barriers, cheap and quality transport, special sporting events. After performing a simulation the research itself has been made, the application f the survey on a sample made up of 400 persons. The condition for the respondents was that they had not visited these countries and, therefore, they should not be able to answer for their own experience. The aim of the research was to measure to what extent the image of a country determines the visitation of this country and which advantageous attributes they expect to find there.

Referring to the United States of America, the things are slightly different. The majority of the attributes received a good appreciation that is all contained in the functional, emotional, epistemic and conditional dimensions. In conclusion, the results of this study suggest that Thailand can count on the advantageous image referring to the attributes in the functional, epistemic and conditional dimensions just like the United States can count on the underlying of the attributes contained in the functional epistemic and conditional value attributes in order to create an advantageous image for the public in Australia.

Another example of branding suggests another way to obtain the image that is based on the study and knowledge of the perceiving context of the image of the destination towards the consumers had in view. The study made by Anne-Marie d'Hauteserre (13) demonstrates how the tourist destination Disneyland had to define the decision to (re)brand based on a full understanding of the adversity of the consumers targeted, as well as the general political and cultural environment where they were located, rather than on the specific features of their destination or the specific attributes of their product.

An analysis of the tourist image that Ireland has on the French tourist market was made by Sinead O'Leary and Jim Deegan (14). They made a research to find out which are the attributes representing Ireland best and which will be introduced then in a survey. The list of the attributes could be set up by free expression of the persons questioned who had been asked to describe the first three words coming to their minds when they think of Ireland as a tourist destination. These attributes were divided into the following categories: scenery/ nature/ localisation Irish people, pubs and breweries, green, tradition / culture, the type of destination, weather, activities and others.

Another survey was applied (15) in May and June 2007 to a number of 300 inhabitants of Oradea, an average city of Romania (206225 inhabitants) situated on the West border with Hungary. The main purpose of this survey is to see what the tourist image of Romania perceived by the Oradea inhabitants is in the present, within some competitive close countries.

The results of the study are the following:

• "When we say tourist Romania which is the first word which comes to your mind? And the second?"

We divided the answers obtained into three categories, related to their character: neutral, positive and negative. Therefore, on a proportion of 72% of the respondents made a neutral statement as first and the second answer, approximately 12% made a positive statement and approximately 17% made a negative statement. The neutral statements refer to totally to a form of relief (mountain, sea, delta, caves) or a destination or tourist objective, anthrop resources (seaside, monasteries, traditions, Bran Castle, Sibiu, Sighişoara, spas, etc.). The biggest percentage was obtained by the mountain, then there is the sea, then the Danube Delta a.s.o. The conclusion would be that in the opinion of the Oradea inhabitants Romania means "mountain". We mention that it is not mentioned any level of capitalisation, the satisfaction obtained etc. The positive mentioning are: "beautiful, natural, incredible, attractive, interesting". The words with negative connotation were: poor, disastrous, bad services, disorganised, bad roads. We notice that the myth of Dracula so known abroad, maybe the only thing known about Romania by some people was mentioned only once.

- "Out of the following list of countries, where would you like to spend your holiday this year? (Only one answer is accepted)". 63% chose Croatia, at a great distance there is Hungary with 12.66%, then Bulgaria with 8%, Russia with 7.33%. Romania obtained 4% before the Czech 2.66% and Poland with 2.33%. We can notice the orientation towards the newest promoted destination (seaside) out of those presented Croatia. The lack of interest for Poland or the Czech Republic clearly results from the lack of knowledge about these countries.
- "Personally, what was your impression about the following countries as tourist destinations?" The result was an interesting one because it showed the fact that the Romanians appreciate more Hungary as a tourist destination (68% good and very good opinion) although it is not there where they would like to spend this year's holiday (only 12.66%). Bulgaria is not known enough by the people of Oradea, 54% declare that they do not have any opinion about it as a tourist destination, this may be the reason why they opted in a small proportion (only 8%). It is the same situation for the Czech Republic. Data show that Croatia is a destination for which the interest of the people of Oradea is increasing, the most wanted from the suggested destinations.
- "Based on the information you have about Romania, how would you appreciate the following statements (related to the cultural character of the destination, the quality of services, personnel, etc.)". The people of Oradea see Romania as a cultural destination (94% agreed and highly agreed with this idea). The Romanian dishes are very much appreciated (90%). The personnel from tourism is criticised regarding their training (70.66) and the ration quality price for accommodation (60%).
- "For you, what is the most attractive thing for Romania as a tourist destination?" Among resources the first position as attractiveness is held by the Danube Delta and the Danube with 97 %, followed by the mountain with 90.33 %, and towns with 89%. It is strange enough that the Danube Delta is considered the

most attractive area of Romania, even though it obtained a very small percentage as a capacity to evoke Romania. When we say tourist Romania we are not thinking at the Danube Delta, although we consider it the most attractive location.

• Mountaineering is the most compatible form with the resources of Romania, 40% of the people of Oradea say. The rest of the tourism forms obtained small values.

The people of Oradea are placing on the first place Romania (compared to Hungary, Croatia, the Czech Republic, Bulgaria) regarding the natural resources, the second place after Croatia regarding the anthrop resources and on the last place regarding the quality of tourist services.

3. Conclusions

In the field of branding we cannot talk about precise recipes, the filed still being fuzzy. The image of a country, nation or of a place is a component part of the supply, a part increasing its value and attractiveness. A country has several images, but they must be congruent. What image the country will receive, depends on the audience and the context. Branding a nation works with a variety of factors and associations: place – geography, tourist attractions, natural resources, local products, people – race, ethnic groups, history etc. Successful steps in finding a suitable image for a destination have proved to be those having in view: finding the advantageous attributes for a destination, their repartition on fields, classifying and weighing them according to the importance given and investigating the tourists' opinion regarding the extent to which the destination studied meets these attributes. The attributes' framing fields are: the functional field, the emotional field, the epistemic field and the conditional field.

The study about Romania had in view the research of the Oradea inhabitants' image of their own country, as a starting point in conceiving a reliable image for the foreign tourists. The study has identified interesting inadvertencies between the Romanians' image of Oradea and the foreigners' image of Romania.

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L'ACCROISSEMENT DE L'ATTRACTIVITE DE L'OFFRE TOURISTIQUE BALNEAIRE ROUMAINE

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Spa tourism is one of the most old tourism forms. The outlook about tourism spa was changed, it isn't seen just as a treatment tourism but one for vigorously, physical and emotionally strength. In this new conception, new consumer segments are aimed. Actual Romanian spa resorts offer has to be supplement with entertainment-amusement services witch fulfills the needs of consumer aimed. The study made by S.C. Tourism Felix S.A. concerning present consumers shows their positive attitude (and strongly need) for these services and support the idea of actual offer improvement.

Key words: spa tourism, amusement parks, Baile Felix

1. Introduction

En matière de consommation la nouvelle religion moderne, imposée par l'expérimentée cathédrale américaine de la consommation, consiste en « vivre des expériences ». Le besoin d'adrénaline, d'expérimenter pleinement a renversé la structure de *la nouvelle économie*. Nous constatons le passage d'une *Economie des produits*, à l'*Economie des services* vers une *Economie des vécus* (*des expériences*, *des sensations*) (1). La nouvelle économie, l'Economie de l'Agrément est basée sur la construction d'une offre qui à part l'agrément contient l'expérience, la sensation, un maximum de personnalisation des services. Le tourisme est le cadre idéal pour la manifestation de l'individu, pour l'apprentissage, pour l'accumulation, pour exprimer sa propre personnalité. Le repos actif, manifesté dans toutes les formes de tourisme, signifie un dégrisement sensoriel pour un renforcement complet du corps, de l'intellect et de l'esprit.

Un point d'attraction touristique capable à satisfaire le besoin de vécu, d'implication, d'expérimenter est le parc de divertissement (thématique ou non). Les parcs de divertissement n'ont seulement un impact émotionnel mais aussi un impact psychique, un impact positif ainsi que négatif (2), (3). Celui-ci facilite à passer le temps dans une manière très agréable, en famille ou dans de groups homogènes. L'industrie des parcs de divertissement s'est beaucoup développé, s'est perfectionné et spécialisé. Le premier parc de divertissement dans le vrai sens du terme a été Disneyland, inauguré en 1995 aux Etats-Unis (à 40 km de Los Angeles), suivi par Walt Disney World Resort, en Floride. Ces deux parcs ont été les premières parcs de distractions crées non seulement pour la famille et les enfants, mais aussi pour les adolescents et les adultes à la recherche des émotions fortes. A la différence du traditionnel 'luna park' (le parc lune), qui est formé exclusivement des attractions mécaniques démontables et transportables, le parc de divertissement peut être comparé avec une vraie ville du divertissement, formé des rues, magasins, des zones vertes et beaucoup d'autres attractions. En Europe le concept de parc de distraction/divertissement est arrivé assez tardif à cause du fait que jusqu'à la fin des années '60 ces parcs étaient conçus principalement pour les enfants. Même à présent l'industrie du profil est toujours au début en Europe, surtout à cause d'une pensée rigide. La Roumanie est un exemple dans ce sens pour l'arrêt du projet pour le parc Dracula – un projet qui certainement aurait pu y avoir un grand succès. Au Danemark il y a Legoland et Tivoli, en France Disneyland, Volcania et Futuroscope, en Allemagne Phantasialand, en Italie Gardaland Canevaworld -Aqua Paradise (près du lac Garda) et Aquafan à Riccione, en Espagne Port Aventura et Terra Mitica.

Les grands carrousels mécaniques, les toboggans et les jeux aquatiques, les zoos - safaris, les spectacles et le divertissement pour les adultes et les enfants, déterminent une grande typologie des parcs de distraction/divertissement, chacune avec différentes caractéristiques. Ainsi on constate une grande diversité des parcs de divertissement : les parcs thématiques (dédiés à l'ère aquatique, préhistorique ou des cowboys), les parcs mécaniques (caractérisés par la présence des carrousels mécaniques comme la roue

panoramique, « montagne russe » et tous les attractions qui te donne des sensations fortes), **les zoos – safaris** (où les animaux vivent en liberté et donc on a la possibilité de les admirer et les photographier dans un cadre presque naturel), mais aussi **les parcs en miniature** (à l'intérieur desquels sont reconstruites, à une échelle réduite, des monuments célèbres, des villes et même des nations). Après l'invention, en 1983, du toboggan à l'eau aux Etats-Unis, **les parcs aquatiques** ont devenu une nouvelle et très appréciée catégorie de parcs de divertissement, à l'intérieur desquels on trouve des piscines, des toboggans, des plages et des ruisseaux artificielles, des piscines aux vagues.

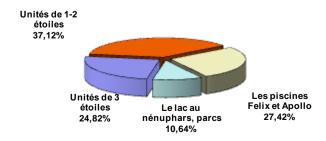
2. Etude de cas

La motivation principale pour laquelle les touristes viennent à présent à Băile Felix (la plus grande station balnéaire de Roumanie) est le traitement balnéaire, le repos et la détente. Les services d'agrément – divertissement sont identifiés comme la composante du tourisme balnéaire qui a les plus grandes lacunes, la manque de cette catégorie étant ressentie même par les personnes les plus âgées (+ 60, +65 ans). Les nouveaux segments de consommateurs envisagés par les stations balnéaires ont les caractéristiques psycho socio démographiques qui déterminent une différence nette sous l'aspect des préférences de consommation. Il est indispensable que l'offre des stations balnéaires roumaines, en général, et du SC Turism Felix SA en particulier soit complétée par une gamme très diversifiée des services d'agrément – divertissement, pour mieux répondre aux besoins actuels d'expérimentation, d'un vécu actif de la consommation touristique.

Le management du SC Turism Felix SA prend en considération : l'identification des attentes des touristes et des visiteurs existants en station, en ce qui concerne les formes d'agrémentation et divertissement recherchés (pour mieux passer le temps libre), la vérification de l'opportunité pour réaliser une base d'agrément, et dans une perspective de moyenne et longue durée le changement de la structure des touristes par rapport à la classe d'âge en développant un tourisme d'agrément et, en conséquence l'accroissement du pourcentage de ces services dans le portefeuille de la compagnie.

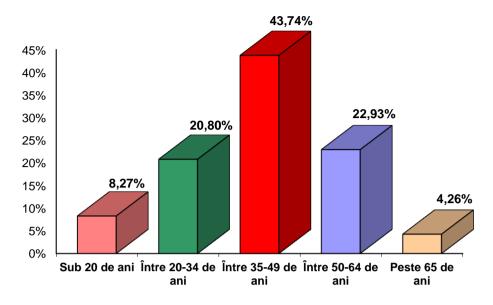
Parmi les dotations d'agrément les plus souvent rencontrés dans les stations balnéaires roumaines sont : le billard, la sale de jeux mécaniques, les parcs, la sale disco, le cinéma, l'organisation des excursions, les randonnées, le terrain polyvalent pour pratiquer le sport et la piscine couverte. En échange, dans aucune station balnéaire il n'y a pas un terrain de golf (en Baile Felix existe un minigolf à l'hôtel International) – une facilité qui est la caractéristique d'une clientèle de lux. Aussi, on constate une faible présence pour les facilités d'agrément qui ne supposent pas des investissements majeures, par exemple : la location des bicyclettes ou l'existence d'un espace aménagé pour pique-niquer, mais aussi de certains formes d'agrément conditionnées par l'existence des conditions naturelles spécifiques (l'agrément nautique, river rafting).

Entre le 14 et le 31 août 2007, SC Turism Felix SA a réalisé une étude sur un group de 423 touristes logés dans les hôtels : International, Termal, Nufărul, Poienița, Mureș (la piscine aussi), Someș, Unirea, Felix, Poiana Vile, les piscines Apollo et Felix, ainsi que sur les touristes présents sur les allées et au lac des nénuphars qui se trouvent dans la station. Pour cette étude on a pris en considération le degré de remplissage pour chaque unité d'hébergement, mais aussi dans le cas des piscines au moment de l'interview, de sorte que l'échantillon soit représentatif. Le nombre des personnes interviewées représente approximativement 8,5% du nombre des touristes présents dans les locations envisagés. Le personnel du bureau marketing a réalisé des interviews « tête à tête » sur la base d'un questionnaire.

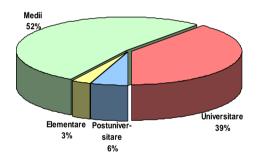


Les personnes interviewées par rapport à la structure de logement

De point de vue socio démographique, l'étude a pris en considération la structure des touristes par les catégories d'âge et formation professionnelle.



La structure par rapport à l'âge des personnes interviewées



La structure des personnes interviewées en fonction de la formation professionnelle

3. Les résultats de la recherche

La majorité des interviewés viennent en station en principal pour le repos et le traitement. En ce qui concerne l'agrément et le divertissement, seulement 14,7% d'entre eux l'envisage comme but de leur voyage, étant surtout nominalisé par les personnes de moins de 20 ans. Le repos est le but principal pour les personnes qui se trouvent dans la tranche d'âge de 20 – 49 ans. A l'autre extrême se situent les personnes qui ont plus de 50 ans - seulement 7% d'entre eux considèrent le divertissement comme leur but, par rapport à 75,7% d'entre eux qui ont comme but de leur visite à Baile Felix le traitement balnéaire.

La plus grande partie de ceux interviewées *viennent avec leurs familles, sans enfants*. La majorité se retrouvent entre ceux de + 50 ans (ainsi 59,1% viennent avec la famille, sans enfants) et évidemment des personnes de moins de 20 ans (65,7% d'entre eux sont arrivés avec les parents ou les grands-parents). On constate aussi que le pourcentage de ceux qui viennent avec la famille et les enfants est de 38,3% (22,8% d'entre eux arrivent avec plus d'un enfant). Le pourcentage des touristes qui viennent avec les enfants est plus grand pour ceux qui se trouvent dans la tranche d'âge de 35 - 49 ans (53% d'entre eux viennent avec plus d'un enfant). L'analyse nous conduit à la constatation que les personnes entre 20 - 34 ans sont celles qui préfèrent pratiquer le tourisme, accompagnés aussi par leurs amis (en proportion de 30,7%).

La plus grande partie des interviewés (53%) viennent dans la station parce qu'ils ont appris des *autres personnes*, *des amis*. Aussi 35,7% ont mentionné qu'ils ont appris il y a longtemps, dans leur enfance, à l'école ou simplement parce qu'ils y sont venus. Ceux qui reviennent sont en général des gens âgés de plus de 50 ans, et un grand pourcentage d'entre eux vient en station depuis une dizaine d'années. De ceux qui cherche leur information sur Internet, la majorité ont moins de 20 ans et entre 20 et 34 ans.

Plus de 70% des personnes interviewés passe leur temps à la piscine, ou se promènent en station ou dans les alentours (par exemple au lac avec les nénuphars). A un très grande distance se situe la visite des objectifs touristiques, les sorties sur les terrasses, les restos, les voyages organisés ou non dans les alentours. Autres modalités envisagées sont le shopping – en station ou à Oradea -, les différents jeux comme échecs, le trictrac, etc., le sport, les spectacles, la pratique des messes.

Seulement 3,31% des interviewés ont répondu qu'ils n'ont pas visité d'autre endroits pour passer leurs vacances, le 96,69% des restants affirment à avoir eu visiter d'autres destinations touristiques. La principale destination touristique des personnes interviewées est le littoral roumain, 69,4% le mentionnant entre les préférences pour passer les vacances. D'autres stations balnéaires lui succèdent, la plus souvent retenue parmi les options étant Baile Herculane, plus de 50% la considérant comme leur destination touristique. La troisième place est occupé par la montagne, et comme destinations étrangères sont précisés des pays comme Espagne, France, Allemagne, Autriche, Turquie, Grèce, Bulgarie, Slovaquie, Egypte, Israël – un total de 23,3% des répondantes.

Les 96,69% qui ont visité d'autres destinations touristiques avec des facilités d'agrément ont spécifié comme modalités de passer le temps non seulement les promenades, la piscine, les visites, les terrasses, les restos, les excursions, mais aussi *les concerts, les spectacles et les parcs de divertissement* – des modalités qui ont occupé les premiers places entre les préférences de vivre pleinement le goût du vacances dans notre station (conclusion donnée par l'interprétation des données du ce rapport).

A la question qui concerne les préférences liées à la modalité d'utiliser le temps disponible à Baile Felix, les répondants ont réalisé une hiérarchie des premières 5 options (dans une liste de 27), donnant des notes de 1 à 5 (1 le moins important, 5 le plus important). Ainsi nous avons réalisé un classement des premières 15 préférences, dans un sens décroissant des points cumulées par chacune (le table et le graphique suivants). Dans le classement général se distancient le parc de divertissement et les concerts de musique légère, deux préférences choisies par presque 50% des interviewés. Ainsi les terrains du sport, les voyages et le jardin botanique sont les options d'environ 30% d'entre eux. On a après le cinéma, les lieux destinés aux petits enfants, l'acqua – parc, la salle de fitness, le disco, les concerts classiques, la galerie des expositions, le billard, les pistes pour courir. Dans la catégorie autres possibilités pour passer le temps, ils ont mentionnés: la musique populaire, le basquet, les clubs Internet, le tennis, le zoo, le shopping, le massage spécialisé (la piscine Mures), un objectif avec spécifique pour Baile Felix, des excursions à Budapest, par exemple.

Les préférences pour utiliser le temps disponible différent par rapport au gendre de la personne interviewée, et c'est la raison pour lequel on a réalisé une analyse distincte de leurs options. Le gendre **féminin**, représente 56,7% (c'est-à-dire 240 questionnaires) du nombre des personnes interviewées. On y constate la modification de la première position, les concerts de musique légère étant préférés par 55% des personnes interviewés féminins. Aussi par rapport au classement total, les lieux de jeu pour les enfants montent deux positions (de la 8-ème place à la 6-ème), cette option étant exprimée par 33% d'entre femmes, et la piste pour courir, monte sur la position 11 de la 15-ème. Le nombre des personnes de gendre **masculin** qui ont répondu au questionnaire est de 183, c'est-à-dire 43,3% du total. Les hommes préfèrent le terrain du sport qui est situé sur la première place, le plus grand pointage, étant mentionné par plus de 41% des hommes (dans le classement total occupant seulement la troisième position). Sur les positions suivantes se trouvent le parc de divertissement et les concerts de musique légère qui sont aussi appréciés par plus de 41% des personnes de gendre masculin. Le billard monte sur la sixième position, au classement général occupant seulement la place 14. Les échecs, le trictrac, qu'on ne les retrouvent pas entre les premières 15 positions au classement général, sont préférés par 18% des hommes, se situant ainsi sur la 12-ème position.

Par catégories d'âges le classement des préférences des touristes pour chaque catégorie souffre des modifications. La disco est sur la première place parmi les jeunes (la 11-ème place au classement général), étant appréciée par 54,3% des jeunes de moins de 20 ans. Ainsi l'acquaparck occupe la troisième position, par rapport au 9 dans le classement général. Le lieu de jeu pour les petits est souhaité par les personnes entre 20-34 ans, 39,8 d'entre eux étant accompagnés dans leur voyage par les enfants, 82% des petits ayant

moins de 12 ans. Le classement pour la catégorie 35-49 ans reste presque identique avec le classement général, celle-là étant la catégorie prédominante dans les personnes interviewées, presque 43,7% du total. 53% d'entre eux sont arrivés dans la station avec les enfants, 87% ayant plus de 5 ans. Dans la tranche d'âge 50-64 ans la préférence principale pour passer le temps disponible serait le théâtre, souhaité par 45,4% d'entre eux. Entre les premières 5 préférences on ne retrouve pas comme aux autres catégories le terrain du sport, étant remplacé par les excursions, la visite d'une jardin botanique, un concert, ou l'existence d'un parc de distractions. 61,9% d'entre eux ont fait des études moyennes, et la majorité est accompagnée de leur famille sans enfants, et 73,2% ont comme but de leur visite la cure balnéaire. Dans la catégorie de plus de 65 ans, on constate une préférence pour les jeux des échecs, le trictrac, etc. par 50% des interviewés. Les gens de cette catégorie arrivent dans la station pour le traitement balnéaire, accompagné (époux/épouse), 83,3% ayant des études moyennes.

La somme moyenne que les interviewés sont susceptible à la payer par journée, par personne, pour des activités d'agrément – divertissement est située entre 34 et 101 RON. Sur ce maximum général se situe les hommes et en général ceux situés dans la tranche d'âge de 20 à 49 ans. Dans la catégorie d'âge de 20-34 ans, la fourchette dans laquelle se situe la somme moyenne à dépenser est plus grande, surpassant avec plus de 25 RON le maximum général. Ceux qui veulent dépenser moins sont les personnes âgées, plus de 50 ans ; ainsi ceux de plus de 65 ans veulent dépenser en moyenne avec 40 RON moins que le maximum général. Par rapport à la location, on constate que de ceux qui ont été interviewés, ceux qui accepteraient à payer plus que la moyenne générale sont logés dans les structures hôtelières de 3 étoiles, et ceux qui ont été interviewés dans les parcs ou au lac payeraient moins (20% d'entre eux étant au promenade ou au passage dans la station).

Comme réponse pour l'objectif secondaire de la recherche, celui d'un lancement des nouveaux paquets qui pourrait mettre l'accent sur les composantes d'agrément et de divertissement, de manière à satisfaire les attentes des touristes existantes, mais aussi à attirer des nouveaux segments des touristes, on envisage la possibilité d'accroissement de l'attractivité des paquets des services classiques en englobant des facilités pour les services d'agrément – divertissement (par exemple un billet d'entrée gratuit au parc de divertissement ou au concerts organisés). Par rapport aux décisions d'investissement dans la prochaine zone d'agrément dans le futur on constatera une diversification des éléments qui constituent les paquets de services susceptible à se développer, comme par exemple : la saisonnalité, la tarification, la promotion.

4. Conclusions et observation

Les résultats de la recherche reflètent une ouverture ample des consommateurs actuels vers l'agrément – le divertissement dans le domaine du tourisme balnéaire. Dans les conditions d'une offre adéquate on est certain que le nombre des consommateurs augmentera. Les préférences de consommation sont peut différenciées en fonction des caractéristiques socio – démographiques, ceux qui donne l'idée des traitements préférentiels dans la conception des paquets des services. Cette idée a été la conclusion d'une étude (4) qui suggérait des stratégies de marketing différentes pour chaque cluster. Quelques directions ultérieures de recherche : trouver une variétés des parcs de divertissement en rapport avec les ressources de la région et les préférences des consommateurs (des parcs aquatiques, etc.) et une différentiation plus profonde des paquets des services de divertissement – agrément par rapport aux différents types des consommateurs.

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CORPORATE GOVERNANCE IN ROMANIA (I – STRUCTURAL DEVELOPMENTS IN THE COMPANIES AND FINANCIAL SECTOR IN ROMANIA)

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Abstract: The companies' sector in Romania experienced a positive development after 1990, especially concerning their number, as a result of private initiative and privatizations. The prevalence of SMEs in the companies' sector is obvious, and their number increased 3.4 times after 1992, to a amount of 431135 at the end of 2005. The banking system reform was started in 1990 with the creation of a two-tier bank system. The drastic structural changes that took place between 1998 and 2000 reflected two major events: the crisis and eventual collapse of several state-owned and private banks and the privatisation drive, both resulting in a cleaner and more solid banking system. In 1996, the mass privatization program contributed at the appearance of a large number of individual shareholders to all state companies and consequently was achieved the settlement of a over the counter market called.

Key words: Corporate governance, Romania, companies and financial sector

Developments in the companies' sector

The companies' sector in Romania experienced a positive development after 1990, especially concerning their number, as a result of private initiative starting with the first months of 1990 and then on the background of privatizations, splitting and creation of new companies. Thus, according to the data presented in the Statistical Yearbook 2006, at the end of 2005 there were registered 928,255 economic operators in Romania, from which 450666 companies, 381468 private entrepreneurs and for the rest public and private administrations. However, a certain number of economic operators are inactive. If we exclude inactive operators, private and public administrations, the number of active economic operators in industry, constructions, trade and other services is 433030. Their number practically doubled between 1993 and 2005, as we see in Chart 1:

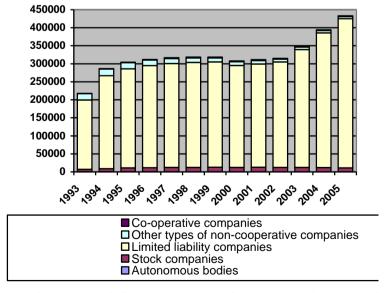


Chart 1. Active economic operators in industry, constructions, trade and other services, by legal type

We notice that among all active economic operators in industry, constructions, trade and other services, the large majority (95,6%) are, by legal type, limited liability companies, and only 10923 (2,5%) are stock companies. So, as we see, the large majority of the companies are closed companies.

Another feature of the active economic and social operators reveals the large proportion of very small companies: 94% of the overall operators have less than 10 employees and 99% have less than 50 employees (see Chart 2).

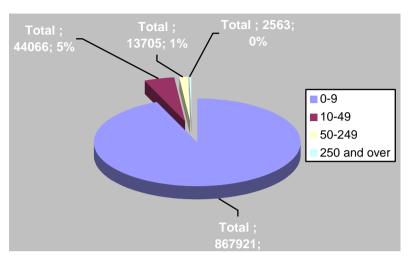


Chart 2. Active economic and social operators, by size class (number of employees)

Concerning the companies' sector, among the 433030 companies, 89% have less than 10 employees and 98% have less than 50 employees (see Chart 3).

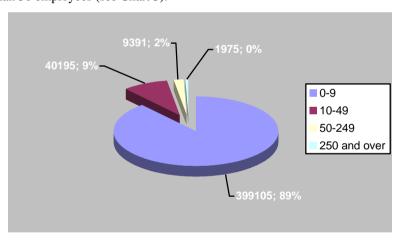


Chart 3. Distribution of the number of companies, by size class (number of employees)

By nature of the social capital, 431972 out of 433030 active companies are majority private owned, and their number increased over time, as a result of numerous privatizations. If in 1998 0.95% were majority state owned companies, in 2005 only 2.4% were state owned (see Chart 4).

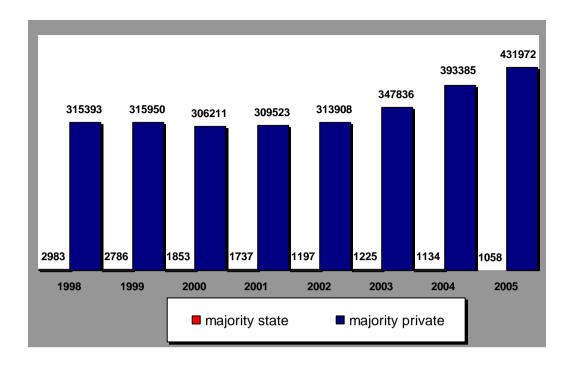


Chart 4. Active companies in industry, constructions, trade and other services, by type of ownership (by nature of social capital)

The prevalence of SMEs in the companies' sector is obvious, and their number increased 3.4 times after 1992, to a amount of 431135 at the end of 2005 (see Chart 5).

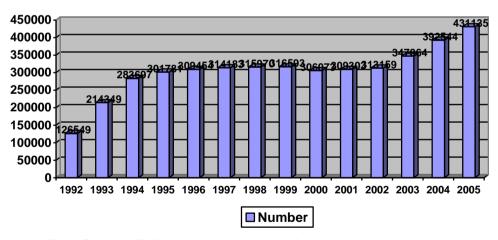


Chart 5. Active SMEs in industry, constructions, trade and other services

Consequently to their number, the weight of SMEs' personnel in overall personnel of all companies grew from 12.3% in 1992 to 60.7% in 2005 (see Chart 6) and the weight of SMEs' turnover in overall turnover of all companies reached 57.6% at the end of 2005, from 30.9% at the end of 1992.

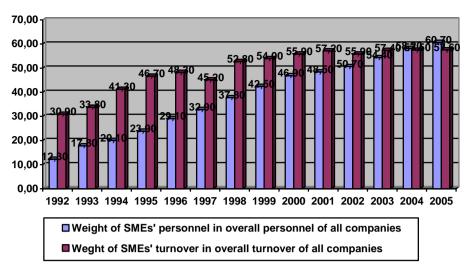


Chart 6. Weight of SMEs' personnel and turnover

The private sector contributes with 69.9% to GDP, 90.3% to overall turnover, 82.5% to gross investment, 97.8% to direct exports, 84.7% to gross value added and 98.2% to the profits. It is interesting to remark that till 2003, the private sector offset the losses produced by the large state companies.

Some key indicators are presented in next table:

Table 1. Main economic and financial indicators of companies, by size class and by type of ownership:

Size class	Turnover	Gross investment	Direct exports	Gross value added at factors costs	Gross result of the exercise
Total	512614	73668	59778	104859	28474
- of which: private majority ownership	462874	60773	58477	88823	27964
250-499 employees	41768	4665	6568	8831	1920
- of which: private majority ownership	39233	4319	6479	7930	1874
500 and over	175942	37435	34625	46319	8380
- of which: private majority ownership					
	131298	25461	33528	31942	7595

Source: Statistical Yearbook 2006, chapter 15

Developments in the financial system

In Romania, the most significant component of the financial market is the banking sector, which accounted for 83.8 percent of total financial assets in 2006 (NBR, RSF 2007).

The banking system reform was started in 1990 with the creation of a two-tier bank system. The drastic structural changes that took place between 1998 and 2000 reflected two major events: the crisis and eventual collapse of several state-owned and private banks and the privatisation drive, both resulting in a cleaner and more solid banking system At the end of 2006, there were 39 credit institution, from witch 37

banks with majority private capital and 33 banks with majority foreign capital. The ratio of assets of banks with majority private capital to total assets was 94.5%, and the ratio of assets of banks with majority foreign capital to total assets was 88.6%.

The capital market system is composed mainly by the Bucharest Stock Exchange (21.5% share in GDP at the end of 2006) and the over the counter market RASDAQ (3.1% share in GDP at the end of 2006). On The Bucharest Stock Exchange resumed operations in 1995 as a selfregulated body under the supervision of the Securities Commission. The Bucharest Stock Exchange has all the traditional departments of similar institutions: trading, listing and membership. A company is listed on the BSE upon request, provided that it meets certain criteria.

The Bucharest Stock Exchange index (BET) increased by 22.23 percent in 2006, while market liquidity – measured as turnover velocity (yearly turnover/market capitalization) – slightly decreased compared to the previous year to 13 percent. According to the Federation of European Stock Exchanges (FESE) Romania ranked tenth out of the 22 countries represented in terms of index growth, after Spain, Norway, Sweden, Austria, but ahead of Hungary or the Czech Republic. (RSF 2007).

Now there are 99 companies listed on BSE as follows: 1 at International category (Erste), 21 companies at the Tier 1, 39 companies at Tier 2,the rest non-traded (BSE, Monthly Report, February 2008). The first tier companies can be considered the 'blue chips' of Romania. Unfortunately, among the listed companies on the first and second tier there are only 1 (Alro) from Top 10 big companies (according to turnover) and 2 (Petrom and Rompetrol Rafinare) from Top 10 Performers (best companies according to profitability).

Table 2. Selected indicators about capital market in Romania, comparison with other NMS, 2006

	_		_		
Country	Stock exchange capitalization (billion euros)	Stock exchange capitalization to GDP (%)	Transactions value (million euro)	Transactions value to capitalization (%)	
Cyprus	12.3	84.5	3343	27.3	
Czech Republic	34.7	30.8	30015	86.5	
Estonia	4.6	35.7	766	16.8	
Hungary	31.7	35.5	24625	77.7	
Latvia	2.0	13.1	88	4.3	
Lithuania	7.7	33.1	1607	20.8	
Malta	3.4	70.9	205	6.0	
Poland	112.8	42.2	43235	38.3	
Slovakia	4.2	9.6	70	1.7	
Slovenia	11.5	39.1	1452	12.6	
Bulgaria	7.8	32.2	1176	15.0	
Romania	22.9	23.7	2802	12.2	

Source: BSE Annual Report 2007

In 1996, the mass privatization program contributed at the appearance of a large number of individual shareholders to all state companies. In the context of the urgent necessity for a operational market able to sustain the transactions of this titles and with USAID support was achieved the settlement of a over the counter market called RASDAQ (the Romanian Association of Securities Dealers Automated Quotation). However, the great majority of the companies listed on RASDAQ are traded occasionally. Some figures about RASDAQ are presented below:

Indicatori		Anul						
		2001	2002	2003	2004	2005	2006	
Total turnover - mil. EUR (mil. RON)		105,47 (271,84)	132,57 (421,44)	109,67 (411,05)	146,12 (590,71)	ĺ ,	ĺ ,	
Number of companies		5.084	4.823	4.442	3.998	3.683	2.420	
Market capitalization - mil. EUR (mil. RON)		1.188,53 (3.368,28)	,	1.943,72 (7.919,51)	ĺ		3.126,44 (10.707,44)	
Rate of traded value (TR)		9,92%	9,18%	5,8%	8,24%	13,56%	9,26%	
Market PER (PER)		2,95	3,03	4,17	6,58	2,50	11,62*	
Market price/nominal p (P/BV)	price	0,37	0,49	0,58	0,93	0,95	1,38	

^{*} Calculated on the basis of net profits of the year 2005 for the companies traded in 2005

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CORPORATE GOVERNANCE IN ROMANIA (II – CONSIDERATIONS ON ROMANIA'S COMPLIANCE ON OECD PRINCIPLES ON CORPORATE GOVERNANCE)

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Abstract: Result of the theoretical researches on the issues related to possible different interests of shareholders and executive managers, OECD issued in 1999 The Principles of Corporate. In Romania, there were identified some problems, related to: weak institutional framework, necessity of urgent implementation and enforcement of the already existing laws, the lead that private sector should take in developing implementation tools and promoting public debate on corporate governance issues, protection of minority shareholders rights. In the late years, Romanian authorities achieved a process of revising legislation related to companies' governance. This new regulation will benefit to all parts involved, such as major investors, minority shareholders and companiest; finally, the whole society will benefit from a cleaner and more performing economic environment.

Key words: corporate governance, Romania, legislation

As practical results on theoretical researches on the issues related to possible different interests of shareholders and executive managers, the most important one is The Principles of Corporate Governance, achieved by OECD in 1999 and revised in 2004. According to OECD, the main principles needed to be observed by companies refer to:

- 1. Ensuring the basis for an effective Corporate Governance framework. The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.
- 2. The Rights of Shareholders and Key Ownership Functions. The corporate governance framework should protect and facilitate the exercise of shareholders' rights.
- 3. The Equitable Treatment of Shareholders. The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.
- 4. The Role of Stakeholders in Corporate Governance. The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.
- Disclosure and Transparency. The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.
- 6. The Responsibilities of the Board. The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

The main issues about Corporate Governance in Romania, as identified in the White paper on corporate governance in South East Europe Corporate Governance Roundtable (OECD) are:

• Weak institutional framework, among other things, is one of the significant impediments to the establishment of a sound investment climate

- Implementation and enforcement of the already existing laws should be a priority
- The private sector should take the lead in developing implementation tools and promoting public debate on corporate governance issues
- Address the most severe weakness minority shareholders rights violations.

In the wake of the international financial crisis of the 1990s, the international community started to enforce initiatives to strengthen the international financial architecture, with the objective of crisis prevention, mitigation and resolution. The Financial Stability Forum, the G7, the G20 and the G223 have emphasized the role of minimum standards and codes in strengthening the international financial architecture. At the international level, standards enhance transparency, identify weaknesses and foster market efficiency and discipline. At the national level, standards provide a benchmark to identify vulnerabilities and guide policy reform. To best serve these two objectives, the scope and application of such standards need to be assessed in the context of a country's overall development strategy and tailored to individual country circumstances. The IMF, the World Bank and other international financial institutions are undertaking the assessment of systemically important countries of the observance of 11 core standards relevant to private and financial sector development and macroeconomic stability. In this context, the Bretton Woods institutions have initiated the joint initiative on "Reports on the Observance of Standards and Codes" ("ROSCs"), covering 11 core standards relevant to economic stability and private and financial sector development. The individual standard assessments are collected as "modules" in country binders constituting the aforementioned "ROSCs". Under this modular approach, the IMF takes the lead in preparing assessments in the areas of data dissemination and fiscal transparency. (Fremond and Capaul, 2002).

About Romania, the Report on the Observance of Standards and Codes (Rosc) Corporate Governance Country Assessment ROMANIA April 2004 stated the following levels of observance:

- 1. The rights of shareholders: 4 criteria considered largely observed (basic shareholder rights, shareholder AGM rights, Disproportionate control disclosure, Control arrangements should be allowed to function), 1 partially observed (Basic shareholder rights) and 1 (Cost/benefit to voting) materially not observed
- 2. Equitable treatment of shareholders: 2 criteria (All shareholders should be treated equally, Board/Mgrs. disclose interests) partially observed, 1 criterion (Prohibit insider trading) largely observed
- 3. Role of stakeholders in Corporate Governance: 3 criteria (stakeholder rights respected, redress for violation of rights, access to information) largely observed, 1 criterion (performance enhancement) materially not observed
- 4. Disclosure and transparency: 3 criteria (disclosure standards, standards of accounting and audit, fair and timely dissemination) partially observed, 1 criterion (independent audit annually) materially not observed
- 5. Responsibilities of the Board: 1 criterion (ensuring compliance with law) largely observed, 1 (acts with due diligence, care) partially observed, 4 criteria (treat all shareholders fairly, the Board should fulfill certain key functions, the Board should be able to exercise objective judgments, access to information) materially not observed.

One year later, The 2005 Legal Indicator Survey confirms that related-party transactions remain an issue for concern in all transition countries. The degree to which minority shareholders can obtain effective disclosure or redress is limited, and well below what could be expected when looking at the laws. Disclosure and redress are inextricably linked. This is because an action for redress can only be initiated when evidence is secured. The assessment reveals that requesting a general shareholders' meeting is the most common action provided by law to minority shareholders, but it is unlikely to produce any disclosure when the company is controlled by a powerful shareholder. In cases of obvious misconduct, criminal proceedings are available by law in all countries in the region, but the vast majority of contributing practitioners expressed serious doubts as to the experience and competence of prosecutors in corporate cases.

Three main conclusions can be drawn. First, countries that have developed a solid institutional environment can generally offer an effective legal framework. Nevertheless, as demonstrated by the issue of disclosure in Estonia, this alone is not enough to give minority shareholders adequate protection against abusive behaviour by controlling shareholders. The sound environment needs to be coupled with a

corporate governance framework in line with international standards and with an effective civil procedural framework. Second, consistent with previous studies on shareholder and creditor rights in transition countries, the survey shows that new EU member states and candidate countries,29 while displaying a better institutional environment, do not systematically outperform other transition countries with regard to the effectiveness of disclosure or redress mechanisms. Finally, even excellent laws can suffer from poor implementation. This undermines the usefulness of legal provisions and diminishes the confidence of foreign investors in the legal system as a whole – in particular, in its ability to uphold contractual rights. Most transition countries need to upgrade their commercial laws to standards that are generally acceptable at an international level. Even more importantly, they must make those laws fully effective, particularly through strengthening their court systems, tackling corruption and adopting appropriate measures to strengthen the rule of law (EBRD Legal Indicator Survey 2005).

According to *Doing Business 2008* report, covering the period April 2006 to June 2007, Romania has the 48 rank, in progress compared to 55 rank in 2007.

Ease of	Doing Business	Doing Business	Change
	2008 rank	2008 rank	in rank
Doing Business	48	55	+7
Starting a Business	26	14	-12
Dealing with Licenses	90	87	-3
Employing Workers	145	133	-12
Registering Property	123	112	-11
Getting Credit	13	32	+19
Protecting Investors	33	32	-1
Paying Taxes	134	135	+1
Trading Across Borders	38	39	+1
Enforcing Contracts	37	37	0
Closing a Business	81	109	+28

Source: http://www.doingbusiness.org

About the Protecting Investors criterion, the indicators below describe three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders' ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.

Indicator	Romania	Region	OECD
Disclosure Index	9	4.9	6.4
Director Liability Index	5	3.8	5.1
Shareholder Suits Index	4	6.3	6.5
Investor Protection Index	6.0	5.0	6.0

According to Industrial Bulletin of GEA (Group for Applied Economy), three quarters of the companies do not know and apply the OECD Corporate Governance Principles. More specific, 77.8% of the companies declare they do not know the principles of corporate governance (15.7% do not know them and 6.5% do not know/do not respond), while 79.7% of the companies declare they are not applying these principles.

According to GEA experts, it is however possible that some companies apply these principles without knowing it, in the context that:

• only 34.7% of the companies do not have a written conduct code, formally establishing the rights and responsibilities of AGA's members and of the management, the communication and reporting way between managers and shareholders;

- in 31.3% of the companies shareholders do not receive in advance the documents to be discussed in shareholders general assemblies;
- in 26.2% of the companies the minority shareholders do not have access to the book sheets of the company;
- 30.8% of the companies had not published, till May 2007, a report on company's activity in 2006
- 79.7% of the companies haven't change the company's auditor in the last 3 years.

What are the recent developments in the institutional framework of CG?

Following the conclusions of several official document regarding the Romania's progresses (such as: European Commission's Report on Romania's progress in 2004 regarding the EU accessing process, The Monitoring Report of preparation stage for EU accession – October 2005, the conclusions of World Bank in evaluating the compliance of Romania's legislation with OECD Corporate Governance Principles ROSC-2004), Romanian authorities achieved a process of revising legislation related to companies. The main EU regulations relevant for this matter are:

- First Directive of EU Council no. 68/151/EEC:
- Second Directive of EU Council no. 77/91/EEC;
- Third Directive of EU Council no. 78/855/EEC;
- 6th Directive of EU Council no. 82/891/EEC;
- 11th Directive of EU Council no 89/666/EEC:
- 12th Directive of EU Council no. 89/667/EEC.

The legislation reform intended to adjust both to the standards imposed by the EU acquis regarding the companies and to OECD standards on Corporate Governance. Consequently, the new legislation (Law no.441/2006 to modify Law no. 31/1990 regarding the companies and Law no. 26/1990 on trade register, published in Monitorul Oficial, Part I no. 955 on November 28, 2006). Regarding the compliance to OECD Corporate Governance principles, we can mention some aspects of the new legislation, such as:

- reconfiguring the structure of the Board (Consiliul de administratie), choosing the "onetier" model, making distinction between the executive and non-executive positions;
- defining the executive and non-executive positions and the liability of executive and non/executive administrators;
- criteria to ensure the independence of non-executive administrators;
- revising the regulation of administrators' statute, by enforcing the due diligence obligation, the loyalty to company obligation, the "business judgement rule";
- clarifying the issue of position cumulating;
- improving the minority shareholders' protection by new regulations on general assemblies meetings, quorum and majority requirements, enforcing the right to vote, to information and disclosure, dividend payments, etc.;
- regulating the financial auditors appointment, etc.

Very important in our opinion are:

- the possibility to create consultative committees in order to make investigations and elaborate recommendations for the Board, concerning: audit, remuneration of the administrators, managers, personnel, nominating candidates for management positions;
- the regulation on independent non-executive administrators: at least one member of each
 committee must be an independent non-executive administrator. The audit Committee
 and the Remuneration Committee must be composed only by non-executive
 administrators. The presence of independent non-executives directors will enforce a
 independent control over the actions of executive directors, enhancing the responsibility
 of executive directors.

This new regulation will benefit to all parts involved, such as investors, especially minority shareholders and companies, benefiting from a better management; finally, the whole society will benefit from a cleaner and more performing economic environment.

We must add that, right at the moment we finished that paper, Romanian Stock Exchange launched the April version of it's project on Corporate Governance Code. Conceived to be a non compulsory code, based on the principle "comply or explain" it will enhance the companies' compliance to the corporate governance principles, in order to make a more open and favorable economic environment in Romania, to the benefit of all investors, major and minor shareholders.

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A HISTORY OF THE CONCEPT OF SUSTAINABLE DEVELOPMENT: LITERATURE REVIEW

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Sustainable development - as a well defined concept - has emerged from a series of Conferences and Summits, where influential people have tried to come to an agreement on how to tackle the "burning issues" of the 21st Century: poverty, increasing inequality, environmental and human health degradation. The present paper presents the most important "stages", where the "actors" have created and defined the concept of sustainable development and its principles.

Key words: sustainable development, environment, economic growth.

Introduction

Sustainable development has become the "buzzword" of both the academic and the business world. "Sustainability" has been present for the last decades in academic papers, syllabuses of Faculties, boardrooms of local authorities and corporations and offices of public relations officers. Unfortunately, sustainability has become a "fashionable" concept in theory, but it is considered extremely expensive to be put in practice by major corporations, firms and local or national governments.

What people tend to neglect and forget is the evolution of the concept of sustainability. Although the history and evolution of a concept might seem unimportant, it could help us predict the future trends and flaws that will appear. And it will help us ensure that the 21st century will be "the Sustainability Century" (Elkington, 1997, p.18).

1. The "alarm bells"

More than 200 years ago, the first questions arose regarding the impact of the evolution of our civilization could have on the environment and resources of our planet. In 1798, Thomas Robert Malthus (1766-1834), demographer, political economist and country pastor in England wrote *An Essay on the Principle of Population*. He predicted that the world's population would eventually starve or, at the least, live at a minimal level of subsistence because food production could not keep pace with the growth of population. He believed that the population was held in check by "misery, vice and moral restraint". Malthus wrote that "population, when unchecked, increased in a geometrical ratio and subsistence for man in an arithmetical ratio" (Rogers, 2008, p. 20). Technological advances since that time have proved him wrong. Through better farming techniques, the invention of new farming equipment, and continuing advances in agricultural science, "production has increased much more rapidly than population, so much so that in real terms, the price of food is much lower today than it was two hundred years ago, or for that matter, even fifty years ago" (Baumol, 2007, p. 17).

The debate about Malthusian limits has continued in time, with many critics asking how it became possible to have a six-fold increase in global population - from one to six billion - since 1798 and still be able to more or less feed the population. The next wave of Malthusianism is represented by the ideas and prospects presented by the Club of Rome. The results of computer simulations made by MIT technicians were published in the well-known book *The Limits to Growth* (Meadows, 1972) which focused attention on depletion of nonrenewable resources and resulting increases in commodity prices. "Additionally, this model assumed that population and industrial capital would continue to grow exponentially, leading to a similar growth in pollution and in demand for food and non-renewable resources" (Cole, 2007, p. 241). The supply of both food and non-renewable resources was assumed to be fixed. Not surprisingly given the assumptions, the model predicted collapse due to non-renewable resource depletion. At the same time, one of their conclusions remarks that "there is no extraordinary effort to abate pollution or conserve

resources" 163. But as time passed, "most if not all of the Club of Rome's predictions for the next 30 years, from 1973 to 2003 were not borne out" (Rogers et. al., 2008, p. 20).

Another Malthusian worth mentioning is Lester Brown. He has published numerous books (latest: Plan B 2.0: Rescuing a Planet under Stress and a Civilization in Trouble in 2006 and Plan B 3.0: Mobilizing to Save Civilization in 2008) and articles dealing with the troubles that our civilization will face after we will exhaust our fossil fuel reserves. In 1974, Lester Brown has set up the World Watch Institute 164 and later on the Earth Policy Institute 165. Both of them are presenting facts regarding the global use of natural resources and also presenting viable alternatives for our consumption trends (Brown, 2006, p.17).

The main purpose of the above mentioned Malthusians was to provide a useful reminder to the society and to the local, national and international authorities that if we continue our consumption trends we could find ourselves in trouble.

2. The emergence of the concept

The 1972 Conference on the Human Environment in Stockholm, Sweden, attended by 113 states and representatives from 19 international organizations, was the first truly international conference devoted exclusively to environmental issues. There, a group of 27 experts articulated the links between environment and development stating that: "although in individual instances there were conflicts between environmental and economic priorities, they were intrinsically two sides of the same coin" (Vogler, 2007, p. 432). Another result of the Stockholm Conference was the creation of the United Nations Environmental Program (UNEP) which has the mission "to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations", 166.

This conference played a catalytic role in promoting the subsequent adoption of international agreements concerned with ocean dumping, pollution from ships, and the endangered species trade. It also adopted the "Stockholm Declaration on the Human Environment," which included forward-looking principles, such as Principle 13¹⁶⁷, that declared the need for integration and coordination in development planning to allow for environmental protection. However, "the Stockholm conference was limited in its effectiveness because environmental protection and the need for development, especially in developing countries, were seen as competing needs and thus were dealt with in a separate, uncoordinated fashion". Some critics concluded that "the conference was more concerned with identifying trade-offs between environment and development than with promoting harmonious linkages between the two" (Prizzia, 2007, p. 21). Even UN documents acknowledged after the Stockholm conference that little was accomplished to concretely integrate environmental concerns into development policies and plans. A more integrated perspective that incorporated both economic development and environmental sensitivities was clearly needed.

In 1983, the UN General Assembly created the World Commission on Environment and Development which was later known as the Brundtland Commission, named after its Chair, Gro Harlem Brundtland, then Prime Minister of Norway and later head of the World Health Organization. In 1987, the Commission published the Brundtland Report, entitled Our Common Future¹⁶⁸. It built upon what had been achieved at Stockholm and provided the most politically significant of all definitions of sustainable development: "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" 169. The definition contains two major concepts: firstly, the concept of 'needs', in particular the essential needs of the world's poor, to whom overriding

¹⁶³ http://dieoff.org/page25.htm last access 30th April 2008

¹⁶⁴ website: http://www.worldwatch.org/

website: http://www.earth-policy.org/index.htm

¹⁶⁶ http://www.unep.org/PDF/UNEPOrganization Profile.pdf last access 30th April 2008

¹⁶⁷ http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=97&ArticleID=1503 last access 30th April

¹⁶⁸ http://www.un-documents.net/wced-ocf.htm last access 30th April 2008

http://www.un-documents.net/ocf-02.htm#I last access 30th April 2008

priority should be given; and secondly the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs¹⁷⁰.

In that period the concept of sustainable development acquired political momentum "through rising public concern in the developed countries over the new and alarming phenomenon of global environmental change, and in some ways it replaced fears of nuclear war that had prevailed in the early 1980's" (Vogler, 2007, p. 435).

Some critics argue that "the Brundtland Commission Report's discussion of sustainability is both optimistic and vague. The Commission probably felt that, in order to be accepted, the discussion had to be optimistic, but given the facts, it was necessary to be vague and contradictory in order not to appear to be pessimistic" (Bartlett, 2006, p. 22). Others are even more critical: "Mrs. Brundtland provided a slogan behind which first world politicians with green electorates to appease, and third world politicians with economic deprivation to tackle, could unite. The formula was of course vague, but the details could be left for later" (Benton, 1994, p. 129). But the fact still remains that the concept of sustainable development was born.

3. Taking the concept to the next level

The next step was the UN Conference on the Environment and Development (UNCED), which was held in Rio de Janeiro, Brazil, during the summer of 1992, an unprecedented historical event with the largest gathering of 114 heads of state, including 10,000 representatives from 178 countries and 1400 non-governmental organizations represented by additional thousands¹⁷¹.

The conference itself proved to be an international event on an unprecedented scale as heads of government tried to make their mark on what was dubbed the *Rio Earth Summit*. The association in the title, "connecting Environment *and* Development, was indicative of North–South bargaining at the UN, in which demands for international action on the environment were set against claims for additional development aid and technology transfer" (Vogler, 2007, p. 436). The key outputs of the Conference were: *the Rio Declaration*¹⁷², *Agenda* 21¹⁷³, and the Commission on Sustainable Development 174. All are quite explicitly concerned with sustainable development and it is thus, at the conclusion of the Earth Summit that the concept truly arrives on the international scene.

The commitment of leaders from around the world to sustainable development was clearly articulated in Agenda 21, the key document of the summit - a 500 page collection of agreed healthy practices and advices for achieving sustainable development in almost any area on the surface of the earth. Agenda 21 activities are organized under environmental and development themes: quality of life, efficient use of natural resources, protection of the global commons, management of human settlements, and sustainable economic growth. It recognizes that the persistence of severe poverty in several parts of the world alongside a standard of living based on wasteful consumption of resources in other parts is not a sustainable model, and that environmental management must be practiced in developing and industrial countries alike. During the 1992 conference it was agreed that to implement Agenda 21, countries should prepare a national sustainable development strategy.

While sustainable development was the unifying principle for the entire Rio conference, there was disagreement about its meaning and implications. The UNCED process attempted to provide guidance in implementing sustainable development by laying out a set of principles and a plan of action based on the concept. Indeed, Rio was less about debating the definition of sustainable development than it was about developing approaches to ensure its implementation. Some critics argue that "implementing the principles of equity and living within ecological limits can only be accomplished if social, political, and economic systems have the flexibility to be redirected toward sustainability as well as integrated with each other and the environment" (Prizzia, 2007, p. 21).

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¹⁷⁰ http://www.un-documents.net/ocf-02.htm#I last access 30th April 2008

¹⁷¹ http://www.un. org/geninfo/bp/enviro.html last access 30th April 2008

http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm last access 30th April 2008

¹⁷³ http://www.unep.org/Documents.Multilingual/Default.aspDocumentID=52 last access 30th April 2008

¹⁷⁴ http://www.un.org/esa/sustdev/csd/review.htm last access 30th April 2008

In the 1997 Kyoto conference on climate change, developed countries agreed on specific targets for cutting their emissions of greenhouse gases, resulting in a general framework, which became known as the Kyoto Protocol, with specifics to be detailed over the next few years. The U.S. proposed to stabilize emissions only and not cut them at all, while the European Union called for a 15% cut. In the end, there was a trade off, and industrialized countries were committed to an overall reduction of emissions of greenhouse gases to 5.2% below 1990 levels for the period 2008–2012. However, the complexity of the negotiations created considerable confusion over compliance even after the Kyoto Protocol itself was adopted because it only outlined the basic features for compliance but did not explain the all-important rules of how they would operate. Although 84 countries signed the Protocol, indicating their intent to ratify it, many others were reluctant to take even this step.

Unfortunately the USA has refused to ratify the Kyoto Protocol. The EU has ratified the Kyoto protocol but this has not been enough. The Union has failed to reduce CO2 emissions. The overall picture of the situation in 2030 is pessimistic. In relation to 1990 figures, the US's contribution to CO2 emissions will increase by 50%, compared to an 18% EU increase (Camhis, 2006 p. 74). The Kyoto Protocol still remains one of the most debated international agreements between the "greens" and the "neo-liberals".

In September 2000 at the Millennium Summit held in New York, world leaders agreed on the *Millennium Development Goals*¹⁷⁵, most of which have the year 2015 as a timeframe and use 1990 as a benchmark. These goals are both modest and ambitious. The Millennium Development Goals demonstrate that "the livelihoods and well-being of the world's poor are now conceptualized in terms of access to opportunity and absence of insecurity and vulnerability" (Adger et. al., 2007, p. 194). They represent a more practical expression of the principle of equilibrium between the economic, social and environmental pillars of sustainable development. They include 1) halving the proportion of people living on less than a dollar a day and those suffering from hunger, 2) achieving universal primary education and promoting gender equality, 3) reducing child mortality and improving maternal health, 4) reversing the spread of HIV/AIDS, 5) integrating the principles of sustainable development into country policies, 6) reducing by half the proportion of people without access to safe drinking water. Unfortunately, the world still has to tackle "this dangerous blend of indifference and concealment and ultimately rebuild the trust between people, business and government, desperately needed if we are going to stand any chance in achieving the Millennium Development Goals to combat poverty, disease and deprivation by 2015" (Gorbachev, 2006, p.157)

The World Summit on Sustainable Development (WSSD) in Johannesburg in 2002 was a landmark in the business of forging partnerships between the United Nations, governments, business and NGOs to gather resources for addressing global environment, health and poverty challenges¹⁷⁶. The Johannesburg Summit reconfirmed the Millennium goals and complemented them by setting a number of additional ones such as halving the proportion of people lacking access to basic sanitation; minimizing harmful effects from chemicals; and halting the loss of biodiversity. Some authors consider the summit a "progress in moving the concept [of sustainable development] toward a more productive exploration of the relationship between economic development and environmental quality" (Asefa, 2005, p. 1). The WSSD "fills some gaps in the Agenda 21 and the Millennium Development Goals and addresses some newly emerging issues, including to halve the proportion of people without access to basic sanitation by 2015; to use and produce chemicals by 2020 in ways that do not lead to significant adverse effects on human health and the environment; to maintain or restore depleted fish stocks to levels that can produce the maximum sustainable yield on an urgent basis and where possible by 2015; and to achieve by 2010 a significant reduction in the current rate of loss of biological diversity" (Nelson, 2007, p. 166).

The Johannesburg Conference confirmed a trend, which appeared since the 1992 Conference, of the increasing importance of the socioeconomic pillars of sustainable development. The environmental agenda at the two previous UN conferences had been sustained by peaks in the public 'attention cycle' of major developed countries. WSSD incorporated the concept of sustainable development throughout its deliberations and was initially dubbed "the implementation summit". Inevitably "demands for additional financial resources and technology transfer continued but much of the debate had already been pre-empted by the establishment of the Millennium Development Goals in 2000" (Vogler, 2007, p. 439).

¹⁷⁵ http://www.un.org/millenniumgoals last access 30th April 2008

¹⁷⁶ http://www.un.org/jsummit/html/basic info/basicinfo.html last access 30th April 2008

Conclusions

If we follow all the conferences from 1972 to 2002 we can observe that there was the shift in the political debate from a primary emphasis on environmental issues at the 1972 Stockholm Conference, through a shared focus on environmental, social and economic development at the Rio de Janeiro Earth Summit in 1992, to arguably a primary emphasis on poverty alleviation at the Millennium Summit in 2000 and at the Johannesburg World Summit in 2002. This does not necessarily mean environmental protection has been effectively sidelined, of interest mainly in its capacity to alleviate poverty. Rather, it would appear that what began as a call to protect the environment in the service of human development has become a more specific call to *prioritize* improvements in the well-being of the very worst-off now and in the future.

The biggest challenge of sustainable development remains the global consciousness from households to boardrooms regarding the importance of tackling the challenges of the Industrial Revolution: a limitless human and environmental exploitation.

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SUSTAINABLE DEVELOPMENT – A THEORETICAL APPROACH

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Sustainability should represent the main goal of present leaders at both economic and political level. Although respecting the principles of sustainability might not seem cost effective, not respecting them will lead to much higher expenses for future generations. The present paper consists of theoretical approaches to sustainable development and practical challenges for the implementation of sustainability.

Keywords: sustainability, development, equity, poverty reduction.

Introduction

The first part of the paper presents a series of reasons why sustainability is needed in the present world and makes a short presentation of the evolution of sustainable development. The second part presents a more detailed look on how sustainable development has to be understood and applied in the everyday life of both global corporations and individuals.

The aim of the paper is to give an objective opinion on how the principles of sustainable development should be understood and the ways these principles should be applied.

Sustainable development – a pressing requirement of the 21st Century

The concept of "sustainable development" or "sustainability" has and continues to be widely recognized and discussed. This concept "appears designed to remove the conflict out of the debate over environmental quality versus economic growth, which was evident in the 1960s and 1970s, during the surge in the environmental movement" (Davidson, 2005, p. 2).

The business world has "three basic issues to face: what it takes, what it makes and what it wastes, and the three are intimately connected" (Hawken, 1993, p. 12). They are determined by a change in the way people think, influenced by the Industrial Revolution in the 18th Century. The Revolution "led to incredible productivity and a world that now supports, at varying levels of sufficiency, 6,000 million people—more than 600 times the population existing before the agricultural revolution". But at the same time "far-flung markets and swelling demands drive environmental exploitation from the poles to the tropics, from the mountaintops to the ocean depths" (Meadows, 2006 p. 164).

The Industrial Revolution had also a major impact on the human thought. In the "capitalist" civilization "people must ... think constantly in terms of making money. They must regard everything around them—the land, its natural resources, their own labor—as potential commodities that might fetch a profit in the market" (Worster, 1988 p.11).

Determined by serious alarm bells (poverty, inequality, environmental and natural resources crises) the leaders of the world have agreed on the need of a change. Although debates about the impact of our civilization on the planet's capacity to regenerate can be traced back to the end of the 18th century, the first debates about the relationship between the environment and development had taken place in 1972, at the Conference on the Human Environment in Stockholm. It was followed by the Brundtland Report, also known as Our Common Future, when the first definition of sustainable development has been given: "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" Critics considered the definition "vague but optimistic" (Bartlett, 2006, p. 22). Since then numerous interpretations have been given.

The next stage was the UN Conference on the Environment and Development (UNCED), which was held in Rio de Janeiro, Brazil, during the summer of 1992. It was one of the most important international events of the 20th century. It was followed by the Kyoto protocol in 1997, which aims at imposing for the countries that have signed it a reduction of the emissions of green-house gasses. At the beginning of the 21st century, the World Summit on Sustainable Development was held in Johannesburg. Its goals were to gather resources for addressing global environment, health and poverty challenges.

 $^{^{177}\} http://www.un-documents.net/ocf-02.htm#I last access 30th April 2008$

So we can see that "sustainable development is an on-going process integrating ecological, economic, equity and ethical considerations for current and future generations of people and other living creatures, without endangering the life support systems of the planet upon which ultimately all life depends" (Moffatt, 2007, p. 319).

Sustainable development – principles in practice

In 1992, Munasinghe presented (Rogers, 2008, p. 23) the three approaches to sustainable development:

- Economic maximizing income, while maintaining a constant or increasing stock of capital,
- Ecological maintaining resilience and robustness of biological and physical systems
- Social cultural maintaining stability of social and cultural systems.

For a better understanding he created the sustainable development triangle (Figure 1.). Sustainable development requires a balanced and integrated analysis from three main points of view: economic, social and environmental. Each viewpoint represents a domain and a system that has its own distinct driving forces and objectives. "The economic view is geared towards improving human welfare, primarily through increases in the consumption of goods and services. The environmental domain focuses on protection of the integrity and resilience of ecological systems. The social domain emphasizes the enrichment of human relationships and achievement of individual and group aspirations. The interactions among domains (represented by the sides) are also important to ensure balanced assessment of trade-offs and synergies that might exist among the three dimensions. Issues like poverty may be placed in the center of the triangle to re-emphasize that they are linked to all three dimensions" (Munasinghe, 2002, p.18).

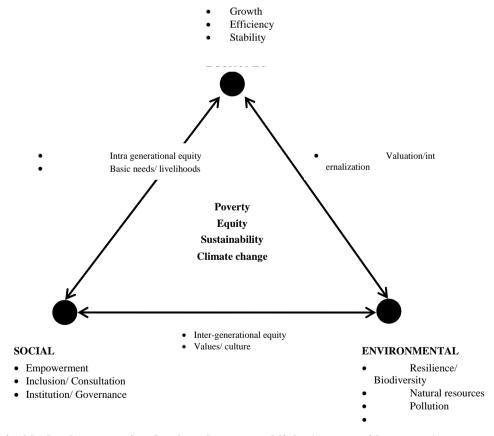


Figure 1. Sustainable development triangle – key elements and links (corners, sides, center)

Source: Munasinghe (1992) - Environmental Economics and Sustainable Development, Paper presented at the UN Earth Summit, Rio de Janeiro, and reprinted by the World Bank, Washington D.C. 178

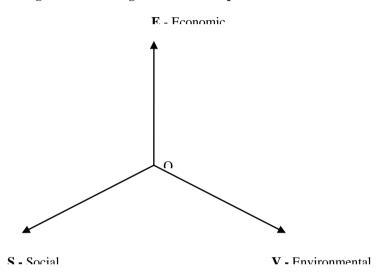
 $^{^{178}\} http://www.eoearth.org/article/Sustainomics_and_sustainable_development,\ last\ access\ 30^{th}\ April\ 2008$

Rogers has given a more practical solution to achieve sustainability (Rogers, 2008, p. 23):

- Leave everything in the pristine state, or return it to its pristine state.
- Develop so as to not overwhelm the carrying capacity of the system.
- Sustainability will take care of itself as economic growth proceeds.
- Polluter and victim can arrive at an efficient solution by themselves.
- Let the market take care of it.
- Internalize the externalities.
- Let the national economic accounting system reflect defensive expenditures.
- Reinvest rents for nonrenewable resources (weak and strong sustainability).
- Leave future generations the option or the capacity to be as well off as we are.

Considering the many definitions and principles of sustainable development, there are three operational criteria (Figure 2.). These criteria should evaluate each objective of the triple bottom line.

Figure 2. Balancing benefits – the equilibrium of sustainable development



Sustainable development equilibrium: OE = OS = OV

Source: adaptation after Rogers (2008) - An Introduction to Sustainable Development, p.45

The environment of our planet represents our greatest common wealth. "Clean air and water remain important matters, but environmental concerns now include such problems as acid precipitation, depletion of the ozone layer, greenhouse gas emissions and global climate change. These problems span national borders (thus defying any single-country solution) and are deeply complex" (Coggburn, 2007, p. 259).

Because of the advanced state of degradation of the environment "no one who is interested in justice wants to sustain things as they are now. Sustainability plays very differently in the environmental sphere, where the whole point is simply that conditions as they are *cannot* be sustained and the only question is how rapidly to ameliorate them" (Marcuse, 2006, p. 57).

There are critics who consider that in practice "ecological limits are rapidly converting economic growth into uneconomic growth—i.e., throughput growth that increases costs by more than it increases benefits, thus making us poorer not richer" (Daly, 2006, p. 39). In much of Africa, Latin America, and Asia, "a by-product of the pursuit of agricultural, energy, urbanization, and industrial objectives has been significant corrosive effects upon soil endowments, watershed management, water quality, coastal fishing, and survival of coastal reefs. From this experience, we should have learned that it is not enough that nations follow sensible environmental policies" (Gillis, 2005, p.23).

Regarding poverty reduction, it "is neither a noble nor an adequate goal, as poverty creates ecological destruction, increases social instability, and diminishes our humanity" (AtKisson, 2006, p. 241). So we can see that in practice fewer steps towards sustainability have been taken than in practice than in theory.

So, we can state that "the ultimate purpose of a business is not, or should not be, simply to make money. Nor is it merely a system of making and selling things. The promise of business is to increase the general well – being of humankind through service, a creative invention and ethical philosophy" (Hawken, 1993, p. 5).

Conclusions

The solutions for our dilemmas are three fundamental principles that govern nature. First, "waste equals food", because in nature detritus is constantly recycled to feed other systems. Second, "nature runs off of current solar income", because the only external input into the closed system of the Earth is solar energy. Third, "nature depends on diversity, thrives on differences, and perishes in the imbalance of uniformity" (Hawken, 1993, p.12). The new economic theory should be written considering these principles.

At the same time, Shiva (Shiva, 2005, p. 9) has stated the principles of Earth Democracy that come to help us guide us towards the Era of Sustainability:

- 1. All species, peoples and cultures have intrinsic worth
- 2. The earth community is a democracy of all life
- 3. Diversity in nature and culture must be defended
- 4. All beings have a natural right to substance
- 5. Living cultures are life nourishing
- 6. Earth Democracy globalizes peace, care and compassion

In conclusion, our path has been set. It depends on each individual to recognize it, accept it and apply it in everyday life. We, as a civilization have passed the moment when we could learn from our errors. From now on we have to move forward flawlessly.

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SUSTAINABLE DEVELOPMENT STRATEGIC DIRECTIONS FOR AGRICULTURAL HOLDINGS

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Abstract

The agriculture's sustainable development is a demand of the Community's Agricultural Policy in Romania. The objective can't be reached without competitive agricultural holdings, which work on the basis of high economic performance criteria. This is why agricultural holdings must take into account a series of strategic development directions, such as: the technical capital's optimum dimensioning and management, perfecting the human capital, perfecting the rural structures, the exploitation's optimum dimensioning, improving sales.

Keywords: sustainable development, agricultural holdings, development strategy, technical capital, human capital, rural structures

The agriculture's sustainable development is a concept integrated in the sustained economic growth and has a triple dimension: ecological, social and economic. The ecological and social aspects are demands formulated by the external environment for agricultural holdings, but their economic performance is tied to their reason to exist and to accomplish the entrepreneurs' interests.

In Romania practicing intensive socialist agriculture led to a diverse polluting phenomenon of the environment. At the same time, the structural reforms adopted in the transition period led to organizational changes with dramatic consequences for the Romanian agriculture. The privatization process and especially restoring the ownership rights over lands led to the shrinking of the agricultural holdings' dimensions below the limits needed for an efficient functioning. This aspect, together with the destruction of the existent technical base, the shortage of capital and other aspects, led to practicing subsistence agriculture and to a low competitiveness of the Romanian agriculture in comparison to the countries from the European Union.

The sustainable development of the Romanian agriculture in accordance to the Community's Agricultural Policy is a chance and a complex process at the same time, which targets: practicing an ecological agriculture, organizational reforms, mentality changes, the proper training of the farmers, important investments in the sector, etc.

In order to have a sustainable activity the following demands must be met by the agricultural holding:

- to use ecological production technologies which will ensure the integrity of the natural environment and the consumers' health protection;
- to adapt the activity to the soil and climate conditions of the area in order to achieve a high economic performance;
- to substantiate the produce offer to the demands of the market;
- to integrate itself in the natural environment by preserving the landscape's biodiversity and beauty;
- to be profitable on long term, satisfying this way the interests of the agricultural entrepreneurs.

The mentioned demands can't be carried out without the existence of a development strategy for the agricultural holdings, which will clearly mention the objectives and will efficiently manage the necessary resources for reaching the objectives.

Considering their limited character, the resources' efficient management is one of the fundamental requirements for a sustainable agriculture.

The steps taken for scientifically substantiating an improvement strategy for agricultural holdings have as a starting point the correct and efficient dimensioning of the used production factors.

By ensuring the technical-production grounds for the agricultural holdings, *dimensioning the technical capital* in close relation with the level and characteristics of the operating processes, constitutes an indispensible condition for the activities' efficient unfolding. The investments which are well substantiated technically and economically will ensure the conditions needed for the growth of the labor productivity, for the production's quality, for preserving and protecting the environment.

The net investments in Romania's agriculture have dropped continuously from 2002 to 2005, when they represented only 3.9% from the total net investments of the economy. The agricultural corporal fixed assets ratio from the economy's total fixed assets was 1.5% in 2005. The arable area for a tractor was 85.2 ha in 2005, with an unfavorable discrepancy for our country in comparison to France (1:2.5), Italy (1:4) and The Netherlands (1:5). For other farm equipments the discrepancy is even higher. The area per tractor is almost double for commercial agricultural holdings than for individual agricultural farms.

The complex of measures used for a better management of the resources also targets the *working capital's elements* for the agricultural holdings. The direct and powerful determinism of the natural conditions (climate, the soil's agro-pedological characteristics, etc) over the agricultural production, especially in the vegetal sector, leads to big consumptions of working capital elements, especially plant health protection substances.

An element which determines in a large measure the yield level per hectare and the results obtained by the agricultural holdings is the level of used fertilizers: the substances used to fight diseases and insects, the quality of the used biological product. Between 1989 and 2005 to use of chemical and natural fertilizers has dropped dramatically. In 2005 the agricultural holdings used with 85.2% fewer fertilizers than in 1989, and the consumption of organic fertilizers dropped with 68.2%. In recent years there was though a rise in the chemical and natural fertilizers consumption. The compatibility of the agricultural holdings' activity at the Community's level can be ensured by reducing the costs for plant's health on the basis of rationalizing treatment schemes, by using fertilizing substances in accordance with the technological recommendations regarding the productivity growth per hectare, by using high productivity (certificates) breeds and hybrids, but also by implementing alternative technologies in the production process.

Perfecting the human capital management, from the quantitative point of view, but especially from the qualitative perspective, will improve the production results and lead to a better use of the natural resources and of the technical-material potential, with positive economic effects at the level of the whole agricultural holding.

The migration's evolution in the transition period of the Romanian employed population didn't lead to creating an occupational structure that corresponds to the community's model, which is orientated towards services and economic diversification. Our country's agriculture was confronted with a growth of the population employed in this sector, from 27.8% in 1989 to 40.8% in 2000 (the maximum number of the population who worked in agriculture was 3.523.000 persons). Only in recent years there was a downward tendency, in 2006 the ratio of the population employed in agriculture was 29.6% from the total number. The discrepancy from the other EU members is still worrying (10:1). The low incomes earned by the rural population is one of the causes for the low standard of living in rural areas, it is also responsible for the lack of financial possibilities used for improving conditions or for investments, for the youth who is moving to more attractive sectors or is leaving the country. For the 2006-2013 period a reduction with 16% is estimated for the population employed in agriculture.

The decrease in the employed rural population's rate, a population who is currently working until old ages and practices subsistence as a main form of existence, is necessary and can be put in practice by promoting rural social protection programs.

On the other hand, it's necessary to attract young labor force in the rural environment by diversifying the economic activities and thus accomplishing a growth of the incomes and the modernization of the rural area. Promoting an adequate incentives system inside agricultural holdings will lead to a better motivation of the employees. The structural work reform in agriculture must also take into account the professional training of the agricultural producers and especially aim at attracting the youth in the rural area, a measure which will lead to a younger active population in the villages once the farmers who are at the retiring age will stop working.

The structural changes in Romanian agriculture initiated by the Rural Capital Law no. 18/1991 try to close in to the community's agricultural model and in order to do this the starting point for improving the structures of production, of financing-crediting, of management and control must be *perfecting the rural structures*.

The data from the last General Agricultural Census (2002) indicated that approximately 97% of the agricultural lands are privately owned, 55.4% of the used rural area is exploited by individual households and the rest is managed by big units with legal status. The way the Rural Capital Law was written and applied generated the

crumbling of the lands and led to an excessively big number of individual ownerships (over 4.4 million). Even though they exploit about 62% of the country's plough land, they usually own (49.5% of the total area) lands smaller than 1 hectare which gives them a subsistence status because they produce for their own consumption and don't have economic power. Ensuring a rational operating of the agricultural area, increasing and stabilizing the produce offer, meeting dead-lines and reducing the production costs, doing improvement works, growing the agricultural and economic profitability are desideratum which can be solved only by creating viable rural structures based on private ownership whose dimensions allow to apply modern agricultural techniques.

Among the diverse improvement possibilities of the rural structures we find the stimulation of the lands' agglomeration by promoting associative structures, which are important especially at microeconomic level. The grouping of small producers in associations will lead to overcoming the subsistence characteristic which is present in peasant households.

The immediate consequence of the actions taken to improve the rural structures will be found in the actualization of the *economic dimension of the agricultural holdings* which makes possible the practicing of modern production technologies, a better use of the resources, and by concentrating the capital we practically create the premises for a viable and profitable operating structure.

In the EU countries there is a dimensional variety of the agricultural holdings. They have between 4.3 ha in Greece and almost 70 ha in Great Britain, with a Community average of 18.4 ha per agricultural holding. Although some economists think there is no optimum dimension for agricultural exploitations, because this could only be achieved in the conditions of steady prices and with existence of an optimum allotment of the production factors (a difficult achievement in agriculture), Romania, with an average dimension of 1.63 ha per holding / individual farm, is at a considerable distance for the Community's agricultural pattern. The legal, organizational and institutional measures, the economic-financial levers used by the state and the actions taken in the next period must target the agricultural holdings' growth and the shaping of commercial agricultural holdings orientated towards the market. The structural adjusting of the agricultural holdings in Romania in order to increase their dimension is done through different methods: the stimulation of the small producers' association; the development of the rural market, of the mortgage credit and of the lands' leasing; the production's restructuration in big agricultural holdings (the average is 270 ha per unity with a legal status); building ecological farms; merging and organizing the agricultural holdings' territory.

Seen as a result of using all the production factors and with direct consequences over the economic-financial results, perfecting the agricultural production is a key element of the development strategy for agricultural holdings. In order to be aligned to the practice of the developed countries, the quality standards of the Romanian farm produce must be improved. Standardizing the farm produce according to qualitative performances is tied to reaching minimal technical conditions which must be met in order to face up to the competitive side of the market. Drawing up a registration plan of the Romanian products according to the example of the EU countries, would allow selecting the products in accordance with the ecological criteria, or better said, in accordance with the danger degree for man and environment because the consumers protection is an important section in the European Union legislation (R CEE no. 2092/1991, regarding the framework of the production, commercialization and support of the ecological production; R CEE no. 2078/1992 regarding the production methods which are compatible with the environment protection; R CEE 2092/1999 for the stipulation of the development measures regarding organic production, etc.).

Practicing ecological agriculture is an important characteristic of the developed countries' economy, which includes important areas; at EU level 3.7 million ha (2.9% of the total agricultural area) were cultivated in 2001. Romania has recent accomplishments in this field (the year 2000), cultivating approximately 170.000 ha in an ecological system in 2006. Even if organic agriculture is just starting in Romania, our country is among the first 20 exporters at world-wide level. We export nuts, wild fruits, mushrooms and cereals. In 2006, 95% of the vegetal organic products were exported and 20% were products of animal origins. The export of ecological products has grown from 600 tons in 2000 to 7200 tons in 2006.

The method of *calculating the agricultural production costs* must also be aligned to international practices, so that the financial books, accounting records and costs' calculus will be in accordance with the International Accounting Standard IAS 41 "Agriculture". The careful monitoring of the production cost at the level of each agricultural holding becomes an important rationing factor of the resources' allotment and consumption. The positive outcomes appear by influencing the farm produce's prices and by growing the unitary profit.

Considered one of the regression causes for the Romanian agriculture in the transition period, the shortage of capitals for production or investments brings to attention the problem of the *financing sources* which sustain the

development of the agricultural producers. The structural adaptations imposed in order to be aligned to the Community's Agricultural Policy can be sustained only through additional financial flows to the agricultural holding's level, by accessing structural funds destined to improve the production, processing and commercialization conditions, and especially by contracting technically and economically substantiated loans. The self-financing based on a good management of the treasury still remains the main source for financial resources which combined with external resources allow reaching the agricultural holdings' economic objectives.

Because commercialization is the last phase in the process which includes obtaining, processing and turning profitable the farm produce, it becomes important for one of the objectives formulated in the development strategy of the agricultural holdings to refer to *perfecting the selling activities*. An important role in identifying the characteristics of the farm produce's market, the possibility to embrace some market segments, the capitalization channels and the necessary logistics, belongs to the market researchers. The market studies' objective is to know and to estimate the consumer demand for farm produce and are materialized in marketing programs which are adequate to the conditions and to the real possibilities of the holdings. The marketing mixes include a specific combination for each agricultural holding between product strategies, price strategies, distribution policies and ways to promote production.

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SYSTEM OF INDICATORS OF THE PROFITABILITY FOR COMPANIES OPERATING IN FOREIGN TRADE

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The scientific fundament of increasing foreign trade efficiency and its orientation towards obtaining maximum advantage requires first of all the specification of foreign trade efficiency and profitability content. In foreign trade, the profit of the foreign trade companies, as synthetic indicator, generally depends on the commission revenues and on the general expenses of the foreign trade company. In order to achieve a profit as large as possible, it is necessary to perform the factorial analysis of the commission revenues and the ways of increasing these revenues.

Keywords: profitability, foreign trade, revenue, goods.

The main issues to be presented when performing the profitability analysis of the foreign trade companies will be: the analysis of commission revenues and the profitability diagnostic - analysis of the foreign trade company;

The Analysis of the Commission Revenues

The export and import process requires the monetary expression of their value; more specifically it requires the price of the goods (exported or imported). Another component of the domestic discount price (for export) or the domestic capitalization (for import) is the company's commission. By their activity the companies generate certain revenues (gross revenues) which they use. To cover their expenses (expenses generated when buying goods and the company's general expenses); the amount up to the commission figure is represented by profit.

Taking into consideration that the total amount of commission revenues from export and import is the source of profit, it has to be thoroughly analyzed in order to discover the reserves that will increase the efficiency of the company's activity. Thus, the amount of the commission earned by the company as percentage shares is obtained for a certain quantity of goods sold (for export), or acquired (for import), as it follows:

$$\sum C = \sum C^e + \sum C^i \tag{1}$$

$$\sum C^e = \sum q^e \cdot p^e \cdot c^e \qquad for \exp ort \tag{2}$$

Where: $\sum C^e$ -the commission amount for exported goods; q^e - the quantity of exported goods;

Analyzing the first formula (2) we notice that four factors influence directly the commission amount. These factors are: the volume of exported goods, the structure of exported goods, the complete domestic price for export, the commission share for export.

The change of commission amount for export is shown in the following equation:

$$\sum C^{e} = \sum q_{1}^{e^{\cdot}} \cdot p_{1}^{e^{\cdot}} \cdot c_{1}^{e^{\cdot}} - \sum q_{0}^{e^{\cdot}} \cdot p_{0}^{e^{\cdot}} \cdot c_{0}^{e^{\cdot}}$$
(3)

Applying the method of chain substitutions and taking into consideration statements (2) and (3), we can determine the influences of the factors mentioned above using the following formulas:

a) The influence of changing the physical volume of exported goods:

$$\Delta q^{e^{\hat{\cdot}}} = \sum q_0^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}} \cdot c_0^{e^{\hat{\cdot}}} \cdot \left| \frac{\sum q_1^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}}}{\sum q_0^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}}} - 1 \right| = \sum q_0^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}} \cdot c_0^{e^{\hat{\cdot}}} \cdot \frac{\sum q_1^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}}}{\sum q_0^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}}} - \sum q_0^{e^{\hat{\cdot}}} \cdot p_0^{e^{\hat{\cdot}}} \cdot c_0^{e^{\hat{\cdot}}}$$
(4)

b) The influence of changing the structure of goods from export:

$$\Delta s^{e^*} = \sum q_1^{e^*} \cdot p_0^{e^*} \cdot i_0^{e^*} - \sum q_0^{e^*} \cdot p_0^{e^*} \cdot c_0^{e^*} \cdot \frac{\sum q_1^{e^*} \cdot p_0^{e^*}}{\sum q_0^{e^*} \cdot p_0^{e^*}}$$
 (5)

c) The influence of changing the complete domestic price for export:

$$\Delta p^{e^*} = \sum q_1^{e^*} \cdot p_1^{e^*} \cdot i_0^{e^*} - \sum q_1^{e^*} \cdot p_0^{e^*} \cdot i_0^{e^*}$$
 (6)

d) The influence of changing the commission share per product for export:

$$\Delta i^{e^{\cdot}} = \sum q_1^{e^{\cdot}} \cdot p_1^{e^{\cdot}} \cdot i_1^{e^{\cdot}} - \sum q_1^{e^{\cdot}} \cdot p_1^{e^{\cdot}} \cdot i_0^{e^{\cdot}}$$
(7)

Changing the commission amount due to the increase of physical volume of exported goods is considered to be favorable. Changing the structure of the goods from export, in the favor of goods with a higher commission share or a lower commission share than the average share drawn by the foreign trade company, leads to the increase or the decrease of the company's commission amount.

Several types of reflex relationships can be noticed within the amount of financial results. Thus, in the relationship with domestic suppliers of goods for export, the discount is made at the actual price, less the commission of the foreign trade company. In case that the foreign trade company busy goods from domestic supplier on its own, the financial results of the company show the difference between the export price and the total costs of the exported goods, expressed in national or foreign currency. Consequently, the profit of the foreign trade company depends on the commission volume, on the gross revenues from direct transactions, on the circulating expenses of the foreign trade company and those which are directly covered from total financial expenses. In order to reach the highest profit volume, first of all we need to meet and exceed the export volume upon which the revenues depend, and on the other hand, to reduce the general expenses, as well as the other expenses of the company. Economic analysis serves this purpose. By its methods, the economic analysis contributes to mobilizing the reserves for increasing the profit.

The analysis of the profit obtaining process is based on several causal connection systems, in accordance with the purpose considered. A first causal connection system deals with the way that profit volume is determined with respect to revenues and expenses, as it follows:

$$P = Revenues - Expenses$$
 (8)

By comparing the profit obtained with the forecasted profit or the profit for the previous time period, the following relationship results:

$$P = P_1 - P_0 = (R_1 - E_1) - (R_0 - E_0)$$
(9)

In this case, the modification in absolute value of the revenues obtained and of the company's expenses as compared to the previous volume or separately explains the deviation of obtained profit as compared to the based period. Taking into consideration that total revenues and total expenses consist of several elements, their contribution towards obtaining additional profit can be determined. This system of causal relationships is used in profit analysis, based on the company's revenues and expenses budget.

The analysis of the profit obtaining process using the revenues and expenses budget is based on the following relationship:

$$P = (ER + IR + OAR) - (CEG + CIG + OE + GE + Exp + OEL)$$

$$(10)$$

where: P - the company's profit; ER - export revenues, revenues from goods sold to export; IR - import revenues, revenues from domestic selling of imported goods; OAR - other activities revenues; CEG - cost of exported goods; CIG - cost of imported goods; OE - other expenses; GE - general expenses of the enterprise; Exp - expenses directly covered from financial results; OEL - other expenses and losses.

Taking into consideration that total revenues and total expenses consist of several components, we will analyze the contribution of each element to obtaining or exceeding forecasted profit. Considering that the various categories of results (profit or loss) result from the action of different factors, we should perform the factorial analysis for these factors.

The factorial analysis of the profit for foreign trade companies

The profit analysis for foreign trade companies can be performed based on the factorial causative connections systems. Thus, the factorial systems allow us to highlight various aspects of the relative modification of revenues and expenses for the foreign trade company as compared to the total volume of selling goods to export and import.

These systems allow the quantification of some specific factors' activity, which influence the profit of the foreign trade company, such as: the cashed-in amount, the average profit rate, the average commission rate, and the relative level of expenses and so on. Factorial systems of the first degree, second degree and so on result from the causal relationships system (11), as it follows:

$$\frac{I \cdot \overline{C} - I \cdot \overline{N}}{100} = \frac{I \cdot \left(\overline{C} - \overline{N}\right)}{100} = \left(I \cdot \overline{r}\right) \cdot \frac{1}{100} \tag{11}$$

So,
$$P = \left[\left(I \cdot \overline{r} \right) \cdot \frac{1}{100} \right]$$
 (12)

Where: I - represents cash inflows from foreign trade operations; r - average profitability rate, considering 100 monetary units cashed-in amount.

From the second relationship (12), we can notice that profit is in direct relationship to both the total amount of inflows from foreign trade transactions and to the profitability rate. The modification of the profit obtained as compared to the base period or to the forecasted profit results from the second relationship (12):

$$\Delta P = P_1 - P_0 = \left[\left(I_1 \cdot \overline{r_1} \right) \cdot \frac{1}{100} \right] - \left[\left(I_0 \cdot \overline{r_0} \right) \cdot \frac{1}{100} \right]$$

$$\tag{13}$$

Exceeding or not meeting the target profit can be explained based on the following factors:

a) The modification of cashed-in amount:

$$\Delta I = \left[\left(I_1 \cdot \overline{r_0} \right) \cdot \frac{1}{100} \right] - \left[\left(I_0 \cdot \overline{r_0} \right) \cdot \frac{1}{100} \right] \tag{14}$$

b) Increasing the profitability rate:

$$\Delta \overline{r} = \left[\left(I_1 \cdot \overline{r}_1 \right) \cdot \frac{1}{100} \right] - \left[\left(I_1 \cdot \overline{r}_0 \right) \cdot \frac{1}{100} \right] \tag{15}$$

In order to show the contribution of the relative modification of revenues and expenses as compared to the total inflows volume, a more analytical causal system is being used:

$$P = \left[\left(I \cdot \overline{C} - I \cdot \overline{N} \right) \cdot \frac{1}{100} \right] \tag{16}$$

Where: \overline{C} - the average share of revenues from selling goods with commission and with foreign exchange contribution; \overline{N} - the relative level of the distribution expenses.

Within the causative relationships system (16) we consider that the company's revenues and expenses are in direct ratio with the cashed-in amount, which means that their total amount varies according to the total inflows volume from export and import goods. Using the third relationship (16), the profit analysis is the following:

$$\Delta P = P_1 - P_0 = \left[I_1 \cdot \left(\overline{C}_1 - \overline{N}_1 \right) \cdot \frac{1}{100} \right] - \left[I_0 \cdot \left(\overline{C}_0 - \overline{N}_0 \right) \cdot \frac{1}{100} \right]$$

$$\tag{17}$$

Out of which the following relationships are based a changing:

a) The cashed-in amount:

$$\Delta I = \left[I_1 \cdot \left(\overline{C}_0 - \overline{N}_0 \right) \cdot \frac{1}{100} \right] - \left[I_0 \cdot \left(\overline{C}_0 - \overline{N}_0 \right) \cdot \frac{1}{100} \right]$$

$$\tag{18}$$

Or, taking into consideration that $\overline{C} - \overline{N} = \overline{r}$, the result is:

$$\Delta I = \left[\left(I_1 \cdot \overline{r_0} \right) \cdot \frac{1}{100} \right] - \left[\left(I_0 \cdot \overline{r_0} \right) \cdot \frac{1}{100} \right] \tag{19}$$

b) The average gross revenue share:

$$\Delta \overline{C} = \left[I_1 \cdot \left(\overline{C}_1 - \overline{N}_0 \right) \cdot \frac{1}{100} \right] - \left[I_1 \cdot \left(\overline{C}_0 - \overline{N}_0 \right) \cdot \frac{1}{100} \right]$$

$$(20)$$

After simplifying these results we have the following equation:

$$\Delta \overline{C} = \left[I_1 \cdot \overline{C}_1 \cdot \frac{1}{100} \right] - \left[I_1 \cdot \overline{C}_0 \cdot \frac{1}{100} \right]$$
 (21)

Taking into consideration the components of the average revenue share (\overline{C}), which are the average commission share cashed and the average share of revenues from foreign currency contribution, meaning: $\overline{C} = \overline{c} + \overline{V}$,

we can determine the contribution of each component to changing the profit amount as compared to the objective followed. In this case, the equation (21) changes as it follows:

$$\Delta \overline{C} = \left[I_1 \cdot \left(\overline{c}_1 + \overline{V}_1 \right) \cdot \frac{1}{100} \right] - \left[I_1 \cdot \left(\overline{c}_0 + \overline{V}_0 \right) \cdot \frac{1}{100} \right]$$
(22)

The influence of changing the average commission share from export – import transaction over the profit, provided that we maintain the previous level of the expenses, can be determined as it follows:

$$\Delta \overline{C} = \left[I_1 \cdot \left(\overline{c}_1 + \overline{V}_0 \right) \cdot \frac{1}{100} \right] - \left[I_1 \cdot \left(\overline{c}_0 + \overline{V}_0 \right) \cdot \frac{1}{100} \right]$$
(23)

$$\Delta \overline{C} = \left[\left(I_1 \cdot \overline{c}_1 \right) \cdot \frac{1}{100} \right] - \left[\left(I_1 \cdot \overline{c}_0 \right) \cdot \frac{1}{100} \right] \tag{24}$$

The commission amount from export transactions can be higher or lower than the amount which is conditioned by the actual cashed-in volume and by the commission share previously obtained, and it can influence positively or negatively the gross revenues and implicitly the profit. The influence of changing the average revenue share from transactions generating foreign currency over profit is determined as it follows:

$$\Delta \overline{V} = \left[I_1 \cdot \left(\overline{c}_1 + \overline{V}_1 \right) \cdot \frac{1}{100} \right] - \left[I_1 \cdot \left(\overline{c}_1 + \overline{V}_0 \right) \cdot \frac{1}{100} \right]$$

$$(25)$$

Changing gross revenues from transactions generating foreign currency as compared to the revenues conditioned by the total actual cashed in amount and by the average share of gross revenue previously obtained directly influence profitability and determined the profit modification for the base period.

The third factor which influences profit is on change of expenses according to the cashed – in mount modification. Thus the relative level of expenses changing and so it influences the profit. The relative average level of total expenses (\overline{N}) comprises both the company's relative level of general expenses ($\overline{N}g$), as well as the relative level of expenses directly covered by the financial results ($\overline{N}d$), which leads to the following equation: $\overline{N} = \overline{N}g + \overline{N}d$.

The influence of the relative modification of the company's general expenses, as compared to the cashed-in amount volume, over the profit is reflected by the following equation:

$$\Delta \overline{N}g = \left[I_1 \cdot \left(\overline{C}_1 - \overline{N}g_1 \right) \cdot \frac{1}{100} \right] - \left[I_1 \cdot \left(\overline{C}_1 - \overline{N}g_0 \right) \cdot \frac{1}{100} \right]$$
(26)

After simplifying the equation above, the following equation results:

$$\Delta \overline{N}g = -\left[\left(I_1 \cdot \overline{N}g_1 \right) \cdot \frac{1}{100} \right] - \left[\left(I_1 \cdot \overline{N}g_0 \right) \cdot \frac{1}{100} \right]$$
(27)

The expenses directly covered by the financial results also influence the company's profit. These expenses are not related with selling export and import goods. Due to this fact, their influence over the profit derives from the difference between the actual amount of money spent and the amount of money previously obtained, as it follows:

$$\Delta CH_d = -\left(CH_{d1} - CH_{d0}\right) \tag{28}$$

As for the commission shares attributable to the foreign trade company, these will be established differently, by negotiations, for the export and import activities. The reduction of the commission share is explained by the changes occurred within the structure of the export - import transactions, as compared to the total volume of these transactions.

The increase and diversification of the transactions generating foreign currency is an important component for increasing profit. The company's management needs to pay attention to the component mentioned above in order to obtain a larger profit volume. Exceeding the previous level of the company's general expenses influences the

profit negatively. The influence of this factor shows the increase of the total amount of the company's general expenses, with a higher rate than the cashed-in amount from the foreign trade activity. This situation can be partially justified by increasing the foreign trade activity. However the company's management will have to consider the set of measures needed for reducing expenses, and based upon this approach to increase the efficiency of the foreign trade activity.

The savings obtained from the expenses covered from the financial results influence favorably the company's profit.

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RELATION: FOODS QUALITY - RAW MATERIALS MANAGEMENT

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The insurance of the quality of the foods has in view the whole food chain, from the projecting of the product to the purchasing of the prime materials to the whole production environment, as well as being focused on the production. The quality can be realized only in the conditions in which every employee from the organization fully fulfils his attributes being conscious of the quality level he must deliver. This solicits o systematic approach and a quality system which is introduced, maintained and administrated. In conformity with the quality management, for reaching maximum performance in insuring the quality of the foods the start must be the prime materials' management. The quality systems used by the enterprises' in the food industry sector are based on the requirements of the standards from the ISO 9000 family, as well as other standards specific to the alimentary sector elaborated at international, national or regional level.

Key words: foods, raw materials management, quality systems, standard.

Introduction

The quality of the products and services offered by a society represents the main factor of its performances. Through the time, but especially in the last decades, there has been registered an increasingly pronounced tendency referring to the growth of the clients' expectation in what regards the products' and services' quality. All these lead to the necessity to implement the quality systems, of the quality management at the firm's level.

The quality management implicates the whole organization and it regards the quality as being the task of each person from the organization; includes the continuous improvement process not only for the supplied products/services or the used production process, but for the organization as well.

Quality sistems applied in the food industry

The quality systems put in practice by the enterprises' management from the alimentary sector are based the requirements of the ISO 9000 family standards (9000, 9001, 9004), as well as other standards specific for the food sector (production and commerce) elaborated at international, national or regional level (ISO 22000, BRC, IFS, IFS-Standard Logistic etc.).

ISO 9000 contains terms and definitions specific to the quality's management.

ISO 9001 is applied to the organizations which wish to prove to its beneficiaries and/or to any other interested part, their capacity to supply products in conformity with the client's demands, respectively the requirements from the current norms, to the organizations which propose to themselves to increase the consumers' satisfaction through the application of the continuous quality improvement system.

ISO 9004 constitutes a guide for the organizations whose management desires a performance growth beyond the ISO 9001 standard's requirements; it is not destined for the organization's certification or as a base for contractual accord. ISO 9001 and ISO 9005 act as a pair, due to their similar structures, which eases their putting in practice.

ISO 22000 is a food safety standard, which combines the ISO 9001 standard's principles with those of the HACCP system – *Hazard Analysis*. *Critical Control Points*, having a structure to that of ISO 9001.

IFS – International Foods Standard and IFS Logistic are German-French standards of the food merchants.

BRC – British Retailer Consortium is a standard made by the British food merchants' representatives.

The IFS, as well as the IFS Logistic and BRC are market oriented standards; there is only a part interested by the requirements of these standards, the merchants.

In what regards the ISO standards, all the parts implicated in the products' circulation are interested, informed in what regards the requirements, their specifications (producers/processors, salesmen, users/consumers).

In conformity with the IFS, in order to assure the quality and safety of the foods offered to the consumers, there must be kept in view the following aspects:

- Quality system management;
- Management's responsibility;
- Resources management;
- Product's realization:
- Measurement. Analysis. Improvement.

In the vision of the British specialists, the BRC requirements refer to:

- HACCP system;
- Quality management system;
- Industrial environment standards:
- Product control;
- Processes control:
- Organization's personnel.

For reaching the performance in the quality's field, it is not sufficient to know and put in practice the mentioned standards; the firm's management must plan, implement a viable quality management system, which can be monitored and respectively corrected/improved where it is considered necessary.

Raw materials management in the food industry

In conformity with the quality's management, in order to reach the performance in the quality's assurance the start has to be from the prime materials' management, which states, the prime materials must be: adequate for the use's purpose; safe; corresponding quality, from the processors point of view, as well as from the final product's consumers; available in the specified conditions (quality, quantity, delivery-receiving); good as price (for the processor to be able to obtain reasonable costs on the final product unit). In this purpose, there must be taken in view the prime materials' purchase price, of the steps that must be taken throughout this process:

- 1. The clear description of their own requirements for the products and services;
- 2. The search, respectively the identifying and contacting the potential suppliers, which are capable of supplying these requirements; collecting the offers;
- 3. The selection of the suppliers from those who have presented offers containing aspects referring to:
- Quality parameters, including specific requirements;
- Price;
- Data, respectively delivery conditions;
- Other services:
- Contractual conditions' flexibility:
- References, reputation;
- Tests' delivery etc.
- 4. Signing the purchasing contract, keeping in view the following:
- The contract will include the description of all the terms and conditions;
- The quality requirements must be described in the specifications (contract annex), referring to:
 - ♦ Prime materials and ingredients;

- Packaging materials;
- ♦ Finished products;
- Intermediary/semi-processed;
- Cleaning substances and products, which could affect the integrity of the finished products;
- Nutritional content, limits:
- ♦ Chemical parameters, limits;
- Psychosenzorial properties, acceptance criteria, limits;
- ♦ Brute/net mass, volume etc.;
- ♦ Packaging type, package type, label/labeling;
- ♦ Manipulation, depositing and delivery requirements;
- ♦ Availability term;
- Use conditions;
- Warranty certificate.

Among those mentioned above, the specifications can contain numerous other data/information regarding:

- Supplier's identification code;
- Product's description;
- Fabrication place;
- The minimum availability term remaining from the moment of product delivery;
- Product's origin;
- Prime material preparing/obtaining details;
- Process's map;
- Finished products' quality control requirements;
- Weight control;
- Product codification;
- HACCP system details.
- 1. Suppliers performance monitoring, data gathering regarding:
 - Accomplishing the requirements regarding the product's quality organoleptic exam, analysis certificates/bulletins, guarantee certificate, conformity certificate etc., nonconformity presence;
 - Suppliers' fabrication experience, especially when nonconformities appear (it is possible that some nonconformities appear from a cause, other than that of the suppliers);
 - Visit to the suppliers, audits;
 - Delivery term respecting;
 - The trust that the market suppliers benefit of do they have all the authorizations? Have they answered to all the notices, complaints?
 - Their flexibility;
 - The complaints' existence;
 - Food safety management/HACCP, Quality Management System, Products' trasability, the certificates obtained by the organization, legal requirements' respecting etc.
- 2. The evaluation of the suppliers' performances, respectively their classification/hierarchization at certain intervals (6 months, 12 months or other periods established by the firm's leadership);
 - The classification methods are based on the organization's management experience, as well as on the use of noting/evaluating systems for the suppliers;

- To be sure that they will obtain safe products, with a guaranteed uniform high quality level, with efficient costs, the organization's management will evaluate the suppliers and will class them, regarding the results, in one of the three groups:
 - ♦ Completely appreciated supplier can purchase products without problems;
 - Conditionally appreciated supplier there must be taken in view other supply possibilities;
 - Rejected supplier.
- 3. The elaboration of lists with appreciated suppliers, including "backup suppliers";
- 4. The continuous surveillance of the suppliers, even if the purchases are repeated;
- 5. The elaboration of specific rules for the exceptions' handling (new suppliers, probation period, other particularities).

In what regards the role of the specifications in the quality management system's operation, we can say that they are used as/for:

- Sales reference documents;
- Purchase reference documents;
- Measurable targets for the products' realization, in the process's control stages, as well as for the products' safety assurance;
- Delivered goods acceptance criteria;
- Marketing instruments;
- Cost control means;
- User/consumer training means;
- Establishing the objectives regarding the products' development;
- The evaluation of the products' conformity;
- The test methods' description;
- The evaluation of the corrective actions' efficiency;
- The suppliers' performance measurement.

Referring to the commercialization of foods with their own label (used as prime materials in the alimentary industry, or destined for human consumption), the merchants responds to numerous requirements of the field reglementations, among which:

- The development and approval of the specifications;
- The implementation of the good hygiene and food safety practices, of the quality management systems for assuring the foods' safety, legal status and uniform quality;
- The approval of new product retailing;
- The verifying of the product's retailing potential, safety, legal status and quality;
- The verifying of the products' label legal status:
- The monitoring of the products' specific requirements' accomplishment;
- The monitoring of the foods' safety and quality management systems' functioning;
- The assurance of the trust level through lab tests and analyses.

Conclusions

The going through these stages is an organization's daily activity, the respecting of the field legislation, the implementing of a performant food quality and safety management system, the increasing of the research-development activities lead to the growth of the quality of the products offered on the market, to a better image for the organization of national, regional and international level, to a firm's guaranteed success.

The implementation of a competitive management on the whole technico-economic circuit of the foods, respectively from the market research phase and product projecting and to the product delivery by the commerce units, presume the identifying and monitoring of all the factors that could influence the products' quality, the

decision taking regarding the actions/activities which should be taken preventively, lucratively or correctively, in order to, at the finish of this circuit all the clients/consumers are happy with the effectuated aquizition.

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THE CONSUMERS' PROTECTION IN ROMANIA – AUTHORITIES' PERMANENT PREOCCUPATION

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The realization of the necessary balance between the interest to create and consolidate a multinational unique market and to insure the consumer's protection is a hard task for any state and multinational authority. Its critical point consists of the ways through which a certain country succeeds in reconciling its need to open its borders with that of protecting the consumers, in the conditions in which the ensemble of national laws, usually, tend to restrain free commerce, presenting differences in the protection levels in different countries. In what concerns the Consumers' protection policy elaborated for Romania, respectively the law alignment to the community's aquis from this domain, we can say that that it registers slow progress, although, in the purpose of the EU joining, Romania has opened and closed the chapter regarding the consumer's protection since July 2001, without needing to ask for a transition period or derogations from the community's aquis.

Key words: consumer protection, National Authority for the Consumers' Protection, consumers' protection policy.

As an important side of the policy which needs to be promoted by a democratic society and a base component of the social protection programs, *the consumers' protection* represents an ensemble of dispositions regarding the public or private initiative, destined to continuously insure and dampen the consumers' respecting.

Given the size of such a notion, the consumers' protection embarks an important series of aspects; the normal human, in his consumer quality and, especially, in his quality of buyer which has become a market agent, confronts with several problems related to: the structure of the products destined to insure the consumption, the prices at which he can buy the diverse goods and services, their quality, the products' commercialization system, the commercial services' quality, the insurance of the respective products' quality.

Can be appreciated as important problems, up to date, which can form the object of consumers' protection programs initiated by the governmental organs or by a series of non-governmental organizations from Romania, the following:

The improvement of the population's consumption

With the consumers' protection programs, the improvement of the population's consumption refers to, especially, to the state's responsibility to insure through its social policy, in stages, the realization conditions, for the constant growth of the consumption's physical volume, as well as for its structural improvement.

The realization of a corresponding quality for the goods and services offered to the consumers through the market

The consumers' protection programs have the purpose of promoting a refreshing of the quality preoccupations. It is necessary that these preoccupations are generalized under all the aspects and implicate absolutely all the economic agents present in the products' circuit.

The assuring of a prices system in concordance with the products' quality, the market's requirements and the income level

The organization of an useful information system for the consumers, which will assure the market's transparency

The defending of the consumers against an aggressive marketing policy promoted by the offering economic agents, present within the market.

In conformity with the Amsterdam Treaty, the consumers' interests must be reflected better by the other EU policies, as well. In art. 153 (129a) from it, it is stipulated that: "The community will contribute to the protection of the health, safety and economic interests of the consumers, as well as to the promoting of their right to be informed and educated and to organize themselves in the purpose of defending their own interests." Moreover, there is mentioned that any EU member state can maintain and/or introduce measures much more drastic than the ones stipulated, as long as they are compatible with the treaty.

Currently, in the Consumers' protection policy elaborated at EU level are includes domains as: Deceiving publicity; Comparative advertisement; The producers' responsibility regarding the products with defects/not in conformity with the specifications; Dangerous imitations; Home and away sales; Consumption credits; Tourist packages, including holiday tours; Non-corresponding terms which are found in the consumers' contracts; The contracts regarding the house property in an indivision regime for a limited time; The guarantees for the consumption goods' sales; The actions of stopping of the illicit practices in the purpose of protecting the consumers' interests; The consumers' representative.

At April 8th 1985, the UN have adopted through the Resolution nr.39.248 "*The director principles for the consumers' protection*", document which states that "*the governments of all the countries must develop, harden and maintain a strong consumers' protection policy, taking in account the declare director principles*".

The objective principles on which it is necessary to concentrate the governmental and non-governmental profile organisms from each country are:

- The consumers' protection against the dangers which affect their safety and health;
- The promoting and protection of the consumers' economic interests;
- The creation of a consumers' education system, respectively their effective education;
- The facilitation of the production and distribution of products which correspond to the consumers' needs and requirements;
- The encouraging of high ethic levels to those employed in the production and distribution of the consumption goods to the consumers;
- The assurance of the keeping under control, through all the national and international organizations, of the abusive commercial practices which affect the consumers;
- The establishment of corresponding organisms, which create and apply, in conformity with the current legislation, consumers' protection policies at the whole population's level, but, also, for certain categories/situations characterized as special;
- The promoting of an international cooperation in the field of consumers' protection;
- The taking into consideration, at the elaboration of consumers' protection policies, of the positive potential of the education and research institutions;
- The encouraging of the development of market conditions which assure the consumers a large array of products at prices suitable for them;
- The establishment of a priority system regarding the consumer's protection from each country, in conformity with the economic and social circumstances specific for the reached development level, as well as for needs characteristic to the respective state's population;
- The obligation of the economic organizations to abide to the laws and reglementations regarding the consumers' protection from all the countries that have businesses, to respect the statements of the international standards/norms regarding the consumers' protection;
- The assurance of the consumers' access to correct information, which allow them a choice in conformity with the personal desires and necessities;

- The consumers' information regarding the compensation situations/modalities and the assurance
 of the possibility of an effective compensation for the consumer in the case of the appearance of
 damage generated by purchasing of non-conform products/services;
- The assurance of the consumers' liberty to organize themselves in associations/groups/organizations etc. and to designate their leaders, which will express their opinions in the processes of decision taking and to represent their interests.

The non-governmental organisms implicated in the consumers' protection assurance, also, have several fundamental rights, like:

- To be sustained and supported by the administrative, public, central, regional and local institutions in their objectives' reaching:
- To be consulted with the occasion of elaborating standards/specifications which define the technical and quality characteristics of the goods and services destined to the consumers;
- To request the competent authorities to take measures regarding the stopping of the production or pulling out of the goods that do not assure the quality minimum prescribed in the documents established by the law or which endanger the consumers' health, safety or life;
- To request the realization of products and services in the purpose of satisfying the needs of the consumers with special needs (persons with different forms of handicap, third age persons, persons with different illnesses etc.);
- To inform the public opinion regarding the quality deficits of some products/services, as well as of the bad consequences of them on the consumers (usually, through mass-media):
- To introduce actions in justice for defending their members' legitimate rights and interests;
- To request the accredited laboratories to effectuate analyses and trials of the products destined to the consumers, as well as the right to publish the obtained results;

At the same time, these non-governmental organisms act in the following directions:

- The following/evolution of the products' and services' prices;
- The marketing, prospecting and organization of the market; study effectuating and market correction:
- The quality promotion, of the TQM within the production and commerce firms;
- The following/assurance of the products' design and esthetics;
- The supplying and opening of the goods; the training of the presenting and selling agents;
- The organization of the systems of presentation, assessment and sale of the products, respectively their packaging, labeling and marking;
- The carrying out of the advertisement and publicity actions of the products and services;
- The consumers' behavior;
- The behavior of the product and/or service suppliers.

The Romanian National Authority for the Consumers' Protection

Currently, in Romania there exists only one association for the consumers' protection recognized as being a public utility, and that is the Romanian National Authority for the Consumers' Protection (RNACP/ANPCR).

NACP/ANPC is a specialty organ of the central public administration, with justice personality, under the Government and in the coordination of the secretary for Small and Middle Enterprises, Commerce, Tourism and Liberal Professions, which coordinates and realizes the strategy and policy of the Government in the consumers' protection fields, acts for preventing and combating against the practices which harm the consumers' life, health, safety and economic interests.

Currently, the ANPC commands 42 Offices for the Consumers' Protection (one in each county, including Bucharest municipal), as well as the National Centre of Product Trial and Expertise LAREX Bucharest, the Laboratory for the Quality Analysis of Wines and Alcoholic Drinks (works in the structure of OPC Bucharest), own laboratories for analyses and trials organized within OPC Bacau, Vrancea, Neamt, Braila and Suceava.

In each county of the country, as in Bucharest, there have appeared numerous associations and other types of non-governmental organisms (over 140) which have as main activity object the consumers' protection.

In order to harden the market surveillance system, ANPC participates, along with the central and east-European countries, at the Transnational rapid information exchange system regarding the dangerous products destined for the consumers –RAPEX. From April 1999, ANPC was designated as RAPEX System National Contact Point. Within this system, the ANPC specialists follow the detecting of dangerous products with a high risk level for the consumers' life, health and safety; in this purpose, there have been signed collaboration conventions between ANPC, the Public Health Minister, Agriculture, Forests, Waters and Environments Minister.

Through the O.G. no. 88/2000 there has been created the justice frame for the establishment of the Consumers' Consulting and Informing Committee, organism which carries out its activity around the ANPCR Bucharest.

Starting with August 2001,, around the ANPC functions the Interministerial Committee for the Surveillance of the Products' and Services' Market and the Consumers' Protection, organisms whose main attribution is the assurance of the collaboration between the central public administration's authorities, as well as the collaboration between these authorities and the civil structures regarding the perfecting of the legal frame, of the acceleration of the harmonization process between the national legislation and the EU.

In the completing of the institutional frame we mention the existence of the Consultative councils for the consumers' protection, which group the representatives of the state authorities, economic agencies and consumer groups, at a local level, as well as at national level, councils organized in conformity with HG 251/1994.

Keeping in view the statements of the 19th Chapter – The Consumers' Protection Policy within "The 2005-2008 Governing Program", in the date of the 10th of October 2006 there was established the Consumption National Institute's Association, as a non-governmental non-profit organization. Through the carried out activities (the training of consumers' protection associations formers, the effectuation of comparative tests, studies and publications), the institute contributes to the realization of major objectives of the EU strategy regarding the consumers' policy (2007-2013). As a result of the request received from the Consumption National Institute Association, the ANPC accords the necessary consultancy to this non-governmental organization and supports this association in the purpose of obtaining the public use status.

In the purpose of creating the legal instruments necessary for the protection of the consumers' rights and interests, the ANPC has been permanently preoccupied by the development of the legislative frame from the consumers' protection field, based on the specific European directives. At the same time, for the efficient and unitary application of the law, it has elaborated around 100 specific control procedures on product and services groups.

Keeping in view the statements of the art. 19 align. (1) from the O.U.G. nr. 25/2007 regarding the establishment of measures for the reorganization of the work apparatus of the Government, the need to assure a more efficient management through the bureaucracy's lowering and the assure of a better coordination, avoiding the eventual overrides of the activities of compartments existent within the ANPC, it is necessary to reorganize the institution's activity on regions, the modifying the attributions of the leadership organs and changing their names. In this sense, there has been elaborated a Decision Project regarding the organization and functioning of the ANPC starting with 2007-2008, in which there is stipulated:

- 1. the authority coordinates and realizes the strategy and policy of the Government in the consumers' protection field, acts for the preventing and combating of the practices which harm the consumers' life, health, safety and economic interests;
- 2. the authority assures the harmonizing of the national law frame with the reglementations from the European Union in the consumers' protection field;
- 3. the authority carries out its activity for informing and educating the citizens about their rights as consumers:
- 4. the authority evaluates the market effects of the surveillance systems of the products and services destined to the consumers;
- 5. the authority carries out activities of analysis and marking of the precious metals and their alloys and expertise of them and the precious metals;
- 6. the authority authorizes the physical and justice personas, in the law's conditions, to effectuate operations with precious metals, their alloys and precious stones;
- 7. The authority is the authority designated for applying the Kimberley process attesting process.

In conformity with those written in the mentioned document, the ANPC has in view:

- 1. The organizing of 11 regional structures with justice personality, names Regional Consumers' Protection Inspectorates IRPC. In its suborder there are constituted the County Consumers' Protection Offices as structures without justice personality;
- 2. A more efficient monitoring and evaluation of the control activity of those 11 Regional Consumers' Protection Inspectorates regarding the 42 currently existing offices. This is possible through:
 - ♦ The efficientization of the council and control activities as a result of the growth of the number of persons with council and control attributes resulted from the redistribution of the existent personnel and from the increasing of the personnel number with 11 posts;
 - The improvement of the activity of collaboration with the business circles;
 - ◆ The improvement of the activity of collaboration with consumer O.N.G.'s and the according of a more efficient support for them;
 - ♦ The establishment of a direction within the authority, which will coordinate the activity of counseling, supervising and control, for products, as well as for services destined to the consumers, thus assuring a better coordination and correlation of the activities and avoiding possible overrides.

In the purpose of our country's joining in the European Union, in the year of 2006 the European Commission, through DG Enterprise and DG Enlargement, there has been filed a *Report regarding the surveillance activities of the existent product and services market in Romania*.

In this Report there was pointed out the fact that, through the Government's policy regarding the consumers' protection, in Romania there was realized a considerable progress in the field of supervising of the products and services market, through the implementation of the national laws, which is harmonized with the European one, as well as through the hardening of the administrative capacity in this direction. Moreover, the European Commission recognizes the ANPC as being the Romanian institution responsible for the surveillance of the products and services market surveillance and the consumers' protection. Referring to the actions enterprised by the ANPC, the European Commission appreciates that an important role was played by the administrative cooperation. In this sense, there was pointed out the activity of the Interministerial Committee for the surveillance of the products and services market and the consumers' protection, whose leadership functions (president or secretary) are assured by the ANPC.

An important side of the preoccupations referring to the enriching of the legislation in the consumers' protection field consists of the fact that, aside from the arsenal of laws and normative acts which permit the consumer to be defended in a useful manner from a pecuniary point of view, there must be elaborated laws or other reglementations which solve a series of moral aspects. The responsibility of acting in justice and, especially, the supporting of the costs generated by the solving of such situations must be put on the back of state institutions or, depending on the case, on the back of consumers' associations, because only such a procedure mode can contribute to the blocking of practices which lowers the social-moral state of the consumers, the respective institutions having the professionalism necessary to find the problems in cause, as well as the financial capacity of supporting the costs generated by the launching of justice actions, thus avoiding, procedures disliked by the consumers and useless fines.

In the last years, in several countries there have been established institutes and national research centers in the field of studying of the consumers' behavior in general, and of the consumers' protection especially, institutes which are called to accord specialty assistance to all the consumer categories. These institutions are in permanent connection with the diverse organisms of the state, with non-governmental organizations which have as activity object the consumers' protection and, not last, with the education institutions. The conclusions/results of the actions enterprised by these research centers'/institutes' specialists are materialized in product monographies, technical notes, fliers, communicates etc., all of these are put to the consumers' disposition.

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PRODUCTS TRACEABILITY – NECESSITY OF THE MANAGEMENT OF THE DISTRIBUTION CHAIN

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Abstract. European directives are strict and they regulate the obligation of products traceability in all stages of manufacture, processing and distribution. Internationally, the standards of the GSI system have proved that they can entirely solve the traceability requirements, through specialized informatics systems and networks, as well as through the manual labeling, the solutions being taken up by CEE/ONU, in their users' guides. RFID technology can be successfully used in the distribution chain because it considerably improves the stock inventory process, in its phases of data gathering and of "visibility" in the places where the traceability hasn't been performed yet.

Key words: agro alimentary safety, traceability, labeling, identification

The traceability and the management of the distribution chain

The present field is situated under the sign of an integral approach of all the levels and operators which succeed to ensure the necessary products to the final consumers, at the time and place wanted by them, totally meeting their expectations. In this context, the traceability acquires a more and more active role within the management of the distribution chain [1]. The requirements of the individual fields of industry and those of the enterprise filed are very different, although they have something in common, namely the certification without omissions of the route a raw material takes from producer, through different commercial and processing stages, to the final consumer.

Metrologically, the traceability represents the property of the result of a measure or of the value of a standard of being reported to stable references, usually presented under the form of national or international standards, through a chain of comparisons, having all the uncertainties determined. All the standards used in the confirmation system have to be accompanied by certifications, reports or data records for the measuring equipment, which should attest the origin, the measuring uncertainty and the circumstances in which the results were obtained. The supplier has to keep documented proves to attest that each standardization of the traceability chain has been performed [2].

When a product is taken into account, the traceability can refer to the origin of the materials and of its components, the history of the processing, as well as its distribution and location after delivery. The requirements for ensuring products traceability imply, mainly, the identification of the materials and parts during the whole manufacturing process, the transfer of this identification in corresponding documents, periodic records that allow the retrieval of the history of an activity or process during the whole quality loop and the archiving of the records for a certain period of time. Product traceability allows, during the manufacturing process, to retrieve the cause of an irregularity or of a deficiency, and on the other hand, during its use, to follow the product to confirm its provided life limits and to organize its maintenance, and in the case of an expertise, to find the origin of the raw material and its manufacture stages to determine the cause that led to the litigation [2].

CE regulation no 178/2002 regarding traceability and Law no 150/2004 regarding food safety for animals clearly provide the obligation of having a system for tracing food, animal food, animals allotted for food manufacturing, and any other substances incorporated in food or in animal food, system that has to be applied in all manufacturing, processing and distribution stages [3,4]. Traders have systems and procedures that allow them to present these pieces of information to the qualified authorities. Food and forage products that are marketed in the Community have to be labeled and identified in such a way to ease the traceability, with the help of papers and pertinent information, according to applicable requirements provided through specific dispositions.

Process transparency – the first step to achieve traceability

The reasons that determine the achievement of the traceability also lie in meeting the requirements and legal norms, as well as in the obligation of attentive action in the relation with the suppliers and customers. Other important criteria are the transparency of goods flow and internal logistic, as well as a management of the warehouses orientated towards traceability.

Agricultural and food policy of the European Union is governed by new concepts, as the one developed in 2002, known under the name "Healthy food for Europe's citizens". To sustain this concept, authorities have elaborated, approved and applied specific regulations for the most important food that constitute the daily nourishment of the European citizen. To implement these regulations, EU proposes systems of labeling that inform the consumers about products' features and that allow their trace in the distribution chain from manufacturer to consumer, from end product to raw material.

In this context, at the European level, it has been actively promoted the realization and implementation of such standards in order to apply the traceability systems for the food field. Traceability is a collective strategy, the methodological elements of these standards representing a minimal requirement, methodologically speaking, to integrate the enterprise in such a collective step.

The GS1 (ex EAN) standard system of articles numbering is a system of insignificant codification, used to identify the units that are marketed and not to preserve the information or classifications connected to it. The information associated to these articles is inserted by users in their records and retrieve by referring to the article number. The success of the GSI system has generated an important increase of the requirement of being used in wide-ranging fields that have an impact on a large number of users, thus being necessary to gather as much information for the article identification, through bar code representation. For this kind of usage it has been adopted the GS1-128 standard (ex UCC/EAN-128), which, through the application identifier (AI), can record information at demand. The labeling systems proved to be efficient instruments in regulating the tracing norms, the GS1 logistic label representing another way of ensuring traceability for mass consumption products directly from their label.

The guarantee of a good traceability means to manage more pieces of information for each product reference, manufacturing lot, stock movement, and shipping. The labeling and the informatics interfaces often become an obstacle for enterprises, internally as well as in different logistic links. European and Romanian regulation force enterprises to equip with their own system of traceability. If, as the law stipulates, it is valid that each manufacturer is solely responsible for the quality of its products and their withdrawal from the market in cases of crisis situations, food manufacturers and traders have to collaborate and to implement standards, considered good practices, for quality and safety.

Internationally, the standards of the GS1 system have proved that they can totally solve the traceability problems through labeling, being recommended by CEE/ONU in the case of some industries essential to consumer's nourishment. The GS1 members are offered a general methodology for implementing traceability and two solutions: through GS1 labeling and through web communication assisted by the Sabasyus application.

The standard SR EN ISO 22005:2007, **Traceability in the food chain. General principles and basic requirements for system design and implementation,** makes available for each organization from the food chain the recommendation package for implementing the traceability system. Traceability systems have to contain documents from where the product history could be retrieved and to locate a product on the whole food chain. They contribute to the research of the irregularity cause and to the capacity of withdrawing and/or claiming products when necessary. Traceability systems can improve the appropriate usage of information, the efficacy and productivity of the enterprise. Traceability system has to be verifiable at any time and to be able to establish the product origin and the organizations responsible from the food chain, and in order to be efficient, the system has to be consequently applicable and to comply with all the regulations or local, regional, national and international policies. A traceability system has to be designed in the context of a broader management system, its choosing having to result from the balance of different requirements, from technical feasibility and economic acceptability [6].

RFID technology – a new challenge in food products traceability

One of the greatest challenges of implementing a traceability system lies in the fact that products distribution has a global covering, thus it becomes difficult to precisely trace goods movement throughout the distribution chain. There is a solution that could eliminate these difficulties – an automate gathering of data named radiofrequency identification (RFID).

RFID technology dates from the Second World War, being used initially to identify allied ships and planes, distinguishing them from those of the enemies. The novelty regarding the RFID lies in the fact that it has become cheap enough in order to be placed on the packages of the marketed products, the cost decreasing each year. Even if under the circumstances in which the RFID technology can be applied only on carton packages, it will decrease the costs regarding the storage and distribution. The readers located in warehouses will receive the signals

transmitted by the labels without being necessary a manual scan, as in the case of code bars. Thus, retailers will be able to reduce the staff needed to store and distribute the goods.

This technology involves two elements: a label and a reader. The label (also named tag) contains a unique identification, which is read by the reader. Tags can be active (they constantly transmit radio signals) or passive (they transmit radio signal only in the presence of a reader). Active tags have bigger dimensions and are more expensive, because they incorporate a battery, while passive tags are activated through radio signal transmitted by the reader. After the information contained by the tag has been read, the reader transmits the information to the software system, where it will be stored. Therefore, the information about products can be stored throughout the distribution chain.

The great advantage of the RFID technology, compared with other methods of automated data gathering, lies in the fact that it allows the simultaneous reading of many products at the same time, no matter the place of the label on the package. This means that systems based on RFID can be automated on a large scale, almost totally eliminating the need of manual scan. Consequently, RFID technology becomes advantageous for operations which need a lot of manual work of data gathering or when the scanners can not read the labels because of the distance or layout. Moreover, the RFID tag can store much more information than the linear bar code, and the information can be updated.

Nevertheless, the bar code will not disappear, remaining the easiest and cheapest method of identification of individual products. RFID creates the premises for the improvement of the processes of data gathering and communication of the information needed for the products handling throughout the distribution chain. For example, solutions can be thought in order to combine bar code technology, RFID and vocal recognition, to create a flexible infrastructure which would optimally use the advantages of each technology.

The tracing of containers with RFID technology allows the recording of the "history" of these transport recipients, namely the storing of information about all the products that have circulated in a certain container. This type of traceability is very useful for retailers, who can easily locate where to find a certain product, for a rapid delivery.

With the help of the RFID tags, a supplier of fresh products (fruit and vegetables, for example) can trace where the goods have been delivered in order to accelerate the payment, or a retailer can be sure that the products are on shelves in the order they were stocked.

RFID technology can be successfully used throughout the distribution chain because it considerably improves the inventory process of the stocks, in its aspects of data gathering and "visibility" in the environments where traceability hasn't been performed yet. Retailers, wholesalers, sellers, operators and manufacturers, they all can successfully use inventory applications based on RFID. These will eliminate the "blind points" from the warehouse because of this technology's ability to read through packages, to be heat or humidity resistant. Thus, the costs for the workforce and safety stocks will be reduced.

Applications for tracing deliveries can be made up with the help of the tags. Products, boxes with RFID tags can be read while order-customer is setting up. Then, readings are gathered in a witness document of delivery, which can be printed, stored in the software application, incorporated in a tag or in a 2D bar code on the delivery label. The RFID application can be easily integrated in the actual business processes.

Through RFID, products can be easily identified, and, implicitly, the damaged lots, in order to be withdraw. Through automated gathering of the lot numbers from boxes, with the help of RFID at the distribution centers or in the retail area, an advanced level of traceability is being ensured, without losing time with manual operations. Thus, it is also eliminated the risk of mistaking and withdrawing lots of products that were not damaged [7].

This technology will solve the most complex and expensive problems of retailers like products loss or theft. Supported with much clearer information about the products movement on shelves, in warehouses, on the way from factories to market places, retailers will be able to avoid the situations when stocks are exhausted. So, they will be able to sell more, to satisfy the demand and to improve their services. Stores with readers will have "smart" shelves, which through the signals transmitted will warn the staff when they need to be rearranged. Nowadays, the RFID technology is adopted especially by retailers who sell expensive goods, but when the price reaches a reasonable level, the implementation will be applied to any type of products.

Most of the retailing systems were featured to store UPC bar codes on 11 digits. But, the codes used by the RFID tags, known as EPCs (electronic product codes), are made up of 13 digits. In order to allow the storage of new codes, CIO will have to extend its numerical system.

A system based on RFID leads to serious money and time savings, because of its rapidity of reading the information from packages and boxes. RFID technology is recommended for the easiness with which its

applications meet the legal requirements regarding traceability. As more and more companies implement RFID systems, the visibility throughout the distribution chain will considerably increase, from suppliers of raw materials to the final consumer, and the systems architecture will become more distributed. Instead of using a data center at the company's headquarters for processing the data which will be generated based on this technology, they will prefer processing the data in the market places.

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SOME LOCAL OPINIONS AND BUSINESS PHILOSOPHY OF SMES

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The economical concept of SMEs represents the axis of functional market economies. The problem of their delimitation within the European area is being solved unitarily and transparently today. Besides the communitarian and national significance of SMEs, the investigation of their employees' opinions by a survey directed on rates, lacked obviously of claims of representativeness, which is statistically determined, offers interesting conclusions, that identify a specific behaviour of SMEs in Pitesti area. Thus, the variation of the opinions becomes the real expression of administrative and legislative, territorial and national conditions of the Romanian SMEs, and also of the alternative and strongly locally differentiated mentalities.

Key words: SMEs, quota sample, statistical survey, inquiry

1. Introduction

Enterprise is the most important component of the economy and overall society, representing an organization, which consists of one or more persons, and which, by economical means, perform activities whose goal is to make profit. The importance of SMEs comes from the impact of their actions upon the most important aspects of life of the human beings on a given territory and upon the level of economic, social, cultural etc development So, the importance is given by the following realities, defined by their quality of: 1) real expression of the offer for the most part of the products and services necessary to the population of a country in the modern period; 2) generators of added value in any country with a market economy, no matters if it is an incipient one; 3) expression of the offer of the work places for the most part of the population; 4) conditioning, by their good results, the state and the performances of an economy and the human resources' standard of life in that economy; 5) basic structure of the economical agent pyramid, out of which the economical performance, competitiveness and profitability are selected.

At the European Union level, starting from 2005, classifying an enterprise in the category of SMEs is based on the communitarian recommendations 2003/362/EC referring to the definition of SMEs from 6 May 2003. For delimitation of the three categories the following criteria are considered: a) the category of micro enterprises includes economic units (companies) with less than 10 employees and a turnover smaller than two millions euro or maximum total funds of two millions euro; b) the category of small enterprises is delimited under the conditions that define micro enterprises and above the overall fulfilment of the following conditions: maximum number of employees is 50, the turnover smaller than ten million euro or total maximum funds of ten millions euro; c) the category of medium enterprises comprises all those companies that fulfil the following conditions overall: the number of employees is between 50 and 250, the turnover has values between 10 and 50 million euro or total maximum funds are between 10 and 43 million euro. Within the UE economy, the SMEs play an extremely important role, having a main, remarkable contribution to: the employment, the getting gross added value, the GDP formation. In the EUROPE – 19 level, starting even from the year 2003 almost full majority of the enterprises were SMEs (99.8%).

2. SMEs IN ROMANIA

Classification of micro enterprises, small and medium enterprises in Romania

According to the SMEs Law no. 346/2004 with respect to the stimulation of setting up and developing SMEs, the operational characteristics must focus on the number of the employees. Depending on the annual medium number of the employees and the turnover (made of total value, without tax, of products delivery and service provisions, that would be charged if they were not provided by « a small enterprise », performed by the charged person within

a calendar year, including also the free operations with deduction right and those free operations without deduction right, excepting: tangible or non-tangible capital goods delivery; intercommunitarian deliveries of new means of transport) or assets-total (meaning frozen assets plus circulating assets plus anticipated costs) that they own, in the following categories: a) the micro enterprise is a Romanian legal person that fulfils the following conditions overall: makes profits, others than those coming from consulting and management, in a proportion of aver 50% of total incomes; has from 1 to 9 employees; has realized incomes that do not exceed, lei consideration, of a 100,000 euro; social capital is owned by natural and/or legal persons, others than the State, local authorities public institutions and makes a turnover or owns assets-total of up to 2 million euro, lei consideration; b) small enterprise has between 10 and 49 employees and gets a turnover or owns assets-total of up to 10 million euro, lei consideration; c) the medium enterprise has between 50 and 249 employees and gets a turnover of up to 50 million euro, lei consideration, or owns assets-total which do no exceed 43 million euro, lei consideration.

Autonomous, partner and linked enterprises

Depending on their relationship with other enterprises, taking into account their social capital or owned voting rights, there can be three types of enterprises: a)autonomous enterprises, it they own less than 25% of social capital or of the voting rights in one or more enterprises or of the given enterprises; b) partner enterprises are all those where we can find this type of relation: enterprise (superior) owns, individually or in common, 25% or more of the social capital or of the voting rights of an enterprise (inferior); c)linked enterprises are those enterprises or groups of natural persons that action on the base of a mutual agreement, among which there are relations as follows: an enterprise owns the majority of voting rights of the shareholders or of the partners of the other enterprise; an enterprise has the right to name or recall the majority of the administrative board members, leaders or supervisors of the other enterprise; an enterprise has the right to strongly influence the other enterprise, according to a contract signed with this enterprise or according to a clause of its charter; an enterprise is stockholder or associated to the other enterprise and owns individually, on the base of a contract with others shareholders or partners of that enterprise, the majority of voting rights of the shareholders or partners of that enterprise.

Calculus of the annual medium number of employees

Annual medium number of employees corresponds to the monthly medium number of persons hired in the enterprise within a year, calculated on the basis of filling in the General ledger of employees' records and represents arithmetic mean by summarising present employees in the unit in that month (including resting weekly days and legal holidays), divided by the total numbers of calendaristic days. The number of the present employees of the previous day will be considered for each resting weekly day or legal holiday. According to the annual medium number of employees, the turnover and/or the assets-total, on the basis of a statement, there will be established the way of classification of enterprises into micro, medium and small, respectively the calculus for partner or linked enterprises, document submitted on personal liability of the legal representative of the company.

Option regarding payment of corporate tax

Law no. 346/2004 refers, especially, to a frame-classification of companies of different dimensions (annual medium number of employees smaller than 250, annual turnover up to 50 million euro, assets-total do not exceed 43 million euro, lei consideration) for getting some facilities at their setting up or after their setting up for developing the business. Here, a clear example is represented by the programmes performed by means of the National Agency of Small and Medium Enterprises, programmes that consider this latter classification and not the conditions imposed by the Fiscal Code. To clear this up, we can say that some are small enterprises and others are "very small enterprises" or "micro-SMEs". Micro enterprises which pay corporate tax can choose to pay it starting from the following fiscal year. This option can be expressed until 31 January of the next fiscal year to whom this corporate tax was due to. Corporate tax quota of micro enterprises is: 2% in year 2007; 2.5% in year 2008; 3% in year 2009. As an exception from this provision, if within a fiscal year a micro enterprise gets incomes bigger than 100,000 euro or if the value of the incomes from the consulting and management in total incomes exceeds 50% inclusively, this will pay corporate tax considering the incomes and costs realized from the beginning of the fiscal year, without the possibility of getting advantage of the provisions of present title for the next period. The calculus and corporate tax are made starting from the trimester when any of the stipulated limits in this article was exceeded, without paying any surcharges for delay. When calculating due corporate tax, payments representing income tax for the micro enterprises within that fiscal year are deducted.

Special exemption treatment granted to small enterprises by a minimum limit to be payer of V.A.T

A taxable person settled in Romania, whose annual turnover, estimated or realized, is inferior to 35,000 euro, whose lei RON consideration is established at the exchange rate announced by the Romanian National Bank at the accession date, can ask for exemption from paying the value added tax, called hereinafter special exemption treatment.

3. Sociological material and statistical method

To characterize in short, it was underlined the importance of sociological research by the statistical method of interpreting the inquiries corresponding to a survey directed on rates, as a useful instrument at the manager's hand, helping him with making his business plan. The research has used a statistical survey at random, based on an expert, in other words it was directed, performed during June 2007. It was used a structured communication form, that is a survey, containing questions which have been addressed to all the respondents surveyed, in the same order and with the same forms. Record and self-record of the questioned persons' answers were used. The survey was tested by an inquiry–pilot, whose objectives were to validate all the elements of the research and to eliminate all types of initial errors. Stating dimension and the structure of the inquiry, respectively the assessment of the rates, were at the base of issuing the survey. The sample was structured according to more criteria, which, in the end, became structural rates (age, experience, job, qualification, socio-professional category). The respondents work in about 20 private and public companies in Pitesti. There were 150 persons questioned and at the end 142 persons answered the survey.

The organization of such research is based on its advantages (getting data in a short time and at a minimum cost, possibility of using qualified personnel, generalization of the received data upon the whole community, as well as the possibility of mentioning errors associated to that associate generalization). Among the most important research operations can be mentioned that of establishing the sample which is going to be surveyed. Dimensioning the sample can meet restrictions of statistical type (degree of spreading values specific to individual units of collectivity, probability of granting the results, size of the trust area in which the results are expected to be framed) and restrictions of administrative type (money available, time interval within which the results must be obtained, personnel that is going to perform the survey, presence or lack of an appropriate surveying base, way of setting and organization of units in the general collectivity).

The survey has been made of 35 questions (annex no.1). According to the first question, 74 % of respondents consider that the Romanian economy is not a functional market economy. Among the main reasons for sustaining this answer are: insufficiency of legal regulations, excessiveness of the tax system, difficult control system and too many political interests. At question 4, the majority of employees (86 %) appreciate in a positive way the activity of the trade companies they work for. Question 5, regarding getting in time the salaries gets 88 % positive answers. The managerial activity is considered to be positive by 84 % of surveyed persons (question 7). Most of the employees prefer working in the private sector (73 %-question 9). Public system continues to be preferred for its security and fixed working program, and the private one - for its possibilities of higher earnings and possibilities to be promoted in carrier. Trade companies' debts, are most of them to the banks (51.8% - question 13). Among the employees, there is a trust in the creditential system (77%-question 16), majority considering that the credits should be loaned first of all from the banks (57,7%-question 18). Subsidizing for public economical units is consider a process with a negative impact by 42,6 % of respondents (question 23). The main reasons for maintaining this subsidize should be the decrease of the unemployment and the strategic control of the economy (71.6 %, respectively 12 %-question 24). In the opposite direction can be mentioned the decrease of the corruption and the stimulation of the private entrepreneurs. (29.6 %, respectively 26.8 %- question 25). Opinions regarding the efficiency of the collecting taxes and fees system are relatively divided into equal parts (42% efficient and very efficient, respectively 39.6 % inefficient and very inefficient-question 26). The increase of arrears (debts) in Romanian economy is mainly due to the corruption of state-aiding for some inefficient economical units (44 %, respectively 24.6 %- question 27). The changes that are necessary in the legislative system should be made first of all in collecting efficiently fees and taxes and for credit extend (36 %, respectively 38.6 %- question 28). The majority of respondents consider that integration of Romania in European Union will have good and very good effects 14%, respectively 53% - question 30). The answers given to the majority of the questions are also influenced by the economical sectors in which the interviewed persons are working, (30.6 % in trade, 10, % in industry, 10.6 % in real property transaction and other service, 10 % financial intermediations – question 31).

4. Conclusions

To communicate the result of the research, we start from the history of this universitary initiative related to the: role, importance and area of including the SMEs, sociological survey performed in summer 2007, in Piteşti and the results regarding SMEs, as well as the presentation as conclusions, versus expectations, risks and challenges of this economical sector in development. Awareness by the business local environment of necessity to use these study results of long researches, as instruments of knowledge at the manager's hand, in order to get valid information necessary to the next business plans. Getting to know and value the national and European sustaining measures, assurance of an easier access to the structural funds for small and medium enterprises. Within this phase it was mentioned the fact that the State, by means of the three public powers, must support in the same time the activity of research-development-innovation and to facilitate the permanent contact among the high education institutions, research institutions and small and medium enterprises. In the context of adherence to the European Union, state-aids for SMEs, or for the research-development, are of European Commission competence.

In 2007, the most frequent difficulties that small and medium enterprises have met are excessive fiscality (signalized in 64.70% of enterprises), excessive bureaucracy (64.62%), decrease of internal demand (41.58%), high interests for loans (41.27%), difficult access to the loans (38.51%), and corruption (38.13%) delays for bill payment (37.83%). The most frequent opportunities for SMEs during 2007 were: increase of sellers on the domestic market (pointed in 64.70% of companies), new products acceptance (54.59%), penetration of new markets (51.15%), setting up of new business partnerships (41.81%) and usage of new technologies (34.53%). The main competitive advantages that SMEs consider that they have by comparison to those of their competitors are: the quality of products or serviced offered, pointed by 54.36% of enterprises, price-quality ratio (47.09%), law price of the products or services provided (31.16%), company's fame (15.93%), employees' professional training (11.26%), post-sale services delivered (6.97%), distribution channels used (6.20%) and the capacity of innovation (5.13%). Taking into account that most of the new enterprises in Pitesti are small or medium, this sector absorbed the most part of the laid-off working force, and contributed in the same time, to the formation of a new generation of owners and employees. Besides this merit of contributing to the turning up of a stronger and stronger private sector, most of these companies are characterized by a special flexibility and capacity to adapt to the new.

At the moment, not all the small and medium enterprises in Piteşti are enough prepared to answer to the mission of the "engine" for the local economy, the lack of competitiveness being caused, mostly, by situation of non-adaptation to the European standards, or due to their inability to get financial sources aimed for the investments in new technologies and for implementation of quality system or to benefit of consulting services that could offer them the orientation on the market. That is why, The National Agency of Small and Medium Enterprises and Cooperation will have to continue the efforts of sustaining small and medium enterprises, focusing especially on the facilitation of accessing capital, on technological development and on alignment to the standards of quality of products and services. The estimated value at the moment of the European support for the SMEs, by means of the mentioned measures will be of about 800 million euro for the period 2008 - 2013. This financing will be offered by the European Fund for Regional Development.

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12. The company you are working for has debts?

b.

11.If "private", why?

YES NO IDON'T KNOW
13.If "yes", to whom ?
☐State ☐ banks ☐ to other companies ☐ to private persons
14.The debts are paid at time ? YES NO I DON'T KNOW
YES NO IDON'T KNOW
15.If "no", what are the reasons?
uncollected funds from partners unsold stocks too high taxes and fees
☐ faulty management ☐ difficulties in getting production loans ☐ others
16.If you are/were in a leading position, would you recommend accessing loan system?
YES NO
17.If "no", what are the reasons?
abc
from State from banks from companies from private persons
19.Please, motivate your choice.
ab
20. How do you appreciate the functioning of present loan system in Romania?
very good good I don't know/I can't say bad very bad
21.What are the reasons?
ab
22.Do you think that the State should play a role in the loan system functioning? □ bigger □ smaller □ the actual one □ I don't know/I can't say
23.Do you agree with the subsidizing of some economical public units?
YES NO I DON'T KNOW/I CAN'T SAY
24.If "yes", why?
for decreasing unemployment for strategic control of economy
for directed development of the discriminated zones if for excluding private arbitrary
for production stimulation
25.If "not", why? for stimulating efficient productivity for decreasing corruption
for stimulating private entrepreneurs others
26. How do you appreciate the collecting taxes and fees system?
very efficient efficient I don't know/I can't say inefficient very inefficient

27. Which are, in your opinion, the causes for increasing arrears/debts in Romanian economy?
state - aid for some inefficient economical units non competitive system of lending
☐ inefficient control of using loans ☐ social pressure of unemployment ☐ corruption ☐ others
28.Do you think that there should be changes in the legislation system for: ☐ efficient collecting of fees and taxes ☐ loan extend
debts recovery other measures
29. Who should interfere in the control of arrears/debts: State BNR Private banks
30.In the present situation, the integration of Romanian economy in European Union would have effects:
very good good I don't know/I can't say bad very bad
31.Economical unit32.Position
33.Level of education34.Age
35.Experience

"TOURING NATURE: THE PAN-EUROPEAN ROUTES TO RURAL ECOTURISM – A GLOBAL METAPLAN AND IT'S LOCAL INFLUENCE"

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Abstract: Romanian tourism can compete and win a lot if the rural tourism component will be develop. Our paper considers this perspective, analyzing the possibility of implement the meta-plan: "Touring Nature: The Pan-European Routes to Rural Ecotourism" – as a pattern of sustainable development in the rural tourism zone from the North-West of Romania.

For making valuable rural products, for performing high standard touristic services, one company must satisfy more complex needs better than ever. Collaboration may be the answer to this challenge and the performance can be obtained if all the individuals cooperate and develop a competitive destination based on original, unique and authentic offer.

Keywords: The Pan-European Routes to Rural Ecotourism, Collaboration, Performance

Abstract: Romanian tourism can compete and win a lot if the rural tourism component will be develop. Our paper considers this perspective, analyzing the possibility of implement the meta-plan: "Touring Nature: The Pan-European Routes to Rural Ecotourism" – as a pattern of sustainable development in the rural tourism zone from the North-West of Romania.

For making valuable rural products, for performing high standard touristic services, one company must satisfy more complex needs better than ever. Collaboration may be the answer to this challenge and the performance can be obtained if all the individuals cooperate and develop a competitive destination based on original, unique and authentic offer.

Keywords: The Pan-European Routes to Rural Ecotourism, Collaboration, Performance

Tourism development in North-West side of Romania is, in our opinion, firmly connected with the sustainable development which implies, as we know, the gratification of tourist products consumers supply, taking into account the necessities of future consumers generations without affecting the natural environment and the tourist resources through this activity¹⁷⁹. We suggest an incorporated meta-plan: *Touring Nature: The Pan-European Routes to Rural Ecotourism* – as a pattern of sustainable development in the rural tourism zone from the North-West of Romania. This plan should be understood as a corroboration form of the efforts of all who are implied in the tourist activity from a certain territory, taking into account the tendencies which exist on the international market, the potential markets and the potential tourism of that certain region. The formula imagines the training in the tourist sustainable development project of at least 100 economic agents from a certain region, who have agreed to continuously improve the quality of their activity, so that the destination as a whole could be recognized, classified and finally included in the process of the destinations which are known through

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Definition given by the World Commission for Environment and Development (WCED) http://ro.wikipedia.org/wiki/Dezvoltarea durabil%C4%83

the Touring- Nature system¹⁸⁰. All people should cooperate so as to develop a challenging destination based on specific, original and authentic elements. We are talking about a quality guarantee and a development of the destination mark!

This system adherence and its use as a strategic point, the construction of its structures and the subordination of the integration elements necessary for a coherent action and, in the same time, for an economical local politics constitute, in our opinion, the chance of the rural tourism from the North-West side of Romania.

The Pan- European Route creator for the Rural Ecotourism is The European Regions Association (ERA), a non-governmental association which has its headquarters in Strasbourg and Brussels and has 255 member regions from 30 countries. This initiative could be placed in the spirit of the 21 Agend's objectives concerning the sustainable tourism for the period between 2007-2013. The ERA is looking for partners (local groups of action, rural district groups, etc) for an international long-term cooperation which should imply the rural communities so as the sustainable development should happen through the local existent resources gathered together, creators of synergic effects. Actually, it plays the role of the coach who trains the beneficiaries to "play" as well as they can, and to become successful in the competitive system of the market economy.

Shortly, ERA proposes:

- An education process which should imply the economical agents/ local professionals from tourism in supporting the sustainable development actions
- A permanent evaluation of the territory so as to satisfy the visitor's quality demands
- A succession of actions with international visibility which should promote the material and cultural inheritance of the territory but also the local professionals

A successful example is that of Tisza Lake region, from Hungary, certificated after a 3 years long case, which counts 73 states and 149 local professionals. What were the conclusions?

- The promotion of region's identity through a sustainable tourist development
- The appearance of a sustainable development through rural ecotourism
- The active and articulate involvement of the local professionals, of the regional authorities and, generally speaking, of all the people interested in regional cooperation
- The development of the rural area into a sustainable way, using the local resources
- A proper promotion at international level through the inclusion in The Pan-European Routes to Rural Ecotourism
- The chances of an excellent destination in the rural ecotourism
- Incomes of 4,8 millions euros/a year
- About 139.500 visitors during the 4 seasons.

The affiliation to the Pan-European Routes implies obtaining the Village+ mark previously, the guarantee for the services and the specialty reference for the potential tourist, who is usually the possessor of a tourist experience and he is, obviously, wise and expert. This tourist is connected with the rural ecotourism offer through web at www.touringnature.com and has the possibility to:

- Conceive his own holiday
- Compare different destinations
- Find all the information they need: where to eat, where to sleep, what to visit, where to find different sources of entertainment, local artisans, etc.
- How much money one needs in order to obtain the mark, so as to be included in the Pan-European Routes of Rural Ecotourism?

 $^{^{180}\} http://www.leaderplus.de/leaderplus/download.cfm?uuid=000B24FFC624159CBE966521C0A8D816$

During a three years time, that is the accreditation period, the certification costs are about 50.500 euros and the ecotourism and all the other actions designated for the sustainable development financiering in the territory is about 100.000 euros/a year. ¹⁸¹

At a first sight, the sums are significant, but they should be judged through the effects they create taking into account that the rural ecotourism market is growing annually between 10-30% while the common tourism market will not exceed an annual growth of 4%.

For a proper continuation of the certification process, ERA has signed a partnership agree with a consultancy society, Pluris Consultants, which monitorizes the whole process into two distinct stages:

A. Before obtaining the mark

Pluris Consultants collaborating as any professional consultant with the people in the region:

- Examines and controls the forming mode of the system which contains at least 100 professionals (the predicted period is between 3-12 months). Actually, it validates the ones who want to aggregate to these actions of sustainable development and controls how they involve in protecting the environment and eco-tourist development of that certain territory.
- Makes a territory audit, stressing the high and low points of the action.
- Brings a territory progress report, so as to determine the improving possibilities and the prioritized directions concerning the sustainable eco-tourist development. People from the territory will have three years in order to improve the situation.

These three elements are compulsory and are important not only for the economic agents/professionals but also for the local authorities so as to make them reality. It is the only way they could have access to the Touring Nature Routes, they will receive the Village+ mark, and a diploma for each of the economic agents/ professionals.

B. After obtaining the mark

The certification process is not over after receiving the Village+ mark, it continuums with a monitorising process of the quality, and the reevaluation of the mark is compulsory once at every three years. The monitorising process is conceived for each year like this:

- In the first year the participation grade of the professionals/local economic agents which are using Village-mark is evaluated . Practically, the number of the economic agents who had signed the adherence to mark, developed activity, the conceiving and utilization of the promoted materials is controlled and suggestions from them are collected.
- In the second year, the evaluation of the consumers perception is stressed, especially their perception regarding the territory, the professionals, the mark and the Pan-European route. Suggestions from visitors, automobilist clubs, associations, etc are collected now.
- In the third year the evaluation of the supporting engagements of the sustainable development actions, of the professionals and local authorities initiatives takes place.

 $^{181}\ http://www.leaderplus.de/leaderplus/download.cfm?uuid=000B24FFC624159CBE966521C0A8D816$

We consider it a viable solution first of all thinking at the European funds, and the identified needs of the tourism suppliers from the North-West region are:

- Elaborating and supplying large services wedges which could satisfy the actual needs of the visitors.
- Knowing to conceive this wedges in report with the resources each firm has and in concordance with the demand.
- Making a promotion of these wedges by concentrating on the target public.
- Beneficiating of a regional consultancy which could objectively understand the interests of all the suppliers, through their inclusion in different programs.
- Improving the attractiveness of the tourist programs through the development of two different cultures; Romanian and Hungarian.
- Using the experience and the knowledge of the partners in domains where they exceed.
- Filling the blank generated by the absence of regional, active organisms in the development and promoting of the tourism.
- Having a greater force in development and promoting as a result of the growth of the number of the ones who are implicated.
- Offering tourist wedges which combines the geographical and natural
- advantages of certain districts.
- Beneficiating of a destination mark, of a regional identity on the European tourist market.

Just a few elements can make from a visit in a common region an unforgettable experience and it could generate certain effects in tourist services consumer's mind: the harmony of the destination, the quality perceived after consuming the tourist product of the region, the association between the region and a certain idea, and the trust for that region (that is the fact that the tourist is motivated to come again in that region).

If the strict definition of tourism, seen as sustainable economical activity, implies the utilization of these tourist resources, which are recyclable and could be reutilized without affecting the future potential of those resources, then, from a pragmatic point of view, it is imposed that the identification and promoting activity of a tourist destination to be the personalized combination for a certain region of those three regions: economic, natural environment and social environment.

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THE ANTITRUST EFFECTS OF THE FIXED CONVERSION RATE. THE CASE OF GERMAN BANKS

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The establishment of a common market is one of the fundamental goals of the Treaty of European Communities (art 2 EC). Anti-competitive behavior is forbidden in order to ensure that competition in the internal market is not distorted or negatively influenced (art 3 lit g EC) and to achieve a high degree of competitiveness and convergence of economic performance. The European competition rules support and complement the common market and play an essential role in integrating the market. In order to preserve this, in 2001 the European Commission applied a fine amounting to EUR 100.8 million to a group of five important banks from Germany, which have agreed to settle a commission of 3% for the currency exchange operations. The present paper discusses the implications of this decision from two important points of view: the infringement of competition law and the consequences related to Euro introduction.

Key words: banking system, common market, competition law, euro area, exchange rate

Introduction

The introduction of this sole currency was perceived, at least by the banking system, as a cost difficultly to recover. There is no doubt that this historic moment has caused incertitude among the market players and has generated favorable circumstances for the infringement of the legislation in the competition field. Thus, the Commission was not persuaded and it settled a fine amounting to EUR 100.8 million in 2001 to a group of five important banks from Germany, which have agreed to settle a commission of 3% for the currency exchange operations. The purpose of the said commission was to recover approximately 90% of the income determined by the margin of the currency exchange (the spread or difference between the selling rates and the buying rates) between the currencies from Euro area, which had to disappear on January 1st, 1999 for the settlement of a fixed and irrevocable currency exchange rate between them and the sole currency.

The European Council from Madrid has settled, in December 1995, the schedule for the transition to the sole currency and a common framework for the development of this process, but many details related to the technical preparation remained unsolved. Thus, starting with January 1st, 1999, for a three years period, Euro has existed only as virtual currency in the states from the economic and monetary union. In 1999, the member states of euro area were Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Portugal, Spain, Netherlands; Greece joining the euro area in 2001. The national banknotes of the participant states have continued to circulate and to be part of a transaction through the currency exchange services, at a currency rate irrevocably established between them and Euro from January 1st, 1999, the units of the national currencies becoming subunits of Euro currency. Starting with February 1st, 2002, the national banknotes and coins have actually circulated in parallel with Euro for a six months period, being gradually withdrawn from circulation during this period.

Before January 1st, 1999, the earnings of the banks for the currency exchange transactions were exclusively represented by the difference between the selling rate and the buying rate of different currencies (spread). After this date, the fixed and irrevocable conversion rate between the currencies of the 12 states and Euro currency had as effect the disappearance of the double and automatically rate of the earning cashed by the banks as a result of these operations. Even if this fact had to lead to the decrease with 20% of the costs determined by the elimination of the currency exchange risk (by eliminating the fluctuations of the exchange rate), still the banks have considered that the currency transactions have to be taxed as a commission. The commission was going to cover

the storage, transfer, provision and processing costs connected with the sole currency, but also the inventory and risk coverage costs for the risk of receiving fake banknotes.

The recommendation of the European Commission from April 23rd, 1998, regarding the banking commissions levied for the conversion to Euro currency, stipulated only one good practice standard. Thus, the communitarian authority has not expressly requested that the currency exchange, between the currencies of Euro area, to be done without levy a commission (excepting the amounts transferred from Euro in the national currency and vice versa, within the transition period) nor has it imposed restrictions to the freedom of the banks in applying this commission according to their own-established policies. The only mandatory stipulation for the banks referred to the fact that the application means, for this type of commission, have to be based on transparency and informing of the consumers in due time and not by a coordination of behavior.

The exchange of information on actual and individual prices, turnover, delivery quantity, stock of inventory, exports et cetera that admits conclusions on the market strategy, may restrict the autonomy of the entrepreneur and thus competition.45 An increase in transparency by the sharing on a regular and frequent basis of information concerning the operation of the market (on the non-oligopolistic market) may stimulate competition (CFI, 1994).

The case analysis

The developed banks, whose currency exchange operations were significantly contributing to the total profits, were the most affected by the consequences of adopting the common currency. The loss of some additional incomes in a technologically readapting period was felt in a more profound way by the great institutions, with a developed infrastructure, whose exchange offices, with an activity exclusively based on currency operations, could not be supported during the transition period, although their activity continued in the same manner, even more sustained. For example, Deutsche Reisenbank (Deutsche Genossenschaftsbank AG is a group that holds 67% of Deutsche Verkehrsbank AG shares, and the latter holds all the shares in Reisenbank AG, which is the only company around the group that is exclusively active on the retail exchange market) had in 1997 approximately 60 exchange offices and 300 associates and 80% of the obtained profits were coming from the exchange operations, which were going to decrease with 40% after the introduction of Euro currency. Furthermore, Bundesbank, the Central Bank of Germany, was bound, according to art. 52 of ESCB (the European System of Central Banks) statute, to buy the currencies of the states from Euro area, from the banks or the public, free of any commission, during the transition period. In this way, the other banks from the system would have been forced to apply a similar treatment, to perform exchange operations free of commission or with low commission. The effects would have been felt by the Dutch banks, forced to review their earning margin, or to face the risk of movement, with regard to the currency market, from Holland towards Germany, where the costs of the transactions would have been more attractive. The pressure over the German banks for setting a commission also came from the Dutch GWK Bank.

In order to assess whether an anticompetitive restriction falls under the prohibition of horizontal agreements, one has to define the market it (potentially) affects. This requires the analysis of the relevant market characterized by three dimensions: the product or service, the geographic area affected and the time horizon (Eilmansberger, 2003; Stockenhuber, Schröter, 1999).

Thus, the relevant market of the product in this case is formed of the Euro subunits exchange service, in which at least a part of the transaction contains banknotes and coins of the 12 states that are members of Euro area, this service being mainly offered by the banks and exchange offices. The German system is dominated by the universal banks, which at the end of 1998 did not exceeded 3400, having more than 45 000 subsidiaries, a wide range of specialized banks such as mortgage banks or other financial institutions such as building societies (Bausparkassen).

Confronting with an inevitable fact, which was going to decrease their profits, Commerzbank AG, Dresdner Bank AG, Bayerische Hypo- und Vereinsbank AG, Deutsche VerkehrsBank AG, Vereins- und Westbank AG appreciated, as a result of some successive meetings and discussions in 1997, that they can not handle the costs determined by the sole currency only if they continue the application of 3% banking commission during the transition period. This fact has helped them to recover 90% of the losses they would have unconditionally suffered between January 1st and July 1st 2002. If the appliance of a commission, even of 3%, was in full accordance with the recommendations of the Commission, not existing any interdiction regarding this, *the commonly taken decision would have also been considered as a violation of art. 81*, which regulates the agreements between companies.

Art 81 EC forbids collusions between undertakings that may affect trade between member states and which have the object or effect of restricting competition within the common market. The establishment of a common market is one of the fundamental aims of the Founding Treaty (art 2 EC). Anti-competitive conduct is forbidden in order to ensure that competition in the internal market is not distorted (art 3 lit g EC) and to achieve a high degree of competitiveness and convergence of economic performance (Bapuly, 2006).

It is not accidentally that the five banks, which infringed the provisions of art. 81, form the group of the commercial banks (Kreditbanken – a distinct category among the universal banks) also known as "the big four", and their share on the retail currency market represents an average between 70% and 80%. Although the Commission did not make this distinction in the analysis of the case, they can be seen on the *sub-market delimited* by the segment of commercial banks as an oligopoly, which is automatically subjected to the trend of coordinating the behavior in order to preserve the profits and consolidate a position on the respective market. The fewer the companies on the market, the more likely that collusion among them will be found (Maks, Witte, 2004). It would not have been that simple, and the stake not so important for the 594 savings offices or 2 256 cooperative banks present on the banking market from Germany, whose influence, determined by a reduced market share, would have been an insignificant one.

It is not surprising the fact that Deutsche mark held at that point in time the supremacy between the most requested exchange currencies, both for buying and selling on the Union territory. Thus, of the total volume of the selling transactions with the national currencies of the states from Euro area of approximately EUR 17 billion in 1998, 35% were represented by the sales performed with Deutsche marks. At the same time, the German currency held more than 50% of the total volume of buying transactions, evaluated at EUR 24.7 billion.

European Commission's Decision

On December 11th 2001, the European Commission decided to apply to the five banks, who have agreed on the application of the commission, fines between EUR 2.8 million and EUR 28 million, depending on their importance on the relevant market, based on the income obtained within the previous financial exercise. In order to obtain a greater discouraging effect for this type of practices, for some of the banks participating in the agreement (Commerzbank AG, Dresdner Bank AG and Bayerische Hypo - und Vereinsbank AG), the value of the fine was doubled, taking into account their size and the available resources. To the initial amount, reflecting the seriousness of the understanding, an increase of 40% was added, representing the duration of the infringement. Although the understanding had as object the application of the commission between January 1st, 1999 and December 31st 2001, the Commission applied the fine, taking into consideration the time of decision-making, namely October 15th 1997.

Having as object the way of taxing the transactions with currencies under the form of a commission, but also of the level of this taxation of approximately 3%, in order to recover some future losses, the understanding of the German banks have been considered a serious infringement of art. 81 (direct pricing) forbidden *per se*, *without existing the need to demonstrate an effect*. The understanding did not have as result the application of a 3% fixed commission by all the banks which have not participated in the understanding, but the **causing or non-causing of the effects on the market is not relevant in the assessment of this type of understandings, especially if the object is the price.** In fact, we are dealing with the harmonization of price policies and the alignment of prices regarding the purchasing or selling of bills of member states in euro area. Anyway, the common discussions took into considerations a margin of the commission between 2 and 4%, but finally, none of the banks practiced a commission under 3%. The legislation in the competition field forbids the coordinated behavior of the participants or only their intention to align the price (in our case, the price for the currency exchange service) to the prejudice of the consumer, without being important if the effects were concretely caused, are about to be caused or are just probable.

The concept of an agreement is defined as the "concurrence of wills between economic operators on the implementation of a policy, the pursuit of an objective, or the adoption of a given line of conduct on the market, irrespective of the manner in which the parties' intention to behave on the market in accordance with the terms of that agreement is expressed" (Bayer case, 2000). The full implementation of the will is not necessary.

Regarding the benefits to consumers it is important to know that the term of a "consumer" is to be understood in a broad sense: it refers not only to the consumer of a product, but also covers the general public being directly and indirectly affected (e.g. consumers of environmental benefits). Lower prices a greater consumer choice, the improvement of life quality (health of the general public, reducing environmental pollution, improvement of security) show a fair share of the benefits (European Commission, 1996, 1988, 1989, 1999).

The understanding of German banks had an explicit character, existing concrete evidence of the agreement (multiple meetings ascertaining documents, facsimiles and invitations), whose object or effect was the diminution of the competition, being capable to affect the commerce between the member states. Decisions in terms of art 81 taken by associations of undertakings express a legally or factually binding will. Non-binding recommendations are treated as agreements between members who implemented them after attaining general meetings where they were discussed (ECJ. 1994).

In spite of the fact that the respective understanding was referring to the banking market from Germany and cross-border regions from Holland, the European courts think that any diminution of the competition, which regards the territory of a member state, by its nature it has the effect of enforcing the division of the market at national level, which contradicts the principles of the sole market. Still, in this case, the exchange services with the currencies of the 12 member states imply multiple operations of selling and buying banknotes on the international markets by the banks, as result of the foreign currency demand, which is encountered in each state. The currency exchange is guided towards consumers in general and especially the tourists (both from and out of the Community), who wish to make payments within Euro area. In other words, it means a cross-border service, with effects on the intercommunitarian commerce.

Conclusions and implications for Romania

According to the officially expressed intentions of adopting the European sole currency, Romania will adopt Euro between 2012-2014, after it will have accessed the European exchange rates mechanism (ERM II) between 2010 and 2012. Among other measures, this fact also means the maintenance of the exchange rate between Euro and the Romanian currency within the limits -2.25%, +2.25%. Among the states from the Central and Eastern Europe, which acceded to EU in 2004, Estonia, Lithuania, Slovenia, Cyprus, Latvia and Malta were in the preliminary stage of adopting Euro (ERM II), some of them succeeding to adopt Euro (Slovenia in 2007, Cyprus and Malta in 2008). For Slovakia, Czech Republic and Poland 2009-2010 perspective is the most realist one, while the bets for Hungary (with a record in budgetary deficit over the last year) rather indicate the year 2014.

It should be specified, before introducing Euro, the banks do not have an explicit commission for the currency transactions. The consumers pay for any currency exchange a fee hidden in the difference between the sale rate and the buying rate of the respective currency (and in Romania it is wrongly perceived as 0%). In Germany, before introducing Euro, this fee was varying from 1.5% to 7%, depending on the type of currency. Together with the disappearing of the double rate, through the existence of the fixed and irrevocable convertibility between the other currencies and Euro (an inevitable fact before adopting Euro), the existence of the commission will be directly perceived by the consumer through a percentage applied to the value of the transactions. Sometimes, this acknowledgement has dramatic effects on the banking sector, as it has happened in Germany, where more than 700 complaints submitted by the consumers have apprise the Commission with regard to the commissions practiced on the currency exchange, and implicitly, lead to the investigation and application of a fine amounting to EUR 100.8 million given to the bank.

Romania may adopt Euro currency before Hungary or not, but the German experience is relevant for Romania due to at least two viewpoints. First, an important step, such as the introduction of Euro has to be prepared and assessed in order not to surprise the actors on the banking market, or the authorities and consumers. Each of them has to know in due time which are the available instruments, when and how they need to access them in order not to break the competition rules: The authorities have to issue in due time clear norms and regulations together with an adequate interpretation and communication to the financial-banking environment, which should provide it with a facile and less expensive conversion towards Euro, banking institutions should correctly and transparently apply these norms, and the consumer should know which is his/her role in the implementation of the competition legislation. Secondly, the application of an individual banking policy under any form, even with the risk of bearing some costs on short term is preferred instead of a common agreement against the consumer, likely to be sanctioned by the competition law.

Another important conclusion is that the Communitarian competition policy aims at protecting consumers as well as undertakings. In the end the law applicant must continuously consider recent developments in the European jurisprudence and topical literature covering the rapidly evolving situation. Of course the law applicant must also interest himself in the current economic underpinnings in order to get a holistic view of the competition policy. Using the right tools enhances chances of making Europe a functioning competitive market (Bapuly, 2006).

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FINANCIAL MANAGEMENT IN CRISIS SITUATION, PILOT STUDY REGARDING ROMANIAN PRACTICE

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Abstract: In this article, the authors propose to approach the main levels of company financial management in a systemic financial crisis situation outside the enterprise and not those related to the effects of the internal management.

To give a dimension of the concern existing at the level of Romanian companies regarding the management of financial situation crisis, a pilot study was initiate. The purpose of the pilot study is to allow the evaluation of the plan for the management of the crisis situation of the organizations of which the questioned persons were part of.

Key words: financial crisis, crisis response plan, pilot study

General frame

In financial terms, globalization meant the free and unobstructed movement of capital flows to high output areas, the easy access to financing resources where the cost is lower or the easy balancing, by way of arbitration, of exchange rates and interest or of the price of shares among different markets once strongly nationally regulated and protected.

Globalization also meant the increase of the probability of occurrence and spread of economic and financial crises over national boundaries, at a regional and world level.

In front of strong distortions at a national, regional or global level (strong depreciation of the currency used in business, quick increase of credit costs, collapse of stock exchange quotations, with devastating consequences on the company's performances, the managers have to be prepared to take the most efficient measures. Most of financial management books present and debate the best practices for the company's financial management in an economic increase and macroeconomic balance situation. Even if the company has modern products and technologies, a qualified and dedicated personnel, an entrepreneurial culture based on ethics and social responsibility, the financial crisis outside it may deeply affect it in terms of performances and the management has to be permanently ready to cope with such situations which are not episodic or low frequency events. In the 80s-90s there were more than 65 financial crises, [2]

The main dimensions of the management in a financial crisis situation which company managers must take into account are: monitoring of the economic environment and the signals warning the financial crisis, the maximization of liquidities, the restructuring of debts, the minimization of operation risk, the use of hedging financial instruments. At the same time, the companies must prepare in advance crisis scenarios, develop and implement explicit management plans in a crisis situation. The better a company is prepared for these events, the better it shall cope with shock waives triggered by the financial crisis. Well-prepared companies can often even increase their profit in such situation of big entropy. The negative part is also worth mentioning: ex-post analyses proved that the companies which coped with crisis situations, in strong economic development periods, were the companies which showed lower performances on a short-term basis (in trans-quarterly evolutions) and had a balance sheet structure often criticized as being too conservatory [1].

Monitoring of the Economic Environment and of the Signals Warning the Financial Crisis

In detecting the signals warning the crisis situations, the most important seem to be the position, the comments and estimations expressed by the companies which usually monitor the national, regional or world macroeconomic balances. Those are the rating agencies, the multinational banks or the IMF. The empirical research demonstrated that managers must not generalize such "prophecies" but develop their own system for the detection of alarm signals. Most of the analysts substantiate their assessment on fundamental macroeconomic variables (the current account deficit, the commercial deficit, the fiscal deficit, the exchange rate, the inflation) Those variables are in fact the last to capture the crisis signals in the aggregate. In reality the crisis's roots develop in the real economy and in the banking system where the first warning signals appear.

Maximization of Liquidities, Restructuring of Debts

Under financial system crisis conditions, the liquidity flows block: the collections from the clients decrease, the credit lines and ceilings are reduced and the credit interest considerably increases. The companies without an adequate liquidity management or with a low solvability shall be the first to face cash problems and even the risk of bankruptcy.

In order to protect themselves from such shocks, the companies must proactively apply those financial management methods reinforcing the operating cash-flow and the capacity to cope with outstanding debts. The main action levels are: strict control of direct costs and the re-analysis of fixed costs; optimization of the working capital by efforts to timely collect the receivables and full use of the terms agreed upon with the suppliers; reduction of the indebtedness level, particularly on a short term basis; credits refinancing through a fair arbitration, costs for refinancing – reducing the pressure on liquidities by a relaxation of maturities; disinvestment in the liquidity consuming business lines; In case of operational activities in multiple geographic areas, the reduction in the number of creditors to increase the negotiation power in credits refinancing; monitoring of the health condition of creditors and clients; diversification and consolidation of financing sources: during economic increase periods, the observance of financing rules according to *pecking order theory* [5].

Minimization of the Operating Risk

In the context of identification of financing crisis signals, the management must initiate measures for minimizing operating risks by limiting the exposure to suppliers, distributors, clients and transporters. Under financing crisis conditions, the suppliers may, in their turn, be affected by the absence of liquidities and interrupt chain deliveries. The management must timely identify the most important suppliers before the manifestation of crisis effects. For them there may be a permanent analysis of their financial health condition and replacement alternatives must be identified. Equal attention must be paid to the distributors' and clients' profitability and financial stability. In crisis periods, stocks restriction in distribution channels and their delivery in lower quantities according to the distributors' solvability condition reduce the risk in losing liquidities from the failure to collect receivables.

Use of Financial Hedging Instruments

In a financial crisis situation, the companies must think more about foreign currency exposure hedging and interest risk limitation methods. In this context, the knowledge of the main derived products existent on the market, their cost and liquidity are recommended. When natural hedging may not be used or when price update clauses may not be used, the protection alternatives offered by forward, futures, options contracts and by swap operations and term contracts (forward-forward, FRA, etc.) may be considered.

Development and Implementation of Management Plans in Crisis Situations.

The minimization of financial and operational risks considerably improves the company's ability to cope with the financial crisis situation. However, the development and implementation of the plans for the management of crisis situation positions the company on a higher safety level in the process of passing through this entropic context. Post-crisis planning, organization and analysis are the main phases in the successful implementation of the management plan in a financial crisis situation.

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¹⁸² "The IMF has {privately} predicted 15 of the last 6 crisis. If we went out and started predicting {publicly}, we would bring on many crisis" Stanley Fisher, -"IMF splits over plan of global warning" Washington Times, May, 2, 1998

Planning of scenarios – the starting point in the construction of the crisis plan shall focus the company's financial model and simulate the manner in which the operating liquidities flow, the balance sheet and the income statement of the company may be affected by the change of key variables under financial crisis conditions. Among them, the most important are: the evolution of demand, the discontinuities in the supply and sale chain, changes in external financing conditions (credit cost, modification of the share price, modification of credit lines), evolution of the exchange rate, re-positioning of main competitors.

Crisis scenarios are supplemented with action alternatives in the context of the unexpected evolution of the financial crisis: identification of the assets that the company can sell the easiest way to obtain liquidities; identification of the factories and administrative activities which may be closed to determine the most dramatic cost decreases or the maintenance of the highest cash level; identification of products or services with the lowest contribution to profit whose production may be stopped; identification of the business lines to be maintained in any situation and of the clients with which relations must be maintained at any price.

Organization of the crisis plan supposes the indication of the persons involved in the management of the crisis situation and of the duties and activities for which each involved person is responsible. The crisis management team often includes the Chief Financial Officer and the Chief Executive Officer but also other members who shall know in advance that they shall be part of this management group, their responsibilities and the persons they shall report to.

The communication with the shareholders, clients and suppliers is crucial in the first stage of financial crisis commencement. Each company must be ready to issue press releases as frequently as possible informing of the operational activity and the situation of the main assets and the relevant information for investors, clients, creditors and suppliers corresponding to each stage made in the actual management of the crisis situation. The contradictory, ambiguous information or the partial disclosure of *de facto* conditions in the crisis situation management process is always negatively perceived by the business environment and the effects may be overadded to the impact of the crisis in the external financial system.

Post-crisis analysis is a stage of big impact at an organizational level and enterprise culture. Its correct passing shapes the future capacity of the company to cope with crisis situations in general and financial situations in particular. An investigation made at the level of 100 multinational companies in the European Union, published in March 2008, revealed that 10% of the questioned companies have no crisis plan or a specialized team to manage crisis situations. ¹⁸³

To give a dimension of the concern existing at the level of Romanian companies regarding the management of financial situation crisis, a <u>pilot study</u> was initiated through the application of a questionnaire to 47 managers who participated, for three consecutive years, in the Finances course for the managers-advanced program in EXEC-EDU within ASEBUSS (2007-9 managers; 2006-17 managers and 2005-21 managers). The purpose of the pilot study is to allow the evaluation of the plan for the management of the crisis situation of the organizations of which the questioned persons were part of. Most of the managers involved in the study were in charge with finances or had an extended experience in the company's financial management. The questionnaire used in the pilot study was used as an instrument for evaluating the degree of adequacy of the companies' plans for answering financial crisis situations.

The questionnaire allows the managers to evaluate from the perspective of individual experience in the companies where the main components of a plan for answering crisis situations activate. Three phases of the process for constructing a crisis plan are taken into account: the phase related to the planning of the crisis situation management process, the phase related to the organization of the crisis plan and the phase related to the post-crisis analysis of the manner and efficiency to apply the plan.[6] For each identified phase there was a quality scale estimated by the respondent for the evaluation of the plan in his/her enterprise for the management of the financial crisis situation structured per 3 levels from 1-weak, inexistent, 2-acceptable, satisfactory enough to 3-excellent.

=			_	=	_	
				1	2	3
I. Planning of the pro situation	ocess for the ma	nagement	of the cris	50%	20%	30%
II. Organization of the co	risis plan			30%	70%	0%
III. Post-crisis analysis				60%	40%	0%

 $^{^{183}}$ " Many companies unready for product recalls" Financial Times, 10 March 2008, pag 3

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The synthetic results of the pilot study

As to the planning of the crisis situation management process, most of the managers (50%) estimate that at the level of their company this phase is qualitatively weak or inexistent and 50% that it is acceptable or excellent. Please note that 30% of the managers estimate that this phase is excellent in their company. Qualitative estimations of this phase were made according to the existence and quality of prepared crisis scenarios, the flexibility of answer sets for each scenario, the use of signalizations both for activating the implementation of the crisis management plan and for returning to the normal operating activity.

The organization of the crisis plan was estimated by 70% of the managers as acceptable or quite satisfactory. Please note that none of those who previously estimated the process planning as excellent maintained the quality estimation for the organization of the crisis plan. At the same time, 20 % of those who evaluated the process planning as weak or inexistent estimated the organization of the crisis plan as acceptable or quite satisfactory. Qualitative estimations of this phase were made according to the existence of a clear order chain, the existence of efficient communication channels and the existence of adequate reserve resources.

Post-crisis analysis was evaluated by 60% of the interrogated managers as weak or inexistent and by only 40% as adequate, quite satisfactory. It is worth mentioning that no manager evaluated the post-crisis analysis as excellent. Qualitative estimations of this phase were made according to the frequent and systematic character of the post-crisis analysis process.

The results of the pilot study reveal that at the level of Romanian companies there is the concern of correctly managing financial crisis situations but the quality of phases related to the development and implementation of the plans for the management of the crisis situation is different. In the current phase there is a higher concern and ability for organizing the crisis plan and a lower concern for the phases related to the post-crisis planning and analysis. The business schools and the persons involved in the managerial education are in charge with developing the training subjects and methods expected to develop the managerial attention and abilities for increasing the level of quality in all the phases related to the development and implementation of financial crisis situations management chains.

The financial system crises became a frequent element in the globalized economy environment [7][3]. The companies ignoring this reality or adopting a defensive policy (,,it cannot happen to us, we are too good to be affected, we are a very solid company on the inside and we can operatively administrate any crisis situation...) and which shall have prospective scenarios prepared only for the operational activity in a stable economic environment shall be the most vulnerable in case of national, regional and global financial crises.

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THE IMPACT OF THE CRUISING INDUSTRY ON LOCAL DESTINATION

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The cruise industry is the most exciting and fastest growing segment of the travel industry throughout the world today. Over the past 10 years, the industry has responded to extensive market and consumer research that has guided the addition of new destinations, new ship design concepts, new on-board/on-shore activities, new themes and new cruise lengths to reflect the changing vacation patterns of today's market.

This phenomenal growth has fuelled the continuing evolution of the cruise industry product. Cruise companies have expanded itineraries to include more exotic ports of call.

This extension has been challenged by the negative impact on destination, which will be underlined in this paper.

Keywords: cruising industry, negative impact, destination/port of call

The cruising industry

According to the World Tourism Organization (WTO) and the Caribbean Tourism Organization (CTO) a tourist is as a person who travels to and stays in a place outside their usual environment for not more than a year but more than 24 hours.

A visitor is defined as an alternative expression, is stay over arrivals or visitors and a person who travels to a place outside his or her usual environment but who stays for a period of less than 24 hours. Cruise ship passengers are treated as a special class visitor even if a cruise ship stays in the same port overnight. Therefore, throughout the region cruise ship passengers are considered visitors. However from a regional perspective cruise ship passengers should be considered as tourists because they, with few exceptions, stay at least 24 hours in the region.

This distinction has policy implications, as in many countries cruise ship visitors are perceived as an addendum to hotel and yachting tourists rather than as a competitor to land-based tourism.

Ships have plied the waters of the world for centuries but the concept of cruising, as a tourist activity, started in the 1880s.

The specialists have defined cruising as "a multi-centre holiday where you take your hotel with you from centre to centre". Cruising made a "fairly early entry into the shipping industry after the advent of steam because the ability to run scheduled services that did not rely on the wind was greatly enhanced".

The first ocean 'pleasure' cruise occurred in 1881 when the Oceanic Yachting Company bought P & O's (Peninsular and Oriental Steam Navigation Company) S.S. Ceylon and refitted her as a full-time cruise ship for the European market. The industry continued to grow and by the early 1900s the White Star Line, P&O and the Hamburg Amerika Line were offering regular cruises. The growth was gradual. Major setbacks in activity were encountered during the period of the First and Second World Wars and the interwar alcohol prohibition laws.

Thee cessation of liquor service onboard the luxury ships and the war impact has determined a drop in tourist attendance. Well after World War II, the North American cruise market began to expand rapidly while the European market continued at a steady pace. The following decades after 1960s attended an impressive growth in the cruise line industry with increased diversification in itineraries and the types of cruises offered.

After 1981, the number of ships increased somewhat over the earlier period, but the tonnage increased dramatically. This shows the onset of a few very large cruise ships.

While the cruise industry has grown in size (both in terms of the ships and number of passengers served), it has also experienced considerable consolidation. This began in the early 1990s and continues today. Brand names that

were previously independent have been bought by larger operators, and many smaller operators have gone out of business.

The size of ships built exclusively for the cruise market began to grow in the 1980s. For example in 1985, Carnival Cruise Line introduced *Holiday*, the first of three super liners, or mega structure. At 46,000 tons, it was the largest ship ever built for vacation cruises. It accommodates 1500 passengers. Three years later, Royal Caribbean Cruise Line introduced *Sovereign of the Seas*, a ship weighing in at 73,000 tons and accommodating as many as 2850 passengers, and so on.

Cruising has increased in popularity around the world. The industry is booming in Asia, Australia and Europe. The U.K., Germany and Italy are experiencing considerable growth in the popularity of cruising. The European market is somewhat split between those who cruise in Europe on European carriers and those who cruise the Caribbean and other parts of the world on carriers that dominate the North American market. The expectations of European passengers are often different from those of North Americans, and the ships that serve a primarily European clientele are distinctly different in décor and style. The same is true of ships designed for Asian passengers. Norwegian Cruise Line's "Freestyle

Cruising," with nine or ten restaurants on a ship, while new to North America when it was introduced, had been the norm on Star Cruises' ships serving Asian ports.

The impact of cruising industry

Any type of tourism activity accompanies the potential for impact in a destination.

All tourism has a wide variety of economic, environmental and social impacts that may be positive or negative. Especially, the impacts of cruise tourism, "may encourage an appreciation of the environment, and generate support and funds for environmental protection, but can also degrade the marine and adjacent terrestrial environment".

Not only can *the environment* and wildlife be affected, but concern for the effects of tourism on vulnerable *communities* has also been expressed as, "tourism has tremendous potential to aid economic development in northern communities; it also has potential to disrupt communities".

The introduction of cruise ships into environmentally sensitive areas of the Eastern Canadian Arctic raises many concerns. Consequently, The World Wide Fund for Nature (WWF) introduced a set of principles with the hopes that such principles, when implemented, could help in the protection of the Arctic and its environment from negative effects caused by tourism.

The Canadian Wildlife Service also identified several conservation concerns such as: "noises from Zodiacs, landings and people walking near cliffs, intentional disturbances which may be gun shots, horns and banging boats". The authorities indicates that the guidelines created for tour operators and visitors involved in bird and marine wildlife watching are intended to prevent the following from occurring: displacement from important feeding areas, disruption from feeding, disruption of reproductive and other social behaviors, changes to regular migratory pathways to avoid human interaction zones, injury, increased mortality or decreased productivity leading to population decline.

The waste of the cruising industry is a major component of pollution. The specialists identified seven types of waste: black water, gray water, garbage and solid waste, hazardous waste, oily bilge, ballast water and diesel exhaust emission.

Another important issue is represented by the economic realities and dilemmas around *shore excursions*. However what has not been addressed is the social impact on local merchants and tour operators who earn less than expected, and who earn considerably less than the cruise line, for the products they provide. The competition that leads to undercutting prices could have a detrimental impact on the local business community.

A second issue concerns the *costs* associated with the use of *local services* by cruise ships and their passengers. These include the improper usage of infrastructure – sewage and water systems, road sand paths – as well as the opportunity costs associated with the need for increased police, sanitation, and other government workers associated with a cruise ship visit. Until one knows these costs it is difficult to make a statement about opportunities lost.

The largest social issue in many places is what may be termed *people pollution*. This number of passengers raises concerns about the impact on local communities of large, short term transient populations. It also points to the need to be proactive regarding social issues as well environmental and economic issues.

The economics of shore excursion Shore excursions provide profit through the mark-up added by the cruise line to the price charged by a local tour provider On the other hand the relationship between the cruise industry and the local ports is related to shore excursions and onshore shops.

Each of these is a source of income for a cruise. Dissatisfied passengers are more likely to blame the tour operator or the port than the cruise line from which the tour is purchased

Onshore shops are another source of income for the cruise line. Most cruise lines have shopping programs which includes a map of the port that has marked "approved stores." These stores pay a fee (sometimes a flat fee; other times a percentage to be included on the list. In most cases, the shopping program is arranged by a concessionaire that is responsible for shore excursions and lectures about the port program and the shopping program is that only a portion of money spent by passengers remains onshore.

The Caribbean experience of cruising

The Caribbean encompasses the islands and the eastern coasts of Mexico and Central America and the northern part of South America up to French Guyana.

The United States Department of Transportation Maritime Administration (MARAD) distinguishes the following sub categories in the Caribbean: Bahamas – cruises that only go to the Bahamas; Eastern Caribbean – St. Maarten to Haiti; Southern Caribbean – all ports south of St. Maarten and along the Southern; American coast up to Aruba; Western Caribbean – Mexico, Central America, Columbia and the islands west of Haiti and the Panama Canal if the cruise turns at Gatun Lake.

The Caribbean represents the main market of cruising industry. As a major destination, the Caribbean cruising has been activating since early 1980, and has identified itself with the cruising industry over the years.

The main challenges encountered by activating the cruising industry in the Caribbean can be compressed as it follows:

The concentration of the cruising industry

The trade association, is involved with governments, ports and the private sector in the promotion of cruise ship tourism. Relations may include inputs in the design of ports and piers or their improvements and the planning of new services.

In contrast, neither Caribbean governments nor Caribbean port authorities have established a regional cruise port association. As a result, the situation is one where a highly concentrated industry negotiates (and, some times, dictates) cruise ship industry issues with a large number of individual, small entities.

Hence the industry can and does threaten an individual port or country that it will reduce its cruise ship calls if certain measures are not taken. Since the Caribbean region does not have a unified position the individual ports or countries have a very weak negotiating position. But the negotiating position is further weakened when cruise ship companies own private islands or when they own and operate cruise ship ports.

The increase in ships capacity

The increase in capacity stems from two sources. The first is the increase in ship size and the second is an increase in the number of berths operating in the Caribbean region. The increase in the average size has implications for expansion of port facilities to accommodate the larger vessels, and possibly overcrowding of destinations and ports of call.

Congestion

Apart from a need to invest in port infrastructure the increased size of the cruise ship and the increase in the number of berths available to the Caribbean can result in congestion.

The increasing size of the cruise ship can cause overcrowding of port facilities, the urban setting and attractions. Such overcrowding will only get worse when three to five similar sized cruise ships visit a port at a particular time, a state of affairs that is common in the more popular cruise ports such as those in St. Thomas, St. Maarten, the Bahamas or Cozumel. The congestion has two components that are areas of concern.

The first concern is exceeding environmental thresholds. For infrastructure, such as waste disposal or sewage treatment, the impacts can be solved by appropriate engineering measures although this may pose financial

implications. For attractions, the entry price can be used as an instrument to control overcrowding. For natural areas the physical impacts are more difficult to control. Here analysis of carrying capacity is often proposed but rarely done because such an analysis is difficult to achieve.

The second component of congestion is the perception of overcrowding by residents, tourists and cruise ship visitors. Residents and tourists may avoid visiting certain attractions and facilities because of the anticipated overcrowding by throngs of cruise ship visitors. Eventually this can result in stagnant or less tourist arrivals (or substitution of higher income tourists by lower income tourists) and consequently in less tourism expenditures.

Earnings and employment

The two major objectives of engaging in tourism are maximizing tourism revenues and employment. At times though governments and tourism authorities seem to focus on maximizing the number of visitor arrivals and conveniently add the number of cruise ship visitors to the number of hotel tourists.

This procedure does not take into consideration the large difference between the spending of a hotel tourist as compared to the cruise ship visitor. Earnings from cruise ship tourism include cruise ship visitor expenditures, expenditures by crewmembers, agent fees and port charges.

But in several countries of the region, tourist authorities measure cruise ship visitor expenditures, but exclude crew expenditures, vessels related charges and support charges.

Therefore if cruise ship visitors substitute hotel or yachting tourists, any tourism destination suffers a major loss in tourism receipts and direct and indirect employment. In defense, cruise ship companies state that a cruise offers great opportunities to explore a tourism destination and that some cruise ship tourists will return for a land-based holiday.

The crucial statement is how many cruise ship visitors who otherwise would have visited the Caribbean for a holiday will no longer visit the region because they have been there on a cruise ship. The increased market share of the cruise ship tourism stems partly from clients who would not have visited the Caribbean otherwise but also of clients who would have taken a land-based holiday at some point in time.

It is the latter category that is a cause of concern because the decision to take a cruise ship holiday implies a loss of tourism earnings and employment for the region.

Environment challenges

The discharge of oil, discharge of hazardous waste and others represent a continuous thereat on ecosystem and local communities, as presented above.

Natural disasters

The cruise ship ports in the Caribbean are subject to tropical storms and hurricanes. In general cruise ship companies withdraw their services whenever there is a severe weather warning and resume service after the event has passed.

Compared to land-based tourism, which can be severely affected by windstorms resulting in a loss of room capacity, cruise ship tourism seems to be more vigorous resuming service even in the case of severe damage to a country. In such a case the industry would provide a useful cash flow injection into an economy thus providing an initial impetus for the recovery. Temporary delays in departures may occur when home ports become affected as was the case with Florida home ports during the 2004 hurricane season. However these events did not seem to have had significant impacts on total cruise ship departures.

Diversification of the product offered

The cruise ship industry offers an increasing variety of cruises. The major companies tender budget, contemporary, destination and premium vacations. Niche markets augment this product range. The latter is a diverse group with specialized cruise options such as diving, adventure, and sailing. Vessels are smaller and the niche market may merge with the larger boats in the yachting sector. In terms of number of cruise ship tourists the impact of the niche market is small.

But because many niche market cruise ships use various ports in the Caribbean as homeport and use Caribbean crews, their contribution to GDP and employment is likely to be larger than their share in number of cruise ship tourists indicates.

Other interesting development is that of Easy Cruise, a sister company of Easy Jet, which will offer cruises in the Southern Caribbean. The company addresses customers, who are in their thirties. The ships stay in port until midnight and offer the possibility of joining a cruise at any destination port.

The latest cruise ships offer an ever increasing range of attractions and services. Therefore, increasingly, cruises become attractions in their own rights and port of calls become ever less important, a move, incidentally stimulated by the cruise lines themselves, due to their efforts to increase on board revenues.

Latter drive may also be linked with the use of "private islands". The cruise ship companies do use private islands and anchorages as an alternative to a Caribbean port of call. Most of these are in the Bahamas (Castaway Cay - Disney; Coco Cay – Royal Caribbean; Half Moon Cay - HAL and Great Stirrup Cay - NCL), but also in Haiti (Labadee - Royal Caribbean) and the Dominican Republic (Catalina Island - Costa).

Competition with hotels

The hotel sector states frequently that the cruise lines have an unfair advantage while the cruise lines argue that cruise ship visitors are likely to return as a hotel visitor.

The high cost of providing land-based tourism services has resulted in a loss of market share and possibly may have contributed to the high growth rate of cruise ship tourism and cruise ship visitor arrivals.

Many governments in the region still do not perceive tourism as an export industry and consequently the tax burden on tourism tends to be higher than on other export.

Because increasingly the sun, sand and beach tourism is becoming more price elastic the high tax burden results in reduced tourism revenues. In contrast cruise tourism is lightly taxed. Interestingly Alaska is considering taxing the nontraditional shipping components such as gambling. It is a move that is strongly opposed by the cruise lines.

As a response to the general negative impact on Caribbean, the cruise industry should take into consideration the followings: to encourage home porting as a means of increasing the benefits from cruise tourism while reducing congestion both in the port and on island; determine, monitor and evaluate the impact of cruise tourism on the natural, social and cultural environment in order to ensure the conservation of the resource base; continuously assess the carrying capacity of the existing attractions and services used by the cruise visitor, and develop mechanisms for the management of these sites on a sustainable basis; encourage the enhancement of existing attractions and facilities and the development of new ones; establish and manage strong relationships with the cruise industry to ensure mutually beneficial outcomes; develop appropriate programmers which effectively convert cruise passengers to long stay visitors.

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THEME PARK – THE MAIN CONCEPT OF TOURISM INDUSTRY DEVELOPMENT

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Theme parks are star players in the tourism industry, and play a special and important role in generating tourism demand. Theme parks are the main motivators for tourism trips to many destinations and core elements of the tourism product.

Competition in the theme park market is growing also in terms of an increasing number of parks, but also relative to other uses of leisure. But in different areas, the theme park market in seems to be reaching its saturation point and the parks have to cater for visitors who are getting more and more experienced and demanding. Given these trends of growing theme park supply, environmental constraints and increasingly discriminating consumer demand, it can be concluded that theme parks, to survive in this competitive market, must optimize is, given an ever increasing number of parks and future trend of consumer behavior.

Keywords: tourism, theme parks, development

The theme park concept

In general, theme parks can be defined as a subset of visitor attractions. Visitor attractions are described as permanent resources which are designed, controlled and managed for the enjoyment, amusement, entertainment, and education of the visiting public There are the main types of managed attractions for visitors: ancient monuments; historic buildings; parks and gardens; theme parks; wildlife attractions; museums; art galleries; industrial archeology sites; themed retail sites; amusement and leisure parks.

Another definition of visitor attractions is regarded by specialists as "single units, individual sites or clearly defined small-scale geographical areas that are accessible and motivate large numbers of people to travel some distance from their home, usually in their leisure time, to visit them for a short, limited period of time". Although this definition excludes uncontrollable and unmanageable phenomena the definition does imply that attractions are entities that are capable of being delimited and managed. The adepts of this definition consider four main types of attractions: features within the natural environment (beaches, caves, forests); man-made buildings, structures and sites that were designed for a purpose; other than attracting visitors (churches, archeological sites); man-made buildings, structures and sites that were designed to attract visitors and were purposely built to accommodate their needs, such as theme parks (theme parks, museums, waterfront developments); special events (sporting events, markets).

These four types are distinguished by two aspects. Firstly, the first three types are generally permanent attractions, while the last category covers attractions that are temporary. Second, tourism is often seen as a threat to the first two types, and is generally perceived to be beneficial and an opportunity for the last two types. Managers of the first two types of attractions in general deal with problems caused by visitors, such as environmental damages and pollution, while managers of the other two types tend to aim to attract tourists, increase visitor numbers, and maximize economic input.

The main features that distinguish theme parks from other kinds of visitor attractions are:

- a single pay-one-price admission;
- charge:
- the fact that they are mostly artificially created;
- the requirement of high capital investments.

Theme parks attempt to create an atmosphere of another place and time, and usually emphasize one dominant theme around which architecture, landscape, rides, shows, food services, costumed personnel, retailing are orchestrated. In this definition, the concept of themes is crucial to the operation of the parks, with rides, entertainment, and food all used to create several different environments. Examples of types of themes used in contemporary theme parks include history-periods, fairy tails, animals, water, marine and futurism. These themes are used to create and sustain a feeling of life involvement in a setting completely removed from daily experience. Most theme parks are isolated, self contained units. Furthermore, it needs to be noted that most theme parks are developed, targeted and managed as private sector companies, and are commercial enterprises. The world's best known theme parks arguably are the Disney parks, such as Disneyland, Disneyworld and Euro Disney.

The amusement parks, appeared previous the theme park concept, which were developed at the turn of this century and consisted of a mixture of entertainment, rides, games, and tests of skill provided at fairs, carnivals, circuses, and frequently they had an outdoor garden for drinking. Amusement parks were an important element of mass tourism in the pre-depression period. However, the World War II has strongly influenced the decline of the traditional amusement park. Many parks were forced to close down permanently, while others survived, on a reduced scale, into the 1950s or even beyond.

Since the end of World War II the number and range of theme parks available to consumers has multiplied dramatically.

The rise of car-ownership has increased mobility and allowed people to visit more isolated parks in their own countries that were previously inaccessible. Rising affluence has increased the amount of free time. Also, longer weekends and increased paid holidays have helped to stimulate the expansion in theme park visits. Furthermore, the growth of tourism in the past fifty years and the recognition of the economic benefits of tourism have led to the growth of purpose-built attractions, such as theme parks, specifically designed to attract tourists, and to encourage them to spend their money.

Disney was the first to introduce a special and new style of parks around a number of themes or unifying ideas to sanitize the amusement park for the middle classes.

The modern day techniques for reproducing landscape, buildings, and arte facts can create a reality in theme parks that has been previously the preserve of film and theatre.

Through changes in transportation technology and social attitudes, downtown industrial and residential land has become redundant.

For example, historic buildings are often inaccessible to the new scale of road, and historic buildings worthy of conservation are not always adaptable to new business practice. The current interest in urban space for leisure and the use of leisure as a generator for adaptation and renewal is significant. In marketing urban locations for new investment the quality of life is becoming identified with the quality of the leisure environment.

During the 80's and 90's, theme parks began spreading around the world. While many developing nations are experiencing the entertainment of theme parks for the first time, the theme park growth slowed in the USA due to escalating costs and a lack of markets large enough to support a theme park.

The development of theme parks over time has been different in every country, reflecting differences in a number of factors including:

- the level of economic development and the distribution of wealth;
- the transport system; the natural environment and built heritage;
- the national culture;
- the degree to which tourism is a matter of incoming
- foreign visitors rather than domestic demand.

The tourism general environment of the theme parks

The theme park and its total tourism environment need to be a place in which the entire array of physical features and services are provided for an assumed capacity of visitors. The tourism supply and demand market is the two sides that require close examination for theme park planning. Insight in market developments is necessary for taking a longer term perspective in theme park planning.

The economic environment of theme parks

The planning efforts of theme park are mostly directed towards improving the economy, because the economic impact of theme parks is generally positive including: increased direct and indirect employment, income and foreign exchange; improved transportation facilities and other infrastructure for tourism that residents also can

utilize; generation of government revenues for improvement of community facilities and services; the multiplier effect within the local and regional economy.

Although improving the economy is an important goal, it will not be achieved unless planning for the economy is accompanied by three other goals, enhanced visitor satisfaction, protected resource assets, and integration with community social and economic life. For example, some theme parks use imported goods and services instead of taking advantage of locally available resources. Also, tourism can cause inflation of local prices of land, goods and services.

The socio-cultural environment of theme parks

The impact of theme park operations can bring both benefits and problems to the local society and its cultural patterns. A theme park in an area generates contact between residents and visitors. This can be problematic in areas where the traditional cultural pattern of the residents differs extremely from that of the visitors of a park. Also, when there is a substantial socioeconomic difference between the visitors and the residents this may cause a problem. For example, problems may include over crowding of facilities and transportation, over commercialization, misunderstandings and conflicts between residents and visitors because of differences in languages, customs, and value systems, and violation of local dress and behavior codes. Theme parks especially have peak attendance figures, and therefore the concentration of visitors in space and time is a major problem. On the other hand, tourism in an area may improve the living standards of people and help pay for improvements to community facilities and services if the economic benefits of tourism are well distributed.

The psychically environment of theme parks

Theme parks' environmental impact is mostly negative and a cause for concern. As theme parks have been designed specifically to accommodate the modern visitor, the environmental impact of theme parks can include visual pollution like unattractive buildings and structures, and large unattractive car parks. The space occupation of parks is enormous and mostly involves destruction of parts of the natural environment. Other environmental problems are air and water pollution, noise, vehicular and pedestrian congestion, and land use incompatibility. Therefore, an essential element of theme park planning is determining the carrying capacities or use saturation levels of the area.

The transportation of the theme parks

Passenger transportation is a vital component of the theme park system.

Theme parks have a relationship with transport systems in a number of ways:

The transport networks make theme parks physically accessible to potential visitors and therefore are an important factor in determining the number of visitors a theme park is likely to attract.

The e existence of major theme parks and attractions leads to the development of new public transport services to meet the demand of visitors.

The transport is also important within destinations to make travel between theme parks and attractions and between attractions and services as easy as possible.

The modes of transport can often be an attraction in themselves with passengers being encouraged to see using them as a type of special event.

The novel methods of on-site transport are used to move visitors around the theme park in ways that will add to the enjoyment of their visit.

The planning of inter modal transportation centers is needed for domestic local, as well as outside, visitor markets.

The infrastructure of theme parks

In addition to transportation facilities, other infrastructure elements include water supply, electric power, waste disposal, and telecommunications. These components are usually planned by the public sector. Even though private and independent decision making are valued highly by most enterprises in all tourism sectors, each will gain by better understanding the trends and plans by others. The public sector can plan for better highways, water supply, waste disposal, when private sector plans for attractions and services are known. Conversely, the private sector can plan and develop more effectively when public sector plans are known.

Facilities offered by the theme parks

Accommodation, hotels and other tourist facilities, provide services so that tourists can stay overnight during their travels. Other facilities necessary for tourism development include tour and travel operations, restaurants, retail

outlets, souvenir shops, financial facilities and services, tourist information offices, public safety facilities and services of police and fire protection.

A theme park and its environment need to be planned in such a way that the entire array of physical features and services is provided for an assumed capacity of visitors. It is important in planning the services businesses to realize that they gain from clustering. Food services, lodging, and supplementary services must be grouped together and within reasonable time and distance reach for the visitor.

The institutional environment

The institutional elements need to be considered in planning the theme park environment. From national to local governing levels, statutory requirements may stimulate or hinder tourism development. For example, policies on infrastructure may favor one area over another. Also, the administrative laws and regulations can influence the amount and quality of tourism development in a particular area. Policies of the many departments and bureaus can greatly influence how human, physical and cultural resources are applied.

The development of theme parks

The theme park market worldwide has grown dramatically during the last decades.

For example, in the USA (where most of the theme park trends originated), theme parks have more than 200 million paid attendees each year.

This strong consumer demand has resulted in the development of many parks. These parks are not only growing rapidly in size and importance, but also are investing substantial amounts in new entertainment and facilities, and extending their services into relatively unexplored areas such as catering and accommodation.

Also, Asia is the theme park market for the new millennium. Even more, several Asian cities, like Bangkok, Singapore and Kuala Lumpur, want to become 'tourism hubs', and theme parks are central to these plans.

Although in the Asian countries a shift from hopping centers to theme parks can be seen, the opposite can be observed as well indicating a growing role of retailing in existing theme parks. The relationship between merchandising and theme park visits clearly has potential for further growth, and the advantages of stimulating this demand are becoming increasingly recognized by theme park operators. They are racing to obtain more profits out of their rides, activities and exhibits by linking rides to merchandise and placing goods at spots where visitors are most likely to buy, and that is close to the key rides, activities and exhibits The objective is to give people a part of the park to take home and share with others.

In Europe most theme parks were built in the last 25 years. First, theme parks were more a Northern Europe phenomenon, but recently, several regions and countries in Southern Europe have supported the growth of theme parks as an attractive option to increase economic input.

Due to all these new parks built, the theme park market is saturating. Consequently, the competition in the European theme park market is growing. Not only in terms of the growing number of new other parks, but also due to other uses of leisure time and discretionary expenditure such as home-based entertainment systems.

Managers of large theme parks are concerned about the scale of the investments required to add new exciting rides, activities and exhibits to their product. Especially, because a golden rule is that a theme park every year has to expand their park with a new attraction, to attract the required level of visitors

European theme parks invest in average twenty percent of their turnover on new or better rides, activities and exhibits.

Theme parks challenges

The first challenge for theme parks managers is to integrate the elements in the park itself with all the elements defining the theme park environment in the theme park development plan. For example, theme parks cannot function without transportation possibilities to bring the visitor to the park, or food supply or accommodation to support the visitor's stay.

Planning a theme park requires significant public private cooperation. More and more public governments turn to the private sector for the provision of services and the production of new products However, in order for such processes to run smoothly in theme parks, greater understanding of the roles of both sectors is needed. All private sector players on the supply side of the theme park environment such as, attractions, services, transportation, etc., depend greatly on investment, planning and management policies of government.

Conversely, governments depend on the private sector for many tourism activities and responsibilities. Therefore, cooperation between the public and private sector is essential.

Another characteristic of theme parks is that their demand is highly seasonal. For theme park planners seasonality effects mean that they need to plan the facilities in such a way that whatever season or number of visitors in the park, the visitor experiences in the park are optimal.

Also, when demand for rides, activities and facilities fluctuates during the day this can cause problems for the park, such as congestion and time specific peaks at the rides, activities and facilities.

For theme park managers, capacity planning and routing is therefore an important task to deal with these problems. For example, to optimize the visitor streams in the park and to minimize waiting times at the activities.

Another characteristic is the fact that theme parks face high fixed costs and low variable costs. This means that the costs per visitor in the low season, when there are only few visitors in the park, are much higher than in the high season, especially if the quality of the visitor experience has to be maintained. Furthermore, each year parks require high investments to add new exciting attractions to their product to attract the required level of visitors

At the demand side, theme park planners may rely on marketers to actively try and manipulate tourist demand, by price differentiation across seasons, special rates for early bookings and bundling of services and visits over time or with other tourist facilities in the region.

Similar to other tourist attractions, theme parks first and foremost provide enjoyment to their customers. This implies that theme park managers face especially strong demands from customers for new and exciting innovations in their services.

Special strategies need to be devised to deal with tourist variety seeking. Also typically a diverse number of services within a park is required to promote repeat visits and to cater for different members of visitors groups as seniors and children) and for different segments in the tourist population at large.

This has important implications for theme park planning in terms of location and type of activities that should be introduced and supported. Detailed consumer information often is essential to meet these consumers' requirements.

The costumers requirements place special demands on theme park planners in terms of: meeting environmental standards imposed through (inter)national regulations and local communities, by increasing demands in terms of landscaping and design, and financial responsibilities in terms of managing large areas of land which need to be bought, leased or rented depending on the organization's financial management strategy.

Another challenge facing theme park planner is that planning a park requires special skills in terms of combining creative and commercial abilities. Theme park design is crucial in determining the success of a park. In terms of design, several different levels can be distinguished. First, rides, activities and exhibits have to be designed attractively and effectively both in terms of initial appeal and usage. Second, landscaping and urban designs are required to integrate the different single facilities into a whole based on the selected theme for the park. And finally, activities and services need to be arranged that can support and increase consumer experiences of the physical elements in the park.

There also are some more general features of the theme park product that are shared with other services and that are a challenge to theme park planning.

Meeting consumer demand must be done however without compromising environmental and socio-cultural objectives. Because the theme product is consumed and produced at the same time, the service must be right the first time. Therefore, adequate theme park planning is highly critical for optimizing the delivery of the theme park product to the consumer.

The final challenges facing theme park planners are created by the theme park market. There is a growing competition in the theme park market, with an ever increasing number of parks and many parks expanding their activities. Even more so, the tourist demand market is facing demographic changes in the form of agreeing population, economic changes that lead to tighter family time budgets because of an increasing number of double earner households, and the introduction of new technologies such as multimedia entertainment that compete directly with the traditional theme park market.

Knowledge of potential market origins, and interests, habits and other travel characteristics of the population is a necessary but not sufficient condition to plan the several components of the supply side.

It is important for the parks to know how consumers think, and what makes them visit or not visit attractions, and when they want to visit a park. Also, for theme park planners, an estimate of peak visitor volume is essential to the planning of every feature of the theme park, parking, attractions, exhibits, toilet facilities, tour guidance, food services and souvenir sales.

It can be concluded that the challenges theme park planners face ask for planning methods that can integrate the different components in the planning processes within and across various levels of planning.

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THE VIRTUAL FIRM AND THE ELECTRONIC BUSINESS' PERSPECTIVES

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Abstract

Electronic alternatives for the traditional way of doing business or commerce have appeared, such as eBusiness and eCommerce. CRM's approach represents an effective demonstration of a new customer relationship and characterizes a good example for eBusiness, not as a new invention, but as an efficient utilization of the new information technologies within business. The development within different forms of the electronic commerce will contribute to the exploration and acceleration of the economy globalization process. A good strategy for eBusiness builds an usual environment that stimulates its own development and creates markets large enough to allow the commercial sites' maintenance.

Key words: eBusiness, eCommerce, Customer Relationship Management

New concepts have appeared recently, for instance those of electronic Business (*eBusiness*) or electronic commerce (*eCommerce*), being seen as electronic alternatives for the traditional way of doing business or commerce. The electronic commerce was defined as the process of buying and selling information, products and services through an Internet type network.

The electronic business may be seen as a revolutionary approach to the business attainment concept. We have to deal with some modifications regarding the way in which the information is used or how the clients, the suppliers and the employees are contacted; regarding the marketing, the promotion method etc.

The eBusiness solutions have to cope successfully with some new challenges like:

- the new models definition for the business' good functioning;
- the work possibility within varied physical networks B2B (business-to-business);
- the necessity of customer individualization B2C (business-to-customer);
- The assurance of transactions' security, both in the case of B2B and B2C.

We should mention that a virtual enterprise is an enterprise realized within cyberspace. All entrepreneurs that wish to be significantly present within the informational global community will have to know how to displace themselves and how to operate within this domain. There are two significant aspects in regard with a virtual enterprise: the first refers to knowledge and technical ability to operate within the already existent cyberspace which continually develops; the second refers to the staff training that prepares them to work within the virtual reality.

When referring to some changes that appeared at the same time with the digital economy's development, we reveal that the last successful approach to the CRM (Customer Relationship Management) represents an effective demonstration of a new customer relationship. The purpose was to recreate the situation that existed in neighborhood shops a few decades before, when the shop assistant knew both names of the customers, their preferences and found time to talk to them, and not necessarily about business.

CRM consists of the same individualized approach to the relationships with the customers, which will succeed, due to the modern information technology, in establishing "friendly" relationships with a more incomparable number of customers. We emphasize the fact that CRM represents a good example for *eBusiness*, not as a new invention, but as an efficient utilization of the new information technologies within business.

The activity laid within the WWW networks, characterizes itself especially through the electronic speed to which all other traditional domains within commerce refer to, such as the production, the transportation and the whole logistics. The easy way how a demand can be created may become a threat, due to a deficiency within the delivery system, if one doesn't obtain with such promptitude a high production or the possibility to deliver on time. Because of this, the virtual shops that used to offer Christmas presents, have encountered difficulties, coming to the point where the orders had a three months delay in delivery.

According to some experts, when referring to big companies, the best solution is to treat *eBusiness* as if it was one of their own delivery channels, and in the mean time to continue traditionally their businesses on the other channels.

The development within different forms of the electronic commerce will contribute to the exploration and acceleration of the economy globalization process, and especially to the commerce globalization. This will lead to the creation of a coherent universal system that functions in the new environment, and that will cover all society's aspects, such as: economical, legal, financial, security, responsibility and property protection.

An important phenomenon that will have a significant influence upon the virtual market's global development consists of many mediators' disappearance, such as agents, dealers or brokers. In the next phase of customer-supplier relationships, the purchaser will directly dictate producers what should they produce. One may forecast the info-mediators' appearance, whose duty will be to approach the participant clients within a virtual community and to assure that the client will find anytime the desired information on his/her own computer display.

These info-mediators' function will be taken over by the so-called 'intelligent agents' – a very sophisticated software, based on artificial intelligence. Such a program will examine the web sites visited by a client till a precise moment, and the analysis' result will become the "client's profile" determination base. Starting from this, the customer's desire to obtain various information regarding the products and services will be estimated/predicted.

A good strategy for *eBusiness* builds an usual environment that stimulates its own development and creates markets large enough to allow the commercial sites' maintenance. The base of creating a good *eBusiness* strategy should be a good estimation of the market and of the current position along with the own market strategy's evaluation. Instead of creating a new dot.com, one should take into consideration the sales department's endowment with such "channels" of Internet selling that could bring more beneficial effects.

When creating an *eBusiness* strategy, a clear distinction should be made between the virtual market of products sales and the virtual market of services sales. Within the typical virtual markets, one may work by means of selling products (such as books, flowers, metals, officialdom etc) and with two types of participants: suppliers and customers. The products available within the virtual commerce are, mostly, products intended for current use. Beside the suppliers and the customers within the virtual markets that sell such kind of products, one may also emphasize the presence of some societies that assure support, such as the banks or the companies responsible for delivery.

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FIRMS' FINANCING POSSIBILITIES WITHIN THE EUROPEAN BUSSINES ENVIRONMENT

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The profit increment applies mainly in the private system, whereas the motivation is influenced by the sales maximization, management discretion, growth maximization and jobs offer. The liquidity flow dimension that is necessary for the excellent functioning depends on a series of factors. The financing sources can be grouped into internal and external sources and there are also different periods of time related to them. The transfer pricing, the prices that are given by the multinational firm's affiliates, is also grouped into different types. The financial services may strongly influence the way of doing business within Europe.

Key words: cash flow, bank loans, mortgage, leasing

The main firms' objective is the profit increment. It applies mainly in the private system, the profit being an increasing source for the personal capitals when it isn't allocated to the shareholders.

However, there are situations where the motivation is constituted by:

- sales maximization the managerial success appreciation is based mostly on the turnover's level, which determines the salaries, the bonuses and other managers' benefits; as long as the firm obtains an adequate profit as to satisfy its shareholders, the managers will concentrate themselves upon the sales volume increasing;
- management discretion it starts from the point that there is a separation between shareholders and management in most of the organizations; by guaranteeing the shareholders a satisfactory profit, the managers may act in their own self interest in the ways of increasing the salaries, the safety, the status and the prestige;
- growth maximization through market quota increment, market diversification, fusions or takeovers;
- **jobs offer** it applies in the case of organizations within the public sector; the purpose is to reduce the costs through the unemployment indemnities, the firms concentrating on the losses minimization.

Cash flows and assets valuation: the need for liquidity

The companies has the responsibility to acquire raw materials, materials, components, to upkeep the production process long before cashing the sold production equivalent value. Therefore, in order to cope with the necessary cash, the firm needs to have a constant reserve fund.

The liquidity flow dimension, necessary for the excellent functioning, depends on the short time cash levels that are undertaken by the firm.

Thus, there is a series of influential factors:

- the business dimension:
- the time period between the payment and cashing equivalent value production
- fluctuations cashing;
- the increasing or decreasing firm's activity tendency;
- the necessity for the fixed capital acquisition;
- the constraints imposed by the banking or credit institutions.

Financing sources:

These can be grouped in two categories:

• internal sources (profits not given to shareholder - the main investments source);

• external sources (mostly on the capital market).

Short time period financing sources:

- bank loans (used especially when the liquidity necessity exceeds the temporary firm's needs);
- *trade credits* (for example, a raw materials provider accepts to cash the equivalent value of the delivered products on a subsequent date, crediting this way the producer);
- the factoring.

Average time period financing sources:

- bank loans (usually used for the acquisition of fixed tools and capital goods, the costs concerning the credit depending on the loan duration, on the risk level, on the requested sum and on the creditor's reputation);
- *the leasing* (it offers the possibility to obtain equipments, machines, installations etc. without being necessary to pay the integral equivalent value; through leasing, these are given to the beneficiary by a specialized firm, in exchange of 3-5 year installments);
- *installments buying* (it eliminates the integral financing problem of the equipments' acquisition; the difference between the leasing and the installments buying is that at the end of the period, the goods remain automatically to the person who used them if they are paid by installments);
- the appeal to the European capital markets;
- the investment funds.

Long time period financing sources:

- the leasing;
- the mortgage (if the firm needs exorbitant sums for financing the terrains' acquisition, the construction of buildings, warehouses, factories etc., it is possible, if there are no enough high value goods to be used as a guarantee, to mortgage the object which the beneficiary won't dispose of until the integral loan is paid);
- issue of bonds:
- issue of euro-bonds (bonds emitted in a different currency of that where the firm originates);
- preference shares;
- dividends.

Pricing strategies: the transfer pricing and the multinationals:

The transfer pricing refers to the prices that are given by the multinational firm's affiliates in relation with other affiliates of the same parent company.

One may determine many types of transfer pricing:

- transfer pricing induced by the fiscal system (the multinational tries to minimize the fiscal exposure, transferring a part of the profits into another country with lower taxation policy);
- transfer pricing induced by the fact that the firm wishes to obtain profit at every profit's level that is brought by the market;
- transfer pricing determined by the market's price;
- transfer pricing imposed through the global strategy of the multinational's firm.

The unique market within the financial services domain:

The financial services strongly influences the way of doing business within Europe. For instance, goods sold from Denmark to Sweden, have to be paid through the international banking network, one may obtain a three months credit for the transaction financing, and the commodities will have to be assured so to avoid the risk of loosing or destroying (probably the Lloyds firm from London etc).

The banking European system has felt after 1987, the need for a big change especially because of:

- the rapid growth of the banking sector and of the adjacent financing services;
- the growth of the universal banks' importance, having a very varied services offering;
- the increasing deregulation;

- the extra-communitarian banks' competition;
- the responsibility growth and the intensification of the market needs' perception.

The euro introduction has cost the world banking system (according to some estimates) about 7 milliard dollars annually, due to the possibility of losing the profit made of exchange rates differences. The parallel functioning period of the national currency with the euro, has also meant additional operation costs. The investments in new systems and technology cover the cost economies' equivalence that is realized by the unique currency introduction in approximately 6 years.

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REGIONAL HEALTH MANAGEMENT – ESTABLISHING THE HEALTH REGION OF THE FUTURE

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The demographic challenges are affecting the entire health system in Germany; the amplitude of the demographic impact will increase. Hospitals and other health service providers will have to respond to the demographic challenge in order to survive and perform successfully in the health care market. In order to meet the needs of the increasing number of older patients, a regional health care network, orientated at the medical care process of the patients is emerging in the heart of Bavaria. The new health care network will ensure the outpatient, inpatient and rehabilitative care for the citizens beyond the boarders of the health care sectors: a health campus established on the cooperation and linkage of various players with focus on the medicine for the older patients.

Key words: health care services for the elderly, health region, regional health management.

1. Demographic indicators, economic power and sustainability of the health region

The geographical dimensions and limits of the health region Ingolstadt lean on the boarders of the Region 10 in Bayaria; the health region comprises from a geographic perspective, in the centre of Bayaria, both the urban district of Ingolstadt and the administrative districts of Eichstätt, Neuburg-Schrobenhausen and Pfaffenhofen, accounting for a total area of about 2.848 square kilometers with 68 communities and approximately 500.000 residents (Bayerisches Landesamt für Statistik und Datenverarbeitung 2008). Between 1996 and 2006, Region 10 exhibited a population increase of 7.7 %, which represents an above-average growth when analyzing the overall situation in Bavaria; not only that, but Ingolstadt is also the boomtown in Germany (Bayerisches Landesamt für Statistik und Datenverarbeitung 2007). The increase of the number of the population of Ingolstadt and of the neighboring administrative districts is also determined by large, above-average, numbers of people moving in (in average about 85 per 100.000 inhabitants) (Statistisches Bundesamt 2008). According to the demographic projections of the Bavarian State Institute for Statistics and Data Processing (Bayerisches Landesamt für Statistik und Datenverarbeitung), the number of the population of the Region 10 will increase by at least 30.000 inhabitants till the end of the year 2025 and will therefore not follow the nationwide decreasing population trend (Bayerisches Landesamt für Statistik und Datenverarbeitung 2008). Although the future population evolution of the Region 10 is predicted to be positive, a critical aspect concerning the hospitals and the health care service providers refers to the future, considerable increase of the average age of the population expected in the next years; at present the average age of the population in Region 10 is 40.6 years. In the Region 10 at the end of the year 2006, the percentage of the population under age 18 accounted for 19.9%, while the population aged 18 to 64 accounted for 62.9% and the population aged 65 and over for 17.2% (Bayerisches Landesamt für Statistik und Datenverarbeitung 2007). The health economy - the players of the health care management - of the health region devoted its activity also to the topic of an aging society and broached therefore the issue of the multiple demographic challenges, such as the steady growing number of patients that need to be treated, the increased health care demand, the necessity for innovation in the health system, using the economic opportunities of the health care and approaching successfully the problem of increasing costs. Due to demographic, economic and legal changes in the health care system, regional management becomes even more important. The following paragraphs present and analyze the economic situation, the characteristics of the health region, the strategic objectives and concepts in order for the health region to fulfill the health care needs of an aging society in an appropriate manner. The economic data and indicators for the Region 10 in the last five years were impressive: the region occupied the second position among 18 regions in Bavaria with a gross domestic product per employee of 66.350 € and the third position with a gross domestic product per capita of 32.038 € in 2005 (Bayerisches Landesamt für Statistik und Datenverarbeitung 2007). The administrative district of Pfaffenhofen and the city of Ingolstadt occupied the 11th and the 12th position in the first scientific regional ranking with regard to

productivities among 435 nationwide regions; in the Region 10, the per employee annual average income is 72.623 € (Initiative Neue Soziale Marktwirtschaft 2006). In the famous Prognos - Future Atlas, the Region of Ingolstadt is situated on the 8th place among 439 nationwide regions, thus certifying the top future opportunities and chances of the region (PROGNOS AG 2007). When analyzing the unemployment rate of the Region 10 in 2006, one can notice that the region had the lowest unemployment rate in Germany (unemployment rates in the region: 7.3% in Ingolstadt, 3.4% in the district of Eichstätt, 4.5% in the district of Neuburg-Schrobenhausen and 4.2% in Pfaffenhofen) (Agentur für Arbeit Ingolstadt 2006, p. 22). With regard to the purchasing power index, in the Region 10 the value of 110.7 for this index placed the region in the best 20 regions nationwide. In the region Ingolstadt the gross income is with 2.800 € over the west-German income (GfK Marktforschung GmbH in Zeitungsgruppe Münchner Merkur/tz 2007, p.12). The share of the industry in the Region 10, accounting for 75.049 employees with social insurance contribution, is high, above the Bayarian and the nationwide average, having accounted for approximately 50 % in 2006. The sustainability study of the Institute for Population and Development Berlin (Berliner Institut für Bevölkerung und Entwicklung), which evaluated all the regions in Germany on the basis of 24 indicators such as economic development, population structure and the value of leisure time etc. confer the Region 10 (Ingolstadt and the neighboring districts) final grades between 2.66 and 3.25. These final grades place all four distinct districts among the best in the nationwide ranking, whereas Eichstätt achieved the best grade nationwide, of 2.66 (Kröhnert / Medicus / Klingholz 2006, p. 5).

2. The main health care services and providers in the health region Ingolstadt

Ten hospitals ensured the health care in the Region 10 in 2006, accounting together for 2.305 hospital beds. Whereas at a national level, there are in average 6.4 beds per 1.000 inhabitants, in the Region 10 there are 5.1 beds per 1.000 inhabitants (Bayerisches Landesamt für Statistik und Datenverarbeitung 2007). In the largest hospital of the region, Klinikum Ingolstadt, with 1.132 hospital beds, the average length-of-stay was 6.0 days in 2006, with 2.6 days under the nationwide average length-of-stay, which shows the excellent performance of the hospital Klinikum Ingolstadt. The hospital has yearly more than 37.000 impatient medical cases and 49.000 outpatient cases in 20 medical specializations and institutes, with an average bed occupancy degree of more than 91% in the somatic disciplines and more than 117% in the psychiatry department and an average emergency ratio of 54%. At present, about 14.000 inpatient surgeries and 4.000 outpatient surgeries are conducted yearly in Klinikum Ingolstadt. The consequent adoption and implementation of new strategies, especially with regard to networking, partnerships, commitment and to the belief of wanting to offer all health services, but not having to provide them all by itself (innovative concepts and networking structure), have determined the successful development of Klinikum Ingolstadt into a profitable health company with many impulses in the Region 10 (see figure 1).

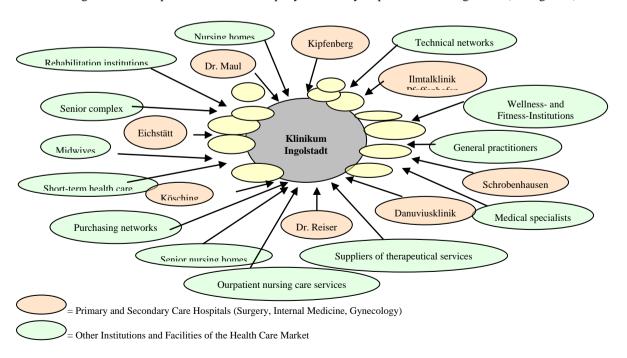


Figure 1: The "Health campus Region Ingolstadt"

The physician network founded in 1999 in the Region 10, GOIN, has so far accounted for 653 general practitioners and medical specialists, being the largest network with regard to the number of medical members nationwide, and 250.000 patients. The main objective of GOIN is to ensure top quality and economically reasonable patient health care in the region through the implementation of innovative processes and services and to interlink adequately with all the health providers in the region. The GOIN emergency private practice situated in Klinikum Ingolstadt is well equipped, both technically and with regard to the medical personnel; it provides the population in the health region with rapid outpatient emergency health care, appropriate to the needs of the patients: in this way the hospital utilization of the patients, that can benefit efficiently from an outpatient health care service, can be avoided. The interlocking with both social care services (outpatient medical care, short-term care wards etc.) and other health service providers at critical hours in the evening and during the weekend increases the health care quality. Moreover, there is a close connection between the emergency private practice and the hospital Klinikum Ingolstadt. The GOIN-emergency private practice for children and teenagers has been operating since July 2006, and it is also located in Klinikum Ingolstadt, as a central unit. This second private practice completes the portfolio of outpatient health care and offers moreover the networked inpatient health care through the proximity to Klinikum Ingolstadt, in a similar manner to the way it has already been functioning for the general practitioners and adults. The rebuilding and restructuring of the emergency centre in Klinikum Ingolstadt will generate clearer structures, efficient processes and more space for the examination and treatment rooms. The constructional structure already allows a separation of the patients in accordance to their health status whether they are able to go by themselves or are being transported - and to the severity of their health situation. A screening nurse receives the patients in the emergency centre, gives the proper direction for the patients inside the emergency centre in accordance with the severity of each patient's status and takes care of the patients' processes during their stay in the emergency centre. This structure does not only diminishes the waiting time of the patients in the emergency centre, makes all processes more transparent, but it also reduces considerably the amount of superfluous examinations for the outpatient cases due to the partnership with the GOIN emergency physician practice of situated in the hospital, not far away from the emergency centre. In order to avoid patients waiting for their doctors or for diagnostic investigations in the halls of the emergency centre, a holding-area will be built in order to ensure a better patient monitoring in special rooms even during the stage of diagnostic investigations. A ward with 27 beds integrated in the emergency centre shall improve the process-related structure in the admission and health care of the emergency patients. The emergency centre is connected with two on-ground rescue services and with the helicopter rescue centre.

The new physician centre embodies the fulfillment of the vision of Klinikum Ingolstadt of establishing a health care campus for the entire region. The establishment of a physician centre in the direct neighborhood of the hospital completes the health value chain, as it represents the pre-inpatient element of the value chain; a 27 million € investment in a multifunctional health centre for outpatient medical care, dialysis and other services of the health care sector. The building of such a physician centre also enables a more profound cooperation between Klinikum Ingolstadt and the physician network GOIN, as many of its physicians will also be leaser in the new physician centre. This new centre will play an important role also between the outpatient and inpatient medical care, it will enhance the medical and health headquarter Ingolstadt by additional service providers and will also be able to improve significantly the health care of the patients in the Region 10. This will also be the second health centre for non-inpatient hospital care established in the direct neighborhood of the greatest hospital of the Region 10 after the centre for rehabilitation and geriatric medicine, which was founded a few years ago. Its main objectives rely in the improvement of the inpatient aftercare of the patients in the entire region and the health centre also represents one element of the value chain. With regard to the institutions for rehabilitation, there are 172 rehabilitation beds in the Region 10, belonging to two institutions situated in the districts of Eichstätt and Neuburg-Schrobenhausen. In average, one physician treats 465 inhabitants in Ingolstadt, 849 inhabitants in Eichstätt, 760 inhabitants in Neuburg-Schrobenhausen and 804 in Pfaffenhofen, whereas the Bavarian average lies at 541 inhabitants per practicing physician (Bayerisches Landesamt für Statistik und Datenverarbeitung 2007). In 2006, 13 institutions offered 1.243 long-term care beds in Ingolstadt. Moreover, selective institutions provided the region with other 80 short-term care beds (Stadt Ingolstadt 2007, p. 120). Due to the high percentage of the population aged 65 and over in the health region, one should assume that the demand would increase in this health sector of the region, assumption which is also taken into consideration by the State Institute for Statistics and Data Processing in its projections. In the last five years, one could notice major contributions of the major health care players in the region to the optimization of the health care provision by means of process, service and partnership innovations. The ward for palliative medicine opened in 2006 for critically ill patients (cases where no further therapy is possible) in the largest hospital of the Region 10, has meanwhile established itself in the Region 10 and has enjoyed a very good reputation. The patients are admitted in this ward at the recommendation of the physicians in private practice.

In order to offer special premises at childbirth, Klinikum Ingolstadt redesigned the childbirth department and transformed it into a centre for mothers and their children. The new atmosphere with hotel character and individual family rooms, completed with a generous family suite, pursues in a consequent manner also the orientation at the private patients and privately insured persons. A patient hotel for ill adults is now completed with a patient hotel in the centre dedicated to mothers and their children. The centre redesigned to provide a special atmosphere at childbirth meets, like the comfort-plus ward of Klinikum Ingolstadt, the highest standard level wearing the seal of perinatal centre – level 1. With regard to the electronic health card, 5.600 cards haven been issued so far in the region Ingolstadt and others will follow: 30 physicians in 15 private practices as well as 2 hospitals and 16 pharmacies participate in this project, following the objective of transferring the findings and information about the patients in the respective situations to the examiners in a quicker and broader manner. When analyzing the achieved profile of the health region, one can conclude that Ingolstadt is strategically best positioned through its geographical location in the centre of Bayaria and of the Region 10. Ingolstadt has successfully succeeded in bundling all the important functional requirements and necessities of the region and making them easily accessible to all the inhabitants in the region. Ingolstadt – headquarters of the automobile producer Audi and of the consumer electronics provider Media-Saturn – is striving to fulfill at the same time other needs of the population, too. The successful activities of the major players in the health care, the hospital Klinikum Ingolstadt and the largest physician network in Germany, GOIN, could contribute successfully to the development of an important medical location and health care headquarter in Ingolstadt and in its neighboring districts.

3. Strategic objectives and concepts

The greatest future challenges the health region will be confronted with will be those caused by the demographic evolution. The demographic change will generate a substantial increase in the number and in the share of the elderly. The older people are unfortunately the ones being often ill: for example, if they need inpatient medical care in a hospital due to a particular illness, they also bring with them other additional complaints and discomforts, which means that these persons suffer from multimorbidity. At a higher age, these are especially the medical indications for heart, circulation, stroke, diabetes, dementia, cancer etc. The health region follows the objective of meeting the special needs of the older patients in the future development of health care models through a clear commitment to medicine for the elderly. The percentage of the population aged 65 and over in the Region 10 is already disproportionately high compared to the Bavarian and nationwide average share, accounting for 17.2% of the entire population in the region. This fact is already affecting the health region, especially with regard to the inpatient health care. 55 % of the patients hospitalized in the largest hospital of the region are aged 65 and over; this value will surely rise, as already in 2020 the percentage of the population aged 65 and over is expected to increase to approximately 20%. This trend is expected to abate only after 2040. This fact justifies the necessity of positioning the one major inpatient health provider of the health region, in this case the largest hospital of the region, as the nucleus for the future cooperation activities of the health region with regard to the medicine for the elderly. Internally, Klinikum Ingolstadt is aiming at founding and establishing a centre for medicine for the elderly through the integration and cross-linking of the affected specialty departments. The health care levels should be coordinated in an optimal manner through very close cross-linking; there should be a win-win situation in the case of an integral, interdisciplinary medical care for both service provider and service beneficiaries. The establishment of a centre of medicine for the elderly allows the medical care provider to optimize its processes in order to save costs by making use of synergy effects and by optimizing the process planning in such a manner that it improves the hospital length-of-stay, bed policy and finally, the efficiency and effectiveness. At the same time, the patients should perceive a qualitative improvement, as the therapy can start earlier and the patient can hope for very good healing chances in the presence of optimal processes. Externally, the activities should serve the purpose of a thematic and process-related bundling of the strengths of all players in the value chain in the field of the medicine for the elderly, starting with prevention and ending with inpatient aftercare. Already existent and implemented innovative cooperation models in the health region should be further developed through additional players, so that for example the industry and private service providers as well as research and science would be brought together in a new form. Further upcoming projects are to be shortly described:

Assisted sleeping: the establishment of health institutions where general physicians guarantee
the outpatient medical care of the patients and if hospitalization becomes necessary the hospital

can initiate an optimal patient process and control by making use of the advance information; the patients benefit from both the rapid diagnostics and therapy and from the rapid return in their living environment;

- Ambient Assistant Living: aims at transforming the living environment and home living conditions for the elderly in order to ensure them a good health care in their homes;
- Operational health management: the early identification of at-risk-patients and the implementation of adequate prevention measures and special health programs;
- Interlinking of the cooperating players of the health region via a hospital information system and the electronic patient record;
- Project prevention-screening: the identification of at-risk older patients in the region through continuous screening through the integration of the physicians in private practice and by means of electronic assistance systems.

4. Conclusions

The health region Ingolstadt is responding in an active and innovative manner to the demographic challenges. The further development and aimed positioning of the health region Ingolstadt as health region of the future can be achieved through activities meeting the needs of the older patients. The structure and organization of the planned future activities of the partners in the health region will bank on the structures of the existent high professional cooperation management of the major players in the Region 10, Klinikum Ingolstadt and GOIN.

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ENTREPRENEURSHIP AND PERFORMANCE

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Abstract: Competitiveness is assured, developed businesses require the implementation of some quality standards in all the company fields, that is, granting some important financial resources. Actually, when analyzing the economic activity of the Romanian economic agents, we can notice that finding the best financial source is their main problem.

Keywords: performance, competitiveness, finance, structure of balance

In a survey regarding the financing sources used by the SME's in Romania before the EU accession it is shown that Romanian managers use as financing sources: own sources belonging to the stockholders -44,6%, self-financing -26,22% and bank loans -22,22%, and hardly between 0 and 2,22% they use capital market or other special financing techniques.

Thus, statistics show that own capital's share has decreased in the total financing of Romanian enterprises which have started to use external sources more (table 1). The movement seems to be reversed in SME's, meaning the capitalization degree has increased but the aspect on one hand does not have a significant value (the increase is below 2 per cent) and on the other hand, this financing reorientation is taking place due to excessive debts that are critical to solve this type of enterprises (table 2).

Table 1. The structure of balance liabilities in non-financial Romanian companies-%

Structure	2003	2004	2005
Own capital	39,7	31,6	31,7
Debts of which	60,3	68,4	68,3
External debts of which	6,7	5,9	5,8
external bank loans	3,1	3,	03,0
Internal bank loans of which	5,4	5,7	5,7
internal loans in RON	2,1	2,	02,2
internal loans in foreign currency	3,3	3,	73,6
Other debts (commercial, social, fiscal, personnel)	47,4	55,2	55,2
Risk and expense provisions	0,8	1,6	1,6
Total liabilities	100	100	100

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

The structure of debts shows the prudence of the non-financial Romanian companies when approaching banking financing (its share does not exceed 6%), their resort to external financing including the one from banks (which can be justified by the costs that are lower than on the Romanian market at the time of the analysis data registration) but it does not have a different size from the one of internal banking financing. Yet, what is critical and still justifiable from the perspective of costs is the high share – over 50% of total financing sources – of noncost debts – commercial, social, fiscal, personnel – which shows low restrictions in the Romanian economy, the lack of restructuralization completion and last but not least a great amount of risks.

Table 2. The structure of balance liabilities in Romanian SME's - %

Structure	2004	2005
Own capital	20,6	22,2
Debts of which	79,4	77,8
Bank loans	7,1	8,2
Other debts (commercial, social, fiscal, personnel)	72,3	69,6
Total liabilities	100,0	100

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

Switching the analysis upon the Romanian SME's, table two broadly shows the same structure as the one registered in all the non-financial Romanian companies. However, there is a more significant growth of over 1% in SME's for approaching banking financing, a step that is also probably supported by the Romanian loan units that have improved their offers towards this market segment over the last years. As to non-cost debts - commercial, social, fiscal, personnel debts – there is a slight decrease yet without going down to economically accepted values. Two observations should be made regarding this aspect: (a) the high value of non-cost debts occurs in private property enterprises, therefore an assembly of arrears from large and small state companies, as it used to happen in private capital companies in the 90's, during the second decade of reforms; (b) the substance of these financing sources keep on showing how immature the Romanian financial environment is and the fact that financing options are missing for this type of companies in acceptable cost conditions.

Table 3. The structure of balance assets in non-financial Romanian companies - %

Structure	2003	2004	2005
Fixed assets	62,8	60,7	60,4
Non-corporate invested capital	4,6	11,8	11,8
Corporate invested capital	53,6	43,8	43,5
Financial invested capital and financial investment	4,6	5,1	5,1
Circulating assets	37,2	39,3	39,6
Stocks	10,9	11,7	11,8
Debentures	22,0	22,5	22,7
Cash and bank accounts (liquidness)	4,3	5,1	5,1
Total assets	100	100	100

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

As to assets' structure, it can be seen in all the non-financial Romanian companies that the invested capital is high (originating in the high degree of corporate invested capital with effects upon their likelihood to migrate towards other activity sectors) and that liquidness is low (under 40%) although it has registered a slight increase over the last years. Liquidness is much higher in SME's, over 50%, and the invested capital is much lower which can be explained under the circumstances in which the necessary amount of corporate assets is not high in the activity sectors they function in.

Table 4. The structure of balance assets in Romanian SME's - %

Structure	2003	2004	2005
Fixed assets	44,3	43,6	43,8
Non-corporate invested capital	1,1	1,0	1,2
Corporate invested capital	38,6	38,4	38,3
Financial invested capital and financial investment	4,6	4,2	4,3
Circulating assets	55,7	56,4	56,2
Stocks	17,2	17,4	17,8
Debentures	31,5	31,7	31,7
Cash and bank accounts (liquidness)	7,0	7,3	6,7
Total assets	100	100	100

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

Debentures are high both in all companies and SME's. This aspect confirms the Romanian economy's few constraints related to debt payment, respectively cashing commercial loans, the relatively high level of financial blockage and last but not least enterprises' preference for inter-enterprise financing without high costs. Another noticeable issue is that the economic troubles as to financial discipline come from SME's, which can be proved by the higher debentures of this type of companies as compared to the economic average.

There is also an acceptable level of liquidness – of about 5% - in all companies which on one hand does not affect profitability and on the other does not bring about any risks from the point of view of their ability to accomplish their duties on short term. SME's seem to be more cautious since their liquidness is slightly higher, of around 7%, yet in the context of smaller assets' size.

As far as the invested capital and financial investment are concerned, they reach 5% both in all companies and SME's, a value that can either be considered as normal in a modest Romanian capital market or even as an activity, or they mean a liquidness reserve in risk circumstances.

Table 5. The development of solvency/liquidity rates

Indov*)		SME's		Corporations		
Index*)	2003 2004 20		2005	2003	2004	2005
Global solvency rate (RSG, current rate)	0,98	1,01	0,97	0,86	0,97	1,09
Partial solvency rate (RSP, acid test)	0,69	0,71	0,66	0,62	0,70	0,80
Quick ratio rate (RSI, liquidity rate)	0,14	0,15	0,12	0,11	0,17	0,21

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

*) RSI = circulating assets/short-term obligations; RSP = circulating assets - stocks/short-term obligations; RSI = circulating assets – stocks -debentures/short-term obligations

The Romanian enterprises' solvency during the analyzed period indicates their bias to risk. Thus, the connection between circulating assets and short-term duties (global solvency rate), although increasing in corporations namely divergent in SME's, shows low values of elements that have the potential to turn into liquidness as compared to short-term duties which once more prove their scarce financing and risk potential in the context where invested capital nature has its coverage source in short-term debts. The same situation (both as development and level) is also to be found in partial solvency (acid test). As a peculiarity, immediate solvency – liquidness rate – has much higher values than the normal ones in corporations and lower yet above standard values in SME's. The orientation can mean on one hand the prudence of both company categories when it comes to very short-term development and on the other the unpredictibility of the Romanian business environment where a lot of regulations change without economic players' approval.

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Index*)	Com	Companies' total			Corporations			SME's		
Index*)		2004	2005	2003	2004	2005	2003	2004	2005	
ROA (economic profitability rate, %)	2,32	5,04	4,97	0,74	3,49	4,11	6,35	8,38	6,64	
RMB* (commercial profitability rate, %)	2,70	5,31	5,47	1,11	4,42	5,48	4,71	6,35	5,36	
n (number of assets' switching)	0,86	0,95	0,91	0,67	0,79	0,75	1,35	1,32	1,24	

Table 6. Presentation of economic profitability (Du Pont System)

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

*) ROA = profit from exploitation/total assets; RMB = gross margin rate = profit from exploitation/turnover; n = turnover/total assets

Profitability indices - commercial profitability (gross margin rate), economic profitability and financial profitability – are increasing in total companies and corporations, or in SME's, and although they are decreasing (which can be explained since in 2005 fiscal regulations based on the increase in revenue tax quota from 1.5% to 3% affected that type of enterprises), they have high values. This progress of profitability indices shows that the economic environment in our country has become more and more stable and economic units have started to trust business conditions' improvement. At the same time, one should also notice the high values of profitability rates in small and medium enterprises as compared to those recorded in corporations that best argue entrepreneurship's efficiency and ability to use resources much better.

Table 7. Development of profitability and financial leverage indices

Index*)		E – financ fitability -	ial %	ROA prof	– ecor itabilit	nomic y -%	RD – debt cost - %		O/Cp – financial leverage			
Category	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Total companies	3,20	12,31	12,37	2,32	5,04	4,97	1,75	1,68	1,54	1,52	2,17	2,16
of which												
corporations	-0,29	6,85	8,94	0,74	3,49	4,11	1,68	1,54	1,33	1,10	1,73	1,74
SME's	25,11	33,39	23,39	6,35	8,38	6,64	1,86	1,92	1,86	4,17	3,88	3,51

660

of which												
services/trade	9,67	25,88	25,85	4,70	6,58	6,55	1,73	1,53	1,43	1,67	3,82	3,77
industry/energy	-2,47	5,54	6,74	-0,09	3,46	3,87	1,74	1,87	1,66	1,31	1,32	1,30
constructions	14,79	20,21	3,43	6,46	6,86	2,08	2,04	1,80	1,61	1,88	2,64	2,92
agriculture	-11,60	13,56	4,19	-0,70	3,42	2,18	1,68	1,69	1,52	4,69	5,86	3,05

Source: MFP data and processing from the survey called "The role of Romania's Non-Financial Companies when Ensuring and Keeping Financial Stability", April 2006, NBR, The Financial Stability Department, authors: R. Mircea, I. Răcaru, A. Mărgărit

*) ROE = net profit/own capital; ROA = exploitation profit/total assets; RD = interest expenses/total duties

As to how efficiently Romanian companies use their assets globally, there are subunitary values or a weak switching of assets due to their high values and probably to a high asset share that is not under exploitation. The index has much lower values in corporations showing the consistent volume of assets and respectively much higher, above average values in SME's, in the context of poorer technological endowment or due to the sectors they function in, which involve fewer invested capital elements.

As far as debt cost is concerned, except SME's, it witnesses remarkable reductions in all structures especially due to interest reduction and competitiveness increase in the banking field. Reducing debt cost has positive effects firstly upon the financial leverage (the index is in regress in SME's) and secondly upon profitability.

The conclusion arising from the above analysis relates to the positive development both in all non-financial companies and in the two categories – corporations and SME's -, with a pretty risky background originating in enterprises' growth strategies and in the Romanian business environment which is uncertain and lacks transparency.

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CORPORATE SOCIAL RESPONSABILITY - STRATEGIES IN EUROPEAN STYLE

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Social responsibility approaches mainly actions of improving the quality of life at the level of community and presupposes integrity, strong values and a balance between the long and short term management. Corporate Social Responsibility (CSR) in Romania is represented by more and more initiatives in the last years. New corporative foundations have been set up, new corporative programmes have been developed, specific marketing campaigns, donor programmes and even social campaigns supported by companies. This paper approaches CSR from the perspective of small and medium enterprises (SMEs) providing the advantages and limitations of adopting the voluntary CSR practices in the business strategy.

Key words: social responsibility, corporate social responsibility, SMEs

CSR has also become an integral part of the debate over globalization. Governments and pressure groups argue that companies should develop policies to tackle the downsides to the expansion of international trade, particularly in developing countries. They share the belief of multinational companies are becoming even more powerful actors in the world economy. Consequently, businesses must also accept greater responsibility for the by-products of globalization – such as environmental degradation and social dislocation. Thus, CSR provides one means by which businesses could help manage globalization.

At the same time, globalization has increased competitive pressures on businesses and made multinationals more vulnerable to consumer boycotts and campaigns – as Shell, Nestle and Gap have found out to their cost. CSR campaigners have learnt that they can often achieve results by pressuring a company to modify its behaviour, rather than appealing to governments to legislate. Some businesses, particularly those working in politically sensitive industries such as oil pr pharmaceuticals, now prefer to anticipate the complaints of critics. For these companies, CSR is becoming a central element of their business strategies.

In the last few years, governments have also begun to promote CSR as a means of enlisting business help in raising social and environmental standards. However, most businesses remain adamant that CSR must be a business—led and voluntary process. They argue that government intervention should be limited to 'soft' policy measures ¹⁸⁴, such as information provision and the spread of best practice.

But corporate social responsibility cannot easily be disentangled from broader issues of public policy. CSR touches on subject as diverse as labour market and environmental law, intellectual property laws, international trade and even foreign policy. Governments must decide when businesses should be encouraged to tackle voluntarily social or environmental problems, and when legislation is required.

A number of EU governments, most notably in Britain, Denmark and the Netherlands, regard CSR as way as reconciling their aspirations for higher social and environmental standards with a pro-business agenda.

Corporate social responsibility should form an integral part of the EU's efforts to find innovative and flexible solutions to long - standing social and environmental problems, while maintaining the competitiveness of European business. The promotion of CSR does not necessarily imply the dilution of existing standards, nor the full scale withdrawal of governments from social and environmental policy. Governments will continue to set strategic goals –but they must then consider whether voluntary or legislative measures provide the most suitable means of achieving them.

Policy-makers employ a confusing array of terms to debate corporate social responsibility. The British Foreign and Commonwealth Office, for instance, uses the phrase "corporate citizenship" when it is developing ethics guidelines for companies operating overseas.

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 $^{^{184}}$ Alasdair Murray, $\it CSR$ in the $\it EU$, $\,$ Centre for European Reform – United Utilities, 2003, pg 15

The EU is finding it even harder to arrive at a common definition of corporate social responsibility. CSR has become part of the vocabulary of many European languages even more recently than in the English –speaking world. A straight translation does not always convey the right meaning.

Many of the business practices, which are now commonly described as "corporate social responsibility", are not recent innovations. Companies have long undertaken philanthropic work particularly in the form of donating money, and lending skilled workers to local communities.

Business, policy makers and NGO's are most divided over whether CSR should be regarded as purely voluntary practice, or whether some form regulation is also necessary to ensure that companies behave in a more socially and environmentally responsible manner. Companies fear that unless CSR remains voluntary, it will provide governments with an excuse to introduce new environmental and social legislation.

For the moment, the EU appears to have accepted the argument that CSR is a voluntary, business-led practice. The European Commission has defined CSR as a "concept whereby companies integrate social and environmental concerns in theirs business operations and in their interaction with stakeholders on a voluntary basis." ¹⁸⁵

An EU committee defined CSR, consisting of high level member-state representatives, has also emphasized the voluntary nature of CSR. The committee defined CSR in a practical manner, listing 12 separate practices – ranging from encouraging life-long learning to promoting respect for human rights amongst suppliers – which constitute socially responsible behavior. ¹⁸⁶

However, a number of influential charities and pressure groups argue that business will never take their social and environmental responsibility seriously if CSR remains voluntary. They claim that from many companies, CSR is no more than a cosmetic exercise, designed to ward off the threat of new legislation.

Above all, governments continue to set the legislative framework for the corporate sector. At times, they may choose to encourage business to meet voluntary goals, such as reduction in energy usage, as part of their environmental or social strategy. Governments may equally decide to promote corporate social responsibility. Governments still have a choice: if they decide that corporate social responsibility is not helping more to meet their social and environmental goals, they can always resort to legislation.

European Union governments –such as Britain, Denmark and the Netherlands – are leading attempts to devise a public policy approach to CSR. However, there is as yet no clear "European" approach to corporate social responsibility. Individual member-states have their own specific policy priorities. These range from dealing with labour market problems, to improving the behaviour of multinational companies n developing countries, reflecting both the overriding concerns of their electorates and the structure of their business sector. Moreover, a number of EU countries – particularly those with highly developed regulatory systems –have until recently shown little interest in, and sometimes outright hostility to, CSR.

The British and Dutch governments have promoted CSR as a means of tackling problems caused by multinational in developing countries. A disproportionately large number of European multinational companies, working in politically sensitive sectors such as oil and pharmaceuticals, are based in these two countries. Both countries are also home to powerful and vocal NGOs such as Oxfam and Novib.

Indeed, Britain the first, and to date, the only government to have appointed a minister with specific responsibility for overseeing corporate social responsibility – a post held at the time of writing (June 2003) by Stephen Timms. First appointed in 1999, the minister is based in the Department of Trade and Industry. British businesses have mainly welcomed the new appointment. ¹⁸⁷

The Dutch government has also sought to foster fair trade initiatives. More ambitiously, the Dutch have linked the provision of export credit guarantees – used to underwrite orders abroad –with corporate social responsibility.

Denmark is also actively developing a public policy approach to CSR. However, the Danish government has focused its efforts on tackling domestic issues such as labour market exclusion and local environmental problems.

The Danish government has also developed a social index to help companies monitor their performance on social issues. Businesses are able to benchmark their performance against similar companies and can use the index in

¹⁸⁵ European Commission, "Communication from the Commission concerning CSR: a business contribution to sustainable development", July 2002.

¹⁸⁶ See "Corporate social responsibility: meeting for high level national representatives", European Commission, March 28th 2001.

¹⁸⁷ Alasdair Murray, CSR in the EU, Centre for European Reform – United Utilities, 2003, pg 17

discussions with stakeholders. But companies are under no obligation to adopt the index and do not have to reveal the results to the public. Equally, the Danish government introduced a system of green accounting in 1995. The system made it compulsory for 1200 heavy polluting companies to publish details of their environmental performance, while a further 200 companies have chosen to follow the same system voluntary.

Not the all EU member-states have adopted CSR policies with enthusiasm. Germany, Austria and a lesser extent France, remain sceptical as to whether corporate social responsibility can help to tackle social and environmental problems. Indeed, in some European countries there is a lingering suspicion that CSR is unnecessary Anglo-American import which, with its emphasis on voluntarism, represents an attack on the traditional legally-based social model. Trade unions in these countries are especially unenthusiastic about the spread of CSR across Europe, fearing that it could actually lead to a dilution of their hard-won workplace rights.

Businesses and politicians in Germany and Austria, for instance, argue that their domestic law already requires companies to act in a socially responsible manner. They point to the presence of employee and other stakeholder representatives on German two-tier boards, as an example of CSR policies in action. However, some German multinationals, especially those with large US or UK markets –such BASF, DaimlerChrysler, Siemens and Volkswagen – have endorsed global CSR guidelines the UN global compact.

Moreover, governments and businesses in the Mediterranean countries such as Italy and Spain have not yet widely embraced CSR. A high proportion of businesses remain in family ownership and companies have traditionally adopted a paternalistic approach to employees ant the local community.

There is some evidence that EU member-states are beginning to think alike on CSR, despite these differences of approach. For instance, fair trade schemes now operate in 11 EU member-states, including "laggards" such as Italy.

As far back as 1993, the European Union began to debate whether it should develop a strategy to promote corporate social responsibility. The Commission published a paper which appealed to businesses to help tackle social exclusion. In response to this plea, a number of European business leaders and the Commission teamed up to establish CSR Europe in 1996. CSR Europe supported by 60 member companies, now provides links between 15 member-state based CSR organizations, representing around 1200 European businesses.

But it is only in the last three years that corporate social responsibility has become a key issue for the Union. EU heads of government made CSR a specific EU policy commitment at the Lisbon summit in March 2000, appealing to companies "corporate sense of social responsibility regarding best practices on lifelong learning, work organization, equal opportunities, social inclusion and sustainable development". ¹⁸⁸ At the Gothenburg summit in June 2001, member-states called on the Commission to publish a paper detailing possible further policy steps. The Commission responded to this request by publishing a green paper on CSR in July 2001. After a further period of consultation, the Commission issued a communication in July 2002, detailing its next steps including the establishment of a CSR forum.

Many European businesses have also expressed concern that the Commission's new-found interest in CSR may simply be an attempt to reintroduce stalled social and environmental legislation via the back door.

The EU should certainly not have sole competence for the development of CSR policies. The debate on CSR ranges from local communities to the global discussion about the role of multinationals in developing countries. But the EU can and should play a major role in devising CSR policies for three good reasons.

Firs, the EU provides a natural arena for member-states to share their experiences of CSR policies and help spread best practice.

Second, the EU already has the power to make laws in a number of areas directly related to CSR, such as trade with developing countries and the environment. Member-states which want business to help tackle social and environmental problems need to make that case at the European level.

Moreover, EU laws often make it difficult for member-states to adopt CSR measures unilaterally. As already discussed, the Belgian social-labelling scheme may fall foul of EU single market rules. The EU needs to consider when government intervention to encourage CSR is permissible, especially in relation to the use of public procurement contracts or tax incentives.

Finally European multinational companies are at the forefront of promoting CSR policies, particularly in relation to the developing world.

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 $^{^{188}}$ Alasdair Murray, $\it CSR$ in the $\it EU$, $\,$ Centre for European Reform – United Utilities, 2003, pg 18

Although a decade has passed since the EU first discussed the subject of corporate social responsibility, the Commission is only now beginning to develop common policies for the Union to follow. In October 2002, the Commission formally launched a European "multi-stakeholder forum" on CSR. The forum – which brings together around 40 representatives from businesses, unions, NGOs and academia – will lead further discussions on four topics: spreading CSR best practice, development and trade, fostering CSR among small and medium-side enterprises (SMEs) and the convergence and transparency of CSR reporting and verification.

The EU is right to reject the calls from the European Parliament and some NGOs to impose tough reporting and verification requirements on European companies. CSR reporting and verification is in its infancy: there simply is not a tried and tested model. Competing codes, management standards and verification mechanisms need to prove their worth.

Conclusions

An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures. They aim is to send a signal to the various stakeholders with whom they interact: employees, shareholders, investors, consumers, public authorities and NGOs. In doing so, companies are investing in their future and they expect that the voluntary commitment they adopt will help to increase their profitability.

Generally, a growing involvement of European businesses in CSR is observable. This is not at least attributed to the fact that companies increasingly realise the necessity of improving business' image by showing commitment to social issues and/or the introduction of business ethics rules and, therefore, include CSR activities in the daily business routines. So, the raised awareness of consumers increasingly appreciating CSR practices is an important incentive for further development of respective corporate activities which may then be used for gaining a competitive advantage compared to other market players.

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A GENERAL FRAMEWORK OF CORPORATE SOCIAL RESPONSABILITY

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In recent years, businesses, policy makers and the media have begun to employ the term CSR to describe a broad range of corporate activities which do not directly relate to the pursuit of profit. The aim of this paper is to provide a timeline approach on corporate social responsibility at the European Union level. It will provide a short description of the most important steps made regarding the governance of corporate social responsibility at a European level and also the main networks created in time.

Key words: corporate social responsibility, sustainable development, CSR networks

The social and political changes brought about by globalization have raised new questions as well as expectations about governance and social responsibilities. More and more companies of all sizes and sectors are recognizing the importance of their role in society and the real benefits of adopting a proactive approach to Corporate Social Responsibility (CSR).

For the past three decades, business has been undergoing the most intense scrutiny it has ever received from the public. As a result of the many allegations being levelled at it – charges that it has little concern for the customer, cares nothing about the deteriorating social order, has no concept of acceptable ethical behaviour and is indifferent to the problems of minorities and the environment – concern is continuing to be expressed as to what responsibilities business has to society. These concerns have generated an unprecedented number of pleas for corporate social responsibility (CSR).

An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures. They aim to send a signal to the various stakeholders with whom they interact: employees, shareholders, investors, consumers, public authorities and NGOs. In doing so, companies are investing in their future and they expect that the voluntary commitment they adopt will help to increase their profitability.

By stating their social responsibility and voluntarily taking on commitments which go beyond common regulatory and conventional requirements, which they would have to respect in any case, companies endeavour to raise the standards of social development, environmental protection and respect of fundamental rights and embrace an open governance, reconciling interests of various stakeholders in an overall approach of quality and sustainability. While recognizing the importance of all these aspects, this paper focuses mainly on companies' responsibilities in the social field.

The corporate social responsibility concept is mainly driven by large companies, even though socially responsible practices exist in all types of enterprises, public and private, including SMEs and co-operatives.

Nowadays, the guiding line is ensuring a sustainable development in the context of globalisation and a knowledge based society. We know that information is not power but the way you use information means power. At the business level, it is very important how the information is used and disseminated.

For all the organisations it is a challenge to keep up with the latest changes and the successful organisations are those which manage better the resources they have. Organisations that take a strategic view of their future and seek to anticipate their knowledge demands of the future will be the successful one.

The European Union is concerned with corporate social responsibility as it can be a positive contribution to the strategic goal decided in Lisbon: "to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".

The actors and the policies related to corporate social responsibility differ from country to country, form region to region but most of them are guided by the multinational corporations which are the promoters of this concept. The multinational corporations can provide faster social change at a local level rather than the local government or other local institutions.

The first sustainable development strategy was launched in 2001, based on the idea that in the long run economic growth, social inclusion and environmental protection should go hand in hand. The latest EU Strategy for Sustainable Development (SDS) of 2006 takes into account the situation of an enlarged European Union and pinpoints the importance of creating sustainable communities able to efficiently manage and use resources and to tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion to improve present and future quality of life. In order to know how to act on the local level, we need to have a global image on the issue. Here applies the concept think globally, act locally, especially in the context of globalisation.

The corporate responsibility, far from being ignored or viewed with apathy, is simply expected in some sectors of Romanian business. The standard CSR terminology and language is not universally understood, but fair pricing, health and safety, good working conditions, community involvement and environmental protection are all high on the list of public/consumer concerns.

Despite the historical context, it seems that Romanians have no strong objections to foreign, capitalist, profit-making businesses operating in their country. This is primarily because they are aware that it is FDI that is fuelling much of their rapid economic growth. Having said that, they are not willing to accept growth at any expenses, nor are they willing to see the already significant inequity in their country grow further.

As Romanians come to terms with rapid economic growth, there is an opportunity for businesses to stand up to the challenge and help fill the social vacuum left by the demise of Communism. By doing this, businesses can help to guarantee the stability of Romanian society. It is at this juncture that inherent self-interest and responsibility join forces. I do not need to point out that a stable society is an ideal environment in which to conduct business.

Life in business organizations was once simpler. First, there were the investors who put up the money to get the business started. This was in the pre-corporate period, so there was only one person or a few at most, financing the business. Next, the owners needed employees to do the productive work of the firm. Because the owners were frequently the managers, another group was needed to get the business going. Then the owners needed suppliers to make raw materials available for production and customers to purchase the products or services they were providing. All in all, it was a less complex period with minimal and understood expectations among the various parties. Mainly, the societal transformation led to the shift to the complex state of affairs we face in today's society.

The business organization today is the institutional centre piece of a complex society. Our society consists today of many people with a multitude of interests, expectations and demands as to what major organizations ought to provide to accommodate people's lifestyle.

Corporate social responsibility can be distinguished as "internal" or "external" depending on the beneficiaries and the involved parties in a corporate social activity¹⁸⁹. The internal corporate social responsibility refers to the corporations' human resources and it constitutes a prerequisite and a proof of honesty for its extension in the external environment. The field of its implementation includes the respect of employees' rights, the caring for their health and security, their training and the open communication within the corporation.

Companies have to treat their employees as citizens with multiple social roles (e.g. parents). The professional role cannot replace or cancel the other ones. The external corporate social responsibility refers to the consumers, the customers, the suppliers, the stakeholders, the physical and social environment. The citizen-consumers believe that the quality of the product or service is the most tangible proof of corporate social responsibility. They demand total quality during the production process and certification from independent organizations (ISO). Their relation with the products is experimental and symbolic. The principles, the philosophy and the honesty of corporate intentions reflect on the quality of products and services offered.

The ability of a corporation to bind its customers and suppliers into common values and procedures is rarely mentioned by the interviewees. They place emphasis on the compliance with the rules of fair competition and the transparency of transactions.

It is expected from corporations to undertake more initiatives for the viable management of the physical environment. They are also invited to invest in social areas that are neglected until today: health, education, social minorities, people with special needs or with "special qualifications", good working conditions. Until now, it appears that corporations have put more emphasis on the quality of their product, their employees, the environment, culture and sports.

 $^{^{189}\} Corporate\ Social\ Responsibility\ in\ Greece-Issues\ and\ Prospects,\ the\ Philip\ Morris\ Institute,\ 2000,\ p.\ 10$

Regarding the typology of companies, we distinguish five types of companies¹⁹⁰, based on the way that they perceive and implement social responsibility programs.

- The "non sensitized" company does not recognize willingly its social responsibilities and remains immobile and uninvolved. It considers that corporate social activities do not offer direct benefits; on the contrary, they demand capital, know-how and networking that the company does not have. In this typology we find the company that only adheres to the law in order not to be a burden to society.
- The "philanthropist" company acts based on the moral values and choices of its founder. Its charitable work is not part of the corporate strategy and most often it is not communicated to the public.
- The "random sponsor" aims at forming a good corporate reputation through its sponsorships. Activities are selected on the basis of proposals or the pressure placed by society, as well as the publicity opportunities offered, without any further connection to its broader strategy.
- The "consistent sponsor" aims at contributing to the improvement of the physical and the social environment. It selects projects that link with the corporate strategy and involves its employees.
- The active "corporate citizen" places corporate social responsibility into the heart of the corporate philosophy and restructures the decision-making process in order to serve it. In cooperation with other parties it seeks to contribute to the sustainable development without looking for short-term profits. The employees of this corporation are not just an internal audience but they take a rather active part in the development of socially responsible programs.

CSR is fast becoming a global expectation that requires a comprehensive strategic response. In the 21st century, companies are expected to do the following:

- demonstrate their commitment to society's values and their contribution to society's social, environmental and economic goals through actions
- share the benefits of company activities with key stakeholders as well as with the shareholders
- doing well by doing good will reassure stakeholders that the new behaviour will outlast good intentions (Grigore Georgeta, 2008)¹⁹¹.

Changes to society and the business environment at the beginning of the 21st century brings CSR and Corporate Governance under the spotlight with ever increasing levels of shareholder, public and governmental scrutiny. CSR and CG are quickly becoming "watchwords for every boardroom" major investor and all other organisational stakeholders. The emerging need is to demonstrate that the organisation is directed, managed and internally controlled with thorough consideration of stakeholders' expectations and of the impact of the organisation on stakeholders – economically, environmentally and socially.

Both are concepts that allow the organisation to operate profitably in a socially and environmentally responsible manner to achieve business sustainability and stakeholder satisfaction. CSR is concerned with the impacts that the activities of an organisation have on a social, environmental and economic environment in which it operates. CG is concerned with the manner in which the senior management direct, manage and control the organisation and relate to shareholders. The concepts can be mutually exclusive but merge together, each offering a different yet complementary perspective on the activities of an organisation, to form a robust strategic business management tool.

The aim of CSR and CG management system is to define, understand and improve the balance between entrepreneurship and ethical practice. Organisations must demonstrate this core organisational competence, not only to investors but also to other stakeholders, to comply with requirements of the escalating CSR and CG.

It is necessary to point out that the term corporate can be misleading. It is often implied that the CSR and CG agendas are related to multinational corporations and human rights issues. On the contrary, the term should be understood in a broader sense. Both CSR and CG concepts are generic in nature and are applicable to

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¹⁹⁰ Corporate Social Responsibility in Greece – Issues and Prospects, the Philip Morris Institute, 2000, p. 10

¹⁹¹ Grigore Georgeta (2008), *Corporate Social Responsability – Business, Society and Stakeholders towards a Sustainable and Competitive Entreprise* in vol. of the International Conference "European Union's History, Culture and Citizenship, Publishing House of University of Pitesti, p.28.

¹⁹² Castka, Pavel - Implementing effective corporate social responsibility and corporate governance: A framework, 2004, p. 6

organisations regardless of their type and size – from public to private, small-to-medium enterprises (SMEs) to multinational enterprises (MNEs) manufacturing to service organisations, public service and not-for-profit organisations. All of these organisations have the same dynamic of balancing stakeholders' needs.

The social and political changes brought about by globalisation have raised new questions as well as expectations about governance and social responsibilities. More and more companies of all sizes and sectors are recognising the importance of their role in society and the real benefits of adopting a proactive approach to Corporate Social Responsibility (CSR).

Conclusions

To conclude with, CSR is becoming more and more important for the process of doing business. In order to understand CSR, it is necessary to understand the different concepts used related to this issue and the stakeholder model. A general overview on CSR has been established – the basic concepts, a historical perspective, the main types of companies, the arguments pro and against using CSR in doing business and the relation with CG. Having this general framework it will be easier to understand and analyse the strategies and policies adopted at a local or national level. In the following chapter, the CSR will be presented from a European perspective. After a timeline approach, the main policies and activities related to CSR will be briefly mentioned together with the main actors involved in the decision making process.

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COMPETITIVENESS IN THE CONTEXT OF LASTING DEVELOPMENT IN THE EUROPEAN UNION

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Competitiveness, in the most general economic sense, can be defined like a nation's capacity to develop an economic, social and political environment able to sustain the accelerated creation of added value. The term is used with many meanings, referring, for example, to a country's level of development, to its comparative position within the international commerce/trade or to an economy or economic sector performances and potential etc.

Keywords: competitiveness, development, growth

Competitiveness of price is the advantage hold by a product in report to another similar one, having a higher market price. A firm is more competitive than other when can produce the same product to a higher quality/price report; in this last case, the phenomenon hides a better technology, a higher manpower productivity or lesser costs with the human resources.

Competitiveness evaluation can mean the analysis of a country's economic policy or establishing international hierarchies based on a certain set of indicators (for example, the index of competitive development – Growth Competitiveness Index elaborated by world Economic Forum). On the other hand, the competitiveness analyses can reside in the analysis of certain economic sectors, with the objective of identifying and bearing the activities with potential comparative advantages. As the definitions of competitiveness mentioned bellow prove, the objective of competitiveness is to maintain or increase the population life level (especially by an increase of incomes and employment), at the same time with the growth of a country's participation rate on international markets:

- "competitiveness represents the degree in which a nation can produce, in conditions of free market and fair competitiveness, goods and services able to pass the international markets' test, succeeding at the same time to maintain or increase the real income of its citizens"
- "a country's capacity to achieve the central objectives of the economic policy, especially the growth of income and employment, without putting in difficulty the balance of payments"
- "competitiveness represents a country's capacity to maintain or increase the market rate it has on the international markets, improving at the same time the population's life level"
- "the capacity of firms, branches, regions, national and over national associations exposed to international competitiveness to assure a relative profitability of the production factors and a high relative level of employment on lasting bases".

While from the macroeconomic perspective the essence of international competitiveness consists in factors based on prices, the microeconomic perspective focuses on the companies' and economic branches' individual performances of competitiveness (business strategy, the behavioral manifestations towards the competitors, differentiation, specialty, innovation, technology etc.).

According to the first perspective, the competitiveness can be translated by the assuring of internal and external balance to national level and it is focusing on the factors effect on the competition. It points out the links between the modification of payments balance's sales, the evolutions of the real exchange currency rate, reallocation of resources between various economic activities and the changes in the competitiveness, and its final aim is to increase the citizens' real income.

The level of macroeconomic competitiveness can be considered as well the aggregation of nation's companies export performances.

Michael Porter defines three stages of economic competitiveness:

- economy based on factors;
- economy based on capital;
- economy based on innovation.

In the economy based on factors, the primary production factors, like cheap manpower and free access to natural resources, are the dominant sources of competitive advantage. The competitiveness of price, determined by these factors proves less and less functional in the industry, because it suppose an orientation towards the intensive work activities, affecting the exchange rate. It can anyway prove to be decisive in the services domain, inclusive the ones related to industrial activities.

In the economy based on capital (investments), the increase of production efficiency and the improvement of goods and services' quality represent increasing factors for the competitive advantage. In the economy based on innovation, innovation represents the essential mean to differentiate from the competitors.

The most important factors influencing a sector's competitiveness are:

- a) costs;
- b) the importance of environmental costs in total amount of costs;
- c) the intensity of competitiveness;
- d) the strong points the weak ones in a sector's competitiveness level, related to work quality, capital, technology, management, productivity, innovation, products quality etc.;
- e) clients' and consumers' request for a growth in the firm's ecological performance;
- f) the technological level and the degree of innovation.

The Global Competitiveness Index 2006-2007 calculated by World economic forum points out the key factors for the stimulation of productivity and competitiveness, grouped in 9 categories:

- 1. institutions:
- 2. infrastructure:
- 3. macroeconomic climate;
- 4. health and primary education;
- 5. higher education and teaching;
- 6. market's efficiency;
- 7. technological level;
- 8. the business environment's level;
- 9. innovation.

The Inclusive Composite Index, in addition to the Global Competitiveness Index, proposes in order to determine the level of a country's competitiveness the introduction of two non-economic domains: the environment, by the Environmental Sustainability Index, and the capacity of governance, by the Governance Index, indicator elaborated by the World Bank.

A distinctive element of the european development model is the junction between the objective of increasing competitiveness and the social and environmental objectives. The E.U. Treaty requires that the environmental aspects to be integrated in the conceiving and implementing of all policies, which imposes a balance between the economic, social and environmental objectives.

The European Union Strategy for Lasting Development (S.D.S., 1991) is based on the development model according to which the long term economic growth must be accompanied by social inclusion and environment protection. On the political plan, this mean promoting the "good governance", materialized in impact evaluations *ex ante* of political instruments and consulting on large scale all the factors involved.

On the economic plan, this is synonymous with the full exploitation of the industry's potential of technological innovation and the promotion of ecological efficiency, which will allow the separation and losing the addiction of economic growth from the use of natural resources and generating waste.

Regarding the environment, besides the long term impact, E.U. adopted higher standards than the countries from the rest of the world which brings along a minus in competitiveness.

Beyond the apparent incompatibilities between the three dimensions of the lasting development, a series of theoretical and practical progresses have been recorded in the integration of the environmental aspects in the economic objectives.

To the European Commission level, the General Directorate for Enterprises (GDE) sustains the *integration of lasting development in the companies' strategies* and has a word to say about the manner of conceiving and implementing the environmental policy's instruments so they may stimulate the entrepreneurial activity and innovation, key factors in the growth of the competitiveness. In order to implement the S.D.S., G.D.E.'s activity materializes in:

- involvement in the preparation of environment related legislative propositions (waste, air quality etc.);
- contributions to the implementation of the impact evaluation integrated system.

A major role in the achievement of the S.D.S. objectives will continue to be hold by the increase of the services sector's importance during 2006-2030, which, though it represents 70% from the gross added value of E.U. economy, will have a medium annual growth of 2,7%. Within the industry – sector which will continue to represent during 2006-2020, almost 20% from the gross added value of E.U. Economy, a special importance will be hold by the E.U. economy continuation of the ecological efficiency stimulation process to the companies' level, by the mean of the environmental management system. The introduction of the environmental management system allows the continuous improvement of the environmental performances at the same time with the increase of efficiency and productivity. Having for catalyst the innovation, the harmonization between the profitability and ecological efficiency strategy stimulates the companies' competitiveness because once it is adopted this management system compels the enterprise to a continuous improvement process of its activity, with positive effects on reducing the production costs and therefore on products' competitiveness.

In this way, the system becomes an important instrument in companies' policy, stimulating innovation and technological modernization.

For separating the economic growth from the energy consume, the first must be accompanied by a decrease of the energy consume, especially by structural changes in economy.

During the period 1999-2003, the total energy consume of E.U. 25 has recorded a medium annual growth rate of circa 0,8% comparative to a G.D.P. medium annual growth rate of 2%, which means a relative separation of the economic growth from the energy consume of 1,2%. In spite of this relative separation, the total energy consume has raised during this period to 10,9%.

Ecological efficiency has become an important element of the E.U. Lasting development Policy these days. The European Environmental Agency (EEA) monitors the ecological efficiency because it is one of the important national indicators reflecting the performances of the member states.

Though the alignment to the environmental standards and the introduction of clean technologies implies very substantial costs, they represent however a low percent from the companies business total (almost 1-2%), exception making certain highly polluting sectors which consume intensively the natural resources, where these costs are much higher. Comparative to other costs, these do not affect competitiveness or the national commercial balance. But the achievement of high level of ecological efficiency on long term can contribute significantly to the products' and services' competitiveness growth, by upgrading the technologies along the entire value chain and introducing new products on the market.

Because the ecological efficient innovation leads the companies to the more productive use of a large game of inputs, thus compensating the impact amelioration costs upon the environment, and the consequence is that the enhanced productivity of the resources is followed by a growth in the competitiveness. A high level of ecological efficiency represents however a necessary but not sufficient condition for the economic activities' impact on the environment to dematerialize and to be reduced; it must be accompanied by an absolute decrease in the use of natural resources and impact on the environment at the level of the entire economy.

Respecting the engagements taken by signing the Kyoto Protocol represents a serious challenge for the E.U., because it must not temper the E.U. competitiveness worldwide. Because U.S.A. did not subscribe to this process, the American companies might gain a significant advantage on the worldwide market., especially due to the more reduced costs and pressures for implementing these measures. Another challenge is brought by the developing countries, which might benefit from this worldwide process of reducing the gas emissions with greenhouse effect by the transfer to these countries of certain technological processes belonging to E.U. Companies.

In the conditions of numerous risks and potential opportunities coexisting, it is however difficult to evaluate the impact of respecting the Kyoto Protocol on the global competitiveness of the companies within the European Union.

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CORPORATE SOCIAL RESPONSIBILITY IN THE ROMANIAN BANKING SECTOR

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Abstract: The research paper aims to emphasize the strategic importance of corporate social responsibility (CSR) for the European Banking Sector, in general, and for the Romanian Banking Sector, in particular. After a concise presentation of CSR in the two sectors mentioned above, the authors analyze the main directions envisaged by the Romanian financial institutions in the research field. The main purpose is to conclude whether the social and environmental actions taken by the Romanian banks are in line with the ones of the European banks.

Key-words: CSR, banking sector, stakeholders, European market, Romanian market

Introduction: CSR and its importance in the Banking Sector

The European Multistakeholder Forum defines *corporate social responsibility* (CSR) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" [2], meanwhile Kotler & Lee consider that "CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources" [5]. The most important idea behind these two definitions is the discretionary nature of CSR, not mandated by law or imposed by external forces, but undertaken by the companies "in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of business" [13].

In an era characterized by debates on globalization and sustainability, companies in all sectors of activity are proving their corporate social responsibility in order to comply with the society's expectations, on one hand, and to attract a positive implication from all the stakeholders, on the other hand. Business executives are starting to see CSR as a sustainable growth strategy: CSR is no longer viewed as just a regulatory or discretionary cost, but an investment that brings financial returns for the companies promoting it [6].

Taking into account the above mentioned context, the banking sector has been quite slow in considering the consequences of the issue of sustainability, despite of its high exposure to risks having an intermediary role in the economy. Referring to the relevant literature from 1990 to 2000, banks began addressing the issue of sustainability by firstly considering environmental and then social issues and attempting to incorporate them by establishing policies for the environment and the society [3].

As a consequence of the emphasis on banking and the environment, research interests focused initially on the "direct risks" banks were running, i.e. the risks of banks being held liable for polluting activities. Only in the later years, the "indirect risks", such as reputation and responsibility of banks related to lending activities (clients' solvency/continuity or collateral), were taken up and investigated in the sector. Risk management, which was usually focused on the potential financial risks, involves nowadays also the environmental and social consequences of lending money to clients with dubious sustainability performances.

The ethical and sustainable orientation of the banking sector is more and more considered by different stakeholders: lenders/savers would like to know how banks channel their money; NGOs ask banks to indicate what are the economic sectors financed by them; investors are worried that the value of their shares can decrease if banks are involved in financial scandals or if banks finance "bad" companies, for instance damaging the environment or violating human rights. An evident sign of the progressive environmental care is the growth of the market for funds that invest exclusively in responsible companies [4].

Present situation in the Romanian Banking Sector

Following the waves of mergers, acquisitions, privatizations and green-field investments that marked the Romanian banking sector after 1990, the present situation is relatively stable in this area, although the banking sector has not reached its full maturity yet. A classification of the Romanian banks in Sept. 2007, considering their market share in total assets, looks like this [15]:

Position in 2007	Bank	Comparing with December 2006	Position in 2007	Bank	Comparing with December 2006
Market share higher than 5%		19.	Italo-Romena Bank	ascends 1 position	
1.	RO Commercial Bank	stagnates	20.	MKB Romexterra Bank	ascends 1 position
2.	RO Development Bank - SG	stagnates	21.	SanPaolo IMI Bank	ascends 1 position
3.	Raiffeisen Bank	stagnates	22.	Egnatia Bank	ascends 1 position
4.	Alpha Bank	ascends 4 positions	23.	Bank Leumi	ascends 3 positions
5.	Transylvania Bank	stagnates	24.	ProCredit Bank	stagnates
6.	UniCredit Țiriac Bank	descends 2 positions	25.	Libra Bank	ascends 3 positions
Market sha	are between 1% and 5%		26.	Anglo-Romanian Bank	descends 1 position
7.	Bancpost	descends 1 position	27.	GarantiBank	stagnates
8.	Volksbank	ascends 3 positions	28.	ATE Bank	ascends 2 positions
9.	C.E.C.	stagnates	29.	RO International Bank	ascends 2 positions
10.	ING Bank	descends 3 positions	30.	Emporiki Bank	descends 1 position
11.	ABN AMRO	descends 1 position	31.	C.R. Firenze Bank	ascends 1 position
12.	RO Bank	stagnates	32.	Raiffeisen Housing Bank	ascends 2 positions
13.	Piraeus Bank	ascends 5 positions	33.	Blom Bank Egypt	stagnates
14.	Credit Europe Bank	ascends 2 positions	34	Porsche Bank	ascends 2 positions
15.	Citibank	stagnates	35.	Banca di Roma	stagnates
16.	OTP Bank	descends 2 positions	36.	Millenium Bank	new entry
17.	EXIMBANK	stagnates	37.	Bank of Cyprus	new entry
Market sha	are lower than 1%		38.	HVB Housing Bank	descends 1 position
18.	Carpatica Bank	ascends 1 position			

Classification of Romanian Banks - September 2007

Comparing with 2007, 2008 seems to be a turning point for the Romanian commercial banks, taking into account both the international context and the internal events in the sector. In 2007, many banks acting on the Romanian market financed their expansion through cheap credits allowed by mother-banks due to the high liquidity existent on the international markets. But this situation drastically changed in 2008, when the liquidity crisis stroked the multinational banks, and the financial institutions sharply decreased the number and value of credits they were offering. The present trend is to attract new deposits and this is also obvious in the Romanian National Bank's policy. 2008 could be a very difficult year for the new entered banks and for the ones that are putting a great emphasis on foreign currencies or on financing the real-estate sector; on the other hand, the banks with a balanced strategy (C.E.C., Transylvania Bank, Romanian Commercial Bank, Romanian Development Bank or ING, for example) could consolidate their top positions [1]. This is one more reason for the Romanian banks to consider a policy based on values and stakeholders' engagement – a strategic approach based on CSR.

Trends on CSR in the European Banking Sector

A survey [7] conducted during May 2005-October 2006 in the European banking sector emphasized the main characteristics of CSR in the above mentioned sector. The analysis took into account four different kind of financial institutions, representing the most widespread European typology: commercial banks, co-operative

banks, saving banks and public banks. In the entire spectrum of banks' sustainable activities, the analysis of RARE project has focused on their understanding of CSR mainly related to three policy fields: 'mitigating climate change', 'promoting gender equality' and 'countering bribery'.

The sample was formed by 17 (multi)national banks coming from European countries, where the sector has a high relevance: Germany (5: Deutsche Bank, Dresdner Bank, KfW Bankengruppe, West LB, Hypo Vereinsbank (HVB)), UK (2: Royal Bank of Scotland (RBS), Cooperative Bank), Switzerland (1: UBS), France (1: Caisse Nationale des Caisses d'Epargne (CNCE)), Netherlands (1: ABN AMRO), Italy (3: Unicredit Group, Gruppo San Paolo IMI, Gruppo Monte dei Paschi di Siena (MPS)), Belgium (2: DEXIA, KBC), Spain (2: Banco Bilbao Vizcaya Argentaria (BBVA), Caja Madrid). The main focus was on commercial banks (13), even though the sample also included two saving banks, a co-operative bank and a public bank.

The most important social and environmental issue areas specified by the surveyed European banks are the following (in a descending order of their importance): 'indirect responsibility via customers' (banks seem to be aware of the indirect role they play via their lending operations, management of assets, SRI funds, other financial products/services and consulting); 'employees related issues'; 'social specific issues' (assistance to the elderly and dependent persons, corporate citizenship, socio-cultural activities, human rights, social and community support); 'environmental specific issues' (CO₂ emissions, climate change, nuclear power, energy consumption, bio architecture); 'financial inclusion' (this deals with the struggle against the social exclusion issue, a phenomenon involving above all both micro-small enterprises and households, in particular social categories such as immigrants, women, young and old people, i.e. the so-called non-bankable people); 'combating bribery, money laundering and corruption'.

Looking at the strategic importance of the issue areas targeted by the RARE project, 'countering bribery' and 'promoting gender equality' score best, followed by 'mitigating climate change' issue area. The same strategic importance of the same three issue areas was noticed for the banks' operations in the new EU member states.

Considering the 'commitment' to society and environment, some banks also specified interest issues which were not encompassed among the RARE topics: 'customer care and satisfaction', 'corporate values', 'business principles', 'fair business', 'promotion and protection of the environment', 'employee welfare or professional development', 'relations with suppliers', 'community investment', 'employee entrepreneurship', 'human rights', 'quality and ethic service to customer', 'providing the utmost value possible on a balance basis to all direct stakeholders'.

Another important aspect surveyed in the study considered the implementation of the banks' CSR policies and strategies. Three elements should be analyzed here: the CSR instruments adopted by the European banks; the specific activities carried out by banks in the issue areas of the RARE project; the necessary resources to promote the effective implementation of CSR.

The CSR instruments more frequently used by banks are: 'codes of conduct' (company-specific codes, UN Global Compact, UNEP Statement by Financial Institutions on the Environment and Sustainable Development, Equator Principles, FATF on Money Laundering, Wolsberg Principles); 'management systems' (ISO 14000, company-specific management systems, EMAS, EFQM Excellence Model, SA 8000); 'different forms of stakeholder engagement and cooperation' (collecting information about/from stakeholders, consultation of stakeholders and dialogue, participation in multi-stakeholder initiative, including stakeholders into decision-making); 'social and environmental accounting and reporting' (GRI, GRI Financial Services Sector Supplements, National Standards, ISAE 3000, Internal Environmental Performance Indicators for the Financial Industry); 'conformance with requirements of social and ecological product labels or awards'. In addition, European banks are considering 'Corporate Citizenship' such as donating or sponsoring, employee volunteering, establishment of foundations or cause-related marketing; the most referenced issue area involving community activities is 'climate change', followed, at some distance, by 'gender equality' and 'countering bribery'.

The second element analyzed refers to specific voluntary activities carried out by banks in the issue areas targeted by RARE project. Considering the first issue area, 'mitigating climate change', three sub-issues areas could be identified: 'reducing greenhouse gas emissions' (direct impact – DI), 'changing to renewable energy sources' (DI) and 'accounting for climate change in lending and investment policies' (indirect impact – II). In what concerns 'promoting gender equality', this issue encompasses four main sub-issues: 'promoting equal opportunities and equal pay for women and men' (DI), 'promoting work-life balance' (DI), 'ensuring anti-discrimination with respect to sexual harassment (DI)' and 'ensuring gender equality/diversity and equal treatment regarding access to and supply of banking services' (II). Finally, voluntary activities related to the 'countering bribery' issue area were presented according to four main sub-issues: 'countering the risk of bribery' (DI), 'countering money laundering'

(DI), 'countering the risk of bribery in asset management, lending operations and SR funds, including project financing' (II) and 'transparency in resource-backed lending' (II).

As regards to expenditures for the implementation of CSR instruments and voluntary activities, a significant number of banks do not have data and a significant number are increasing expenses to some extent from one year to another, especially for 'climate change'; no banks declared that expenditures decreased or that they are planned to remain stable in the years to come.

Regarding the performance measuring, all three issues targeted by RARE are internally measured and externally reported and verified by third parties, with an emphasis on 'climate change' and 'gender equality' performance ('countering bribery' is hard to measure). Banks were also able to demonstrate an improvement of performance for each issue targeted by RARE, measured on the basis of their own key performance indicators. Finally, another important result of the survey [7] was the fact that the social and environmental activities conducted by the European banks as part of their CSR policies had strong impacts outside the companies. All in all, the European banking sector has a consolidated tradition with regard to CSR activities and reveals a certain "maturity".

Top Romanian Banks in conducting CSR actions

In order to analyze the main trends in CSR in the Romanian Banking Sector, will be presented the social, cultural and ecological actions voluntary undertaken by the top five banks:

Romanian Commercial Bank, first bank in 2007 and having as a majority shareholder the Austrian Group Erste Bank, is also a responsible organization, which addresses its clients, business partners and competitors with respect and honesty and cares about the health, security and prosperity of its employees, by offering them a complete range of career opportunities. The bank acts like a good corporate citizen in the local communities, having an active role in protecting the natural resources and the environment. It supports businesses and corporate actions that have a positive impact on economic, social, cultural and environmental terms, sustains the sponsorship activities and promotes culture, education, health and sports at high standards in order for a professional and personal "enrichment" of its stakeholders. RCB sustains financially or through the input of its employees the consolidation of the religious monuments of our country, the cultural development (theatre, literature, arts, music, dance, regional events, folkloric festivals etc.), the education and research (national and international competitions, conferences etc.), the economic environment (by offering support to SMEs, sustaining the investments in the agricultural sector and helping the unemployed people) and the humanitarian actions undertaken in the health sector (medical research, for example). A famous socio-cultural project developed last year by RCB in Sibiu was "BCR invites you to a cultural journey", which has gathered in the eight local branches of the bank different cultural époques and banking products.

Romanian Development Bank – SocGen is one of the most important actors on the Romanian market, with various activities during the past years such as social, cultural, artistic mecenate and educational or sport partnerships. CSR is part of the bank's development strategy, which aims at considering the needs of the community where it acts, by supporting it financially, through sponsorship, but also through supporting the direct and voluntary involvement of its stakeholders. Thus, RDB – SG is helping Romanian society through supporting local community events and people in need through social and humanitarian programs. The bank approaches its implication in the local community in collaboration with some foundations, public institutions or sport federations. The CSR actions undertaken by RDB on the Romanian field are in line with the CSR actions undertaken by Société Générale especially in France.

Raiffeisen Bank is another top responsible commercial bank that specifically supports sports and arts in correspondence with the social policies developed by its Austrian majority shareholder, Raiffeisen International Bank-Holding AG. Two recent events in the above mentioned areas are the sponsorship of the Romanian national football team in the 2008 European Championship and the financial support offered to Eurovision 2008. However, the majority of the responsible actions undertaken by the bank are reflected in its innovative banking products that are trying to satisfy even the most diverse needs of its clients and the continuous support it is offering to the Romanian education sector.

Alpha Bank represents the most spectacular ascension in top 5 Romanian banks. Its majority stakeholder is the Greek Group Alpha Bank, which closely coordinates the economic and social activities undertaken by Alpha Bank Romania. The bank is consolidating its responsible position on the Romanian environment by mainly focussing on specific – diverse and flexible – banking products, strong and committed shareholders, venture capital and international brand, innovation and creativity, operational efficiency, high quality employees and good Customer Service.

Transylvania Bank is one of the most important banking/financial Romanian institutions and, at the same time, a corporate responsible actor for the communities it is operating in. The bank invests in sustainable projects that are adding value for the community members, shareholders, clients and employees, but also for the company. The main interest areas of TB in the CSR field are: sport, culture, education, environment etc. However, the bank is not actively promoting its social and environmental commitment, no relevant information being posted on its site [8].

Romanian versus European CSR in the Banking Sector

The Romanian financial sector should strategically approach the sustainable development due to the necessity of decreasing the economic and social gap Romania is experiencing comparing with the rest of the EU countries; this sector should take on responsibilities that exceed the legal frame and envisage the discretionary one, in order to comply with all the stakeholders' requirements.

Analyzing the main interest areas for CSR in the European and the Romanian Banking Sector, one could easily note that they are more or less the same, with a stronger focus on culture and sports for our national market. This could be explained, on one hand, by a severe need of funding in the education and culture sector and, on the other hand, by a strong visibility commercial sports (like football, for example) use to have, transforming the responsible company in an universally known brand.

The banks envisaged in the European study and that are also acting on the Romanian market (e.g. HVB, Unicredit Group, Gruppo San Paolo IMI, Caja Madrid, ABN AMRO) transfer their responsible practices on our market. This is how the influence of corporate culture could be easily identified in the way multinational banks manage their operations in different countries.

Although the Romanian banking sector is not a mature one, the responsible actions undertaken by the Romanian banks are in line with the ones of their European counterparts. The most obvious differences remain in the way European and Romanian banks report their sustainability, respectively in the reasons that are determining them to be socially responsible.

Conclusion

Adopting different CSR measures and policies in the Romanian Banking Sector could represent a good opportunity for the companies in the sector of gaining strong competitive advantages. The experience of the top five Romanian banks confirms the theoretical assumptions: the highest rated banks considering their total assets are also socially and environmentally responsible corporate actors.

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COMPARATIVE ANALYSIS

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This research is trying to answer the most frequent question that people ask when they are about to start a new business or they manage an already existing one" What should I do and how should I do it?". For this, a comparison between two businesses will be made, which, in the research will be called business "A" and business "Z". Both A and Z are businesses from the pharmaceutical field and they registered almost the same level of earnings. The paper starts whit a presentation of the businesses, it continues whit a comparative analysis of the financial statements and then it ends whit the answer to the up mentioned question.

Key words: A, Z, portfolio, claims, earnings.

Many people who wish to open their own business, and not only, wander: "What should I do?" and/or "How should I do it?". Reducing this problem to its simplest form there are two choices: either you do what the competition is doing (copy/imitation) or you do it in you own way (diversify). No meter the strategy, it all comes to the following question: "Which one will offer the possibility to maximise earnings?"

For finding an answer to these questions two joint-stock companies from the pharmaceutical industry were selected. A comparison between their patrimonial and financial statements will be made for a two year period: 2005 and 2006. The selection criteria were: the companies should be players in the same field and they should have approximately the same level of earnings.

To avoid any future conflicts the anonymity of the companies will be kept, as why, during the research they will be named company "A" and company "Z".

The main activity of both firms is the production and marketing of drugs. They have been present on the pharmaceutical market from Romania for over 45 years and they are, also, in the Top 10 Drug Producers. The capital of A is totally aboriginal and is divided in 454.897.291 shares, while Z has a foreign capital divided in 416,961,150 shares. Legal persons hold the majority of the stocks, 99% respectively 92%, while the rest are private investors. Both are listed on the Bucharest Stock Exchange, A at the first category and Z at the second. At the end of 2006 the benefits registered by the companies were as follow: 23.839.146 lei A, 23.074.860 lei Z, and the turnover of Z was higher by 64% then the one of A- 210.251.770 lei

The companies wish to offer hilly accessible products to the public, and, while A is focusing on the life care of the patients, Z's mission is to improve the quality of life for them (the patients). Both have implemented a joint management system where they combined the quality and environmental management with a health and work safety program. This joint system led to major investments in the infrastructure - for a better protection of the environment, in research - for the improvement of the quality and efficiency of the products and also for cost effectiveness. At the end of the analysed period A had 1552 employees and Z 1012. A considers the human resource a real "treasure" and for this, over 27% of its employees are university graduates.

The major difference between the comapies is the portfolios. Both of them offer drugs for human use, which cover over 11 fields of therapy: cardiovascular illnesses, central nervous system, the digestive system, pain killers, etc. Z has a portfolio made out of 280 drugs, presented in over 550 pharmaceutical forms. 170 sell only whit prescription and the rest are available as over the counter – OTC and nutritive supplements. By the type of products Z's portfolio can be divided in: drugs, supplements, cosmetics and active pharmaceutical ingredients. A's portfolio is far more complex. It contains beside human use drugs, drugs for veterinarian use, active substances and bio fertilisers. Its offer is as follows: 120 drugs for human use presented in 5 forms, out of which 32 are OTC-s, 10 veterinarian drugs, 2 active substances and 2 bio fertilisers.

The companies are allowed to set the price only for the OTC-s, because, for the prescribed drugs the Ministry Of Heath dictates it. According to a statistic report made by Cegedim, Z practices a average price per pharmaceutical unit of 1,98 lei, which is way under the average price of other producers 9,25 lei per pharmaceutical unit. OTC-s and prescribed drugs contribute to the total sales of the companies whit 50% each.

The upper mentioned portfolios and prices permitted Z to obtain a market share value of 3,8% and A one of 3,21%. Both A and Z sell their products at national and international level. Their costumers are hospitals, pharmacies and other firms for the non pharmaceutical products. A has its own distribution network while Z contracted the services of a specialised distribution company, to which it offered exclusivity.

For analysing the financial and patrimonial statements the lower mentioned economical indicators and financial ratios will be used:

- 1. Equilibrium Indicators;
- 2. Intermediary Management Indicators;
- 3. Assets Ratios:
- 4. Financing Ratios;
- 5. Rotation Indicators;
- 6. Liquidity, Solvency and Profitability Ratios.

Before the analysis, in the table at our right the values used in calculating the indicators are presented:

Companie		4	Z		
An	2005	2006	2005	2006	
Active imobilizate	85,596,263	106,793,221	150,365,119	87,506,914	
I. necorporale	520,512	936,819	234,175	697,544	
I. corporale	85,068,645	105,848,204	150,031,522	86,631,170	
I. financiare	7,106	8,198	99,422	178,200	
Active circulante	126,224,475	153,843,727	165,649,471	243,132,629	
Stocuri	22,225,818	18,333,107	45,572,106	38,733,685	
Creanțe	98,561,469	106,840,366	109,440,268	143,661,824	
Disponibilități	5,437,188	28,670,254	10,637,097	60,737,120	
TOTAL Active	211,820,738	260,636,948	316,014,590	330,639,543	
Datorii pe tr. Scurt	62,814,226	77,535,385	79,918,482	72,226,341	
Datorii pe tr. Lung	1,825,211	2,547,890	11,209,196	850,268	
Total datorii	64,639,437	80,083,275	91,127,678	73,076,609	
Capital propriu	147,181,301	180,553,673	224,886,912	257,562,934	
TOTAL Pasive	211,820,738	260,636,948	316,014,590	330,639,543	
Cifra de afaceri	166,519,961	197,748,316	216,948,578	323,399,989	

Simplified balance sheet

Analysis of the balance sheet

Both businesses are in a general equilibrium at the balance sheet level fact suggested by the permanently grooving positive net treasury – TN. This equilibrium is reaches thanks to the existence of a net working capital -FR sufficiently high to cover the excess of temporary needs- NFR. Neither A nor Z register long term threats, on the contrary, their net working capital has a constantly growing tendency, and in 2006 it doubled in the case of Z due to the selling of an important property.

Comp		1	2	Z
An	2005	2006	2005	2006
SN	147,181,301	180,553,673	224,886,912	257,562,934
FR	63,410,249	76,308,342	85,730,989	170,906,288
FRP	61,585,038	73,760,452	74,521,793	170,056,020
FRS	1,825,211	2,547,890	11,209,196	850,268
NFR	57,973,061	47,638,088	75,093,892	110,169,168
TN	5,437,188	28,670,254	10,637,097	60,737,120
ΔТИ		23,233,066		50,100,023

Equilibrium indicators

On short term there is an excess of needs. Although this situation can be considered normal at first sight, the loss of equilibrium is not a consequence of an investment policy in stock, but is due to an external factor that affects all the companies from the pharmaceutical industry: the overdue of the claims from the Ministry of Health. A counteracted the overflow of temporary need by reducing the stocks and increasing the current liabilities, while Z had to struggle whit the opposite situation. Its need for working capital NFR grew in 2006 by 47% not only because the growth of uncollected claims but also to the diminution of the short term liabilities (see Rotation Indicators). This shot term deficit can easily be covered from the Own WC, without needing the foreign WC. This statement is valid for both analysed companies and so they reach a healthy general equilibrium.

1. The analysis of Earnings and Loss statement 193

The value growth is due to the joint management system, which reduced the level of fixed costs by 11% and also to the investments made for increasing the outputs and the level of sales. To stimulate sales A held an intense marketing campaign to promote its new corporatist identity adopted at the end of 2005. Z's efforts focused mainly on harnessing the human resources, it hired in 2006 94 new employees, marketing being a secondary concern.

Comp		A.	Z		
An	2005	2006	2005	2006	
MC	418,909	291,663	2,075,433	-730,563	
VA	90,189,055	101,841,536	84,316,306	126,927,269	
EBE	51,730,686	56,936,463	55,229,768	78,635,216	
Rexpl	26,344,365	29,080,864	25,442,762	57,284,311	
RBrutEx	23,724,855	30,073,560	19,723,030	39,336,545	
RNetEx	19,670,651	23,839,146	16,657,599	23,074,860	

Intermediary management indicators

Although Z's added value - VA grew 4 times more then the one of A, by 50%, both A and Z are more then capable to remunerate the participants at the exploitation activity.

Is true that the strategies adopted led to more expenses with production, but despite this A's auto financing capacity grew by 10% in 2006 and Z's by 42%. The exploitation activity concluded, in 2006, with a 21,14% growth of the profitability for A and a growth of 25.14% for Z.

From the financial activity the firms registered incomes from a favourable exchange rate, but 2006 ended with a financial gain for A and a financial loss of 17.947.766 lei for Z.

All this plus the absence of any extraordinary events led, at the end of the analysed period, to a 3 percent higher net income for A then Z.

2. The analysis of the assets

From the table it can be noticed the almost identical structure of the immobilizations. As it is typical for all companies oriented towards production, the majority of the immobilized assets are corporal immobilizations. Their level in 2006 was higher with 24% for A, then the previous year due to the investments made in the infrastructure. For Z they diminished with 57% as consequence to a 19 million worth sale of land and constructions.

Surprisingly, the majority of the assets are current assets. This makes the companies more flexible to the market changes. Claims are the most because 24% of them are passed the collection deadline. Nevertheless they lost ground in favour of the availabilities, which amounted with 23 millions lei in the case of A and with 50 millions in the case of Z.

Rexpl = EBIT – Earnings before interests and taxes;

RBrutEX = EBT - Earnings before taxes;

RNetEX = Net Income.

¹⁹³ EBE = EBITDA - Earning before interests, taxes deductions and amortization;

Comp	A		Z	
An	2005	2006	2005	2006
Rai	0.40	0.41	0.48	0.26
Rin	0.01	0.01	0.00	0.01
Ric	0.99	0.99	1.00	0.99
Rif	0.00	0.00	0.00	0.00
Rac	0.60	0.59	0.52	0.74
Rs	0.18	0.12	0.28	0.16
Rc	0.78	0.69	0.66	0.59
Rd	0.04	0.19	0.06	0.25

Asset ratios

3. The analysis of the capital and of the liabilities

The capital and liabilities of company A grew at a constant rate, therefore the structure of its passives did not change. The situation of Z improved. In 2006 it became financially independent on long term.

Over 97% of the debt ratio is due to short term liabilities. At the end of 2006 Z registered the highest level of financial independence, because 93% of the long term liabilities and 10% of the current liabilities were paid.

In conclusion is nor wrong to say that both A and Z decided to finance their needs mostly from their own resources.

Comp	A		Z	
An	2005	2006	2005	2006
Sf	1.74	1.71	1.57	2.95
Scp	0.69	0.69	0.71	0.78
Skp	0.70	0.70	0.75	0.78
Af	0.99	0.99	0.95	1.00
If	0.01	0.01	0.05	0.00
GI	0.31	0.31	0.29	0.22
Pdts	0.97	0.97	0.88	0.99
Pdtl	0.03	0.03	0.12	0.01

Financing ratios

4. Rotation indicators

Comp	A		Z	
An	2005	2006	2005	2006
Ds	48	33	76	66
Dc	213	195	182	160
Doc	136	141	133	80

Rotation indictors

The rotation indicators are vital for a better understanding of the previous analyses.

It can be noticed that the rotation period of the stocks diminished from one year to the other, which means that outputs are sold in a shorter period of time. The value of the stocks decreases which leads to a diminishment of the work capital need and it modifies the structure of the assets. As the days a stock needs to become a claim or availability are decreasing, the income from the exploitation activity amounts and automatically the level of the turn over.

Because over 24% of the claims are overdue obligations of the Ministry of Health, the collection period is very long, more then 6 months. However the situation improved by the end of 2006 when the period decreased with 18 to 22 days. The unpaid debts usually cause an increase of the need for working capital.

Previously, there has been seen that A counteracted the NWC by amounting the level of the current debts. Now, analysing the exigibility period of the temporary resources, it can be seen that A contracted loans with a flexible deadline, which concluded with an increase of the current obligations. Z, however, has a handicap at this captor. Beside the fact that the NWC amounted thanks to the unpaid obligation of the Ministry of Health, the paying period for the short term liabilities was reduced, therefore the NWC become even higher and the debt ratio diminished from 29% in 2005 to 22% in 2006.

Comparing the exigibility of liabilities with the liquidity of the claims is more then certain that the analysed companies honour their obligations from other sources, not from the claims they have towards the Ministry of Health.

5. The analysis of the bankruptcy risk

The risk of bankruptcy must be closely supervised to avoid a future disaster. A and Z are in a very good situation both of them being more then capable to pay their current and permanents liabilities.

There are no solvency problems, because the value of the lever is lower then 1 and the debt ratio if far under 50%. Even more; both companies are safe in case of unexpected events, due to a high gearing reserve 53,868,429 lei A and 77,968,053 lei Z.

The liquidity ratios suggest a good capacity to honour the current obligations and thank to a high level of the acid test ration the companies will have no problems in contracting future loans, if needed. (Banks usually ask for the minimum value of the acid test ratio to be 0.8)

Comp	A		Z	
An	2005	2006	2005	2006
LG	2.01	1.98	2.07	3.37
LP	1.66	1.75	1.50	2.83
LI	0.09	0.37	0.13	0.84
SG	3.28	3.25	3.47	4.52
levier	0.44	0.44	0.41	0.28
Rc	14.25	15.21	9.09	12.16

Indicator for the analysis the bankruptcy risk

The companies chosen for the research are both in favourable patrimonial and financial situations. They are in a financial equilibrium and to counteract the disadvantages of the industry, like the exceeding of the claim collecting deadline, the businesses have chosen to apply a defensive and prudential policy, which consists in the permanent existence of a net working capital. Beside this, they decided to auto finance their activities. The growing EBITDA and the gearing reserve of 53,868,429 lei for A and 77,968,053 lei for Z, show that they are more then capable to do so.

A and Z took both similar and different decision. The differences were the once that helpt A to obtain a profit higher with 3% then Z, despite the fact that the turnover of Z was 64% higher then A's.

Returning to the questions from the beginning the right answer is to combine both strategies. Still it has to be underlined that a high turnover does not necessarily mean big earnings.

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ETHIQUE, COMMUNICATION ET TOURISME

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La quête éthique de notre société apparaît comme la résultante d'un monde en profonde évolution économique et technologique certes mais également sociale et culturelle. Une des caractéristiques de ce monde est l'accentuation des échanges dans lesquels, le tourisme, tout comme les nouvelles technologies de l'information et de la communication prennent part. Penser les questions éthiques du tourisme en lien avec la communication ou viceversa se justifie par la nécessité de porter une réflexion sur nos pratiques et leurs conséquences.

Cette communication tente de montrer la complexité de cette relation, en accentuant quelques aspects plus evoqués dans la litérature internationale.

Mots clé: éthique, communication, tourisme, cybertourisme, multiculturalité

Introduction

Le secteur touristique reste un « moteur » pour le dévelopement économique, grace à son effet multiplicateur : il génère des emplois, contribue à l'augmentation des revenus pour la population et des investissements dans toutes les activités écomoniques. On peut toutefois s'interroger sur les effets au plan social, culturel et naturel.

Activité complexe, l'industrie touristique repose sur les efforts de plusieurs agents économiques, publics ou privés, nationaux ou internationaux. Ils doivent suivre des objectifs à long terme afin d'assurer un développement durable aux sites touristiques. L'éthique est présente à tous les niveaux et plus particulièrement dans le processus de communication interne et externe.

Le tourisme reflète et contribue au développement des grandes tendances sociologiques actuelles : mondialisation, consommation à outrance, hyper communication, recherche identitaire, préoccupation écologique, gestion et développement éthique, etc...

1. Définition et l'importance de l'éthique

Par éthique, en référence à Paul Ricoeur¹⁹⁴, nous entendons la tendance naturelle à chercher le bon comme valeur relative à chaque sujet en recherche de son bonheur ou encore « *une réflexion critique sur la moralité des actions* ». L'éthique concerne la manière dont nous vivons les uns avec les autres, les uns par rapport aux autres, la prise en compte de l'autre dans nos actions, nos pensées, nos pratiques. Dans le domaine de l'information et de la communication, cette prise en compte de l'autre est particulièrement importante, voire cruciale. Dire, agir, implique l'autre.

Il est aisé de constater que l'ensemble des entreprises du secteur touristique s'intéressent à l'éthique. Celles-ci sont même contraintes, par un libéralisme économique parfois criant d'injustice (recherche de profitabilité au détriment du bien-être ou même de l'emploi des salariés), à envisager de véritables mesures. D'où la nécessité d'une réelle éthique des affaires. Celle-ci enferme en son sein des normes spécifiques, débattues avant d'être appliquées. Elle renvoie à des notions de bien et de mal, exprimant ce qui *devrait* être fait ou ce qui *ne devrait pas* être fait. Pourtant il apparaît tout à fait évident que la notion de bien ou de mal n'est pas universelle, ou ce qui devrait être fait, vu du côté touriste n'est pas forcément ce qui devrait être fait, vu du côté professionnel. Mais là où l'écart est le plus élevé est sans doute entre les décideurs et les subalternes, au sein d'une même entreprise. Assimilés fréquemment à de nouveaux outils de management comme le furent, en leurs temps, les cercles de qualité, le *lean-management* ou le *reengenering*, les projets éthiques suscitent souvent peu d'engouement auprès des personnels. Ils sont parfois même vécus par ces derniers comme une contrainte supplémentaire voire même de la manipulation déguisée. Sur un plan purement externe, la position éthique consisterait à diminuer la violence que peut exercer sur

686

 $^{^{194}}$ Paul Ricoeur, $Soi\text{-}m\hat{e}me$ comme un autre, Le Seuil, Paris,1990

le personnel, le touriste, la population hôte une pratique fondée sur un modèle universel, très éloigné de la diversité des situations individuelles et locales.

2. Des questions éthiques dans le domaine touristique

Le tourisme contemporain est un procès social; c'est le mode de vie de l'homme d'aujourd'hui. Il caractérise donc le comportement humain. L'homme est le sujet essentiel du tourisme. Il ne peut être expliqué sans, préalablement, comprendre l'homme. Il n'est pas simplement une façon de passer le temps libre (même si la plupart des vacances sont corrélées avec les activités d'agrément). Il est aussi, utilisé pour atteindre d'autres buts (connaissance, relations sociales, pèlerinages etc.). Ceci explique l'affirmation selon laquelle : le tourisme international introduit des changements sociaux et culturels dans le cadre des destinations. Ces changements sont consécutifs aux interférences économiques, sociales et culturelles entre les personnes provenant de divers horizons 195. A cause de leur nature subjective, ils sont difficiles à mesurer et quantifier. Bien entendu, les conséquences peuvent être positives ou négatives.

L'impact négatif peut être généré si le développement du tourisme n'est pas bien planifié et si le potentiel économique de ce développement n'est pas atteint. Par exemple, les engagements du personnel étranger dans les activités touristiques et les investissements étrangers dans le tourisme peuvent générer des ressentiments de la part de la population locale envers le tourisme. L'exclusion des populations hôtes à l'offre touristique (comme les plages privées, les bars, les casinos ou les services de transport) peut être à l'origine de conflits entre la population locale et les touristes. Mais aujourd'hui, l'opinion internationale se préoccupe de plus en plus des questions éthiques, au point que les entreprises, aussi capitalistiques soient-elles, ne peuvent plus se permettre des les ignorer. Le dernier grand sommet en date, le sommet mondial sur la société de l'information, invite, dans son plan d'action et précisément dans la ligne C10 alinéa D « les parties prenantes, en particulier les universitaires, à poursuivre leurs recherches sur la dimension éthique des technologies de l'information et la communication » 196.

2.1. Le tourisme responsable

L'éthique de la communication et du tourisme responsable pourrait se définir comme « l'ensemble des valeurs fondamentales à partir desquelles les échanges entre individus et les pratiques économiques se réalisent ». Il s'agit d'interactions menées dans le souci du respect mutuel, de la garantie de la dignité humaine et du bien commun.

Elle rentre donc dans le cadre du développement durable, concept d'origine internationale (commission Brundtland), dont l'affirmation a été suscitée par des problèmes d'environnement et de développement globaux. C'est donc « un développement qui satisfait les besoins du présent sans compromettre les capacités des générations à venir à satisfaire les leurs ».197

A ces questions, la communauté internationale a répondu par l'affirmation de principes moins équivoques qu'il n'y paraît : priorité au développement des pays pauvres (articles 5 et 6 de la déclaration de Rio), responsabilité des pays développés dans la lutte contre les pollutions (article 7), rééquilibrage en faveur du long terme et des enjeux globaux. En résumé, pas de bon développement sans un bon environnement, et des « responsabilités communes mais différenciées » gouvernées par un principe d'équité, dans les relations à l'intérieur des États et entre ces États, mais aussi entre les générations présentes et futures.

Quoiqu'il en soit, l'éducation constitue sans conteste le lieu où peut se développer sur le plan individuel et collectif une conscience et une reconnaissance morale et éthique. Des actions peuvent être entreprises au niveau des décideurs politiques pour que l'éducation au tourisme devienne une préoccupation au même titre que l'éducation aux médias ou l'éducation civique.

2.2. La multiculturalité et l'intéraction entre les touristes et les hôtes

L'élargissement à la diversité a conduit dans la foulée à prendre en compte la dimension multiculturelle. La compréhension de la diversité culturelle peut être un des aspects positifs de l'impact des facteurs socio-culturels

¹⁹⁵ Gabriela Tigu, *Etica afacerilor in turism*, Ed. Uranus, Bucuresti, 2005

¹⁹⁶ SMSI, *Plan d'action*, SMSI, Genève, 2003.

¹⁹⁷ Commission mondiale sur l'environnement et le développement, *Notre avenir à tous*, Éditions du fleuve, Montreal, 1988, p. 8.

dans le tourisme. Les voyages mettent les gens en contact les uns avec les autres, et dans le cas ou le tourisme possède une composante éducationnelle, celui-ci peut encourager le dialogue culturel.

Bien entendu, le changement ou la perte de l'identité et des valeurs indigènes est un aspect négatif de cet impact. Pour répondre aux attentes des touristes, il est possible que certaines valeurs culturelles locales deviennent « des produits » de vente aux touristes, au moment où les rituels religieux, les habitudes ethniques traditionnelles et les festivals se réduisent et s'ajustent conformément à ces attentes.

Les valeurs morales, à côté de celles culturelles, caractérisent l'intéraction entre les visiteurs et les hôtes (engagés, organisations, indigènes). En règle générale, les touristes font des efforts pour mieux comprendre les populations autochtones, leur culture, leur mode de vie et de pensée... Ils doivent, toutefois, éviter de s'intéresser uniquement à ce qui est suggéré par la publicité, qui, souvent, se concentre sur quelques attractions touristiques et offre une fausse image des lieux visités. Cet effort est à considérer comme une obligation morale pour tous les touristes.

Voici, en exemple, les résultats d'un sondage effectué dans un site belge. Il concerne l'opinion des touristes – visiteurs du site – sur le respect et communication pendant le voyage¹⁹⁸:

Avant un voyage dans un pays dont vous ne parlez pas la langue :		
je prends des cours de cette langue pendant plusieurs mois	11%	
je fais quinze jours de méthode assimil	5%	
j'achète un petit dico du langage courant	41%	
je révise mon anglais	5%	
peu m'importe, je parle la langue des signes	23%	
je parle pas, les monuments me suffisent	5%	
je ne vais que dans des pays anglo ou francophones	5%	
je ne vais que dans des pays dont je parle la langue	5%	

L'attitude des touristes envers les habitants doit être tolérante, basée sur l'acceptation des différences (raciales, intellectuelles, religieuses etc.). Il est important que soient respectées les valeurs sociales en vigueur dans le pays d'acceuil. De nombreux exemples montrent comment le sacré a été violé, les édifices religieux détournés de leur raison d'être.

Les communautés locales sont exposées aux effets d'agglomération, la pression sur les ressources ainsi que la culture sont grandes. L'intensité de l'impact dépend d'une série de facteurs, comme le type et le taux de développement du tourisme, le taux de croissance du nombre des visiteurs, la saison etc. Mais ces effets sont peu ressentis là où l'activité touristique apporte des bénéfices économiques et financiers à la communauté. Autrement, les communautés-maître peuvent exercer des pressions ou peuvent se manifester avec hostilité envers les touristes.

Tant que le tourisme sera le fait des pays riches visitant les pays pauvres, il sera porteur d'un profond déséquilibre entre hôtes et visiteurs. Toutefois, si un tourisme mal maîtrisé commet de nombreux dégâts irréversibles dans les pays visités, un tourisme contrôlé par la population locale peut être porteur de bienfaits. L'enjeu étant que la relation entre hôte et visiteur soit sur un pied d'égalité¹⁹⁹.

2.3. La question des standards touristiques

Les sociétés ont toujours eu besoin de standards techniques et sociaux : les monnaies, les unités de mesure de l'espace et du temps, en témoignent tout au long de l'Histoire. Dans le domaine du tourisme, les tenues, la démarche, le regard, le sourire, le service à table... sont souvent codifiés, suivant des normes dites internationales, mais souvent imposées du Nord vers le Sud, des grandes entreprises vers les petites. Selon le Robert, la norme est

¹⁹⁸ http://forum.tourdumonde.be/voyage-respect-et-communication-t1532.html

¹⁹⁹ Franck Michel, « Des hôtes et des autres », *Revue Espace* no171, mai 2000, Ed. Espace Tourisme & Loisirs.

« un ensemble de règles de conformité relatives aux caractéristiques d'un produit ou d'un service ». C'est une garantie de fonctionnement et de sécurité.

La standardisation des destinations dans le procès de satisfaction des touristes nécessite des facilités « familières » à ceux-ci. Les touristes poursuivent encore la découverte des facilités connues dans une ambiance non familière, comme seraient les célèbres restaurants fast-food et les chaînes hôtelières. La question qui se pose ici est celle de l'universalité de la norme voir celle du bien. Le bien de l'entreprise est-il celui du touriste ou de la population locale ?

S'il est caricatural d'opposer les trois protagonistes, il arrive souvent, malheureusement que les intérêts des uns et des autres ne soient pas convergents.

L'éthique du tourisme s'inscrit donc dans la droite ligne de Foucault qui revendique une éthique du « souci de soi » qui signifie la recherche d'une réalisation individuelle de soi qui ne passe pas par la référence à une « loi universelle s'imposant de la même facon à tout homme raisonnable »²⁰⁰.

3. Ethique et communication dans le tourisme

3.1. Le lien entre éthique et communication

Derrière la communication, il y a des fondements éthiques, puisqu'elle s'inscrit dans la relation à l'altérité. Au delà de l'échange, se trouve la nécessité de comprendre l'autre, l'interlocuteur et l'échange peut se concevoir comme don de soi ou de ses informations, en vue de la réduction des incertitudes de l'autre. L'éthique n'est donc pas étrangère aux sciences de la communication dont les recherches s'appuient sur la compréhension des valeurs, qu'elles soient morales, économiques, politiques ou culturelles. C'est donc en analysant les pratiques, les usages que l'on peut faire apparaître les enjeux éthiques : commerce électronique, jeux, mail...

Dans le domaine du tourisme, cela nous ramène à la nécessité d'une prise en compte des pratiques locales et de la production d'une information locale. La question de la production de l'information locale ou des pratiques managériales, ne peut être dissociée du contexte socio culturel, économique ou politique dans lequel vivent les populations concernées. Apparaît donc en perspective la question de la langue de communication, mais aussi et surtout celle des valeurs, des croyances, des modes de pensée.

L'accès à la technologie reflète les inégalités économiques, sociales et géographiques entre les pays. Si les fractures numérique et cognitive entre les pays du Sud et ceux du Nord, font l'objet d'abondants et fructueux travaux²⁰¹, il existe une autre fracture dans le numérique qui, bien qu'inclue dans la première, la dépasse largement. Cette fracture ne se résume en effet pas à la distinction entre « pays pauvres » et « pays riches », mais s'observe au sein d'un même pays, dans la population, les entreprises... Les technologies de l'information et de la communication (TIC) sont encore insuffisamment présentes au sein des PME²⁰², et cela d'une manière générale, c'est-à-dire indépendamment du niveau de développement du pays concerné. Notons surtout, la fracture numérique entre les organisations qui est observable par la présence des unes sur Internet et l'absence des autres, la visibilité de leurs sites, les transactions effectuées via le Web. Le fonctionnement interne des entreprises, tout comme ses relations externes (référence au e-business) mettent également en exergue de nombreuses disparités. Tandis que les uns adoptent de nouvelles formes de travail relevant en grande partie de la GRH, à l'instar des formations de type *e-learning*, du *e-work*, *e-governement...*, d'autres restent cantonnées aux méthodes traditionnelles.

3.2. Cybertourisme ou Cybercriminalité?

Le tourisme est une activité fortement basée sur l'information. Le développement des TIC a servi tant à l'industrie, comme aux consommateurs, de sorte qu'on peut expliquer l'apparition du concept de « cybertourisme ».

Les pratiques managériales ou de services des acteurs du tourisme s'appuient de plus en plus sur les technologies de l'information et de la communication dont les potentialités en termes de rapidité, de coût et voire d'efficacité

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²⁰⁰ Michel Foucault, Les Nouvelles Littéraires, 29 mai 1984.

Revue *Hermès*, « Fractures dans la société de connaissances », numéro coordonné par Didier Oillo et Bonaventure Mvé-Ondo, CNRS, 2006.

²⁰² Patricia Del Marmol (2007), « Les TIC ne démangent pas encore assez les petites entreprises », in *L'Echo*, 17 janvier 2007.

sont quasi unanimement reconnues. Le potentiel d'apprentissage des TIC, largement exposé au Sommet mondial sur la société de l'information (Tunis, 2005), correspond parfaitement à ces nouvelles pratiques managériales. Ceci est bien entendu à mettre en perspective avec la vision d'Al Gore. « Nous avons aujourd'hui à portée de mains les moyens techniques et économiques de rassembler toutes les communautés du monde, [...]. Chaque lien que nous créons renforce ceux de la liberté et de la démocratie dans le monde entier ; en ouvrant les marchés, nous ouvrons des voies de communication : en ouvrant les voies de communication, nous ouvrons les esprits [...] ie vois un nouvel âge de la démocratie se forger... »203

Pourtant, si les TIC sont susceptibles d'entraîner ou de participer fortement à des logiques collaboratives de dynamiques vertueuses, elles sont aussi susceptibles d'amplifier certains dysfonctionnements managériaux 204. Nous ne sommes donc pas loin de ce que Jacques Ellul considère comme un bluff. « ... bluff gigantesque. dans lequel nous sommes pris [...] Bluff des hommes politiques, bluff de médias (tous), bluff des techniciens (quand au lieu de travailler à leurs techniques, ils font des discours), bluff de la publicité... »205

Nous sommes dans le domaine de l'utopie, de la croyance, de la passion, mais nous naviguons également dans la duperie. Celle des hommes politiques appelés à entretenir l'espoir de leurs électeurs, celle des techniciens, soucieux de garder leur prestige, celle des maîtres du réseau, soucieux de développer leur marché.

Mais au-delà de l'utopie, se profile une réalité incontestable. Il est aujourd'hui devenu facile, pour un touriste occasionnel ou confirmé, de scruter les pages internet d'un voyagiste, d'un groupe hôtelier... pour choisir les bonnes destinations et les lieux d'hébergement et/ou de restauration. Mais cette facilité devenu normale s'accompagne d'un certain nombre de risques ou de préoccupations éthiques liées à l'utilisation de ces technologies qui permettent d'accumuler de nombreuses données personnelles sont trop savoir l'usage qui en est fait et, sans pour l'internaute, la garanti d'un usage éthique.

A cela s'ajoutent bien entendu, les autres questions liées à la cybercriminalité en continuelle expansion. Les cellules de luttes ou d'information attirent l'attention sur les conséquences qui peuvent être graves et concerner aussi bien les citoyens que les entreprises. Le caractère virtuel et transnational de la cybercriminalité exige en effet, une nécessaire prise de conscience ainsi que la mise en place de contre-mesures adéquates.

On en arrive ainsi à la nécessité d'une responsabilisation de chacun. Le concept de responsabilité sociale retrouvant ici toute sa vigueur. Selon le philosophe allemand Hans Jonas 206, ce principe implique le respect de l'avenir désormais menacé, fragilisé par l'évolution des sciences et de la technique.

3.3. La communication comme palliatif

De nombreux efforts sont faits au sein des entreprises pour l'intégration de divers particularismes dans le dynamisme global. Dans le cas de la construction des connaissances par exemple, celle-ci est longtemps restée du domaine exclusif des experts issus des pays industrialisés. De nos jours la réciprocité semble monter en puissance, tendant à une symétrie des échanges, ce qui suppose que chacun connaisse l'avis de l'autre et puisse le discuter sur un pied d'égalité²⁰⁷. On trouve là à l'œuvre la « connaissance réciproque », telle qu' Umberto Eco et Alain Le Pichon l'ont définie²⁰⁸.

Mais la communication n'est pas qu'outil interne, elle est aussi moyen de communication externe et surtout, levier de changement d'image. La diversité, l'éthique deviennent ainsi des positionnements recherchés et affichés dans des campagnes de plus en plus grandioses. Aux médias traditionnels, viennent s'ajouter les « nouvelles » technologies de l'information et de la communication avec toutes les déclinaisons qu'elles peuvent avoir : forum, mail, site institutionnel, site publicitaires...

²⁰³ Conférence d'Al Gore à l'UIT (Buenos Aires), le 21 mars 1994.

²⁰⁴ Michel Kalika, *E-GRH*: révolution ou évolution, Ed. Liaisons, 2002.

²⁰⁵ Jacques Ellul, *Le Bluff technologique*, Hachette, Paris, 1988, pp. 12-13.

²⁰⁶ Hans Jonas, *Le Principe responsabilité*, Cerf, Paris, 1990.

²⁰⁷ J. Perriault « Savoir en ligne, réciprocité et bien public international » dans Alain Le Pichon (sous la direction de), Les assises de la connaissance réciproque, Préface d'Umberto Eco, Paris, Editions Le Robert, 2002

²⁰⁸ Alain Le Pichon, *Les assises de la connaissance réciproque*, Paris, Editions Le Robert, 2002

Conclusions

L'éthique s'impose progressivement dans les activités humaines. Le tourisme figure désormais parmi celles qui exigent des prises de conscience, des responsabilités et des décisions de la part des agences, des consommateurs, et des organisations internationales.

La question de l'éthique hante de plus en plus notre société, au risque de devenir un sujet à la mode. Il s'agit pourtant d'un sujet grave, qui met chacun d'entre nous, individuellement et collectivement, face à nos responsabilités d'être humain. Vaste et complexe, la problématique de l'éthique est au coeur de la problématique du tourisme durable, et devrait interpeller le secteur pendant de nombreuses années.

« Voyager avec le respect de l'autre vous vaudra le respect de celui-ci. Et de cette manière, vous en apprendrez beaucoup plus sur la culture locale et les lieux que vous visitez »

LOGISTIC ACTIVITIES AND GLOBAL ECONOMIC ENVIRONMENT OF BUSINESS OF THE COMPANU, ORGANIZATIONS AND INSTITUTIONS

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ABSTRACT:

The analyze of complex problems of logistic activity management in a business environment that is extremely dynamic and shows us the preoccupation of the companies and organizations to adapt them to rapid changes of the environment, concerning logistic strategies. Revolution changes in the field of technology, continuous liberalization of international exchanges put into service by international organizations and by governments, shortening life cycle of the products, proliferation of products and goods, modification of traditional relations between exporter and importer, have replaced the tendency of continuous expansion, markets with easy access, significant earnings registered by companies with few more than previous two decades are aspects that have a powerful impact on logistic activity.

KEY WORDS: logistic activity, global environment, logistic system of the company, internationalization, planning and logistic strategy.

Logistic activities of the companies in global context

Analyzing with attention the business world, is not difficult to identify those companies and organizations that are capable to make changes, being reorganized very slowly, believing that changes comes from interior. These make the mistake of not planning or organizing the logistic activity of changes from exterior, not realizing that present business environment is characterized by dynamism, that is continuously adapted to change "Reactive companies which does nor succeed to adapt to changes in their environment will disappear in the process of acrimonious concurrency. The difference between these reactive and proactive companies" consists of what concerns tactic and strategy. Until not long, many researchers and managers associated logistic with "distribution of finite products" that is with the last stage of production. This point of view, in our opinion, seams very simple and ignores the role of logistic in administration of internal companies, raw materials, subassembly, licenses, packages, services realized by specialized companies, etc. In other words, the management of logistic is the total of administration of material activities and of services realized in virtue of the production process to which will be added distribution activities after the end of the production (packaging, storage, transport, dispatch, services specific for realized activities etc.). This route is accompanied by a flux of information in both senses which represents operation frame of the logistic function.

More and more, proactive companies and organizations recognize that logistics, far from being only an operational variable, occupies a unique position as part of these, which allows them to coordinate relations between factors which influences flux of information, as well as the one of performed goods and services, having as purpose execution of received orders. Flux starts when the customer decides to make an order and to conclude when the order is advanced and products reach destination from import or export, passing through customs and money are received. Companies and organizations, as have proved it the reality of nowadays, which considers that the unique purpose of any activity is the responsibility of the customer, understand the strategic significant of the logistics as part of business environment. They know that to succeed in present situation, must adopt a disciplined and systematic approach of the market, to establish carefully selected priorities, to give resources with the highest strictness and to make compromises with judgment. It is not a common thing that the dialectician manager is involved in initial phases of strategic planning of a company. Still the contribution of the logistic function to realization of the profiles of the company or of the organization that performs services is highly enough so that the dialectician manager in a company is the sole person responsible with the administration of all material fluxes, services and information, starting from the conceiving of the products and until the consumption of their

performance, taking into account the interaction of these fluxes. This position gives the opportunity of the manager of the logistics department to estimate the capacity of the company or of the organization to respond expectations.

Strategic planning obliges the management of the department of logistics to reconciliation of two elements that are almost contradictory: long term planning (visionary) with short tern responses of the (beneficiaries). To obtain this equilibrium, which seams to be impossible, we consider that the manager responsible with logistics must emphasis the accent on the strategic part of planning and not to consider, as we previously mentioned, that strategy might mean only long term planning. Practice of the companies and organization showed that strategic planning of three stages and namely: perspective plans, objectives towards which are headed and the quantifiable results that they expect. In case of sales, the executive director is the person which might better understand the expectations of the customers, as well as long term objectives proposed by organization. He must, based on requests received from customers, be the one that conceives the operative plan of development of the logistics operation for goods distributed or performed services. From the strategic analyze of the company activities, results the net difference between directions and objectives established in logistics. Directions are qualitative analyze appreciation, and operational objectives, reasons or aspects of quantitative analyze. The first are the expression of the requirements and purposes and the second being quantitative can be measured. It is not sufficient to establish and objective like increasing incomes from the logistics activity because there is no modality of verification if the objectives was fulfilled. Increasing money from exportation activity or of services performed by customers can be direction mentioned, meanwhile increasing incomes from exportation activity or performing services to the customers. for example, with 5% in a year can be the objective. Once directions and objectives are established can be passed to operation plans.

Components of business environment which directly influences their activity are: implementation of communitarian and international legislation in the environment field, attraction of new foreign investors from UE and other countries of Europe, North America and other areas of the world, the correspondent progress of restructuring and realization of the frame of economical politics; opening and attraction of the companied which will stimulate entrepreneurial and private commercial initiative; diversification of backing activity; measures that companies from Romania, importers, exporter, market of labour fore, financial market improve in a constant manner credibility at international level. There are many other components of the business environment that influences the activity of the companies and institutions from Romania. Between these, we mention: functional market economics, community, basis of resources of the country, global environment, etc. Changes that companies with international activity from Romania can bring are not limited anymore at own environment, that is at internal environment, but at the business European environment, that is why strategic orientation is realised with the purpose to keep up with rapid modification and as a result there must be adopted a new attitude towards future, because administrations submit efforts for efficiency of the institutions and instruments from improvement of business environment in conformity with communitarian legislation.

Exploration of the environment as part of the strategic orientation is the border between internal and external environment of the company, organization or institution to become permeable. In this context, we consider that companies aim to respond to the following questions: Where are in the present? Where there want to arrive? How can they arrive there? How will they know that they have reached there? To determine where are in the present moment, managers of logistics department as part of the companies must verify, in a continuous manner the performances of these departments. The process starts with the evaluation of the perception of the customers (exporters, importer, transporter, etc) which are in connection with the company, these being asked to appreciate performances of logistics services of the or of their subsidiaries. Here are underlined the quality of goods and services that require improvements. The manager of logistic department must convince the management of the company, organization, institution that this department has an important role in long time development of the company, in its success and profitableness. Today the result of logistic activity: total costs as percentage of the incomes obtained is used to reach the question Where is in the present? The result of evaluation, result of the entire strategic plan will allow the response to the second question: Where we want to arrive?

Actions of the logistics department should lead to fulfilment of central requirements. How can it reach there?, will be able to respond to the forth question: How will we know that we have reaches where we proposed to? The existence of a plan has changes and changes in permanence, especially in conditions in which we adhered to U.E. and to its institutions. This new context appeared, shows that Romanian companies must have a performing logistic system which will function in a dynamic economic environment. Creation of a strategy in logistic system of the companies which appeared from quality and requirements imposed by the fact that are entities which realizes activity in UE are not incompatible with immediate reaction to environment changes or to problems

that might appear. In fact, the capacity of conceiving these plans are the precise objective of what we call logistic administration of companies.

Logistic administration of the problem of companies is a condition, a pressure which might affect performance, direction or future of the company. Through its nature, this problem is almost always controversy, because employees and beneficiaries or the logistic services tend to have different points of view in connection with the proportion or implications of the logistic system of the company. No matter the created situation, through the modality of organization of the logistic system of the company, regardless of its level, must find an efficient strategic solution. Administration of logistics problems from logistic system of the company means in fact the detection of these problems, which must be approached in the process of strategic planning. This way, it represents a launching ramp fro correct actions and decisions in detriment of the wrong ones. Efficient exploitation of business environment, generally, of the European one especially, in our opinion, will offer information through which companies can identify essential problems in conformity with measures established and with legislation in force in European Union.

Personnel as part of logistics department must be trained so that to be able to monitor and to be posted with existence of internal and external factors submitted to change, continuously. Different sectors (services) of the logistic system of the company can be invested with the monitoring of business environment, engaging in the strategic process or performing services or of other fields in logistic system of the company. A strategic problem of the logistic activity of the companies is the apparition of some new logistic services or a legislative settlement regarding the restructuring of the logistic system. We must expect that our problems appear suddenly, with little warning or without warning. These must be solved in conformity with the national development strategy; on the contrary the legislative system can become reactive or unable to be managed. When the management of the companies will observe a problem, organizations and institutions must immediately be announced. Normally, it realises a commission which will analyze the problem. There are two reasons for which the management of the company, organization or the institution will be a part of this team. The main reason is the fact that it can judge best the significant and impact of the problem, and the second, its implication means putting into practice the action and not only its recommendation. This thing is essential when that problem requires urgent actions from the management of the company, organization or institution. To take the correct decision of management of the company, the organization or institution must evaluate the potential impact of the problem depending on the emergency of its settlements, will be established priority problems to which will be given correspondent resources. For example, "in customs system, the implementation of the customs statement, in detail, through informatics systems". This way, resources will not be spent and essential problems receive attention that they deserve.

We consider that indispensable elements for successfully administration of the problems in logistic system of the company can be resumed this way: an internal logistic system which might promptly react to pressure and complexity of the problems that appear; use by actions of resources that the company has, organization and institution from one field or another. Advantages of management of problems that appear in international logistic system of the company, as results from practice are double: the logistic system of the companies can not be the victim of environment exchange, administrating the impact of these changes are very necessary; employed personnel from all levels are a component element of response, not being allowed to feel, as well as the company are defenceless.

As part of the process of strategic organization, exploitation and administration of the products of the logistic system of the company are action modalities for these, which tend to be progressive and efficient, especially if Romanian companies act in U.E. and implicitly in Unique Common Market. Logistic system of the company, organization and institutions, once with the increase of the role of logistic manager is recognised by companies that are strategic oriented, as a key component in response given to challenges that generated turbid periods. Managers of the logistics department (system) must adopt a correct strategic approach if they want to be prepared for challenges that appeared for companies, once with integration in U.E. and effective participation at Unique Market.

The global economic environment and the organization of the international logistic activity of the companies

The concept of business environment in general was rapidly replaced with the global business environment, which justifies the contradictory evolution at the level of the international relations. For many, this concept represents naturally an inexorable evolution to "a world without boundaries", meaning a new challenge to the regionalization process written in new coordinates. In other people's opinion, this concept is used inappropriately exaggerating the negative influences of this phenomenon. Invoking the global business environment generates fear

and resistance. This concept is a reality that fits to a world in a continuous transformation, in the context of a fierce global competition, which imposes serious mutations with regard to the logistic reorganization, precisely its integration in the activities of the export-import companies, as well as connected to these. This issue led to debates between those who characterize the world as "walking on the road of globalization" an those who see it as "remaining internationalized". The essence of this dispute is alternates between those who are witnesses at the appearance of some authoritative alternative structures, especially with regard to the economic environment of corporations who successfully compete the state owned ones in determining the global direction (supporters of globalization) and those who still see the state as main actor in the new liberal international economic order (regionalists or followers of the regionalism). In this context of debates we consider to be more appropriate the state and non state authority as existing simultaneously in an interactive and dynamic way. Companies, the civil society the international governmental and non-governmental organization do not act independently of the state nor do they always submit to it. Similarly, the state is not indifferent to the activities that undermine its authority and tries to diminish their impact. Scientifically we should look at the development of the "globalization" concept and at the global economic environment from a bi-dimensional perspective of its causes and effects together with a wording from a multilateral perspective of the connection between the way the concept is defined by the global economic environment and the practices for accomplishing it.

The works consecrated to the economic aria "start from the observation of increasing the degree of interdependence between the world states (derived from the statistical data that are referring to the value of the trade exchanges or the ones referring to the direct foreign investments), there are notable differences between the definitions proposed by these ones." Thus, some authors are talking about an era of competition in an global economic environment developed on a global market; others accentuates the part of capital flow liberalization, considering globalization as a new internationalization stage of this one; then it is mentioned a new geopolitics era, a result of the neo-liberalism triumph, through which it reaches at the externalization of the national politics to a global scale or a new form of economic development in which there appeared new major changes in the behaviour of the main institutional actors: the state, transnational firms, the nongovernmental organizations; finally, other authors observe the habitants of the planet making a common cause around some problems of global interest, a result of industrialization (the pollution, the considerable diminution of the Terra supplies).

There is also an opinion according to which economic global environment is the result of the simultaneous manifestation of more contemporaneous tendencies. Gordon Laxer, for example, understands by the economic global environment, the internationalization of the output, the harmonization of the consumers tastes and standards, an increased o mobility of capital, liberalization, deregulation, the new informational technologies and the tendency of developing a new world culture and erosion of the power of the nation state, namely an economic environment which "takes into account the raxiology aspects because it includes the group of relations and factors of internal and external nature to the firms that accomplish the variety of the international transactions". Another author, James Mittelman, describes globalization, and within it, economic global environment as "phenomenon characterized by: spatial reorganization of output, interpenetration of industries at world scale, diversification of the financial markets, the appearance of the identical consumption goods, conflicts between emigrants and national communities and a recognition at world level of the democracy".

To this diverse approach on the globalization and the global economic environment a technological issue I added i.e. the difference between mondialization (concept adopted by French specialists) and globalization (term circulated especially in the Anglo-Saxon literature); in the conception of the economic Francophone literature, the mondialization and the economic international environment have a larger sphere than globalization, the latter being connected to certain segments of the economic life: globalization of the trade, globalization of the companies' activities, financial globalization. In other words, globalization and the international economic environment are seen as a stage within mondialization where the main actor is the company with all its issues of logistics.

The plurality of acceptations that term has, determined a noticeable change in integrated logistics of the company, starting with '70 and will be superposed on passage to post-modernism and post-industrialism, in conditions in which production system and that of fordist logistics based on automation and scale economies, started to lose viability. It was not realised directly, but is the fruit of the mutations through which companies started to suffer once with passage at industrial era (which realized the first type of homogenization as part of some economies and societies that are structurally different through the aid of technological discoveries; the concept of global economic environment is connected to them, business logistics remaining a phenomena characteristic to the second half of the XXth century whose main trends are:

- increase if the degree of economic liberalization;
- opening economies and national companies oriented towards external commerce of the degree of interaction between them, in conditions of revolution registered in international transportations;
- unprecedented development of the informatics technologies and of telecommunications, which designated on other, coordinates the activity of national, multinational companies;
- transborders movement of capitals, leading to retrenchment of relative distances and to interconnections increase.

Without doubt, multinational companies have an important role in acceleration of commercial transactions; on the basis of liberalization of international economic life and globalization of financial markets, these corporations have intensified the investment activity, contributing to mobility and increase of capitals. Extension of the logistic activities of the multinational companies lead, in conditions of increasing interdependencies and the degree of integration of external markets, to modification of their strategies; the need of coordination and integration on global scale, acting in conformity with principles that are different from the ones realized before '80 strategic alliances, subcontracting organization of the network activities).

Global economic environment can be, so, considered, from a historical perspective that stage of the process of enlargement of the dimensions of the space of economic activities, which has ass effect, maybe, in paradox manner, not only the multiplication of markets or formation of global unique markets but also the development and perfection of the logistic system of the companies. Due to these tendencies, world economy has become structurally interdependent, integrated, so that it can be named global economy in which companies are concentrated on activities of international logistics which have an increased importance, so that neglecting them has as result not only increased costs, but also non-competition problems, that might lead to more reduced market quota, expensive suppliers and smaller incomes .

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ASPECTS OF THE IMPACT OF POPULATION AGEING ON HOSPITALS

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The demographic ageing is present in the great majority of the European countries and has substantial consequences for both the economic and social life. The demographic changes force the hospital management to elaborate new medical care concepts adapted to the needs of the older patients. Hospital processes, organizational structure and personnel qualifications are only some of the aspects that have to be revisited and adjusted to the specific problems and needs of this target group – the seniors. The establishment of low-care wards can be a successful solution to starting the organizational implementation of the age appropriate measures meeting the medical and nursing care needs of the older patients.

Key words: demographic impact, medicine for the elderly, low-care wards.

1. Demographic trends in countries of the European Union

The population of Europe has undergone major changes in the last centuries. During more than two centuries, the life expectancy at birth has increased substantially, the health status has improved considerably and mortality rates have diminished, accounting at present for very low values. If at the beginning of the 20th century the life expectancy at birth accounted for approximately 30 years, one can notice the substantial increase in the number of the population aged 80 and over during these last decades. Beside these demographic evolutions, the European societies have been also facing economic, social and cultural changes. During the process of demographic transition, all the European countries have exhibited positive population growth rates. At present, the demographic changes affecting Europe are without precedent: the number of the population of many countries is declining, the percentage of the population at higher ages is increasing, and the low fertility rates are not able to ensure the substitution of generations in time. While the birth rates are very low, the life expectancy at birth and at higher ages continues to increase, amplifying the population ageing by allowing generations to reach very high ages.

The most recent demographic projections of the Statistical Office of the European Communities show that the number of the population of the European Union will decrease in the first half of this century; meanwhile the percentage and number of the population aged 65 and over will increase substantially in the entire European Union (Lanzieri 2006). The analysis of the population data provided by the online population database of the Statistical Office of the European Communities (EUROSTAT 2008) shows that during the last ten years, in fourteen countries of the European Union (in its present composition) the percentage of the population aged 65 and over in the total population exceeded the percentage of the young population aged under 15; meanwhile, it can be noticed a clear ascending trend with regard to the evolution of the number and the percentage of the population at higher ages (65 and over) in the last ten years in the great majority of the countries of the European Union. The results of the demographic projections of the Statistical Office of the European Committees show that only very few countries of the European Union will not encounter for losses in the number and percentage of the young population (under 15) till 2050. With regard to the future evolution of the population aged 65 and over, both the recent and projected evolutions exhibit substantial increases, in both absolute and percentaged figures, of the population at higher ages. Another demographic trend which is going to amplify in the first half of this century in the countries of the European Union is the increase of the population at very high ages, aged 80 and over.

Although the future demographic trends are approximately identical with regard to the changes of the age structure of the population in the countries of the European Union, the amplitude of these demographic changes will differ from country to country, some of these having to face a strong process of population ageing, while others will be only in the first stages of it. In consequence, in some countries the effects and the impact of the demographic ageing will be multiple and will reach unexpected dimensions. The age and the older population will affect all the

social systems and processes of a society; the demographic decline and the population ageing will also have major effects on the economic and social life. The substantial deterioration of the population age structure will determine a more substantial deterioration of the age structure of the hospitalized patients; this effect could be noticed in the last years in Germany. In the future, the health systems of the European countries will be confronted more often with the problems of older patients, generating considerable increases in the health care expenditure. It remains to be seen to which extent the health systems of the European countries will be able to keep up with these changes and ensure the optimal health care for the older patients. Germany will serve as example in the analysis of the consequences of the demographic ageing on hospitals in the following chapters.

2. Aspects of the health care needs and problems of the older patients

The older persons are more often ill and they need more time to recover; they also need often, at least temporary, help and support in order to be able to move and take care of themselves. Considering this and knowing that the ageing process will further affect many European societies, one can assume that the market for medical and health care services will grow with the ageing of the societies. Although people at higher ages are often more capable and powerful as assumed, they need a more intensive health care than the younger people and also geriatric medicine. Although there is no doubt about the demographic changes and their impact on the medicine and health care, the reactions of the players in the health care market to these changes are still of diminished amplitude or even unnoticeable. The medical process and contact with older people already shapes and affects the everyday hospital life and this aspect will gain even more importance in the future as the ageing process is not going to stop in the first half of this century in many European countries, so that hospitals will have to adapt to the changing structure of their patients.

The disproportionately high amplitude of the population ageing and the so-called medicine for the elderly are nowadays routine, everyday life in many hospitals. In some German hospitals such as Klinikum Ingolstadt, patients aged 65 and older account for 56% of the total number of hospitalized patients, while the patients aged 75 and over account for 40%. The consequences for the hospitals are substantial, as older patients have in average longer hospital length-of-stay and need also a larger amount of health care services. Older patients are very often characterized by multimorbidity, a larger numbers of secondary diagnoses that also have to be treated during the hospitalization and that also affect the healing process, thus having direct impact on the hospital length-of-stay (Schwing 2005). Many patients have also functional constraints and need help and support with the activities of daily living, such as eating or washing. The patients coming directly from nursing homes into the hospitals present higher degrees of health care intensity and make high demands on the health care personnel. Not only the medical process has to be adapted according to the specific needs of the older people, but also the bed occupancy policy and strategy and personnel resource planning in hospitals should take into consideration the impact of an increased number of older hospitalized patients. For example, double rooms that should offer more comfort and private space to the patients could become a problem when housing older patients, as the nurses will spend relatively much time with patients requiring high levels of individual care in these hospital rooms without being able to notice what happens meanwhile in the ward. The higher number of secondary diagnoses requires not only a higher, additional effort from the physicians and the nursing personnel, but it also influences the treatment of the disease, for which the patient has been admitted into the hospital. The multimorbidity, the higher number of secondary diagnoses underlines the increasing importance of pharmacology in the case of older patients. There are not few cases in which the need for hospitalization of older people was generated by an inappropriate consumption of pharmaceuticals or due to adverse effects of pharmaceuticals. The pharmaceuticals anamnesis is also more complicated in the case of older patients; the increased number of pharmaceuticals the older people often have to take can also limit the spectrum of additional pharmaceuticals needed in order for them to recover during the hospital stay.

The ageing process changes also the disease spectrum: the international practice shows that some of the health problems of the older patients are for example cardiac insufficiency, coronary heart diseases, dementia, collapse and mobility problems, malnutrition, hearing limitations, arthrosis, chronic airway diseases, cerebrovascular diseases, hypertension, diabetes, depressions, arthritis and, chronic bronchitis (Walter / Schneider / Bisson 2006, pp. 539.; Kruse et. al 2002, pp.14). The statistic figures for 2004 for Germany show with regard to the health expenditures for prevention, medical care, rehabilitation and nursing services that four medical disease categories accounted for approximately 52% of the total costs in 2004: cardiovascular diseases, diseases of the alimentary system, diseases of the muscular and skeletal diseases and psychical and behavioural disorders. The analysis shows also that the per capita disease costs increase disproportionately with increasing age: the costs for the patients aged 65 to 84 are 2.2 times higher than the average disease costs and in the case of the patients over 84 5.4

times higher (Statistisches Bundesmat 2006). A German study analyzing the hospital utilization degree till 2010 predicts major diagnosis- and age-related changes. The number of young patients is expected to decrease due to the medical services shifted from the inpatients into the outpatient health care sector. The number of the patients aged 80 and over is predicted to rise at 15%, so that in 2010 approximately 50% of all hospitalized patients would be older than 60. The analysis of the number of hospitalized cases at diagnosis level presents disproportionately high increases for example in the number of the impatient cases of diabetes, chronic diseases of airways and of the respiratory system and of ischemic heart diseases for the population aged 80 and over (Offermanns / Müller 2006). The multimorbidity and the secondary diagnoses also underline the increased need for interdisciplinary medical care and –planning in the cases of older patients.

3. Some consequences of the ageing process on hospitals

While the hospitals perceive the consequences of the ageing society, the health financing system does not consider and integrate them appropriately: the data from Klinikum Ingolstadt points out that the older patients exceed regularly and often considerably the middle length-of-stay given by the DRG-system. This middle given value comprises the medical care costs of a specific disease and how long should a patient benefit in average from inpatient medical care for this specific disease. Very often, hospitals have to cover all the costs above this fixed value and each additional day above the middle length-of-stay at their own expenses. The great majority of the patients with high substantial length-of-stay overshoot are the older ones, especially those at very high ages. In the last years many medical services have been shifted from the inpatient hospital sector into the outpatient medical sector. Especially young patients are receiving a large amount of outpatient medical services. The objective and assumption of decreasing costs due to the reduction of the medical services in the hospitals by thus is and will be shadowed by the impact of the increased number of hospitalized older patients, as the free capacities are being allocated in meeting the rising needs of these patients.

Although the DRGs, the values for the middle length-of-stay and other measures are being regularly reviewed, the adjustment takes place with a temporal delay of about 2 years, so that meanwhile the hospitals have to provide services in advance from a financial point of view; but at the same time they are forced to work efficiently with the planned budget. Under these circumstances, the hospitals must search for solutions to this problem by implementing innovative and efficient medical care models for older patients by influencing positively their hospital length-of-stay. Since long time physicians specialized in the medicine for the elderly, in the geriatric medicine, are present in hospitals and take part at the planning of the inpatient hospitalization from the very beginning; they also play a very important role in the recovery of older patients during their hospital stays. The rehabilitative medicine has also become a part of the every day medical care in hospitals: it is already started at patients with fragile condition that cannot take care of themselves temporarily soon after medical treatment of the main disease.

Some hospitals, such as Klinikum Ingolstadt, are planning the establishment of new hospital wards in accordance to the patients' individual needs for medical, nursing care. These are the so-called low-care wards; these are wards with a new nursing care standard that are to substitute some of the existent "normal-care wards". The low-carewards are considered as an additional nursing care level beside the intensive-care and intermediate-care wards with highest degrees of medical safety and the normal-care wards with high degrees of medical care. Although in the literature and in many examples of hospital practice, the concept of low-care has the meaning of lower levels and diminished intensity of nursing care, low-care means in the concept of Klinikum Ingolstadt a changed nursing care: the patients that are occupying low-care beds in these wards will not need high-tech medicine in the background; much more the focus lies in the additional medical and nursing care services that can be provided to these patients for example in order to help and support them at their rehabilitation already during the hospitalization period. Rooms for group therapy or shared eating premises can make for better conditions and pleasant atmosphere in these wards especially for those patients that have the highest length-of-stay in the hospital. The calculation data showed for Klinikum Ingolstadt the need for eight low-care wards, accounting for more than 200 low-care hospital beds. The restructuring of the normal-care wards and their conversion into low-care wards also create larger premises for the older patients that have to stay longer in the hospital. Thus the medical personnel can work better with these patients at their recovery and rehabilitation. Such concepts have to be elaborated and implemented very quickly, as the topics of the demographic evolution, its impact and of the socalled medicine for the elderly are more than ever present in the everyday hospital life.

The ageing societies generate not only problems and challenges, but also chances of great importance for the society. Many industries have so far understood the substantial opportunities of the demographic evolution and have adjusted or created offers for this growing customer target group, which has also a substantial purchasing

power – the seniors. One can find a great number of examples in the travel industry, pharmaceutical industry, insurance sector, advertising industry etc. More and more printed and TV ads have seniors acting in the main roles. Grandparents have always played an important role for families and for the society due to their voluntary engagement. The medicine, like other industries, is discovering the older patients and will adapt increasingly to their specific needs and problems. Hospitals that will not consider the impact of the population ageing will very probably not be able to survive in the market.

Other aspects the hospitals will have to take into consideration when elaborating and implementing medical, integrated care concepts for the older patients refer also to:

- the internal organization of the medical specialty departments in order to ensure the necessary degree of interdisciplinary medical care for the older patients;
- the appropriate structure and qualifications of the medical personnel involved in the medical care of the older patients;
- the necessity of changing and adapting the hospital admittance and discharge structures and
 processes in order to guarantee an optimal inpatient medical care and prepare the eventual
 appropriate aftercare or living arrangements on time for the older patients; the admittance and
 discharge of older patients from emergency centers are also important issues that must not be
 neglected;
- the data exchange with the cooperation partners in order to be able to access the necessary information about the older patients at any moment of time;
- the appropriate infrastructure and the building / design elements, food and beverages meeting the needs of the older patients;
- the role and the need for early rehabilitation and acute geriatric medicine services;
- establishing age appropriate structures, processes and standards;
- the opportunities for cooperation with nursing homes, networks of physicians in private practice, institutions for rehabilitation and geriatric medicine, social institutions and community networks in order to guarantee high quality health care for the older patients.

For hospitals, the success will depend on their ability to identify the demographic-related changes and problems and on the punctual, appropriate adjustment of the hospital processes, organizational medical structure and spectrum of the provided medical care services in accordance to the identified needs.

4. Conclusions

The demographic data shows similar trends in all the countries of the European Union with regard to the process of demographic ageing, which is also amplified by the increasing life expectancy both at birth and at higher ages. The ageing process cannot be stopped in many countries in the first half of this century. The number and the percentage of the population at higher ages will therefore increase continuously in the next decades. Not only the population age structure will suffer substantial changes, but also the age structure of the hospitalized patients: the hospital sector will be more and more confronted with the needs and problems of the older people. In the same manner as many other industries have recognized the problems of ageing societies and searched for solutions to meet the needs of this target group in order to maintain and improve their profitability, the hospital sector has to consider the multiple consequences deriving from the increasing number of older hospitalized patients. Their specific needs will affect all the present major hospital organizational structures and medical processes. The hospitals open to change that will come up with innovative, age appropriate concepts to ensure the quality and the continuity of the health care for the older patients beyond the limitations of the health sectors will be the ones that have understood the consequences of the demographic changes and have also identified and benefited from the chances of an ageing society.

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CORPORATE GOVERNANCE IN CENTRAL AND EASTERN EUROPE: CONVERGENCE TO EUROPEAN CORPORATE GOVERNANCE?

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Countries appear to differ considerably in the basic orientations of their corporate governance structures. In advanced market economies, one observes significant diversity in the ways that alternative corporate governance systems confront the basic problem of corporate governance. The scope of this paper is to analyze the case of Central and Eastern European countries corporate governance system in the spot of today's changes — European integration and globalization. We proposed some possible propositions regarding convergence to European model.

Keywords: corporate governance, convergence, Central and Eastern Europe

1. Introduction

Corporate governance has attracted a great deal of attention since the mid eighties all over the world. The initial impetus was given by Anglo-American codes of good corporate governance, like the Cadbury Code (1992) in UK and the Principles and Recommendations of the American Law Institute (1984) and the Treadway Commission (1987) in the USA. These developments stimulated other countries to look into the necessity of establishing and adapted version of these codes for their own companies. Supra-national authorities like OECD and the World Bank did not remain passive and developed a proper set of standard principles and recommendations. Institutional investors as well as the accounting profession stimulated these recommendations while the controlling authorities at the stock exchanges were instrumental in enforcing these rules for listed companies.

Countries appear to differ considerably in the basic orientations of their corporate governance structures, but in business and in academic circles has started a discussion analyzing whether global financing will lead to one single corporate governance model, and if so, what model will be the reference base. While there are numerous supporters of a global convergence in corporate governance models, a number of opposing opinions continue to flourish. Moreover, the debate is no longer the privilege of some corporate convergence experts as several recent evolutions have enlarged the importance of the issue.

In this paper, we intend to analyze the case of Central and Eastern European countries corporate governance system in the spot of today's changes – European integration and globalization. Which is the trend of these countries? What systems of corporate governance are they adopting?

First of all we have to see if there is a convergence in Europe itself, having in mind the diversity of system laws, development and cultures of European countries. For this reason, the paper proceeds as follows: section 2 presents the European corporate governance; section 3 presents the case of Central and Eastern Europe; section 4 presents some possible propositions and section 5 concludes.

2. European corporate governance

The corporate governance systems in Europe differ markedly. Economists tend to use stylized models and distinguish between the Anglo-American, the German and the Latinist model. In this view, for instance, the Austrian, Dutch, German, and Swiss systems are said to be variations of one model. For lawyers the picture is of course, much more detailed as particular rules may vary even where common principles prevail.

The question "which corporate governance model will reign" is especially relevant for Europe. Despite increasing unification effort, Europe is the territory with the largest diversity in corporate governance models in the world. Whether Europe will opt for a full European convergence of corporate governance models or whether divergence will persist is a matter of great debate. Moreover, Europe is still figuring out to what extent there is a true European model to be developed. Actually, this discussion transcends the

mere confrontation between a governance model such as the Rhineland or Alpine model and the Anglo-American system. The issues have not only to do with setting a standard, but also with the degree of harmonization and the way monitoring is to be implemented.

Until the 1970s corporate laws in Europe and the rules relating to corporate governance were the result of individual and separate national developments, corporate law being shaped individually and separately. Each of these systems showed and still shows specific features reflecting institutional differences, national political decision-making and cultural diversity. In principle though, corporate laws and corporate governance systems were developed independently.

Things have changed however. The organs of the EU have the power to harmonize the corporate laws of the member states as far as is necessary to achieve the aims of the Union. The EU has issued several binding directives in this respect and initiated further proposals. European corporate governance systems do not and probably will not converge as a consequence of centralized rule-setting or of competition between national legislators. Convergence or, to be more precise, an approach at least by the German corporate governance system to a more market-oriented, Anglo-American type model, can be observed. But this process is, for the most part, a reaction of the traditional national rule-setting system, based on infra-state discussion and lobbying by various political and interests groups – to internationalization, the globalization of markets and technological change.

Continental stock markets have been thin and illiquid. For some political theorist, this was actually a virtue of European corporate governance because it protected corporate management from the tyranny of a fickle stock market, preoccupied only with the short term, and instead permitted long term business planning by corporations in conjunctions with their principal banks. Now, the US is no longer the ultimate example of market-oriented country. Although the absolute size of the stock market is the highest in US, in relative terms (total market capitalization in comparison to GDP) the US only ranked first until the mid 1980s. During the last decade, the UK and especially Switzerland played the leading role. In the 1990s a number of projects were launched which significantly changed the existing stock market landscape in Europe. In several countries new stock exchanges were created particularly for small growth companies. Although companies across Europe increasingly rely on external finance as a common trend, national stock exchanges initiatives still differ from each other within the European Union. However, some important consolidations of stock markets appeared, important mergers taking place²⁰⁹. One consequence of the integration of European currencies into the euro has been the growth of a unified European corporate bond market which ended the dependence of European acquirers on bank financing.

3. Corporate Governance in Central and Eastern Europe (CEE)

The countries in Central and Eastern Europe begun their transition from different points and then pursued remarkable different policies. Their economies also followed different trajectories of economic and financial development, sometimes with repeated financial crises. Yet, today their economic systems are rapidly converging, combining features of Continental Europe capitalism with large controlling shareholders and elements of entrepreneurial or founder capitalism most associated with the United States. Essentially, this is the pattern of emerging capitalism around the world, and the core corporate governance challenge is the same: how to balance the incentive of controlling owners to exercise governance against the protection of minority investors.

An unintended outcome of transition is the emergence of new forms of governance. All countries in the region have transferred ownership to private individuals and entities, yet the transfer of ownership alone does not suffice to create appropriate incentives for managers. Managers may use their insider position to serve their own personal interests rather than those of the corporation. Hence, a system of corporate governance is required.

²⁰⁹ Euronext was formed on September 22, 2000 in a merger of the Amsterdam Stock Exchange, Brussels Stock Exchange, and Paris Bourse, in order to take advantage of the harmonization of the European Union financial markets. In December 2001 Euronext acquired the shares of the London International Financial Futures and Options Exchange (LIFFE), which continues to operate under its own governance. Beginning in early 2003, all derivatives products traded on its affiliated exchanges trade on LIFFECONNECT, LIFFE's electronic trading platform. In 2002 the group merged with the Portuguese stock exchange Bolsa de Valores de Lisboa e Porto (BVLP), renamed Euronext Lisbon. In 2006, Euronext merged with NYSE Group to form NYSE Euronext, the first global stock exchange.

A massive amount of laws and regulation have been adopted over a short time period. Some countries could rely in part on earlier legal traditions and even legal texts, but to a considerable extent the new laws have been imposed from the outside, as part of the EU accession process or copied from the UK or US. Ensuring the implementation and sustained enforcement of these laws is another challenge facing the Central and East European countries.

The pattern of corporate governance that is emerging in transition economies is, at least in the short term, path dependent, reflecting the means used to privatize state-owned enterprises, the law that have been enacted or revived, and the institutions that have emerged to facilitate corporate governance.

	Conserved, and the institutions that have emerged to facilitate corporate governance.				
Corporate governance mechanism	Relative importance in Central and Eastern Europe	Scope for policy intervention			
Large blockholders	Likely to be the most important governance mechanism; leads to concentrated ownership	Strengthen rules protecting minority investors while retaining incentives to hold controlling blocks			
Market for corporate control	Unlikely to be important when ownership is strongly concentrated	Remove some managerial defenses; disclosure of ownership and control; develop banking system			
Proxy fights	Unlikely to be effective when ownership is strongly concentrated	Technology improvements for communicating with and among shareholders; disclosure of ownership and control			
Board activity	Unlikely to be influential when controlling owner can hire and fire board members	Introduce elements of independence of directors; training of directors; disclosure of voting; use cumulative voting			
Executive compensation	Less important when controlling owner can hire and fire and has private benefits	Disclosure of compensation schemes, conflicts of interest rules			
Bank monitoring	Important, but depends on health of banking system and the regulatory environment	Strengthen banking regulation and institutions; develop credit bureaus and other information intermediaries			
Shareholder activism	Potentially important, particularly in large firms with dispersed shareholders	Encourage interaction among shareholders. Strengthen minority protection. Activate institutional investors			
Employee monitoring	Potentially very important, particularly in smaller companies with mobile high - skilled human capital	Disclosure of information to employees; possibly require board representation; assure flexible labor markets			
Litigation	Depends critically on quality of general enforcement environment, but can sometimes work	Facilitate communication among shareholders; encourage class-action suits (safeguards against excessive litigation)			
Media and social control	Potentially important, but depends on competition among and independence of media	Encourage competition in and diverse control of media; active public campaigns can empower public			
Reputation and selfenforcement	Important when general enforcement is weak, but more powerful when environment is stronger	Depend on growth opportunities and scope for rentseeking. Encourage competition in factor markets			
Bilateral private enforcement mechanisms	Important, as they can be more specific, but do not benefit outsiders and can have downsides	Relies on well functioning civil and commercial courts; institution- building in this area helps			
Arbitration, auditors, other multilateral mechanisms	Potentially important, often the origin of public law; but the enforcement problem often remains; audits sometimes abused; watch conflicts of interest	Facilitate the formation of private third party mechanisms (sometimes avoid forming public alternatives); deal with conflicts of interest; ensure competition			

The Corporate Governance Mechanisms in Central and Eastern Europe Source: Berglof (2005)

Some critics raised against the method of corporate governance in transition economies must be tempered by the realization that no system of governance can be optimal. Yet, because the mechanism employed in developed market economies are the same ones being introduced in transition economies, it is important not to judge them against standards of perfection that are attainable neither in practice nor in theory but rather to judge them against the standards of performance that can be derived from the observation of Western practice.

Effective corporate governance is particularly important during times of crisis when major corporate restructuring is to be initiated and implemented, as in the early years of transition. The management has to decide upon a strategy for the enterprise in the market environment, including major changes in product mix and organizational structures.

A number of recent papers have studied differences in firm-level corporate governance mechanisms (Shleifer and Vishny (1997), Maher and Andersson (2000) for comprehensive surveys). Klapper, Laeven, Love (2005) suggest that the decision to adopt corporate governance provisions is influenced by large, minority shareholders in their battle for representation on the board and in managerial decisions. They also find that foreign owners do not behave differently from domestic owners with a controlling stake. They do not find any significant effect of foreign ownership on the adoption of these provisions, regardless of whether the foreign owners come form countries with or without these provisions in their "home country" legal codes. This suggests that foreigners are not likely to export better corporate governance standards to their host countries. The problems of governance in the transition economies vary with the ownership. The privatization processes led to a variety of ownership patterns within each country of the region (Earle and Estrin (1997)). The protection of minority shareholders is becoming an increasingly important issue in Eastern European countries, since as these countries transition to market economies, firm-level ownership and control remain very concentrated. As a result, the main agency conflicts arise between controlling shareholders and minority shareholders rather than between shareholders and managers, as is the case in most western countries (Berglof and Pajuste (2003)).

4. Convergence to European model - some possible propositions

Convergence in corporate governance may occur when shareholders based in countries with good corporate governance standards impose good corporate governance on the companies they control. On the other hand, the foreign corporate governance standards must be inefficient for or incompatible with the business environment of that developing country. To make progress on this issue empirically there is a need to identify the origin of top shareholders of firms in developing countries. Based on this statement, for Central and Eastern Europe, we can propose the next proposition.

Proposition 1: At least in the short run, the foreign shareholders will follows the rules of the host country (from Central and Eastern Europe). Their influence will not be significant.

It is important to see whether each company's securities are traded in the European market. A common reason for listing in the foreign developed market is to expand the shareholder base by making it easier for investors to buy shares. The business press has cited numerous examples of companies listing in the U.S./Europe to find additional capital to fund their growth. The academic literature has also pointed to this motivation. The Central and East European companies that are listed on developed markets are subject to reporting, disclosure, and corporate governance requirements mandated by those markets regulations. These are examples of capital market pressure.

Proposition 2: The Central and East European companies that are listed on the European market will adopt faster and deeply the European model of corporate governance.

A great role in the adoption of European model of corporate governance will have the CEOs and other level managers with European nationalities. Although we do not know the percentage of all employees that are foreign, we can estimate this figure for senior management and directors, as it is this class of employees which should have the strongest relationship with corporate governance.

Proposition 3: The Central and East European companies that are managed by managers with European nationalities will adopt faster and deeply the European model of corporate governance.

For testing the convergence to European model we can take into account and the industry factor. We can measure the extent to which industries are exposed to European competition and examine whether these are correlated with the governance scores of firms in those industries.

Proposition 4: Those industries which are more subject to pressures from European capital, product, and labor markets show greater convergence to European model.

5. Conclusions

The transition economies have developed corporate governance systems that differ from those in mature market economies, even taking into account the variation between for instance the US and Continental Europe. The emerging diversity of governance mechanisms and competition patterns is likely to be a continuing feature of the region for years to come.

The unusual circumstances of economic transition led to unusual patterns of ownership, and thus unusual governance structures. These governance systems may not be conducive to radical change due to complex coordination challenges, as too many stakeholders may inhibit change. However, the convergence to West European or Anglo-Saxon systems of governance is slow. The identity of multiple stakeholders may change, but stakeholder influence will be around for quite some time.

The conclusion goes beyond corporate governance and corporate and capital market law. The traditional idea that each sovereign state is free to choose which law should reign in the land is no longer true in a world of international competition and of globalization. As far as we can see, the market forces will have their way across borders and legal systems. It remains a task for transnational political and legal cooperation to see that the necessary rule of law is not lost. Globalization may have induced the adoption of some common corporate governance standards but that there is little evidence in the literature that these standards have been implemented.

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EXCELLENCY OR CHAOTIC GLOBALIZATION IN TOURISM?

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Abstract: The globalization, new destinations' proliferation and new technologies have changed the competitive environment of the European countries. In the present, the most powerful tool in tourism's promotion is represented by the image of a country or region or touristic product. If we focus our attention on the international dimension, the strategies of defining an image or touristic promotion are: to create a new touristic image, re-position a traditional touristic destination, create a degree of awareness in a competitive environment, create brands (a brand for a region/state).

Key words: tourism, globalisation, strategy

In the case of the well-known destinations, the touristic promotion is planned and financed by the collaboration and partnership between the public and private sector. This thing brings for sure, before all, more resources to promotion, resources which can be assigned thanks to a long term strategy, and marketing and communication perspective where the objectives and targets are very well defined. The public-private partnership within the touristic promotion is an important issue due to the small size of the great majority of tourism organisations and they have the tendency to settle shorter periods of time and take individual decisions while the objective should be that of perceiving the tourism on the whole. This is an important point of the involvement into promotion activities and in strengthening the collaboration among different parties so that to be assured the participation of all the parties of this process.

In 2007 it was recorded a number of 760 millions of tourists. In the next 15 years there is expected to be registered 1 milliard and 760 millions. Generating considerable public incomes, the tourism is one of the most important sectors and the one with the fastest development of the national economy. If there does not exist a strategy to develop the implementation of a SUSTAINABLE tourism, a quality tourism based on a lasting development including a selective and planned construction of the accommodation places and the reconstruction of the existing ones, the gradual development of a supplementary offer (culture, business, welfare, amusement, recreation etc.), development of the family, organizational and business tourism, aiming all the potentials of the entire territory, then there will not be recorded successful results. The touristic sector itself must adopt a proactive attitude. Yet, the tourism is a special product. The arguments are:

- 1) Tourism really is one of the economic activities with the most significant potential to generate growth and work places in the EU. In a limited sense²¹⁰, the tourism presenting contributes with approximately 4% to the EU GIP (Gross Intern Product), varying between 2% in a line of new member states and 12% in Malta. The indirect contribution of tourism to the GIP is bigger, indirectly generation more than 10% from the EU GIP and insuring approximately 12% of the work places.
- 2) **Tourism has a special importance concerning the work place offer** destined to the young people, which are twice as numerous in the tourism department than in the rest of the economy²¹¹, in the last years, the increase, of occupying in the tourism department has been much bigger than in the rest of the economy, the tourism significant by contributing to the Lisbon objective of creating more and also better work places.

²¹⁰ the traditional suppliers of travels and tourism services (hotels, restaurants, coffee shops, tourism agencies, renting car, air companies, etc.) which offer directly goods and services to visitors

see "Promoting the full participation of the young people in the field of education, labor and in society" COM (2007) 498 final since 5.9.2007

The importance of tourism in the economy should continue to grow and in the following years there is expected an annual growth of the demand concerning tourism, of over 3% ²¹².

3) Integrating the aspect concerning the **durability** inside their activity, the partier in discussion in the tourism area will protect the competitional advantages which make Europe one of the most attractive touristic destination in the word – will protect its intrinsic diversity, as well as the variety of landscapes and that of the cultures. Likewise, approaching the concerns regarding the durable development in a responsible manner socially speaking²¹³, the tourism industry will be able to offer products and innovating services having efficient value and quality.

"The agenda for a durable and competitive European tourism" recently exhibited in the COM 2006, Communication represents the fulfillment of a commitment on the long term of the European Board²¹⁴, this commitment being supported by the other European institutions²¹⁵. This will find the proper balance between the autonomous development of destinations and the protection of the environment pertaining to these on one hand, and the development of a competitive economic activity, on the other hand, can represent a challenge.

However, the activity of the Group for a durable tourism confirmed the fact that tourism can, more than any other economic activity develop synergies tightly connected with the environment and society. This is possible due to the fact that development of the touristic destination is connected to their natural environment, cultural characteristics, social interaction, security and welfare of the local populations. These characteristics make tourism the main engine of the preservation ant development of destinations – directly by making people sensitive upon these and through the aid for the income and, indirectly, by offering an economic justification for aid supply from other sources.

The global tendencies and priorities change: more than ever, the great challenge for the department of tourism is to be continuously competitive, but also lasting, admitting the fact that, on long run the competition depends on the durability. Especially in the present the weather changes represent a basic aspect which also imposes to the tourism industry to reduce its contribution to the gas emission with greenhouse effect, and to destinations to adapt themselves to the request and types of tourism which they offer.

In the future, the European tourism will focus on the quality of the experience of the tourists – these will realize that the destinations that pay a special attention to the environment, employees and communities count on the Group report for a durable tourism and results of the previous public counsel²¹⁶. The Agenda represents a new contribution in putting into practice the strategy of Lisbon revised for growth and workplaces²¹⁷ and the revised Strategy for lasting development²¹⁸.

In order to establish a proper balance between the welfare of the tourists and needs of the natural and cultural environment, as well as between the development and competition of destinations and enterprises, it is necessary an integrated and global political approach inside which all the interested parts share the same objective.

Objectives to be followed in order to assure sustainability to tourism.

The community background for the development of economic politics, social and environmental based on the Partnership for growth and work places, as well as the Strategy for durable development, represents the proper context for attaining the objective targeting the durability of tourism (European) and challenges that

²¹² The Word Travels and Tourism Council (WTTC). The regional reports of the TSA – The European Union 2007

²¹³ See also "Opportunity and responsibility". The way to support more the small enterprises for these to "integrate the social aspects and environment in their activities", January 2007

²¹⁴ This commitment was present for the time in COM (2001)

²¹⁵ The resolution of the Council in 21.5.2002 concerning the future of the European tourism, the conclusions of the Council concerning the lasting character of the European tourism (8194/05, 19.4.2005), the resolution of the European Parliament concerning new perspectives and challenges of the lasting European tourism (2004/2229 INI).

²¹⁶ See http://ec.europa.eu/enterprise/services/tourism/index_en.htm

²¹⁷ COM(2005) 24 final 2.2.2005

²¹⁸ the EU revised strategy for durable development, as it was adapted by the European Council in 15/16 June 2006

are about to be approached to the objectives of the given "agenda": economic prosperity, equality and social cohesion, protection of natural environment and culture²¹⁹.

These objectives should likewise guide the interested parts inside the European tourism in the actions and politics which influence the impact of the European tourism and in supporting it as an instrument for the durable development in the host countries. In the direction to touch these objectives, a series of challenges must be met²²⁰ that are specific to the department of tourism. These mainly include the preservation and durable administration of the natural and cultural resources, the shortening at minimum of the use of resources and of pollution within the touristic destinations, including waste production, administration of change for the welfare of the community, shortening of the seasonal trail of the demand, study of the impact on the environment which the local transport has implied in tourism, creation of a tourism open to everyone without discrimination and improvement of the quality of the work places from the department of tourism, approaching within the politics of the Board concerned with the migration²²¹ – the problem of hiring some resortisants from third countries whose stay is illegal.

Providing the security and safety of the tourists and local communities from the touristic areas represents another challenge and also an essential condition for the successful development of tourism²²².

These priorities can vary in space and time. The given priority, way of approach, as well as the chances they can offer vary from case to case.

The parties implied must continue to anticipate and monitor the changes. The politics and action must take into account the way the demand and offer will be affected by the environment challenges – for instance weather changes ²²³ and lock of water ²²⁴ – by the technological developments or other contemporary politic, economic and social aspects. Thus, these entire challenges will be updated periodically, in accordance with the parties involved.

The fulfillment of the objectives of the given agenda and the approach in the challenges mentioned previously will require a coherent action which can be supported by proper public politics: the durable administration of destinations, implication of the concerns for durability within the business area and making tourists sensitive concerning the durability.

The sustainable administration of destinations is essential for the development of tourism, especially by planning the efficient use of space and field, as well as through checking the development and decisions to invest in infrastructure and services. Securing the fact that the new development of the tourism is as scale and type, proper to the requirements of the local community and natural environment, the durable administration can strengthen the economic performances and the competitional position of a destination. This requires a background that implies all the parties concerned on local and regional level, as well as an efficient structure that would ease the partnership and efficacious leadership.

A basic requirement for the touristic destination is that of remaining competitive. The actions undertaken in this direction should be considered as a part of the creation process of a character, which represents one of the most important competitive advantages. Consequently, in order to insure their competition, viability and prosperity on long term, the destinations should focus more on the full integrity of concerns targeting the durability within the decisional process and within practices and instruments of administration belonging to these. An important part in this process is the service and the supporting associations of the touristic destinations.

2

²¹⁹ These objectives are detailed in the TSG Report

²²⁰ These essential challenges have been presented in the TSG Report and are related to the 7 challenges identified in the revised Strategy for durable development

²²¹ See also, the suggestion for the direction of sanctions to the employers of resortisants from third countries with illegal stand COM (2007) 249; The evaluation report of the impact SEC(2007)603, p.7

²²² The member states could profit from the identification and sharing of good practices concerning, the protection of certain sites and of the amplitude of the events through the European program for the protection of the critic infrastructure that would allow an adequate coordination of the relevant actions

²²³ See also "The Green Book" Adapting to the weather change in Europe – the possibilities for action of the EU"

²²⁴ See also "Solving the problem of water shortage and that of the draught in the EU" COM (2007) 414 final since 18.7.2007

Ultimately, in order to record a visible process, the request coming from the market, leisure activities, and touristic destinations should send stranger and more coherent signals.

Making tourists sensitive is necessary in order to develop and strengthen the ability to make choices in the favor of the durable development. The rendering sensitive concerning durability and ethics can facilitate the emergence of some individual attitudes and practices that make the tourists responsible. The increasing understanding of the consumers concerning durability could influence the enterprises to show some interest in this direction and to act accordingly.

Principles to be followed for the achievement of a competitive and durable tourism

In order to attain the objective of a competitive and durable tourism, the Board invites all actors to respect the following principles²²⁵:

- A global and integrate approach in the planning and development of tourism, the sum of the resulting impacts of this should be taken into account. In the same way, tourism must be balanced and integrated within the activities that have an impact on the society and environment.
- Long term planning the sustainable development refers to the protection of the needs of the future and present generations. Long term planning requires the ability to sustain actions in time
- **Finding the proper rate for development** the level, rate and should reflect and respect the character, resources and needs of the host communities and of destinations.
- The involvement of all parties concerned A durable approach requires an ample and engaged participation into the process of taking decisions and putting into practice coming from all parties concerned with the results.
- The use of the best available knowledge The politics and actions should be drawn up on the basis of the best and most recent available knowledge. Throughout Europe, the in formations targeting the tendencies and effects of tourism should be shared, as well as the competences and experiences.
- The decrease and administration of risks (the principle of caution) In the case where there are doubts concerning the results, there should be a complete evaluation and measure for prevention in order to avoid the occurrence of harmful effects on the environment or society.
- The consequence of effects on the costs (the use as well as the polluter pay) The princes should reflect the real costs for the society generated by the exhaust activities and the production. This measure doesn't take into account only the pollution, but also the use of equipment that generates significant costs for the administration.
- Establishing and respecting the limits, as needed The maximum capacity of certain sitter and regions should be acknowledged and where the case is, there should be the will and ability to limit the development of tourism and also the number of tourists.
- Accomplishing a continuous supervising Durability supposes the understanding of the
 effects and vigilance concerning these, in order to bring the necessary improvements and
 change.

More concerned parties have already admitted the importance of durability and make efforts to improve their performance. Despite these efforts, a continuous progress is necessary. In order to obtain more significant results, the existing initiatives as well as the future ones should work together more visibly and in unity.

This presumes the strengthening of this kind of voluntary and continuous process. This should be encouraged by all involved parties in the field of the European tourism: the different levels of administration-local authorities, administration of destinations, regions, member states – as well as the

20

A report of the Group for a durable tourism – "Action for more sustainable European Tourism", February 2007, pp.3-4

European Board, enterprises, tourists and any other organism can stimulate, support and influence the tourism.

The field of tourism implies a multitude of concerned parties from the private and public department whose qualifications are decentralized.

Consequently, the tourism and its direct beneficiary: the touristic destination must bring together its efforts towards being sustainable and competitive, in order to obtain the attribute of Excellency.

We mention, accordingly, the initiative of the European Board: the pilot project, co-financed by the European Board – Excellency for the European Destinations – promoted by the Ministry of Small and Middle Enterprises, Trade, Tourism and liberal professions in Romania, having the period: December 2007 – June 2008.

In this competition, our country, through the Association for the Mehedinti tourism Promotion – APTMM, promotes an excellency triangle whose visiting card is well –known: Drobeta – Clisura Dunarii – Ponoare.

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CERTAIN CONSIDERATIONS REGARDING THE METHODOLOGY OF INVESTIGATION OF THE TAX EVASION CRIMINAL OFFENCES

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In all its ways of committing, tax evasion consists either in an action or a non-action of the doer, in the sense that the person in question did not fulfil the task he/she was compelled to fulfil. The basic law in this matter is Law no. 241/2005 for the prevention and control of tax evasion.

Specific activities consist in: investigation on the crime scene, questioning the persons involved in the case in different capacities, using technical-scientific findings and criminal or accountancy expertise, etc., identifying all documents of the accountancy field and other types of documents for the purpose of outlining and gathering evidence about the real commercial activity performed by the tax payer that he/she did not highlight in the account books and other documents.

Key words: tax evasion, investigation, law

I. Introductory notions. Tax evasion takes different forms and displays various degrees of intensity and aggressiveness, representing one of the phenomena whose existence has a negative impact on the state consolidated budget and the evolution of which leads directly to a reduction of the income proceeding from the budget as well as to disturbances in the business environment. It manifests itself in all fields of the market economy, but this phenomenon is developping especially in the field of dutiable products, of the use of documents with a special regime and also in the field of service providing.

Among the causes and conditions that encourage tax evasion we may mention: uncertainties (weak points) of the legislation that accompanied economic changes; uncontrolled economic division, appearance of small industrial units with a temporary, speculative activity; the somewhat permissive attitude of the authorities and of the population towards the violation of regulations, a certain reticence to discipline; little knowledge, no knowledge or ignorance of tax legislation and of the obligations that result from its enforcement; wrong interpretation and enforcement of the tax legislation.

In all its ways of committing, tax evasion consists either in an action of the doer, or in his/her non-action, in the sense that the person in question did not perform the action he was compelled to perform.

In legal practice the most common ways of operating are:

- the unrightful circulation of documents with a special regime: tax bills, notifications that accompany goods, receipts;
- merchandising alcoholic drinks while using for the purpose of tax marking unlawfully possessed or forged bands/strips.
- justifying the origin of the goods during the transportation by using tax documents that were not issued by real suppliers.
- the reduction of the tax base or the claim for value added tax repayment by including in the bookkeeping unreal expenses on the basis of documents issued on behalf of bogus firms.
- producing dutiable goods elsewhere than inside authorized tax warehouses.
- setting up trading companies that have as associates Arab citizens, for the purpose of
 outsourcing towards them debts to the state budget, debts that will never be acquitted.
- conveyance of trading companies with debts to the state budget to foreign citizens who, once they have taken over the respective company, leave the territory of Romania.
- booking fictitious expenses by making up unreal circuits of documents in the field of service providing (management, marketing, know-how, advisory services, etc.) which

subsequently can no longer be quantified or identified because for that purpose off-shore companies or bogus firms (which do not exist from the point of view of commercial activity) are used.

• outsourcing profits earned by certain economic agents to companies of the small business type, which benefit from lower taxes.

II. Legal framework of deeds in the field of tax evasion. The following actions constitute criminal offences:

- the deed of the taxpayer who, intentionally, does not remake the documents representing financial books that have been destroyed, before the deadline mentioned in the control documents, although he/she had the opportunity of doing it;
- the unjustified refusal of a person to present to the qualified authorities, after having received three subpeonas, the legal documents and goods of his/her patrimony, in order to hinder financial, tax and customs checkings.
- the hindrance, in any way, of the qualified authorities, to enter, under the conditions covered by the law, offices, precincts or lands, for the purpose of performing financial, tax or custom checkings.
- the willful withholding and unpayment, within 30 days at most from the deadline, of the amount of money representing pay-as-you-earn taxes and contributions
- the unlawful circulation of stamps, bands/strips or boilerplates used under a special regime in the tax field.
- the deliberate printing or circulation of forged stamps, bands/strips or boilerplates used in the tax field under a special regime.
- the setting by the tax payer, in bad faith, of taxes, duties and contributions, which results in the unlawful attainment of amounts of money as repayments or restitutions from the consolidated general budget or compensations due to the consolidated general budget.

The following deeds committed for the purpose of avoiding the fulfilment of tax liabilities also constitute criminal offences:

- hiding the good or source that is taxable or dutiable;
- omitting, entirely or partly, the recording, in financial books or other legal documents, of commercial operations performed or of the income attained;
- emphasizing, in financial books or other legal documents, expenses that are not based on real operations or emphasizing other fictitious operations;
- deterioration, destruction or hiding of financial books, of the memory of electronic taxing or marking machines used in the tax field or of other means of stocking data;
- keeping two parallel financial books, by using documents or other means of stocking data;
- eluding the subjection to financial, tax or custom checkings, by non-declaration, fictitious
 declaration or inaccurate declaration with regard to the main or secondary offices of the
 persons that are being checked out;
- the substitution, degradation or embezzlement by the debtor or by third parties of the goods impounded in accordance with the provisions of the Code of tax procedure and the Code of criminal procedure.

III. Activities that must be performed during the stage of investigation and penal action. The main activities that must be performed when investigating criminal offences regarding the regime of taxes and duties owed to the state budget, the state social welfare budget, the local budgets and the special funds budgets are:

The recording of the complaint or notification, and in the case when the body of
criminal investigation initiates an inquiry about the committing of criminal offences
in the field, the minute of the internally generated inquiry will be drawm up, in
accordance with the provisions of the Code of criminal procedure.

- 2. The submission of the whole brief to the prosecution department that monitors the activity of criminal investigation for the purpose of being allocated a single registration number and for the appointment of a prosecutor who should supervise the activity of criminal investigation in question.
- 3. The identification of the tax payer suspected of having committed the criminal offence and, in the case of legal persons, their legal representatives will be taken into account, as well as their representing authorisation. In performing this activity, all efforts must be directed at determining the following data:
- the registered office, residence for tax purposes, secondary offices (work spots, branch offices, affiliate companies, agencies, deposits, warehouses);
- the number of tax registration and tax attribute (value added tax payer R, duty payer A):
- the number of registration at the Register of Commerce Bureau;
- the fulfilment of all conditions imposed by the law for the performance of certain activities specifically regulated, such as tax paying warehouses, companies mediating transferable securities as well as other categories of activities;
- the identification of persons who performed bookkeeping activities.
- 4. Identification of all the persons involved in the case.
- 5. Using professional valuations and technical-scientific findings to clarify certain aspects, such as: alcohol blood value, type of the mineral oil, veracity of the documents presented, etc;
- 6. Identification of all documents of the accountancy field and of other fields for the purpose of outlining and gathering evidence about the real commercial activity performed by the tax payer that he/she did not highlight in the account books and other documents;
- 7. When finalizing preliminary acts, the movable goods and fixed properties belonging to the persons that are being investigated will be identified. The identified goods will be registered in a minute that will be submitted to the prosecutor together with the resolution for beginning the criminal investigation.
- 8. After the confirmation of the fact that the criminal investigation has been initiated, when there are clues that the persons that are being investigated want to alienate the goods they have in their property, impounds will be applied as a safety measure.
- 9. Starting legal proceedings against persons who elude activities of investigation and criminal pursuit.
- 10. Ordering rogatory (international) commissions with a view to asking for the performance of procedural acts and the retrieval of documents and objects liable to clarify aspects of the case.
- 11. In the case of value added tax²²⁶(VAT), certain specific activities will take place. In these situations, the purpose will be to establish the truth with regard to the following aspects:
- whether the operations performed and belonging to the field of application of the VAT have been correctly divided into compulsorily taxable operations and operations of tax exemption with a zerorating;
- b) the situation of all inflows (buying) of products, services, commodities, etc.
- c) the way the products, the services and commodities (outflows) are invoiced by the economic agent.
- the legality of the greatly delayed invoicing of goods delivery and of service providing.

Value added tax is a consumption tax which is included in the sale price of products and services. The basic mechanism by which a taxpayer can elude the payment of the value added tax consists either in the fictitious increase of the deductible VAT, or in the reduction of VAT collected as a result of the underevaluation of the value of outflows of products, commodities and services (through the fictitious reduction of the quantity delivered and/or of the prices that are practised).

- e) the legality of the use of the adequate tax rate;
- f) the correct establishment of the basis of taxation;
- g) the legality of the correct customs value for imported goods;
- h) the legality and accuracy of the data in the settlement of accounts (the accurate transcription of the figures in the journals, the correct establishment of the proportion, the accurate takeover of the balance of the previous month, etc.);
- i) the legality of the deposit of the settlement of accounts in due time, etc.
 - 12. In the case of profit tax, activities must be performed which will result in establishing:
- a) whether all the operations that resulted in earnings by the taxpayer were correctly and completely highlighted both in the basic books and in financial books;
- b) the checking of the way of determining the margin and its comparison to the margin of other merchants from the same field and of about the same economic power;
- c) the checking of the expense accounts by examining their supporting elements in order to identify the accuracy of the calculation of the taxable profit with a view to establishing: (the recording in financial books of expenses that are not related to the income achieved, the supervision of expenses which result from the payment of fines and penalties, the inclusion among costs or expenses of fictitious salary rights, the recording of documents that are not based on real operations, etc.);
- the checking of elements of expenses for which the lawmaker does not admit their deduction from the income:
- e) the legality of the way in which the taxable profit and the profit tax were calculated and emphasized;
- f) the violated legislation, the prejudice caused and, if possible, the guilty persons.
 - 13. In the investigation of criminal offences in the field of *salary tax*, the most important data and pieces of information are obtained by questioning the persons, sometimes even the employees. The tactics of questioning the persons and examining the documents involved in the case has as a goal to establish:
- a) the correct tax base, as it is prescribed by the law;
- b) the way of applying the single tax rate;
- c) the real situation with regard to certain tax subsidies;
- d) the performance of the monthly calculation of the tax (its withholding and payment within the legal deadline to the budget), etc.
 - 14. If the way the tax was paid by dividends is being investigated (naturally, in the case when we have in view people who obtain earnings in the shape of dividends), the following aspects will be taken into account:
- a) whether the taxable profit and the profit tax (the tax that was withheld) have been correctly and legally established:
- b) whether the dividend tax has been correctly calculated in accordance with the legislation in force regarding the net profit appropriated and paid as dividends to shareholders or associates;
- c) whether the maximum legal deadline of payment of the dividend tax has been complied with, possible evasions from paying it;
- d) the legality of the cashing of certain amounts of money by the associates, representing "dividend advance" or simply "advance to be reimbursed" and particularly the committing of criminal offences after the inclusion of the balance sheet for the respective tax year.
 - 15. In practice there are situations when criminal offences in the field of excise duties are investigated. In order to determine the real situation activities will be performed the purpose of which will be to establish the following elements:
- a) whether the economic agent has performed operations (production, import or commercialization) on dutiable products, their legality;
- b) whether the tax base has been correctly established in accordance with the legal standards for every particular operation;

- c) whether the shares/quotations used are those established by the law and whether they have been corretly applied to the tax base;
- d) whether tax facilities prescribed by the law have resulted in benefits, in strict accordance with the law;
- e) whether there have been cases of products established by the law that were returned from the export and turned to account in the country and whether the economic agent has calculated and disbursed the excise duties to the state budget, in accordance with the legal standards established for products delivered from the beginning to the home market.

In the case of committing criminal offences of tax evasion as covered by Law no. 241/2005 for the prevention and control of tax evasion, if during the criminal investigation or during the trial, until the first hearing date, the defendant or the accused makes up entirely for the prejudice he/she caused, the limits of the punishment will be reduced by half. If the prejudice caused and recovered under these circumstances is up to 100,000 Euro in the national currency equivalent, a fine can be applied, and if the prejudice is up to 50,000 Euro, in national currency equivalent, recovered under the circumstances mentioned above, an administrative sanction will be applied, which is registered in the criminal record²²⁷.

It must be mentioned that, in compliance with the provisions of art. 10, alignment 2 of Law 241/2005, the provisions of alignment 1 cannot be applied to the wrongdoer who has committed another criminal offence covered by the law that we have just mentioned, within an interval of 5 years from the committing of the deed for which he has benefited from the provisions of alignment 1.

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 $^{^{227}}$ In compliance with art. 10 alignment 1 of Law no. 241/2005 regarding the prevention and control of tax evasion.

OBSERVATIONS REGARDING THE DISCLOSURE OF THE **ECONOMIC SECRET**

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Although the criminal law is not the primary actor of the economic environment, its presence can be seen through provisions that criminalize certain acts. In the present many speak about the existence of Economic or Business Criminal Law. However it is important that we keep in mind the thought that the criminal law should be both in theory and in practice "ultima ratio". On the other hand, the offence of disclosure of the economic secret is one of the offences from title VII of Romanian Criminal Code. In short, the legislator criminalizes the act of disclosure certain information and data that are not of public nature. Through this paper we try to point out a few thoughts regarding the elements of the offence, by interpreting and analyzing the legal text from The Criminal Code.

Key words: economic offence, economic secret, disclosure, investigation

1. Introduction

The disclosure of the economic secret is one of the offences stipulated by The Romanian Criminal Code in title VIII - Offences related to the rules established for certain economical activities. Many considered that this offence was criminalized during the communist regime, in order for the government to have another method to control the citizens and the economic environment. Probably this was true at that time, but now days the protection of economic data is one of the basics requirement for a fair competition on the market.

The article 298 called "Disclosure of the economic secret" criminalizes the act of disclosure of data or information that are not to be revealed to the public, by the person who knows them because exercising his call of duty, if the act is in such nature to cause damages.

In the second paragraph of the same article the legislator criminalizes the act of disclosure of the economic secret by other person, irrespective the manner in which he became acquainted with the data or the information.

Although the provision emphasized previously are clear, the understanding and the investigation of this offence proves to be difficult. In this line of thoughts, the investigation of economic related offences raises serious problems such as²²⁸:

- The complexity of the criminal acts, as regarding both to the difficulty and the volume of the case
- The need to involve undercover investigators, in order to infiltrate the economic environment with the purpose of obtaining reliable information
- The "lack of enthusiasm" of the companies to cooperate with the judicial authorities, not to reveal other "week points" of the company.

2. Pre-existing condition of the offence

a) Juridical object. The offence of disclosure of the economic secret has as a juridical object the safekeeping of economic data and information that are not to be revealed to the public 229. It is obvious that the data and information we are speaking about, are not secrets protected by national security laws. More appropriate would be to refer them as commercial secrets²³⁰.

²²⁸ E. Stancu, Forensic Science, 4th Edition, "Universul Juridic" Publishing House, Bucharest, 2007, p. 583;

²²⁹ O.Loghin, T.Toader, Criminal Law, special part, Bucharest, 2001, p. 488;

²³⁰ the concept of commercial secret was defined by the legislator through Law no 298 form 2001 that changed the Law no 11 from 1991 regarding the fight against unfair competition (published in Official Monitor no 313 from 2001): "it

- b) Material object. As a rule, this offence does not have any material object. Though, it was rightfully stated that when the secrets disclosed are connected to a written document or an electronic device²³¹, the material object of the offence will be exactly this document of electronic device²³².
- c) The subject of the offence. In the hypothesis of the first paragraph of the article 298, the active subject has to be an member of staff of the offended company, because according to the law, the offence has to be carry out by a person

who becomes aware of the data and the information as a consequence of exercising his obligation in the line of work. If the perpetrator is not an member of staff of the offended company, then the lenient form of the offence, stipulated in the second paragraph, will be applied.

The offence can be performed also in participation, in all its forms. The only thing worth mentioning is that is case of co – author, each co-author has to be a an member of staff of the offended company in the moment of carrying out the offence.

3. The content of the typical form of the offence

From *objective* point of view, this offence has the following characteristics:

- a) The material element is realized through the act of disclosure of data or information. To disclose data or information means to reveal this data or information to persons that are not entitled to know them, or even to reveal them to general public. It has no importance whatsoever the practical method used to make public this data or information. The disclosure can be carried out through verbal communication, mass media, in writing, or even through Internet.
- b) The disclosure has to regard data or information of economic nature that are not to be made public. The regime of economic information and data that are to be legally of public nature is stipulate through fiscal regulations. By example, the information and data contained in the annual financial reports are public; they can be accessed through The Office of Register of Commerce. In other line of thoughts there are data that are not object of publicity regime, such as data related to sales of certain category of products, or related to sales in certain regions.
- c) The perpetrator knew the data and information because of his line of work; he was entitled to know them.
- d) The disclosure has to be of such nature to cause damages. It is not necessary that the damage to be produced, but it is necessary to create the state of risk that the damage might produce itself²³³.

As regarding the result of the criminal act, by interpreting the legal text, we can state that the outcome of the offence has to be a state of risk regarding the damage that might produce to the company by disclosing the economic secret.

The *causality rapport* between the act and its effect is implied by the legal text.

Although the attempt to disclose the economic secret is possible in practice, the law does not criminalize the attempt to disclose economic secrets.

It is our opinion that this circumstance is an unfortunate one. As a rule the risk offences such as the one we are speaking about are incompatible with the attempt. However, in cases when the disclosure of the economic secret has a material object, as seen above, the attempt is possible and it should have been criminalized.

is a commercial secret the information which in whole, or in connection of its elements, is not generally known or is not easily accessible to persons from the environment that usually deals with this kind of information, and which gains a commercial value through the fact that is secret, and the possessor took reasonable measures, according to the circumstances in order to be mentained secret; the protection of the commercial secret operates as long as the conditions mentioned previously are fulfilled.

718

²³¹ In this category we can include: CD, floppy disc, DVD, memory stick, HDD;

²³² O.A.Stoica, Special Criminal Law, Bucharest, 1976, p. 488;

²³³ O.Loghin, T.Toader, op. cit., p. 489;

The *end of criminal act* is considered to be the moment when the data and information have reached the third parties or the public and therefore it is created the risk to cause damage to the company that the secret belonged to.

From *subjective* point of view, the offence is carried out with intention that can be either direct or indirect one.

Concluding, the disclosure of the economic secret is not a very often trialed offence, but giving its nature we can estimate that in the following years we will have more judicial practice on this subject.

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THE YOUTH TRAVEL OFFER AND THE FACILITIES GIVEN TO THE YOUTH WHEN PRACTICING TOURISM ON THE ROMANIAN MARKET

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Abstract: In Romania the strategic objectives in the development of youth travel take into account the following: increasing youth travel by attracting disadvantaged young people, setting up tourist events with an educational purpose, developing the system for youth cards, expanding programs for training and perfecting young people for professions in tourism, involving NGO's in the administration and management of tourist resources, providing tourist information of interest to the youth, etc.

Key words: youth travel, youth travel offer, facilities in youth travel.

1. The youth travel offer on the Romanian market

The existent youth travel offer on the Romanian market is determined by the main travel reasons which the youth has. Thus, some prefer to follow various non-formal education forms (theme camps, summer camps and even academic studies) during their stay, others prefer cultural activities, another category is less active and prefers rest camps, but there are also young people who prefer to participate in sports competitions. There is also a close connection between the traveler's motivations and the activities proposed by a touristy destination. More recreation activities, like "having fun" and "excitement", are tied to many other activities like going to clubs, watching sports competitions and lying on the beach.

At the present time, the offer includes the following categories of tourism products: rest camps, theme camps, cultural and educational exchange programs, various events, trips and touristy circuits, etc.

In our country encouraging youth tourism is done especially through *rest camps* for children, pupils and students. The allotment of the spots in these camps is done through a tight collaboration between the National Youth Authority, the District Schools Inspectorates, the Student Support Agency, schools and universities. The vacation time is the time destined for relaxation and it represents the vacations' fundamental component. All young people need a sufficiently long vacation in order to restore their physical and intellectual condition. Starting from the easiest definition of tourism which describes it as a "recreation form together with other activities and ways to spend free time". We can say vacation time can't be an inactivity period, vacation organizers must offer to the youth through touristy programs adapted to their age and preferences the possibility to discover nature, new places and people, cultural and sportive activities, either at an individual level or at the collectivity level.

The tickets in student camps for the summer and winter periods can be obtained by the students on the basis of their grades in the limits of the spots allotted per university. An important place in the students' preferences is occupied by the sea-side with its famous youth resorts (Costineşti, Vama Veche, 2 Mai), but also by the series of mountain resorts (Predeal, Buşteni, Sinaia, etc).

In the summer vacation, the National Youth Authority organizes a series of *summer schools* (*theme camps*) in which young people can show their creative talent and can learn interesting information about different subjects. Personalities from various interest domains participate at these summer schools: university lecturers, political personalities, established journalists and representatives from the civil society. Besides these projects, the National Youth Authority organizes a series of actions with and for the youth, actions which are meant to get the young generation involved in the social life of the community.

According to their aptitudes and desires, the young people can choose from a large variety of theme camps, from journalism or environment protection to sports camps, where they exchange their experience with foreign students. For the 2007 summer camp, the theme camps supply, put at the disposal of the youth

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 $^{^{234}}$ Minciu, R., $Tourism\ Economy, 3$ th Edition, Uranus Publishing House, Bucharest, 2004

through the National Youth Authority, consisted of 20 types of theme camps, which took place in 61 recreation centers from all over the country with a total capacity of 9.000 spots, at a tariff between 162-485 RON/stay/person (see table).

Type of theme camp	No. of recreation centers	Price/ stay (RON)	Total no. of spots (no. series x no. of spots/series)
Sports camp	10	162-312	1.938
English camp	7	252-462	2.007
Ecology camp	5	267-332	775
Dance camp	5	292-348	674
Touristy orientation camp	4	264-332	456
Literature camp	3	270-282	440
History camp	3	239-352	270
Art camp	6	264-342	847
Journalism camp	2	264-312	84
Speology camp	2	312	180
Mathematics camp	2	252-282	380
Religion camp	2	239-282	94
European Integration camp	2	312-485	220
Management camp	2	362-485	98
Pedagogy camp	1	452	70
Clothes design camp	1	352	120
Education for drug prevention camp	1	264	107
"The skilled nurses" camp	1	282	300
The "Games without frontiers" camp	1	452	70
"Creative and motivational personal development" camp	1	270	200
TOTAL	61		9.330

Theme camps for the 2007 summer vacation

In the youth travel context the *cultural and educational exchange programs* are also included. They take place in Europe and at international level, with numerous countries, including Romania, actively promoting a development of these practicing means of tourism. Various tourism organisms and institutions from our country promote these kinds of programs in order to encourage young people to travel abroad and to get them interested in the patrimony and culture of other countries. In many cases they have the possibility to learn a foreign language or to study abroad. Among the most popular programs for the Romanian youth are: the youth and student mobility European programs – *The 2007-2013 Life Learning Program*, *Youth in Action* and *Erasmus Mundus* which annually offer to 10.000 young people the possibility to travel inside the European Union; academic exchange and employee exchange programs like *SOCRATES* (we include here Erasmus, Grundtving and Lingua), *YOUTH FOR EUROPE* and *LEONARDO DA VINCI* – and cultural exchange programs like "Work and Travel USA", "Internship USA", "Foreign Language Courses in Europe", etc.

Another category of touristy products destined for the youth are the *cultural, musical and sportive events*. The most important event which positively influenced the youth travel activity in our country is *The European Youth Campaign for diversity, human rights and participation "All different, all equal"*. During October 4th – October 7th, 2007 the final event of the 2006/2007 campaign initiated by the European Council and which included 33 member countries, took place in Malmo, Sweden. Romania participated actively in this campaign by organizing different events which included 200 young people. The purpose of the campaign was to encourage and help young people to be a part in the building of a peaceful society based on diversity and inclusion, respect, tolerance and mutual understanding. This campaign was a sequel of the 1995 campaign – *The campaign against racism, anti-Semitism, xenophobia and intolerance*.

Another important *cultural event* for the Romanian youth is the one organized by the National Youth Authority in partnership with the EURO<26 Romania Association and with different providers of cultural and recreational services. This event took place in October 26th, 2007 under the name "*White Night*" in Bucharest and 12 other counties in our country. In Bucharest the program included: free shows to various cultural institutions (The National Opera, the I.L. Caragiale National Theatre, the Odeon Theatre and the Bucharest Comedy Theatre), sportive competitions with prizes at the "Tei" Student Cultural-Sportive Complex and concerts in open air with different bands in the Bucharest Polytechnics University's campus.

In order to promote youth travel on the intern and international market, the development and diversification of the touristy products destined for young tourists must be underlined, by offering and providing other services than the ones considered basic (accommodation and board services), especially recreation-entertainment services. Romania could also develop, after the example of other countries (like France), a network of vacation centers which are considered complementary spaces to the family and the school. These centers receive kids and young people during the vacation and have teams of qualified touristy animators whose mission is to "contribute to the inclusion, education and development of the kids during the vacation period" ²³⁵.

2. Facilities given to the youth when practicing tourism

Practicing high prices and tariffs limits the youth's access to touristy services and is mainly reflected in the diminishing number of tourists, but also in the duration of the stay, in the travel distances, etc.; at the same time, low tariffs stimulate demand, but there are also adverse reactions-for example, very low tariffs or their drastic decrease can generate a lack of trust regarding the services' quality, and as a consequence a reduction in the number of travels.

Cutting back prices and tariffs is very important for most young people and students who travel. Generally, over half of the young people get a discount for their student status:

- up to 30% discount because of their age (till 26 years old);
- up to 25% discount for train and bus tickets;
- up to 17% discount for accommodation.

Of course, there are some discounts for the youth over 26 years old, like discounts for air-plane tickets by using membership cards, and discounts for groups.

Among the facilities for the youth prescribed by the law, the most well-known are in the following fields: transportation-discounts for commutation/travel tickets, subventions for the disadvantaged categories; education; health; work/unemployment-support in finding a work place, qualification/re-qualification free courses, facilities for employers; and family-financial aid at the first marriage, allowances for children, social securities benefits for poor families.

Regarding the perception over the facilities received by young people prescribed by the law or granted by institutions, almost half of the Romanian youth doesn't know about the existence of these facilities in fields like: agriculture, habitation/terrains, tourism, NGOs/voluntary work, business/entrepreneurial, living in the rural environment, culture, work/unemployment, family, etc.

After doing researches among the youth²³⁶, 85% of them declared they have never been given the facilities offered to the youth by the law or by institutions, while only 13.5% said they have benefited from this kind of facilities. Most of the people who said they have never been giving any facilities are probably not aware or informed about these facilities present in the life of the youth (facilities for: transportation, medical assistance, education, etc.). Most young people say they "don't know" or can't answer regarding this aspect, and thus they show a total lack of information, and only a small percentage say they "know" about these facilities.

Besides these facilities offered to the youth for practicing tourism granted by the state, there are other categories of facilities granted by organizations and non-governmental associations which activate in the field of tourism: the Youth Hostel Romania, the EURO<26 Association, etc.

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²³⁵ Stănciulescu, G., Jugănaru, D., *Animation and the animator*, Uranus Publishing House, Bucharest, 2006.

²³⁶ ***The National Youth Authority, *The Youth's Stage 2007*, July 2007.

The young people who acquire the Youth Hostel Romania membership card can spend the night in one of the hostels from a network of approximately 5.000 hostels worldwide, which function under the flag of the Youth Hostel International Federation with headquarters in Washington D.C, at lower tariffs than other categories of tourists, can book on-line touristy services and can pay their counter value through these cards. Individual cards are issued annually and cost approximately 8 Euros, and the group cards which are available for an unlimited number of people are issued for a two months period at the price of 20 Euros, or 35 Euros for a year.

The most well-known three types of discount cards used in youth travel at national and international level are issued by the Euro<26 Association, and are the following: **I.S.I.C.** - International Student Identity Card is the only internationally acknowledged card which proves the student status; **I.Y.T.C.** - International Youth Travel Card or **The Card** is addressed to young people with ages below 26 years old and is supported by the European Council as an "instrument which encourages youth mobility in Europe" by offering discounts, facilities and information in 38 countries for 4.000.000 young people; and **I.T.I.C.** - International Teacher Identity Card – the card for professors.

On the basis of these international ids acknowledged by U.N.E.S.C.O. and the European Union, students, professors and young people under 26 years old can benefit from almost 38.000 discounts to museums, theatres, medical and sportive centers, shops, clubs, in over 10.000 locations in Romania and worldwide²³⁷. In Romania, there are four types of Euro26 cards:

1. The Classic Card – this card is available for any young men / women under 26 years old who wishes to become an associate member in the European program for youth cards. The card includes a travel medical insurance, which is compulsory when exiting the country, offered by ASITRANS and is valid for one year, regardless of the number of exits. The Euro<26 logo ensures the acknowledgement of the card at European level and the granting of discounts and facilities in the 42 countries which are members of the European Youth Card Association (E.Y.C.A.), regardless of the owner's country of origin. This mutuality in granting discounts and acknowledging the card is stipulated in special documents of the European Council which control the program at European level.

The Euro<26 Student Card – is an European document which acknowledges the student status at international level and is accepted as an ID CARD by 30 universities in the country and the number is growing. Its recognition as an id card for students is done through an acknowledgement and implementation protocol which is signed by the rector of the university. It is the only EUROPEAN STUDENT ID CARD recognized by the European Council and supported by the European Commission, and the presence of the Euro<26 logo ensures its acknowledgement at European level and the granting of discounts and facilities in the 42 countries of the E.Y.C.A.

2. The BT Euro<26 Card — is the first bank card co-branded by Euro<26 in Romania and is issues by Transilvania Bank. In each European country the E.Y.C.A partner issues a bank card for discounts and insurance with a bank from that country. The Euro<26 bank card for discounts is a special card with the VISA logo which allows electronic payments, cash withdrawals and its acceptance as a payment instrument anywhere in the world; the Euro<26 logo allows access to discounts and facilities offered in 42 countries. The Euro<26 bank card is a modern instrument for managing your own finances. The BT VISA Electron EURO<26 Card is a debit card with an account in lei and international use, issued under the VISA Electron logo, in a co-branded regime — TRANSILVANIA BANK — EURO<26 ROMANIA. The card is destined to all young people with ages between 15 and 25, especially students. The card is connected to the current lei account of the client, which allows him on-line access to the money in the account.

The advantages of using the BT Visa Electron EURO<26 cards are:

- the possibility to efficiently manage student scholarships or the money received from parents/other resources;
- free medical travel insurance offered by BT Insurance;
- important discounts at the "EURO<26" commercial network in Romania and Europe;

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²³⁷ www.isic.ro

- the possibility to use the card in a vast ATM and POS network, within the country and outside the borders, anywhere where the Visa Electron logo is posted, the banking transactions are done in the currency of the country in which they take place;
- the possibility to pay phone bills for Orange, Vodafone and Zapp straight for the ATMs of the Transilvania Bank with 0 lei commission;
- the possibility to change the PIN code straight from the ATMs of the Transilvania Bank with 0 lei commission:
- 24 / 7 assistance when calling 0800 80 CARD (2273) from the home phone networks and 0264/594337 when calling from abroad or from the mobile phone.
- **3. The BCR Euro<26 Card** from March 2006 the Romanian youth can take benefit of a Euro<26 card issued in a co-branded regime with Banca Comercială Română (The Romanian Commercial Bank), issued under the VISA and E.Y.C.A. logos.

The advantages provided by the BCR VISA Electron EURO<26 Card are:

- the owner takes benefit of discounts when purchasing goods/services on the basis of the signed contracts;
- the medical travel insurance when going abroad is included with the card, without any additional costs;
- 24 / 7 access to any ATM in the country and abroad for cash withdrawals;
- eliminating the risks involved when carrying cash;
- information and consultations offered to the cards' owners by the Assistance Service from the bank's Cards Department;
- the use of the e-BCR Internet banking service.
- **4. The Insurance Card Euro<26** this insurance policy is free for all the card owners who travel abroad, by showing the passport and the Euro<26 id. The policy covers the medical expenses involved with medical treatments, medicines and materials needed to treat sudden diseases, diagnostics, and surgeries when the insured person got sick or suffered an injury during his trip. The insurance also covers hospitalization expenses, transportation and the repatriation of the patient.

The insurance can be obtained the following ways: the Classic Euro<26 card from ASITRANS, the BT VISA Euro<26 Card from BT Insurance, the BCR VISA Euro<26 Card from BCR Insurance.

In Romania statistics show there are over 70 thousands young people who own one of the Euro 26 card's types. This card is given to young people under 26 years old and grants discounts when purchasing a product or service. Most discounts are in Bucharest and at national level there are discounts for the museums network between 50 and 100%. In the 40 countries where this concept is developed there are about 40 million young people who own this card. Generally, it is about discounts in domains that present interests for the youth: from books, free time, accessories, clothes, photo labs, to the activities characteristic to summer: tourism, travels, vacations. We can mention here discounts for air-plane tickets, bus tickets, international accommodation, in some countries discounts for train tickets, which are quit accessible.

Known as a favorite destination for the youth, the Costineşti resort has received two years ago a European stamp through the name Euro 26 Resort. There are over 50 entrepreneurs who offer discounts for accommodation, to restaurants or terraces.

The young owners of the Euro 26 Card can take advantage of the following discounts in the Costinesti resort:

• accommodation and boarding services: Meridian Hotel-20% for room and board, Regal Hotel-20% for accommodation, White Inn Hotel-20% for accommodation, except the July 15-August 15 period when the discount is 10%, Tomis Guest-House-10% for room and board, Perla Costinesti Villa-10% for accommodation, Tiberius Villa-10% for room and board, Victoria Villa-10% for accommodation, Meduza Camping (the Minerva Complex)-20% for accommodation, the Duca House-10% for accommodation, the DVG Terrace-20% for consummation, the Classico Terrance-10% pear meal, the Famagusta Terrance-20% per meal, the Iti-Biti terrance-10% per meal, 10% for the banana ride, La

Leonida Terrace-10% for consummation, La leonida Self-service-10% per meal, Sabina Terrace-10% for consummation, 10 Flags-10% for consummation, La francezu Terrance-10% for a consummation over 15 lei, 15% for a consummation of 30 lei, 20% for a consummation of 50 lei and 30% for a consummation up to 100 lei, Popa's Central-30% for room and board, Floare de Colt-10% for consummation, Pizza Food Express (Swing Terrace)-5% per meal;

• *entertainment and recreation services*: Pub White Horse-31% for pool and internet between 9 am-4 pm, 31% for Ping-Pong between 1 am-5 am, Simona Style-20% for hair, manicure, pedicure, sauna, massage, cosmetics, The Fairy Park-20% per ticket, the Summer Theatre-50% per ticket, Painball-20%, 10% for karts, boats-20% between 8 am-10 am and 12 pm-3 pm²³⁸.

Besides these facilities which are given to the youth to stimulate them to travel, there are also vacations which are subsidized 100% by certain institutions or organizations. Thus, the Student Support Agency organizes free camps for Christmas or the New Year for the students with good grades. For the 2005 winter vacation, the available locations were: The Herculane Watering Resort – Dacia Hotel **, Afrodita Hotel ** and Diana Hotel **, Voineasa resort – Lotru Hotel ** and Zărnești - the Gura Râului Caban.

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CORPORATE REPUTATION IN ROMANIAN SOCIO-ECONOMIC CONTEXT

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Abstract. Management demand towards accountability, even on intangibles, determined the spectacular growth of studies on evaluating and measuring corporate reputation. The main idea of the study is that perception over companies' reputation depends strongly on the national specific, the socio-economic context and on stakeholders' interests towards companies. The paper presents the results of a qualitative study undertaken in Romania (2007) on "Reputation: characteristics, determinants, consequences, evaluation criteria" and correlates the results with some important figures that describe Romanian socio-economic profile. The conclusion is that in a country in transition, which made little progress in enterprise restructuring and corporate governance law, where competitiveness level in very low and people are generally dissatisfied with life or labour conditions, corporate reputation should be seen differently.

Keywords: corporate reputation, qualitative analysis, country profile, socio-economic context

1. A brief introduction to corporate reputation measurement and evaluation

Corporate reputation is a collective representation of company's past actions, a result which describes firm's ability to generate positive effects to internal and external stakeholders, from competitive or institutional environment (Fombrun Ch., Van Riel C., 1997). There are some very important benefits of a solid reputation: it boosts financial performance, determines satisfaction, pride and loyalty of employees and customers, reduces barriers to market penetration, permits the use of high prices, gains investors' satisfaction, reduces risks for clients, etc. (Helm S., 2006). More, reputation is a goodwill reservoir during crises.

The growing body of literature in the area of corporate reputation led to a wide variety of measurement approaches. Fortune's annual Most Admired Companies and Reputation Institue's Global RepTrack are the most frequently used and discussed data sets, both representing rankings of corporations based on a cluster of different corporate associations. Bromely D. (2002) reviewed existing approaches to assessing and comparing corporate reputations such as league tables (e.g. Fortune), reputation quotients (Reputation Institute's RQ), benchmarks (e.g. utilizing a version of the Fortune method) and questioned the legitimacy of applied psychometric assessments. Here are some of the most commonly used survey instruments to measure corporate reputation:

- (1) Fortune's World Most Admired Companies (WMAC). Starting 1983, over 8000 people are interviewed on a regular basis in AMAC (America's Most Admired Companies) and WMAC (World's Most Admired Companies) projects. For its 2007 WMAC, Fortune Magazine used Hay Group, a private consulting firm, to create a list of companies in 27 industries with revenues greater than \$8 billion and to send surveys to 8,645 executives and directors at those companies, as well as to analysts. Respondents are asked to rate companies in their industry on nine items, on a scale of 0 (poor) to 10 (excellent).
- (2) **Britain's Most Admired Companies (BMAC).** In conjunction with Nottingham Business School, Management Today asked Britain's 10 largest public companies in 22 sectors to evaluate their peers. Participants rated their nine sector rivals on a scale of 0 to 10 (0=poor, 10=excellent). Analysts at leading City investment firms were also polled. On the basis of these scores, three rankings were arrived at all 220 companies, top five overall on each criteria and league tables in each category. Respondents were also asked to name the leader they most admired.
- (3) **Imageprofile**. Since 1997, German Manager Magazine has conducted surveys to measure corporate reputation. In 2006, an authorized agent performed a random CATI survey of about 2,000 executives who were asked to rate the top 100 German companies on eleven-point rating scales. The calculation of the overall reputation index was not explained. To be noted that respondents are also asked to rank criteria by their importance: for instance, *client orientation*

- ranked first since its introduction (1998), while *Independence* disappeared in 1992; environmental responsibility dropped 10 places from 2 (1991) to 12 (2006).
- (4) The Global RepTrak™ The World's Most Respected Companies. The Global RepTrak™ 2007 is a project developed by Reputation Institute to assess the reputations of the world's largest companies and to identify the companies with the best corporate reputations. It is a result of over 60,000 online interviews with consumers in 29 countries on six continents on over 1,000 companies. Results suffer a country and a global adjustment to lower scores in countries that tend to over-rate companies and to raise scores for companies in countries that tend to rate companies more harshly.

These survey instruments are frequently criticised for standardisation on a few criteria and for their lack of flexibility when are used in different countries and cultures. Fombrun Ch., Gardberg N., Sever J. (1999) revised the existing measurement approaches and highlighted the low variation among items, despite their use in cross-national settings. The financial category with its components - past performance, long-term investment value, profitability – was clearly the best developed area, while social and employee items, honesty and ethics appeared least often. Some similar studies were held in Germany and in the Scandinavian Countries. Dunbar and Schwalbach (2000) explored the reputations of German firms and concluded that in Germany there were industries with good reputation (e.g. car manufactures) and poor reputation (e.g. the insurance, the energy industry). As opposed to American research work, the findings suggested that in Germany there is no financial halo in reputation data (reputation is dominated by non-financial attributes). As to the Scandinavian study, where the inhabitants and the culture are often seen as homogeneous, the analysis shows many similarities, but also some surprising differences in appreciating corporate reputation. For instance, Danes are more reluctant than Norwegians on the subject of companies communicating their good deeds (Aperia T., Bronn P., Schultz M., 2004).

Sharing Gardberg's (2006) opinion that few studies have examined corporate reputation in a non-US context", the qualitative study presented within these pages offers some interesting insights from a country in transition - Romania - and parallels the perception over corporate reputation with some reliable data from the country profile.

2. Research methodology and main results of the qualitative study

The qualitative study "Corporate reputation: characteristics, determinants, consequences, evaluation criteria" aims to identify how a corporation is perceived in Romanian context. Research is based on data from 3 focus-groups (students and teaching staff) and 30 in-depth interviews, held with executives and marketing/communication practitioners from Grupul Industrial Componente Pitesti – a 30 companies holding based in Romania, with activities in auto manufacture, leasing, tourism, trade and transactions on Stock Exchange. Data collection was realised during October-December 2007. Both focus groups and indepth interviews were recorded on tape and were based on a semi-structured interview guide. Respondents had to ask to 11 open-ended questions, plus some help-questions and a close-ended one, which asked them to rate, form a 50 evaluation criteria list, criteria that sounded unclear or unfamiliar to them and criteria they considered pertinent for Romanian companies.

The main results of the qualitative study are presented as follows:

- For most of the respondents, a good company has a better offer than its competitors and keeps its promises to clients and employees. To note that respondents highlight a criterion that companies in Romania often don't accomplish: correct retribution for overtime, as stipulated in internal regulations. Many add the degree of modernization (modern equipments, performing production lines, operational services, etc.). In order to have a good reputation, companies should pay correct wages, consonant with the general market and apply a good treatment to employees. Finally, respondents use widely the phrase according to European standards.
- On the other hand, companies with poor reputation are concerned only with gaining profits, no matter what means, have poor quality products and services, poor communication, delays in executing orders, poor management and marketing. Respondents have more examples of poor-reputed companies than of good-reputed ones. For instance, *Danone* was mentioned frequently, while *McDondald's* came second, all participants being aware of ex-worker letter to consumers, to advise them on dangers of eating at McDonald's. There were cited some more personal experiences: *Kaufland taxed me four times a product*, *Auchan has poor quality* or from a student owning a little business in cleaning services: *I had a business*

with Volksvagen. Hope you have nothing to do with them! I worked for nothing! (that means they didn't pay him enough).

- Management has, in respondents'opinion, the main task in reputation management, being responsible for supervising organizational behaviours and for coordinating all reputation efforts. On the other hand, to communication specialists comes the task of projecting reputation, after reviewing all information from throughout the company. *Unfortunately*, in respondents'opinions, in *Romania*, communication departments exist only in organizational chart and do anything else except communication; not to talk about PR departments, which are invisible!
- For most of the participants, corporate reputation is formed first through direct contact with company's products and people. All respondents named *media* and *word-of-mouth* as the most powerful channels when talking about reputation. Companies which engage in reputation management should focus as respondents stated on: *respecting promises, proving seriousness and professionalism, managing crises and establishing quality standards for all activities; last, but not least, they have to learn how to build a relationship capital.* All these objectives can be attained through a constant and continuous communication with all groups of stakeholders, an open-to-dialogue attitude, transparency, involvement in community. Companies should open doors to visitors, involve in community's issues, engage employees, take feedback from clients, etc. It was amazing hearing respondents talking ironically about some social reponsability activities: *It's time for Christimas now; in order to have a good reputation, you can visit a hospital and give a refrigerator to some old men or donate a Tv set to a many-children family. You'll have for sure a better reputation!* although they stated CSR as a main tool for reputation management.
- For the bulk of respondents, some of the criteria used by international models and methodologies sound unknown: wise use of corporate assets, corporate governance, issues management, brand equity or sustaining good causes. That's because these criteria make use of some specialised terms (assets, brand) and, on the other hand, because in Romania there isn't a strong trend toward the introduction of relatively new concepts like corporate governance, for instance. The most relevant criteria to evaluate a corporation in Romanian context are, in respondents'opinions: seriousness, quality of products and services, degree of modernization, stability on the market, customer relationship management and compliance to European standards. Surprisingly, involvement in career development or capacity to act globally aren't relevant for participants in interviewing.

3. Hot issues in Romanian socio-economic context and their influence on corporate reputation

3.1. Hot issues in economy

- Romania is a country in transition. According to the European Bank for Reconstruction and Development classification, Romania is a country in transition from a rigid centrally planned economy to the standards of an industrialized market economy. As the big majority of countries in transition, Romania shares certain important features: it has quite a large sector of former-owned enterprises in the process of restructuring, it inherited a dysfunctional legal system and, in many cases, it had to construct basic institutions from zero. According to EBRD's Transition indicators (2007), Romania has made big progress in privatisation (large and small scale), but little progress in enterprise restructuring and corporate governance law.
- Romania has a different economic structure than Western economies. The economic structure of Romania is very different when compared with the overall structure of the European Union (EU) economy. Nowhere is this difference more apparent than for the agriculture, hunting, forestry and fishing sector which accounted for 9,6% of Romania value added, while the EU average is 1.9% (Eurostat, 2007). Romania is dominated by small and medium enterprises: in 2005, only 1,6% active enterprises from industry and 0,1% enterprises from trade and other services had over 249 employees (National Institute of Statistics).
- Romania lost competitiveness against its main trading partners. Romania ranks 74 out of 131 countries/economies in the World Economic Forum's Global Competitiveness Index 2007-2008, and ranks only 121 by the nature of competitive advantage. Tax rates (14,5%), tax regulations (14,20%), inefficient government bureaucracy (12%), corruption (10,8%) and access to financing (10,3%) are the most problematic factors for Romania's competitiveness. Imports (\$50,9 billion in 2006) exceed exports (\$32,2

billion in 2006), trade being mostly centred on the member states of the European Union, with Germany (15.7%) and Italy (17.9%) being the country's single largest trading partners.

- Romania has a large number of discontented people. Overall living standard in Romania, as measured by GDP per capita in PPP is relatively law, equating 37,3% of the EU average in 2006 (European business, 2007). The level of satisfaction with life in Romania is very far from situation in EU, where the proportion of those satisfied with life is very high, at about 79%. That's why Romania is still far from the developed society's model. This situation is correlated with a very low level of trust for political parties, parliament and government and with a very positive and quite positive image of the EU (68%), even if the proportion of those who belive their voice "counts in the EU" is low, at a level of 20% (Eurobarometer 68, fall 2007).
- Romanians have a good self-perception. As to the last Eurobarometer (fall 2007), Romanians are very attached to their country (57%). Localism is higher in poor countries than in rich countries. In a study undertaken by Romanian Strategies Agency for Governamental Strategies during April May 2007 about Romanian's self-perception and country image, 76% of respondents declared to be proud or very proud of their nationality.

Comments. This brief economic profile of Romania allows some comparisons with the previous qualitative study. First, if we talk about enterprises in process of restructuring, we must consider their efforts through modernization and decentralization. That's why people appreciate positively a company with modern equipments, performing production lines or operational services. Second, a country in transition can have dysfunctional legal systems. It's also the case of Romania, where, for instance, the quality of corporate governance is low, as according to EBRD. For respondents to the qualitative study, the criteria "quality of corporate governance" sounded unknown. We cannot talk about "quality of..." if the concept, in itself, isn't understood. Third, a country dominated by small and medium enterprises use distinctively the mechanisms of corporate reputation management. Indeed, these days Romania guests a lot of multinationals (the foreign direct investment is spectacularly increasing), which come in with their good practices and experience. But Romanian companies are learning and experimenting now. That's why respondents consider corporate reputation is not valued, neither practiced as abroad. Forth, a good corporate reputation is based on a good corporate performance. In a country with very few competitive advantages, promoting performance seems to be an impossible task. And respondents see this: companies have to know where they are today and where they want to be tomorrow. Then, they can start building reputation. Fifth, if imports exceed exports, if very few Romanian companies have international trades, it is obviously not to see *capacity to act globally* as a relevant criterion for Romanian companies. Sixth, if the cost of living is extremely high and average salaries are dramatically low, people consider value for money a leading criterion in evaluating a corporation and its products. Last, but not least, considering the low level of general satisfaction with life, companies should target needs hierarchically in order to get loyalty. As the data show. Romanians have a very high level of trust in EU. That's why respondents mention obsessively according to European standards. These standards needn't be considered only in terms of legislation, but also in standards of life, performance and competitiveness.

Any reputation project in Romania should feed pride of stakeholders, no matter if employees, clients, investors or general public. Romanians are conspicuous consumers, even if their revenues are not as consistent to pay high prices; they become loyal to brands because brand signals a high social status. With a high localism, Romanians find reasons to be proud even of the presence of some reputable companies in their communities.

3.2. Hot issues in business environment and in the workplace

- Romania encounters some notable disadvantages related to business competitiveness. Romania ranks 73 out of 131 countries/economies in the World Economic Forum's Business Competitiveness Index 2007-2008. The most notable disadvantages in terms of business competitiveness are: cooperation in labour-employer relations (124), non-wage labour costs (114), ethical behaviour of firms (103), degree of customer orientation (100), extent of marketing (81) etc.
- Romania faces problems with economic crime. According to PricewaterhouseCoopers' 2007 Global Economic Crime Survey, over one third of Romanian companies reported being victims of economic crime in the past two years. On average, Romanian companies had suffered more than seven incidents of fraud each in the past two years. The average cost of economic crime in Romania has nearly doubled since the

last survey. Corruption and bribery are perceived to be the most prevalent types of economic crime in Romania.

- There are some hot issues at the workplace. The main claims which caused the conflicts of interest in 2005 in Romania were, as to the National Statistics Office: nonpayment of compensations, of indexations or of wages in time or holiday bonuses (60%); lack of normal labour and social conditions, lack of promotion in high classes a.o.n; lack of dayoffs, additional hours and leaves. In a study undertaken by International Research Institute during August 2006 with people in 24 countries on "Work life balance"—for Romanians, the main problem was not hours worked (17%), but dissatisfaction with payment (48%).
- Romania has different Cultural Dimensions than Western countries. According to Geert Hofstede's Cultural Dimensions, Romania has a high power distance index (PDI = 90) reflecting presence of inequality of power and health within society and deference to authority figures, low individualism (IDV=30) which expresses the collectivistic nature of society with close tights between individuals, low masculinity (MAS = 42), a high uncertainty avoidance index (UAI = 90), which indicates that they try to minimize unstructured situations by strict laws and rules, safety and security measures and on the philosophical and religious level by a belief in absolute Truth. Romania has a also a short-term orientation. As the other Balcanic countries (Bulgaria, Greece, Albania, Serbia) Romania is at the opposite site of Western countries, from where they imitates all managerial and HR practices.
- □ The public relations sector in Romania has not reached the level of overall acceptance and recognition. The public relations sector in Romania has not reached the level of overall acceptance and recognition that it would merit. During November 2006-January 2007, The Club of the Romanian Public Relations Agencies realised the first study about state of PR in Romania, using Daedalus Consulting, a market research agency. Only 35,7% of the companies surveyed have a PR department, whose main activities are event management (68,2%), media relations, media monitoring, management consultancy, crisis management and CSR. As regarding advertising, the first 20 advertising users in 2006 had invested half the total advertising investments in Romania. 91% of the gross investments went to TV, while press and radio attired only 7%, respectively 2% of the total investments, as to Daily business.ro (2007). There is some more evidence from the last Eurobarometer (fall 2007): Romanians trust TV and radio at a level of 61% and the written press at a level of 53%.
- □ Romania's business executives have a limited view of CSR. In 2005, World Bank surveyed business leaders in Bulgaria, Croatia and Romania to identify private sector's views of CSR and the way in which it is practiced. In Romania, more than half of the respondents consider "ethical conduct in operations" the main component of CSR; a very small number identify creating jobs, paying taxes and contribution to charities as part of their role. The desire to improve corporate image and reputation is the most important reason cited for undertaking CSR (79%), while the most important internal benefit is the belief that CSR practices could increase company longevity (20%). As to the environment, 25% of companies respect investment in environmental initiatives; some 58 percent recycle, 25 percent implement ISO 14000 norms and 9 percent implement other environmental standards. These figures are lower than comparable figures in developed economies.

Comments. Any company engaged in reputation management activities in Romania should consider *seriousness* as a leading criterion in projecting reputation. Romanians have a skepticism concerning business and they tend to associate any business success with some illegal practices. That's due to the generalised corruption and to the echos of business crimes. Seriousness can be a good equivalent for ethics, which sounds a little formal to respondents. Workplace's hottest issue is retribution. Respondents to the qualitative study claimed for good salaries, according to the market and for correct retribution of overtime. It's obvious that this is a big problem, as resulted from the studies presented. Respondents also identified the need for customer orientation and the extent of marketing, as leading drivers of corporate reputation. Companies engaged in reputation management should also consider Romania's cultural dimensions: Romanians are very inequal as power and wealth, so they need to be treated accordingly. Collectivism – as a reminiscence of the egalitarian communist era – should be taken into account.

To be on TV or not to be! – this can be the leading imperative for those engaged in reputation management in Romania. People trust highly TV and a company that lacks visibility on media lacks also awareness. Respondents to the qualitative study identified correctly the fragility of Romania corporate communication structures and the amateurism of PR practitioners in Romania, even they exaggerated saying that "in Romania, PR departments are invisible!". By their own, CSR initiatives are not clues to success, being

considered "hypocrites", following the model of Romanian politicians, who, before, elections, try to gain votes alluring electors with grilled minced meat rolls and beer. Respondents claimed, in this way, for responsiveness with the intent of sustaining development, not only to improve corporate reputations.

Conclusions and further research

This study aims to demonstrate that perception over corporate reputation relays strongly on the national culture, the state of socio-economic development and on market condition. All economic and business rankings issued by international organizations and associations offer some very valuable insights over the hottest topics within a country. In the same time, studies taken by research companies or professional agencies offers some clear views about the development of a field in a specific moment in time. Last, but not least, public opinion polls are very useful not only for politicians who base their decisions on the results, but also for reputation specialists, who fight on the same ground of public opinion. It it for true that people engaged in reputation management have – roughly speaking – a humanist background, being "textoriented". But charts and figures are in the language of the "dominant coalition" in corporations and help be considered in decision making.

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COSTS INFORMATION SYSTEM AND DECISION PROCESS

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Abstract: The point of view of this paper is from the position of a manager who must make a cost-based decision, such as setting a budget, evaluating the desirability of contracting a service out, determining the cost of expanding the delivery of a service, etc. As such, this article contains a minimum of technical accounting terminology and makes few assumptions about the nature of the accounting system in use.

Keywords: accounting, management, information, cost

In order to realize the knowledge processes and of equity management it is necessary to organize the data and information into an informational system. Within the framework of any firm there exists an informational flow that must be well-known, and thus the firm could face the market challenges.

The informational system represents the assemble of data and information, of informational flows and circuits, procedures, means of dealing with information, all together being meant to make their contribution to settle and achieve the firm objectives. This system may be compared the human body blood system, when thinking that it is the only one that offers the informational raw material necessary for setting the objectives and all the other competences ad responsibilities not only managerial but executive ones too. The informational system may lead to obtaining a set of human and capital resources invested into a company viewing the collection and processing all the necessary data for producing information as a support for the control and the management of the entire activity.

The objective of an informational system is to furnish to the managers the information for the control activity in order to take decisions and to lead to a well functioning of the enterprise or company and using the right resources. This objective represents the overall means and procedures used to take over, classify, stocking, analyzing, disseminating and putting into value of the data and information at the level of the economic-social entity in order to provide information under a direct usable-one, at the right moment, in order to assure a performing functioning of the operational systems, and at the same time in order to take the right decision at the different levels.

The efficient carrying on of the economic activity at the micro-economical level cannot be conceived without the existence of an informational system able to assure to the management staff all the necessary elements for the decisional process. The costs informational system constitutes the main component of the economic informational system at the level of an economic agent.

The object of the informational system is the piece of information. The enterprise or the organization takes over the piece of information from the interior or from the exterior environment using different means. The piece of information represents a way to know the reality through which the characteristics or the size of the events, phenomena and processes affecting people's activity are measured. In the economic field, the economic piece of information is the one that matters. If one needs a valuable enough piece of information it is necessary that it be accessible to the beneficiary at the right time and in the right place.

The quality and the value of the decisions to take depend in a great extent on the quality of the information. The qualitative characteristics of the information are, in some cases, eliminated by the operations at which these are submitted, starting with the process of collecting, processing and in the end sending them. Thus, the informational system is also dependent of the transformations quality.

Accounting delimitates itself in an assemble of interdependent elements that represent the background or the information system, the material supports of the information, the means by which the data are processed, the methods and the procedures of transforming the data, the informational circuits. The nonquality of the information may have unfavorable implications upon the firm management, and these bad implications may be listed as bellow:

Cr. No.	The qualitative feature of the information	Specification regarding quality Implications of the non-quality of the information	
1.	Realism	The correct reflection of the processes and phenomena from the inside of the organization and from the ambient environment	False delimitated problems. Incorrect decisions. Losses of opportunities and financial losses.
2.	Complexity	Expressing the new aspect of the phenomena and processes from different points of view: economical, technical, social, human, ecological etc. A sequential approach of son fields or activities. Ignoring son aspects or activities having the consequences as time passes.	
3.	Conciseness and clarity	The synthetic and clear expression of the message, of the new aspects, of the specificity of the situation.	Difficulties in catching the essential. Losses of time, ambiguities, confusions.
4.	Friability	Extracting and preserving the information having a historical significance, the present and the perspectives of the organization.	The lack of continuity. Decisional inconsequence. The inexistence of some necessary marks in analyzing and comparing some information.
5.	Opportunity	Presenting the information within the requested volume, structure and the level of processing process at a certain moment in time.	Premature decisions; the lack of economic, organizational and social conditions for applying them. Delayed decisions; consuming the proper moment.
6.	Dynamism	Reflecting situations, facts, phenomena in their evolution, indicating tendencies in their future movement Furnishing some static images up the organization and environment.	
7.	Adaptability	Adapting the level of processing, the way of presenting, time of the presentation, time of providing adapted to the requirements of the senders and providers. Sending of incomplete and sophisticated message Insufficiently or wrong support decisions.	
8.	Utility	The quality of the economical-financial analyze is strictly linked to the quality of the information. Qualitative analysis. Qualitative decisions.	Using some wrong information, of a big volume of insignificant data for the type of analysis. Erroneously taken decisions or late decisions.

Table 1. The quality and non-quality of information (adapted from M.Balan - The informational system in enterprise management, Junimea Publishing House, Iasi, 1998, p.28)

The economic information gains more territory within the management process, together with the content and the form of presenting things but also together with the operability and through the possibility to become more large, complete, objective, and periodically provided, in order to practice a low cost in obtaining, registering and sending it. It enables to observe the way of using the human, material and financial resources, an essential feature for optimizing the managerial processes.

The economic agents receive a part of their information from the exterior, but the largest of them receive it from internal sources which occur at the place where the phenomenon is produced, and where, as a rule, the analysis should be made. In the economic field, the information is presented from the most insignificant cell or operation, from a simple transaction to a mega structure: concern, holding, trans-national company, national or world-wide company.

Within the boundary of the economic information should be included the information provided by the economic program, the budget of incomes and expenses, the economic evidence, prognosis and production

planning, marketing, management, controlling activity, instructions, laws etc., which permit the knowledge, the solving and controlling of some problems from the inside the economic organisms.

Within the activity of the autonomous companies and of the commercial societies, a very important part is given to the accounting information. We may speak within this context about accounting decisions or economical-financial decisions. The accounting decision is the process of a rational chooses of a direction of acting from many possibilities, based upon the accounting information.

The accounting information is an economic, specific one, resulted from methods, procedures and instruments of extracting data from the accounting field. It is real, precise, complete, operative, representing " the board table, the economic, financial or management decision support used by the managers" of the economic agents.

Under the circumstances of the market economy, part of the accounting information becomes transparent. We may speak here about that information shaping the patrimonial decision, the results and the financial situation of the enterprise. This kind of information regards in a great extends the relations with tertiary partners. The transparency of this accounting information, publishing it under the form of some synthetic accounting documents is submitted to some norms and controlling operations, necessary to assure a correct application from the part of the external users.

The accounting information is referring in the first of all to the knowledge of goods production costs or services costs, to the level of profitableness after selling the products or services, the value of factors who caused or determinate the volume of results at the end of financial period, to the knowledge of the future evolution of debts, credits, production costs, financial results etc.

The priority of accounting information in decisional system is determinate by the following particularities:

- have an high level of certitude and relevance, greater than other information systems;
- the double representation of patrimony is distinguish discrete relations of interdependencies between material substance of assets and the provenience of them;
- ensure with specific ways and processes (accounts, balance sheet, costs calculation etc) the global knowledge and analytic parameters;
- administrate the patrimony of company guided with the efficiency of it;
- the level of correlation, aggregation and verification of reality of accounting information through the rule DEBIT=CREDIT and ASSETS=PASSIVE
- the complexity of calculations enable determination of the production costs and the results of activities;
- enable future economic strategies of the company
- enable the time and space comparative analyses

Administering information it doesn't easy. Using the information in management action involve an informational circuit in broadcast process. The information circuit enable the route of information between sender and receiver.

The information system represents for manager, as user, the following:

- an essential functional service who determine the future evolution of company;
- an important component of company's resources;
- an capital element who influence the operational efficiency, productivity, the motivation of employs;
- an important information resource and the foundation of decision making;
- an important tool for goods or services production which will confer an strategic advantage on company's market;

The informational system must take a part of managerial duty, such as data and information processing, the result analysis, the elaboration of variants to solving the problems and to ensure the link between management and operational systems. This things are structured in the following figure (Figure number 1.).



Figure 1. The link between Information, analysis and decision

The analysis of information determines the quality and opportunity of them. The decision process is dependent of the data analysis. With the analysis, the manager research the facts, discover the structure, verify and establish the causality relations and make the decision.

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LA QUALITÉ DU SERVICE – LES MODÈLES CONCEPTUELS

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Abstract: The tentatives of rounding into a form of a service's quality are align in a sociocultural intercessory, and allow the understanding of the used informations's character by the users in the assessment proces. The models condensed by us in this essay are: the model of Sasser, Olsen and Wyckoff, the model of Grönroos, the model of Parasuraaman, Zeithaml and Berry, the model of Nguyen. There are synthetically presented the diversified components or explanatory coefficients of quality in services. We will analyze tree models: Sasser et ali (1978), Grönroos (1984) and Parasuraaman, Zeithaml and Berry (1985). This models can be developed to determine and/or to eliminate the causes of the services's deficiency according to the nature of this services. In this essay are analysed the particularitys of this models.

Keywords: quality, service, client, quality's perception.

Les tentatives de modélisation de la qualité d'un service s'inscrivent dans une démarche socioculturelle et elles permettent de comprendre la nature des informations utilisées par le consommateur dans son processus d'évaluation. Les modèles que nous allons résumer ici sont: le modèle de Sasser, Olsen et Wyckoff, le modèle de Grönroos, le modèle de Parasuraaman, Zeithaml et Berry, le modèle de Nguyen. Nous allons résumer dans cet article les diverses composantes ou facteurs explicatifs de la qualité perçue en regard du service.

Ces modèles pouvoir être développement en vu établissement et élimination des causes non-conformités du services, avec condition de tenir compte de type de cette services (Zeithaml et al. 1993; Nguyen (2006)). Nous y soulignons les particularités de ces modèles.

Le concept de qualité défini par ensemble de caractéristiques attendues, peut s'appliquer à des produits, des services ou des organisations. La qualité ne réside pas dans une seule caractéristique, mais dans la composition d'un ensemble cohérent de caractéristiques appréciées par le client. La qualité doit s'apprécier au regard de la satisfaction subjective du client et non pas sur la seule base de la conformité objective de la prestation.

Pour optimiser la prestation de service en direction du client, il convient de modéliser le fonctionnement de l'organisation sous forme de processus. Ces chaînes d'activité transversales a l'organisation se définissent par leur finalité et par la valeur ajoutée qu'ils apportent au client, et non par des limites physiques ou logiques entre entités.

On recherchera quels sont les leviers majeurs d'amélioration de la qualité des activités de service.

Les tentatives de modélisation de la qualité d'un service s'inscrivent dans une démarche socioculturelle et elles permettent de comprendre la nature des informations utilisées par le consommateur dans son processus d'évaluation.

Le modèle de la qualité du service de Sasser, Olsen et Wyckoff est une des première tentative visant à illustrer le processus d'évaluation de la qualité d'une service par le consommateur. Dans un premier temps, ce dernier traduit ses attentes par un ensemble d'attributs désirés quant à l'offre de services. Selon ce modèle, ces attributs se rapportant à la fois au service e base et aux services périphériques peuvent être regroupés en sept catégories :

• la sécurité pour le client ou les biens qu'il possède ;

- la consistance, qui peut se traduire par fiabilité et la standardisation de service ;
- *l'attitude* ou le comportement manifesté par le personnel lors de l'interaction prestataireclient :
- *l'état complet* et la variété des services offerts :
- les conditions présentes ou durant la prestation du service ;
- la disponibilité ou la facilité d'accès au service ;
- le *timing* qui se rapporte au moment et la durée de la prestation du service.

Pour évaluer la qualité de l'offre de services, le client peut opter pour une des trois démarches suivantes :

- il ne retient qu'un seul attribut qui, à ses yeux, est déterminant. Les autres attributs sont perçu comme étant neutres, sans effet sur la qualité ;
- il ne conserve également qu'un seul attribut, à la condition que les autres respectent un niveau minimum de performance ;
- il établit un barème en tenant compte de l'ensemble des attributs de façon à se que le score élevé d'un attribut puisse compenser celui plus faible obtenu par un autre.

Ce modèle trouve son mérite dans sa tentative de décrire, d'une part, la nature des attributs du service que le consommateur prend en considération dans son évaluation et, d'autre part, la démarche suivie par le client. Le modèle offre un cadre de référence utile pour l'exploration des facteurs explicatifs de la qualité d'un service.

Le modèle conceptuel de Parasuraman, Zeithaml et Berry a relevé l'existence d'écarts entre perception de la qualité et ce présente l'offre de services. Ont été cinq formes d'écart (figure 1):

- Écart 1 entre les attentes du client et la perception du gestionnaire des service.
- Écart 2 entre la perception du gestionnaire et la spécification des normes de qualité. L'origine de cette forme d'écart peuvent être les contraintes, les conditions du marché ou l'indifférence du mangers.
- Écart 3 entre la spécification des normes de qualité et la prestation du service qui est causé par la variabilité de la performance du personnel, particulièrement celle du personnel en contact.
- Écart 4 entre la prestation du service et promesse (communication) aux clients.
- Écart 5 le service perçu et le service attendu. Selon ce modèle, les quatre premières formes d'écart ont un impact important sur la qualité perçue par le client.

Ce modèle de Parasuraman, Zeithaml et Berry proposé un ensemble de facteurs qui sont associés au processus de prestation du service, par exemple: l'accessibilité, la communication, la compétence, la courtoisie, la fiabilité et la crédibilité, la rapidité et la sécurité du service, compréhension du client. En plus assume que l'expérience du client détermine dans une très large mesure sa perception à l'égard de la qualité de l'offre de services. Les vérifications empiriques du ce modèle se fondent uniquement sur le point de vue du gestionnaire, laissant de côté celui du client,

Plus tard ces auteurs ont développé une modèle avec une échelle de mesure de la qualité du service, appelée SERVQUAL, qui comprend cinq dimensions: les éléments tangibles, la fiabilité, la serviabilité, l'assurance et l'empathie. L'échelle SERVQUAL suggère de mesurer les attentes des consommateurs avant l'achat du service, et leur perceptions après. Quelques limites de l'échelle SERVQUAL sont : le caractère plutôt général des éléments d'information retenus par cette échelle, ce qui fait que l'application de modèle dans un secteur donné de services ne permet pas d'en décrire les particularités; exige la mesure des attentes et de perceptions des mêmes consommateurs à deux moments différents dans le temps et à l'aide de deux questionnaires différents, ce qui présente une difficulté dans le processus de collecte des donnée.

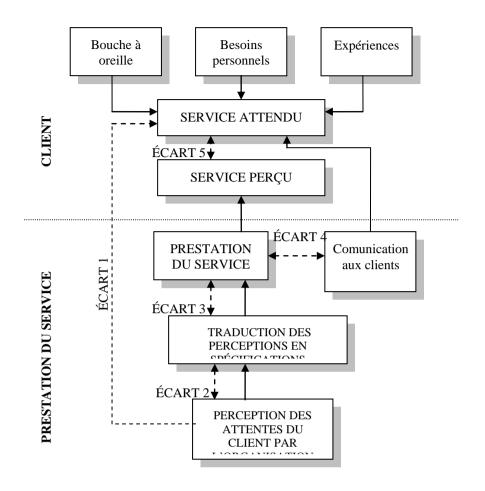


Figure 1 Le model de la qualité du service de Parasuraman , Zeithaml et Berry

Un nouvelle modèle proposé par Nguyen s'inspire principalement de la structure du système de production d'un service. Il identifie un ensemble de facteurs explicatifs de la perception du client par rapport à la qualité d'un service qui sont liés aux diverses caractéristiques du système de production et du personnel de contact. Le modèle confirme que la notion de qualité s'appliquant aux services comporte deux parties : les qualité extrinsèques et les qualités intrinsèques. L'image de l'entreprise, l'organisation interne, le support physique et le personnel de contact déterminent les qualités extrinsèques d'un service, alors que les qualités intrinsèques résident dans la capacité du service à satisfaire les besoins du consommateur, à répondre à ses attentes et à son style de vie. Par ailleurs, le modèle révèle le rôle prédominant des qualités intrinsèques, puisque la satisfaction a été identifiée comme l'élément le plus important dans l'évaluation de la qualité service faite par le consommateur.

La satisfaction est essentielle car elle permet de maîtriser plusieurs enjeux directement liés à la performance et à la profitabilité de l'organisation.

En s'appuyant sur l'ensemble des concepts présentés plus haut, il est possible de proposer un modèle d'analyse globale de la problématique qualité d'un service. Cette modélisation permet une vision globale du service et une compréhension fine de son profil qualité. Par ailleurs, elle facilite l'identification des pistes d'amélioration qualité, qu'elles soient situées au niveau de la composition du ensemble ou à celui des prestations élémentaires. Cette modélisation s'organise selon les étapes représentées dans le *Tableau 1*.

No.	Étapes de modélisation	Concepts de référence
1	<i>Identifier la structure du service</i> en décrivant l'ensemble des étapes du parcours client. Décrire ensuite pour chacune sont les attentes explicites et implicites des clients cibles.	Parcours client Clients cibles
2	<i>Identifier les prestations élémentaire</i> appréciables par le client pour chacune des étapes du parcours - client.	Structure composite de service
3	Qualifier la problématique de chacune de ces prestations élémentaires : degré de matérialité, intensité de la relation client ?	Analyse tipologique (model Chambareteaud)
4	Rechercher les leviers d'amélioration qualité propres à ces prestations élémentaire et repérer les risques et contraintes qualité majeurs.	Logique de satisfaction
5	Caractériser le niveau de réponse apporte actuellement par l'organisation: quel est le niveau qualité des prestations actuelles; quelles nouvelles prestation est-il possible d'incluse dans le futur.	
6	Apprécier globalement le positionnement qualité du service et définir les orientations d'amélioration : adaptation du niveau qualité des prestations, modification de la composition du ensemble de service.	Ensemble de service

Tableau 1. Méthode de modélisation de la problématique d'un service

Sur ces bases, cette démarche peut bien évidemment se décliner sous plusieurs variantes en fonction des objectifs poursuivis par l'organisation. Elle peut également se décomposer en plusieurs phases en fonction de l'importance des informations à traiter.

Conclusions

La chercher du tous les facteurs qui influer sur les non-conformités de la qualité permette identification non-conformités plus importantes et du leur causes, établissement des dimension du facteurs d'organisation pus importantes pour la prestation du services améliores. Nous avons souligné la relativité du concept d'activité de service. Puis nous avons étudié les spécificités attachées à la dimension service de ces activités. Ont peut prolonger cette réflexion en évoquant les principaux leviers qualité relatifs aux services, par exemple: rendre tangible le service, renforcer la proximité, maîtriser la logistique, activer les ressources humaines, développer et partager les savoirs, gérer l'insatisfaction, optimiser l'organisation, adapter la prestation dans le temps, composer et maîtriser l'ensemble de services global, développer la valeur d'image et al.

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EUROPEAN POLICY FOR QUALITY AGRICULTURAL PRODUCTS - STUDY CASE DAIRY PRODUCTS

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Resume: There are many standards that certificate the quality system for agriculture products such as QS (Germany – Quality System), GMP (Belgium – Good Manufacturing products), FEMAS (UK Feed materials assurance Scheme) and GMP+ (Netherlands - Good Manufacturing products plus)239.

Quality attributes are sustain also by the wide range of cultures and culinary traditions. Our concern, in this paper work, was to take in review this cultural, social and demographics factors and some regional characteristics that enhance the quality for the dairy products. As a distinctive sign for their attributes each product has a label corresponds to the specific requirements that products must meet

This type of products are analyzed in our work but only a narrow category from the agriculture products – the dairy one from our country and the other EU members.

Key words: Quality logo, Traditional Specialty Guaranteed, Protected Geographical Indications,

Introduction

Nowadays the tendencies, sustain also by Community's agriculture legislation, are based on food policy that must be built around high food safety standards, which serve to protect, and promote, the health of the consumer. According to this policy, consumers should be able to trust that what they put in their shopping baskets is safe to eat. In order to convince the consumer that he has a good and safety product in his hand there are many signs that certificate this aspects. This sign can be see on the label. On the first contact of the product to the consumer, this has to promote its quality and to influence the consumer upon his choose. European Union's (EU's) interests to ensure that farmers and growers are able to make the most of the added value that their products can provide them.

What is Quality?

Quality, is define in the specialty literature from different point of views, on one hand – the producer overview and on the other hand, the consumer point of view. For the producer as Philip B. Crosby in the 1980s said, it is - "Conformance to requirements" and Joseph Juran offers a definition from the costumer side - "Fitness for use".

Quality attributes normally taken into account in an agricultural policy context, apart from the basic prerequisites of health and safety, and taste, relate to:²⁴⁰

- Specific product characteristics, often linked to geographical origin or production zone (e. g. mountain areas), animal breed or production method (e. g. organic farming)
- Special ingredients
- Particular production methods often resulting from local expertise and traditions
- Observation of high environmental or animal welfare standards

²³⁹ *QS – focus on controlthroughout the supplychain*, Dr. Hermann-Josef Nienhoff, Food Quality Certification – adding value to farm produce", Brussels, 5/6 February 2007

²⁴⁰ European Policy For Quality Agricultural Products - 2007

• Processing, preparation, presentation and labelling in ways that enhance the attractiveness of the product for consumers.

During the time, in EU's agriculture policy were made substation efforts to implement and improve food quality and also to protect and to promote traditional and regional food products.

The EU's quality policy for agricultural products and foods aims to:

- encourage diverse agricultural production
- protect names from misuse and imitation
- help consumers to understand the specific character of the products.

These priorities are also establish in the White Paper for agriculture such as:²⁴¹

- to create a European Food Safety Authority
- to consistently implement a farm to table approach in food legislation
- to establish the principle that feed and food operators have primary responsibility for food safety; that Member States need to ensure surveillance and control of these operators; that the Commission shall test the performance of Member States' control capacities and capabilities through audits and inspections

Quality's sign

Throughout Europe there is an enormous range of great foods. However, when a product acquires a reputation extending beyond national borders it can find itself in competition with products which pass themselves off as the genuine article and take the same name. This unfair competition not only discourages producers but also misleads consumers. That is why, the European Union created systems known as

- PDO (Protected Designation of Origin),
- PGI (Protected Geographical Indication) and
- TSG (Traditional Speciality Guaranteed)

There role is:

- to promote and protect food products;
- to encourage diverse agricultural production;
- to protect product names from misuse and imitation;
- to help consumers by giving them information concerning the specific character of the products.

A PDO (Protected Designation of Origin) covers the term used to describe foodstuffs which are produced, processed and prepared in a given geographical area using recognised know-how, example - Gorgonzola

Different types of label for quality agriculture products

Figure nr.1

Protected Designation of Origin	Protected Geographical Indication	Traditional Speciality Guaranteed
OR ORIGINAL OF ORIGINAL OF ORIGINAL OR ORIGINAL OR ORIGINAL OR OR OR OR OR OR OR OR OR OR OR OR OR	GRAPHICAL PROBLEM A A A A A A A A A A A A A A A A A A A	TOPECIALIFY OF ARANYE

²⁴¹ White Paper on Food Safety, Brussels 2000,

In the case of the **PGI** (**Protected Geographical Indication**) the geographical link must occur in at least one of the stages of production, processing or preparation. Furthermore, the product can benefit from a good reputation - example Emmental de Savoie

A **TSG** (**Traditional Speciality Guaranteed**) does not refer to the origin but highlights traditional character, either in the composition or means of production example – Mozzarela

Registration under PDO and PGI gives exclusive rights to producers to use the registered name for their products and includes:²⁴²

- to define the product according to precise specifications;
- to sent the product specifications to the national authority where it will be studied first and thereafter transmitted to the Commission
- to undergo a number of control procedures
- it meets the requirements, a first publication in the Official Journal of the European Communities will inform those in the Union who are interested
- If there are no objections, the European Commission publishes the protected product name in the Official Journal of the European Communities.

The main elements of a specification are:²⁴³

- Name of the product
- Description of the agricultural product or foodstuff (including information on raw materials and physical, chemical, microbiological or taste characteristics)
- Definition of the geographical area
- Evidence that the product originates in the relevant area
- Description of how the product is obtained, plus any relevant details on local production, processing, packaging etc. methods
- Details of the link between the product and the geographical area concerned
- Any specific labelling requirements
- Any requirements laid down by Community or national provisions

For dairy products – cheese on the first place is classed France with 46 products registered, followed by Italy with 33, Greece and Spain with 20 products.²⁴⁴ The name of the most importance one are mentioned in the table below:

List of the Protected Designation of Origin and Protected Geographical Indication products In France, Italy, Greece and Spain

Table nr. 2

Fra	nce	Italy	Greece	Spain
1.	Abondance	1. Asiago	1. Anevato	1. Cabrales
2.	Banon	2. Bitto	2. Batzos	2. Idiazábal
3.	Beaufort	3. Bra	3. Feta	3. Mahón
4.	Bleu d'Auvergne	4. Caciocavallo Silano	4. Formaella Arachovas	4. Picón Bejes-
5.	Bleu des Causses	5. Canestrato Pugliese	Parnassou	Tresviso
6.	Bleu du Haut-Jura, de	6. Casciotta d'Urbino	5. Galotyri	5. Queso de Cantabria
	Gex, de Septmoncel	7. Castelmagno	6. Graviera Agrafon	6. Queso de l'Alt

How do producers and processors go about registering a product name? http://ec.europa.eu/agriculture/foodqual/quali1_en.htm;

²⁴³ European Policy For Quality Agricultural Products, Brussels, 2007;

²⁴⁴ http://ec.europa.eu/agriculture/foodqual/quali1 en.htm;

					T 11 1
7.	Bleu du Vercors	8. Fiore Sardo	7.	Graviera Kritis	Urgell y la
8.	Brie de Meaux	9. Fontina	8.	Graviera Naxou	Cerdanya
9.	Brie de Melun	10. Formai de Mut Dell'alta	9.	Kalathaki Limnou	7. Queso de La Serena
10.	Brocciu Corse ou	Valle Brembana	10.	Kasseri	8. Queso de Murcia
	brocciu	11. Gorgonzola	11.	Katiki Domokou	9. Queso de Murcia al
11.	Cantal ou fourme de	12. Grana Padano	12.	Kefalograviera	vino
	Cantal ou cantalet	13. Montasio	13.	Kopanisti	10. Queso de Valdeón
12.	Camembert de	14. Monte Veronese	14.	Ladotyri Mytilinis	11. Queso Ibores
	Normandie	15. Mozzarella di Bufala	15.	Manouri	12. Queso Majorero
	Chabichou du Poitou	Campana	16.	Metsovone	13. Queso Manchego
14.	Chaource	16. Murazzano	17.	Pichtogalo Chanion	14. Queso Nata de
15.	Chevrotin	17. Parmigiano Reggiano	18.	San Michali	Cantabria
16.	Comté	18. Pecorino di Filiano	19.	Sfela	15. Queso Palmero o
17.	Crottin de Chavignol ou	19. Pecorino Romano	20.	Xynomyzithra Kritis	Queso de la Palma
	Chavignol	20. Pecorino Sardo	20.	, zauna 1x1105	16. Queso Tetilla
18.	Emmental de Savoie	21. Pecorino Siciliano			17. Queso Zamorano
	Emmental français est-	22. Pecorino Toscano			18. Quesucos de
	central	23. Provolone Valpadana			Liébana
20.	Epoisses de Bourgogne	24. Quartirolo Lombardo			19. Roncal
	Fourme d'Ambert ou	25. Ragusano			20. Torta del Casar
	fourme de Montbrison	25. Ragusano 26. Raschera			
22.	Laguiole				
	Langres	27. Robiola di Roccaverano			
	Livarot	28. Spressa delle Giudicarie			
1	Maroilles ou Marolles	29. Stelvio or Stilfser			
	Mont d'or ou vacherin	30. Taleggio			
۷٥.	du Haut-Doubs	31. Toma Piemontese			
27	Morbier	32. Valled'Aosta Fromadzo			
	Munster ou Munster-	33. Valtellina Casera			
۷٥.	Géromé	l i			
20	Neufchâtel				
	Ossau-lraty				
-	Pélardon				
52.	Picodon de l'Ardèche	l i			
22	ou picodon de la Drôme				
	Pont-l'Evêque				
	Pouligny-Saint-Pierre				
35.	Reblochon ou				
2-	reblochon de Savoie				
	Rocamadour	l i			
	Roquefort				
	Saint-Nectaire				
39.	Sainte-Maure de				
	Touraine	l i			
40.	Salers	l i			
	Selles-sur-Cher				
42.	Tome des Bauges				
	Tomme de Savoie	l i			
44.	Tomme des Pyrénées				
	Valençay				
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Source: http://ec.europa.eu/agriculture/foodqual/quali1_en.htm;

List of the Traditional Speciality Guaranteed products for dairy products registered by European Comission

Country	TSG ²⁴⁵ – dairy products	
Italy	Mozzarella	
Nederland	Boerenkaas	
Sweden	• Hushållsost	

Source: http://ec.europa.eu/agriculture/foodqual/quali1_en.htm;

The benefits of EU's quality product designation systems

The EU's quality product designation systems are designed to protect the rights of producers and consumers.

The 'bottom line' for farmers must be whether the exclusive right to use a product name leads to a higher price than for similar products in the same food category. There is evidence that this is so. For example, the French Comté cheese, which has a PDO designation, has seen its market price hold up well against other cheeses over a ten-year period. And, the profitability of Comté producers compares very well with that of their competitors.

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- 3. http://ec.europa.eu/agriculture/publi/fact/quality/2007_en.pdf;
- 4. White Paper on Food Safety, Brussels 2000;

²⁴⁵ Traditional Speciality Guaranteed;

EUROPEAN POLICY FOR QUALITY AGRICULTURAL PRODUCTS APPLIED IN ROMANIA FOR DAIRY PRODUCTS

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The EU plays a major role in enhancing high quality attributes and in sustaining this wide range of cultures and culinary traditions. The EU safeguards food quality in many ways, for example via measures to guarantee food safety and hygiene, clear labelling rules, regulations on animal and plant health and animal welfare, control of pesticide residues and additives in food and via nutritional information.

Our country manifests a low interest for Traditional Specialty Guaranteed, Protected Geographical Indications and Protected Designation of Origin illustrated by the lack of dairy products registrant for this kind of label. Although in 2007 were almost 600 local traditional dairy products listed by our Agriculture Minister.

Key words: traditional products, label, agriculture policy

A study in the cheese sector concluded that cheese with designated status could claim a 30 % price premium over competing products (cf. Secodip 2002 data). Parmigiano Reggiano cheese and essential oils protected by GIs have also benefited from considerable price advantages. Studies also indicate that the added value is distributed along the food chain, allowing producers and local processors to gain as well as retailers and other downstream players. ²⁴⁶

The impact of EU's quality products designation is also upon the development of the rural region. Several studies have shown that they have an important role to play in the regeneration of the countryside since they ensure that agri-foodstuffs are produced in a way that conserves local plant varieties, rewards local people, supports rural diversity and social cohesion6, and promotes new job opportunities in production, processing and other related services. The needs of today's population are met, while natural resources and traditional skills are safeguarded for generations to come.

Quality labels offer an excellent marketing message about high value-added products. The schemes enable farmers and producers to inform consumers about specific characteristics and origins of their products, irrespective of the number of intermediaries (distributors, wholesalers, retailers etc.) in the supply chain.²⁴⁷

The registration procedure can be stopped at the second step, when the product specification is sent only to the national authority and not transmitted to the European Commission. Particular for Romania is this situation when our producers obtain the certificate for traditional products offered by the National Authority MADR – Agricultural Minister and Rural Development.

In the table below, we can identify from the agricultural foodstuff, the dairy products as first classed in the category of traditional products applicants in number of 641 in 2007.²⁴⁸

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²⁴⁶ European Policy For Quality Agricultural Products, Brussels, 2007;

²⁴⁷ Idem

²⁴⁸ MADR – Situatia produselor traditionale in Romania;

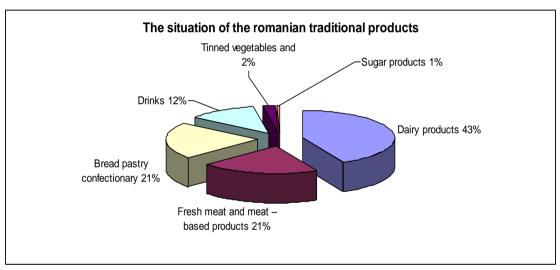
Table nr. 4

Type of products – category	Numbers of attested traditional products
Dairy products	641
Fresh meat and meat – based products	317
Bread pastry confectionary	318
Drinks	186
Tinned vegetables and	31
Sugar products	10

Source: MADR – Situation of the romanian traditional products, 2007

Figure

nr. 5



Source: MADR – Situation of the romanian traditional products, 2007

The number of the Romanian applicants at the European Commission, in order to obtain a PDO, PGI or TSG label for agriculture products – dairy products are limited. In the publication in the Official Journal of the European Communities, were are mention all the producers registered, our country in not mention. An explication for this absence consists in the difficulty way of obtaining this kind of label, our lack of specialization upon dairy products. Starting with 2008 the PDO and PGI product protected under our national territory has a now form of labeling as the figure below, shows:

PDO and PGI LABEL form in Romanian territory



Source: MADR – Situation of the romanian traditional products, 2007

Situation of traditional products registered in difference countryside

Table nr. 6

Countryside	Number of traditioanal products
Arges	138
Covasna	40
Suceava	28
Sibiu	25
Alba	20
Cluj	20
Maramures	16
Salaj	15
Botosani	13
Neamt	12
Braila	10
Iasi	10
Mures	10

Soure: create by the authors from the database www.madr.ro

From this table we observe the particularity met in countryside Arges, where were 138 registration for traditional products. An explication for this huge number compared to the second classed Covasna where are only 40 registration, has a support on the great number of small producer²⁴⁹. Most of them are not commercial society but authorized physical person or familial association, therein each of these applied for traditional products. Some of these gain a huge fame through the own particularity, such as taste, form, color as example Nasal, Manasturd, Tarnava Cheese.

Conclusion

The EU plays a major role in enhancing high quality attributes and in sustaining this wide range of cultures and culinary traditions. The EU safeguards food quality in many ways, for example via measures to guarantee food safety and hygiene, clear labelling rules, regulations on animal and plant health and animal welfare, control of pesticide residues and additives in food and via nutritional information.

The main benefits for consumers are:

- The main message from the label it indicates a quality product
- Choice from the enormous range of great European foods thanks to user-friendly labeling Information on the origin of the product and its characteristics (ingredients etc.) and traditional production methods
- Guarantees that products are the genuine article not copies or imitation products
- Confidence that the food has been produced in line with the detailed specification
- Consumers can identify and buy products from their own or other specific regions if they
 choose

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²⁴⁹ Small producer collect daily around maximum 2000l milck

• Overall information that consumers need to be able to decide whether designated high quality products provide good value for money.

France, Italy, Spain and Greece applied most for the Protected Designation of Origin and Protected Geographical Indication label for dairy products. Romania has no traditional diary product registered by European Commission, to our national authority been listed around 600 dairy products.

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- 3. http://ec.europa.eu/agriculture/publi/fact/quality/2007_en.pdf;
- 4. White Paper on Food Safety, Brussels 2000;

KEY DEVELOPMENT STRATEGIES FOR SMALL AND MEDIUM ENTERPRISES IN THE CONTEXT OF EUROPEAN INTEGRATION

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Abstract: Business in the enlarged EU will benefit from improvements in the legal and regulatory environment in the new member states. The enlarged EU will also create bigger opportunities for its manufacturers and exporters in the global market. Small and medium enterprises play an extremly important role in what concerns boosting economic growth and generating employment. The main problems SME's are confronted with are: lack of financial resources, lack of IT support, lack of human resources, lack of IT literacy, lack of formal procedure and discipline, uneven IT awareness and management skills, lack of experience of using consultants. The strategies developed should take into account these factors that may stay in the way of efficiently going through the transformation process from small-sized companies to large companies. This involves accepting the challenge of the increase in the dynamic competitiveness.

Key Terms: small and medium enterprises, European integration, dynamic competitiveness, key development strategies

The role of small and medium enterprises in creating the dinamic competitiveness

The flow of the European Union policy (in EU there is no single model of elaborating policies) is shaped by solid procedures and institutional frameworks, the actors internationalizing the constraints of the system, and the concepts interactioning with with the interests perceived in shaping the acceptable options of compromise, hoping to achieve a boost in what concerns the European process of elaborating policies due to the higher rates of increase in the new member states.

The European Union competence in SMEs policy area is shared with Member States and their regions and is aiming at making Europe a SME-friendly business environment. The European Commission has adopted in 2005 its "Modern SME policy for growth and employment", which includes action in five areas: promoting entrepreneurship and skills, improving SMEs' access to markets, cutting red tape, improving SMEs' growth potential, strengthening dialogue and consultation with SME stakeholders (Euro Info Centres assisting SMEs, the Better Regulation initiative, the 'Think first' principle etc.). ²⁵¹

A key role in the realisation of the Lisbon objective of the European Union becoming the world's most competitive and dynamic knowledge-based economy by 2010 was reserved to small and medium enterprises (SME). At the beginning of 2004, a "Report" evaluating the progress made in economic reform since the March 2000 Lisbon European Council and inviting to further progress in the coming years has showed that: "A dynamic and productive economy requires an economic environment that supports the key drivers of productivity – competition, enterprise, investment, innovation and skills... To compete effectively in an integrated and competitive global economy, Europe needs to improve its capacity to innovate and to foster an entrepreneurial culture..." While closer to the end of the same year, more exactly at the beginning of 2004, german officials stated that the target set at the reunion in Lisbon in 2000, of outrunning USA as the most competitive economy is no longer realistic and therefore a re-definition of the target will be considered. This in the context of the debate by the European leaders of Wim Kok's report

²⁵² HM Treasury's "Advancing long-term prosperity: Economic reform in an enlarged Europe", Crown, February 2004, pg. 6, 8, 45-46, 49, 65, 87-88.

²⁵⁰ Helen Wallace, William Wallace si Mark A. Pollack – Elaborarea politicilor in Uniunea Europeana, Editia a cincea, Institutul European din Romania 2005, pg. 458-459, 461.

²⁵¹ http://ec.europa.eu/enterprise/entrepreneurship/sme_policy.htm

²⁵³ George Parker,Bertrand Benoit – "Schroder to urge economic rethink for Europe", Financial Times, November 4, 2004, pg. 5.

(Wim Kok, former Dutch Prime Minister, who was warning about the enlargement of the gap between Europe and USA and the fact that Asia is moving fast).

The EU policy framework for SME was put forward on the 11th of November 2005 - Implementing the Community Lisbon Programme Modern Policy for Growth and Imployment) COM (2005) 551 final – which integrated existent enterprise policy instruments, mainly The European Charter for Small Enterprises and the Action Plan on Entrepreneurship, ensuring the transparency of European policy in the SME field and the synergy with the others community policies. The approach of the new challenges was comprehensive, inclusive and pragmatic, taking into account complementary measures related to the support services promoted by the European Commission (community programes and structural funds which ensure the development of entrepreneurship and the competitiveness of SME) and specific actions.

In 2006, the following year, The European Charter for Small Enterprises (selection of best practices – 40), elaborated at the request of the European Council at Lisbon in 2000 and having as objective the transmission of best practices and encouraging the exchange of experience, invites to actions in 10 key fields, demonstrating the commitment of the European Union to equipping small enterprises – the most promissing source of new jobs of the EU, innovation, economic dynamics, and greater social inclusion – to fully enjoy the advantage of digital economy.

The increase of the speed of innovation remains a real challenge for small and medium enterprises. The innovation process has become essential as regarding the preocupation concerning the increase in the dynamic competitiveness (the accent is placed on innovation and knowledge management) of SME, transforming knowledge in value added and expressing the combination between: market knowledge, technologic knowledge, the creative talents of knowledge workers, with the purpose of solving competition problems.

In what concerns Romania, which became a Member State of the European Union at January 1, 2007. The small and medium enterprises sector is the most sensitive from the point of view of the impact of joining EU on the Romanian economy. The unexpected political changes in 1989 placed the Union in face of the challenge to invent from zero a framework for the relationship with the countries from Central and Eastern Europe and, therefore, a "european policy". The problem was not only to project a long-term complete policy for a set of very different partners, but also to do this in a considerable modified context – both internally and externally – but also in confronting with many of the paradoxes of the west-european integration process.²⁵⁴ In 2001, Jacques Pelkmans²⁵⁵ argued that the fundamental importance of economic integration is represented by the increase of effective or potential competition, this competition being generated - from the point of view of a region or country – by both the actors on the market (inter-regional integration) or from a group of countries (for instance, from the European Community), and own participants that go beyond the traditional borders of the economy.

It is clear from their ever-increasing contribution to GDP and employment that SMEs are central to achieving the Lisbon targets and that a thriving SME sector is fundamental to EU competitiveness. SMEs must therefore be integral to EU leaders' considerations of the Lisbon strategy. The 2004 EU Spring Summit joint position paper from leading representatives of the UK SME community puts forward recommendations for measures at EU level that will help SMEs to thrive and to contribute to achieving the "new strategic goal" announced at the March 2000 Lisbon European Council. As the economic, social and environmental significance of SMEs continues to grow, so too must the understanding of their needs among policy-makers. It is important to recognise the specific nature and needs of SMEs in contrast to bigger businesses. As this paper highlights, particular consideration needs to be given to the disproportionately high impact that poorly drafted legislation can have on smaller businesses.

The promotion of widespread entrepreneurship through setting up of small and medium-sized enterprises (SMEs) is crucial for the transformation to a market economy and the democratization of society. SMEs are recognized as an engine of economic growth and a source of sustainable development. Within this sector the micro and small-enterprise segment (MSEs) is of greater importance because it is considered as

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²⁵⁴ Helen Wallace, William Wallace si Mark A. Pollack – Elaborarea politicilor in Uniunea Europeana, Editia a cincea, Institutul European din Romania 2005, pg. 402-403.

²⁵⁵ Jacques Pelkmans – Integrare europeana. Metode si analiza economica, Editia a doua, Institutul European din Romania, 2003, pg. 3

²⁵⁶ http://www.agcc.co.uk/documents/2004% 20EU% 20Spring% 20Summit% 20Position% 20Paper.pdf

the cradle of entrepreneurship, particularly in environments facing high poverty and unemployment rates, and especially where due to the restructuring of heavy machinery plants, military complexes or the closing worked-out mines there is a need for structural and social adjustment. In those districts, MSEs in particular can create jobs, and provide income-generating opportunities to alleviate poverty.

European Union initiatives regarding the development of Small and medium enterprises

The Entrepreneurship and Innovation Programme is one of the specific programmes under the Competitiveness and Innovation Framework Programme (CIP, running from 2007 to 2013). With this programme, the European Commission seeks to support innovation and SMEs in the EU. The objectives include: Facilitating access to finance for the start-up and growth of SMEs and encouraging investment in innovation activities; creating an environment favourable to SME cooperation, particularly in the field of cross-border cooperation; promoting all forms of innovation in enterprises; supporting eco-innovation; promoting an entrepreneurship and innovation culture; promoting enterprise and innovation-related economic and administrative reform. The European Commission is working to put the 'Think small first' principle at the heart of all EU and national policies. This means assessing all initiatives from the point of view of smaller businesses, and ensuring the needs of SMEs are given priority. A healthy regulatory environment must also encourage sustainable economic growth and help enterprises to become more competitive. The European Commission aims to reduce the administrative burden on businesses by 25% before 2012. To achieve this, the Commission is improving European legislation, and encouraging national and regional authorities to do the same at their levels. Some laws with an impact on SMEs, concerning issues such as employment, and social and environmental protection, originate at EU level. We need to make sure that we get this legislation right so that it does not add to the burdens on small businesses. Red tape is proportionately much more of a burden for SMEs than for larger firms.

A lot of the problems SMEs face are down to laws, rules and practices at national and regional level. Therefore, the Commission is encouraging authorities throughout the EU to identify and implement effective initiatives to improve the framework in which SMEs operate. This includes issues such as reducing the bureaucracy in starting up a business, making it simpler for one-person enterprises to take on their first employee, and improving consultation of small businesses in policy making which affects them.

The European Charter for Small Enterprises is an initiative which allows national and regional authorities to benchmark progress and exchange best practice. And it works – Member States do learn from each other's policies and solutions.

The Enterprise Europe Network offers support and advice to businesses across Europe and helps them make the most of the opportunities in the European Union. It provides information regarding EU legislation, funding opportunities, it offers help in finding a business partner, or in benefiting from innovation networksin the region257. SOLVIT is an on-line problem solving network coordinated by the European Commission in which EU Member States work together to solve without legal proceedings problems caused by the misapplication of Internal Market law by public authorities. Your Europe provides practical information and advice that helps in carrying out your business in another country within the European Union. There is information on registration of companies, public procurement, taxes, business directories, various funding opportunities or employment laws.

Small and Medium Enterprises(SMEs) traditionally find it harder to comply with environmental legislation than their larger counterparts. In general, the smaller the company, the more difficult it is. Although there is a cost implication in compliance, companies that do take action can benefit from lower energy bills and greater efficiency in their operations. The Environmental Compliance Assistance Programme proposed by the Commission is a set of measures that aim to help SMEs minimise the environmental impact of their activities and to facilitate compliance with existing legislation. A website providing information on EU environmental policy for SMEs is now available in seven languages and guides on energy efficiency, air emissions, soil and water and waste are planned. A handbook on funding opportunities will also be published. The new network replacing the Euro Info Centre Network in support of business and innovation will participate in implementing the Programme from 2008. This and other SME support networks will play an important role in helping SMEs translate European environmental policies into operational measures.

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²⁵⁷ http://www.enterprise-europe-network.ec.europa.eu/index_en.htm

Key development strategies for Small and medium enterprises

All forms of integration involve a continuous process of co-operation between states that participate as regarding the procedures of harmonizing the interests, reaching consensus, elaborating and applying new forms of economic conduct. In other words, they involve the consent of partners concerning the rules that shape the integration process.²⁵⁸

The policies and programmes addressing the Small and medium enterprises can be split in two large categories. A first category focuses on policies that are meant to contribute to creating the necessary conditions for proper functioning and development of Small and medium enterprises and another category that refers to possible interventions in those areas that require a special treatment.

The main problems that small and medium enterprises encounter, especially during the start-up phase, deal with the lack of financial resources and also with administrative barriers in terms of bureaucracy. Therefore, the strategies aimed at facilitating the set-up and development of small and medium enterprises should focus on eliminating administrative barriers to set-up and development of small and medium enterprises, as well as providing financial support during the set-up phase.

Microenterprises contribute significantly to economic growth, social stability and equity. The sector is one of the most important vehicles through which low-income people can escape poverty. With limited skills and education to compete for formal sector jobs, these men and women find economic opportunities in microenterprise as business owners and employees. Official policies often make business difficult for microentrepreneurs. Improved business regulations, tax regimes, licensing requirements, financial sector reform and bank supervision will promote better conditions for microenterprise development.

About 90 percent of the people in developing countries lack access to financial services from institutions. The concept of "Sustainable MicroEntrepreneurship" is neither formal, nor derived, but rather a development process combining the three aspects of microfinance, entrepreneurship and sustainability. ²⁵⁹ It refers to the specific practice of "social-conscious-driven entrepreneurship", perpetuated by a sustainable access to credit, and without bearing undesirable externalities on people or environment. Sustainable MicroEntrepreneurship is a small-scale, self-sustaining active evelopment process initiated by the poor to help themselves break free from their poverty. The challenge is to build capacity in the financial sector drawing on lessons from international best practices in micro, small enterprises and rural finance. However, ensuring environmental sustainability is equally important as sustaining microenterprises financially. The Sustainable Financial Markets Facility (SFMF, 2004) recognises the importance of promoting "environmentally and socially responsible lending and investment in emerging markets, thus stimulating sustainable markets/ sustainable private sector activity and enhancing other sustainable initiatives in the developing world. Thus, the interrelated nature of microfinance, entrepreneurship and sustainable development is evident.

It is important to try to develop and apply those strategies that in time will lead the business to gaining competitive advantage. The solution would be to, stept by step, draw a pathway to gaining competitive advantage by taking into account the current situation, conducting an internal assessment to identify current position as well as analyzing the business environment in order to locate new opportunities and consider ways in which the business can capitalize on these opportunities. Also, small and medium enterprises should focus on keeping up-to-date with the programmes conducted that are meant to support their development.

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THE EXPANSION OF THE SERVICES FOR ENTERPRISES IN ROMANIA

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Abstract: The real recuperative process of the gaps can be sustainable and durative only under the conditions of a real convergence which considers that making compatible the economical structure with the one of the other European country has priority.

As opposed to the industrial sector, where the structural convergence is in a continuous process of development, having a satisfactory intensity, the tertiary sector doesn't enjoy the same privileges, being able to find here the biggest gap from a macro-economic point of view.

Key words: the services' sector, the structure of the services, the services for enterprises, the expansion of the services for enterprises

Introduction

It is well-known the fact that the services' sector is the most important sector of the global economy, in a continuous positive dynamic. In this sector is concentrated the biggest part of the production and the work force from the vast majority of the developed enterprises. For example, two thirds of the total aggregated production from the OECD countries corresponds to the services' activities. In the case of the active work force attracted by the tertiary sector in these countries, we can say that it represents 70%. In the case of the EU 15 countries also, we come across this situation.

The evolution of the tertiary sector has at its basis some aspects, namely:

- the major transformations in what concerns the sectorial structure of the economy of the East-European countries,
- with a significant increase of the GIP (PIB),
- the positive evolution of the number of work positions,
- the intensification of the international commerce.

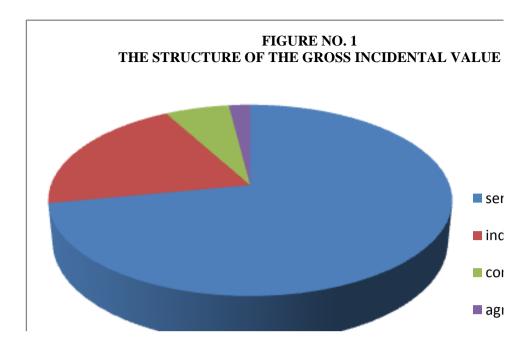
Even though, there are and persist gaps of the developed countries given by the ones developing, but also between the countries in transition in what concerns the role and the performances of the services' sector.

The structure of the services in the gross incidental value in Romania and the European Union

On the whole of the European Union we can observe that the structure of the gross incidental value is realized as follows:

- the services participate with over 72%,
- the industry contributes with circa 20%,
- the constructions (6%)
- the agriculture with less than 2 percents.

Schematically, these ones can be represented as follows:



If we refer to the evolution of this sector in Romania, we can affirm that significant progresses were registered. Even though, there are some gaps when compared to the EU countries. If 17 years ago the tertiary sector contributed to the realization of the gross incidental value with only 30 %, in 2006, this contribution was situated at over 55%. For a more detailed image of the differences between Romania and the European Union, we present the following table:

The structure of the gross incidental value in Romania and the EU in 2006 Table no.1

Sector	Romania	European Union	
Agriculture	9.6	1,9	
Industry	27,2	20,6	
Constructions	7,2	6,0	
Services	56,0	71,5	

Source: The National Statistics Institute

In the last 10 years, in Romania predominantly developed the services with an increased infusion of incidental value as the mobile telephony, cable television, banking and insurance services, informatics and the interfacing activities, consultancy services, advertising, etc., and the lunge made by the tertiary sector is spectacular. But at the level of the European Union, in 2005, Romania situates itself on one of the last positions from the point of view of the heft of the services in the gross incidental value. This aspect can be observed in the classification realized on the basis of the Eurostat data presented hereinafter:

1. Luxemburg	2. France	3. Cyprus
4. Belgium	5. Malta	6. Greece
7. Livonia	8. Denmark	9. Holland
10. Portugal	11. Italia	12. Sweden
13. Germany	14. Austria	15. Finland
16. Spain	17. Estonia	18. Poland
19. Slovakia	20. Lithuania	21. Bulgaria
22. Czech Republic	23. Romania	

The services for enterprises, at the beginning of the period of transition to the market economy, represented an almost inexistent segment, not as much approached in the tertiary sector. We refer here to those services that eliminate the commerce and the transports, services for consecrated enterprises.

Nowadays, when the economy is based on the comparative advantage of the specialization, we can deduce the fact that certain services detain relative significant hefts, being able to give as a concrete example the consultancy activities deployed by independent operators, starting with secretarial activities and ending with bookkeeping, juridical and of personnel services. We cannot omit the fact that such services best correspond to the delocalization tendency in the sense that such services can be effectuated by firms situated within considerable distances from the beneficiary society.

According to the Classification of the National Economy's Activities "the services for enterprises" comprise numerous types of services, namely:

- Informatics and interfacing activities;
- Research-development (fundamental research); experimental development in natural and engineering sciences; applicative research;
- Architectural, engineering activities and other technical services (architectural, projection activities; research activities; activities of exploitation and geological prospection and cartography);
- Other activities of services for enterprises, respectively the rental of the machines and the equipments without operator and of the personal and domestic goods; juridical activities; bookkeeping and accountancy revision; activities of contemplation of the market and of survey; consultancy and management activities; testing activities and technical analyses; advertising; the selection and the placement of the work force; activities of maintenance and clearance of the buildings; photographic activities; secretarial typing activities; activities of multiplication and translations; other activities carried out for the enterprises.

The accentuated development of the high informational technologies makes possible the electronic carrying out and delivery of these types of services, aspect that directly contributes to the extensive development of this sector. Through the advantage offered by the delocalization phenomenon sustained by these services, we can talk about the increase of the possibility of exploitation of the comparative advantages of the diverse locations (especially the well qualified and at low prices work force). The ampleness of this phenomenon made possible, in the cadre of the services for enterprises, the apparition of a new structuring through the highlighting of "the services with electronic delivery". In this category are included, first and foremost, the services from the domain of the informational technology, as well as the professional and of business ones.

The services with electronic delivery can be structured on groups and subgroups as follows:

- 1. Informational services:
 - the development and implementation of the soft;
 - data processing;
 - services of the data bases;
 - the development of informational applications and their maintenance;
 - the lodging of information'
 - the informational management;
 - the assurance of the enterprises' security;
 - web services;
 - the lodging of the web sites etc.
- 2. Services determined by the interaction with the consumers:
 - Reservation and issuance of plane tickets,
 - technical support,
 - assistance, the management of the programs of gaining the clientage's faithfulness,
 - the renewal of the passes.

3. Administrative services:

- Back-office type operations: the introduction and the manipulation of the data; data processing; data bases services; the management of the payments; the financial information processing; the management of the actives;
- Human resources' services: remuneration; the registration and the management of the schemes
 of employee compensation; the preparation of the personnel;
- Financial and bookkeeping services: the management of the debts, of the claims, invoicing; taxing; electronic payments;

4. Commercialization services

- Assistance in sales;
- telemarketing;
- the market's demand;

5. Operational services

- Depositing; manipulation; stock-taking;
- transport; the management of the chain of manufacturers;
- the management of the electronic provision;

6. Professional and business services:

- Financial services: the processing of the demands of insurance compensations; the processing of the mortgages, of the checks and of the cards;
- Bookkeeping services: audit; primary accountancy; taxing;
- Marketing services: the projection and the development of the products;
- Medical services: the management of the data referring to patients; the management of the
 patients' sheets of observation; the medical codification; the translation and the interpretation of
 the analyses and of the laboratory tests.

After 1989, together with the transition from the centralized economy to the market economy, the dynamic of these types of services was differentiated and extremely variable. For example, the services from the group informatics and interfacing activities, the services of consultancy and management, bookkeeping and accountancy revision, advertising, etc. had a spectacular evolution, as a consequence of the adaptation to the new demands of the market.

The access to the new generation computers and to the more and more sophisticated softs, the apparition of some firms specialized for this kind of services, are only some of the aspects that contributed to the inedited expansion of this sector starting with 1990. This fact can also be found in the increase of the heft of the gross incidental value realized in the "informatics and interfacing activities" branch in the national gross intern product from 0,2% in 1990 to 0.7% in 2005.

As well, after 1990 a lot of profile unities were set up, as for example the firms in the domain of the consultancy for business and management, in advertising, in the domain of the bookkeeping and the audit or consultancy firms on different juridical problems (notarial, obtaining the authorial right, arbitration and conciliation, etc.) and many others made their importance and heft in the national economy increase. Thus, the contribution of the "other activities of services for enterprises" group to the formation of the gross intern product increased from 0,1% in 1990 to 1,4% in 2005.

The activities from the "research development" group were situated at the opposed pole, with a descendent evolution because the heft in the gross intern product decreased from 0,7% in 1990 to 0,2% in 2005. This is, mainly, the consequence of the annulment of numerous research institutes after 1990. In the future, the research development activity will be extremely important, as one of the targets of the Lisbon strategy stipulates for 2010 the allocation of 3% of the gross intern product for the research activity.

As well, the "architectural, engineering activities and other technical services" group lost of its importance by reducing its heft in the GIP from 1% in 1990 to 0,6% in 2005. Practically, as the market mechanisms developed, the demands of competitivity became more stringent too, the professional and of business administrative services became more and more important for the commercial societies. As a consequence, at the level of 2005, these services, together with the ones of informatics detained 73,3% of the total as compared to 14,2% in 1990.

Correspondingly, the heft of the other categories reduced – "architectural, engineering activities and other technical services" and "research-development" – from approximately 85% in 1990 to only 27% in 2004.

The distribution of the turn-over on activity types, in 2005 and 2006, highlights the following consequences:

- the most significant part of the total volume of the turn-over realized by the services for enterprises, respectively over 90%, is given by the following types of activities: informatics and interfacing activities, bookkeeping activities, accountancy revision, consultancy in the fiscal domain and consultancy for affairs and management, activities of architecture, engineering and consultancy services related to these ones and advertising:
- the other types of activities (juridical activities, activities of contemplation of the market and of survey, testing activities and of technical analyses, the selection and the placement of the work force) participate with approximately 7 percents to the realization of the turn-over;
- heft increases were realized in the domains informatics and interfacing activities, activities of
 contemplation of the market and of survey, advertising and the selection and the placement of
 the work force. The testing activities and technical analyses remained constant, while the rest of
 the activities diminished their heft.

Conclusions

We can say, according to the data previously presented, that the services for enterprises gained a particular role in the development of the unities that appeal to such services, most of the time indispensable for the good development of their activity. The special contribution of the informational services, of the services of consultancy, of architecture, of bookkeeping and accountancy revision, activities that are not actually missing from any economical unity, irrespective of the activity volume or the number of employees is well known. An accentuated attention is requested for the research development services considered the basis of the competitivity of every activity taking place inside a market economy. In the Romanian economy, as well, we can find this necessity for the research development services, but, at the same time, availability towards their development, towards the impulsion of the physical and juridical persons, that deploy such activities.

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E-BUSINESS IN THE CONTEXT OF GLOBAL COMPETITION

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Abstract: The explosion of digital connectivity, the improvements in communications and the enforced global competition are revolutionizing the way business is performed. A new, complex and rapidly changing economic order has emerged based on disruptive innovation, discontinuities, abrupt and seditious change. In this new landscape, knowledge constitutes the most important factor, while learning together with the increased reliability and trust, is the most important process (B.A. Lundvall and B. Johnson: 23-42). These trends suggest that private and public organizations have to reinvent themselves in order to achieve strategic competitive advantage. The extant literature highlights the great potential of ICT tools for operational efficiency, cost reduction, quality of services, convenience, innovation and learning in private and public sectors.

Key words: e-business, competition, communication

1. Introduction

In March 2000, at the Lisbon summit, the European Union representatives set the goal of becoming the world's most dynamic and competitive knowledge-based economy by 2010 with the need to promote an "Information Society for All", and to address the issues of the digital divide in the adoption of Internet and e-business use. The overly pessimistic and hesitant attitude towards ICT that the burst of the new economy bubble provoked in many companies became a thing of the past. E-business has gained new momentum in the EU and in other advanced economies of the world. The cost-saving potential of ICT has been broadly recognized by companies. Efficiency and productivity gains have been a key driver for growth in ICT investments.

The aim of this paper is to show that in the emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic development. The integration of information and communications technology (ICT) in business has revolutionized relationships within organizations and those between and among organizations and individuals.

2. "E-business" – definition, typology and some characteristics

E-business (electronic business), derived from such terms as "e-mail" and "e-commerce," is the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners. One of the first to use the term was IBM, when, in October, 1997, it launched a thematic campaign built around the term. Today, major corporations are rethinking their businesses in terms of the Internet and its new culture and capabilities. Companies are using the Web to buy parts and supplies from other companies, to collaborate on sales promotions, and to do joint research. Exploiting the convenience, availability, and world-wide reach of the Internet, many companies, such as Amazon.com, the book sellers, has already discovered how to use the Internet successfully.

E-business is just business using electronic networks to transform a business process or business system to create superior value for current or potential customers. It is more than e-commerce, even though the terms are often used interchangeably (www.epsilonium.com). The latter is focused on buying and selling products and services, using network technologies. E-business goes beyond mere transactions. It facilitates new types of connections among a broad range of entities. It enables any type of business activity over the network. E-business changes the meaning of the word "firm". The boundaries of the firm are blurring to the point that the enterprise transcends the firm to also encompass partners, suppliers, and customers - the extended enterprise, a business without boundaries. The linking of these entities makes possible new applications to build, manage and strengthen relationships among them.

E-business represents in fact a number of processes, such as: Communicate with customers, clients or suppliers via email; Send emails to other businesses to order products and services; Sell products or services via website; Use the Web to find information, such as prices, phone numbers and reviews of products; Use the Web for research (such as the latest industry trends) and to provide information about products and services; Use the website as a means of managing the information in the business; Use the Internet for online banking and paying bills (http://www.e-businessguide.gov.au)

What e-Business IS NOT?

E-business is not:

- 1) a bolt-on to the business; rather it's an integral component of it;
- 2) about technology:
- 3) a middle-management initiative It's the CEO's job;
- 4) tied to a particular department or functional area;
- 5) a fixed target It's about adapting and keeping up with changes around.

The intensity and impact of electronic business depend on the business activity of companies, and on the configuration of the value system in which these companies operate. *In manufacturing sectors*, companies focus on procurement processes, optimizing supply chain management and integrating with retail and distribution. *In a project-oriented business* such as construction, applications supporting project management have a high potential. *In tourism*, online information and reservation services have become a commonplace. *In telecommunications*, it is hardly possible to make a clear distinction between the use of e-business by telecom firms themselves and the provision of related services to customers. *Hospitals* aim at improving the efficiency of their internal processes as well as document exchanges within the health system by means of ICT, thus cutting costs.

Companies are increasingly using ICT to link together their business processes and systems internally: hooking departments together to provide better products and more responsive services more efficiently; with those of their suppliers, distributors and other partners, increasing efficiencies even further; with public authorities; with their customers, allowing them to respond more directly to market trends and sell worldwide. E-business therefore allows new forms of partnership, and improves both the way companies work and the products and services they offer. One must take into account the fact that, e-business means talking about new issues: business-to-consumer (B2C), business-to-business (B2B), e-tailing, business-to-business-to-consumer (B2B2C), consumer-to-business (C2B), consumer-to-consumer (C2C), peer-to-peer (P2P), mobile commerce (m-commerce), location-based commerce (l-commerce), intra business EC, business-to-employees (B2E), collaborative commerce (c-commerce), e-learning, exchange (electronic), exchange-to-exchange (E2E), e-government (F.S. Parreiras, 2005: 12-25).

According to well-known specialists the trading partnerships that business-to-business electronic marketplaces are also known as "**B2B e-markets**", defined as: a) electronic trading platforms that bring together businesses with the purpose of buying and selling (European Commission Staff Working Paper, 2002: 4-6); b) "virtual online markets where buyers, suppliers and sellers find and exchange information, conduct trade, and collaborate with each other via an aggregation of information portals, trading exchanges and collaboration tools" (Prime Faraday Technology Watch, 2001: 9).

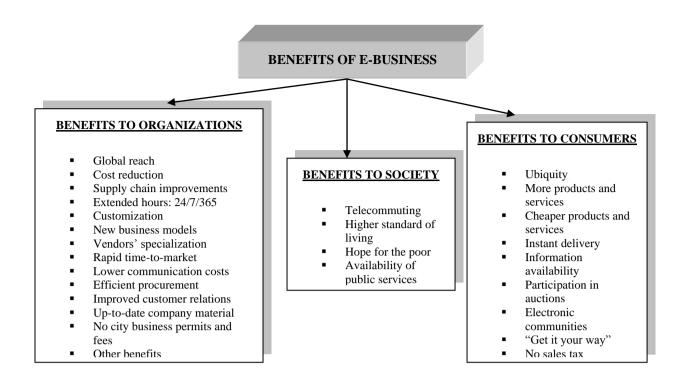


Figure no. 1: Some benefits of E-business

Despite such potential benefits, not every firm is ready to embrace e-business as a purchasing tool (G. Lambros and S.Moschuris, 2001: 351-372). Some serious hurdles to the successful implementation of e-business include a host of security, legal and financial problems (M. Quayle, 2002: 151-159). In particular, the incoherence of the web and concerns about security and flexibility limit the confidence of business in internet based trading systems. Current e-business systems do not yet fully address these concerns, and most concentrate on bilateral relationships between sellers and buyers (R. Van Hoek, 2001: 21-28).

The rapid development of e-business as a mainstream reality has been such that it is difficult for legislators to catch up. The legal framework for trading on-line can therefore be a little unclear. Inevitably, the exponential rise in Internet usage and trading has not been met with the adoption of legal regulations over how to trade in the borderless World Wide Web. The law and regulation of e-commerce is a rapidly developing area attempting to keep track of the growth of online business. The EU is to the forefront of ensuring that e-business is adequately regulated and that "e-customers" are provided with the protection enjoyed by consumers in the traditional markets.

The net can be both Europe-wide and international as well, so one has to think carefully about whom you want to advertise or sell to as well as the business conditions for that particular country. From a business perspective with the growth and maturity of the Internet, comes economic opportunities and penetration of international market potential. Companies and individuals are still by nature reluctant to dive head first into reaping the rewards instead choosing to weigh up the risk vs. cost analysis before implementation. The entrepreneurs that have made e-business work for them have understood the potential and applied themselves correctly to the sound principles of e-business management which involves researching basic contractual issues and putting into play basic business principles for doing business on-line.

From an individual (consumers) perspective there is still a reluctance to embrace on-line shopping because of perceived lack of security for conducting financial transactions, concerns about reliability of on-line purchasing, privacy considerations in terms of personal information kept on them (spending practices, credit rating, etc) and general unfamiliar with the Internet environment, but this aspect is slowly improving.

3. The impact of ICT

Competing in mature markets requires not only optimized cost structures, maximal efficiency, and products or services of excellent quality, but also the ability to communicate effectively and indeed cooperate with customers and with potential customers. The flexibility offered by ICT applications permeating business operations is an

essential precondition for this new relationship with customers. Particularly in enterprises serving large numbers of customers, complementary ICT systems such as CRM (customer relationship management) facilitate the comprehensive collection of data on marketing and sales activities, the analysis of this information, and their use for a broad range of strategic and operational decisions.

3.1. The influence on productivity

That ICT use in enterprises has an impact on productivity is fully acknowledged in research and policy. Over the past 10-15 years the impact has been particularly strong on US enterprise. However, the impact in European enterprises has not been as great and this discrepancy continues to be a major concern in EU policy. Maliranta and Rouvinen (2006: 605-616) find strong evidence for productivity-enhancing impacts of ICT in **Finland**. After controlling for industry and time effects, the additional productivity of ICT equipped labor ranges from 8% to 18%, which corresponds to 5-6% elasticity of ICT capital. The effect was much higher in younger firms and in the ICT-producing sector, notably ICT producing services. "Manufacturing firms benefit in particular from ICT-induced efficiency in internal communication (...), while service firms benefit from efficiency in external (Internet) communication." Hempell (2002: 32-45) studied the joint impact of ICT use and permanent technological innovation on productivity for **German and Dutch** service firms. He found evidence that such impact exists and is of the same magnitude in the two countries, while the direct impact of innovation on multifactor productivity appears to be more robust for German companies. A general conclusion is that ICT is used more productively if it is complemented by innovation efforts in the firms concerned.

Gretton find for **Australia** that ICT and related effects raised Australia's annual multi-factor productivity (MFP) growth by around 0.2 percentage points in the 1990s. This is significant, even if it is a relatively small part of Australia's 1990s rate of MFP growth of 1.8% a year. The analysis found positive links between ICT use and productivity growth in all sectors that were examined.

3.2. The influence on innovation

Another important mechanism by which ICT impacts on competitiveness, which is closely related to productivity effects is the link between ICT and innovation. The European Commission has for good reason long placed great emphasis in policy actions on the critical role of innovation in ensuring European businesses stay competitive in the global economy. At the same time, competitive pressure provides powerful incentives for companies to continuously engage in innovation and R&D. Thus, innovation, competition and competitiveness are closely intertwined.

In many cases, the implementation of e-business processes in a company will in itself constitute process innovation. In manufacturing sectors, e-business has triggered significant innovation inside the companies, notably in supply chain and delivery processes, such as automatic stock replenishing and improved logistics. In service sectors such as tourism, the innovative impact of ICT is more evident in the way that external transactions are accomplished. For example, if a company starts to sell its services online, this usually implies significant innovation in the service delivery process and in customer communication. (http://www.ebusiness-watch.org)

As ever more companies strive to exploit the innovation potential of ICT, it becomes more difficult for the individual company directly to gain competitive advantage from this technology. In many fields of application where penetration rates are moderate or high, e-Business has become a necessity to stay in business rather than a means to differentiate from competitors.

3.3. Disparities in ICT use for doing business

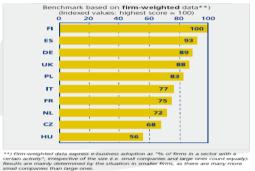
In international comparisons, EU enterprises are – on average – level with their counterparts in other advanced economies in their use of ICT. There are differences within the EU, however, particularly with regard to the average ICT maturity of smaller companies. In general, firms in Northern European countries are more advanced than companies in Southern European countries and from most of the new Member States in linking their business processes internally and with business partners.

The e-Business Index 2006, composed of 16 indicators, shows Finland as the e-business benchmark in a comparison of eight EU countries. Companies from France, the Netherlands, the UK and Germany are very similar in their use of ICT, particularly if emphasis is laid on the larger companies. Firms from the new Member States, although taking the lower ranks in this benchmarking exercise, are not far behind in their use of ICT. With the possible exception of the Nordic countries, the location of a company is by no means a reliable predictor of its level of e-business activity. This may be due to structural characteristics (The European e-Business Report

2006/07 edition: 15-40). In Italy, for example, sectors dominated by small firms are much more prevalent than in other countries. Since large firms are more advanced in electronic business, aggregated data may point at a lower level of e-business activity in Italy. This reflects, at least to some extent, the structure of the economy rather than the overall e-maturity of firms. In contrast to Italy, the relative performance of French and Dutch companies is significantly better if the emphasis is on larger firms. These benchmarking results suggest a pronounced digital divide between small and large firms in these countries.

Figure no. 2: Benchmark based on Employment-weighted and on firm-weighted data





Source: e-Business W@tch (2006)

E-business activities of large companies are rapidly maturing, as they have powerful ICT systems for linking business processes, understand their benefits and possess the necessary know-how to steadily improve these systems to their advantage. Many smaller companies, by contrast, still struggle with the requirements of getting digitally connected with their suppliers and customers. If they cannot cope with requirements of the digital economy, they risk being eliminated from the value systems that tend to be orchestrated by large firms. There are now over 19 million SMEs in Europe. In most EU Member States, they make up over 99 % of enterprises. SMEs generate a substantial share of GDP and, are a key source of new jobs as well as a breeding ground for entrepreneurship and new business ideas. SMEs will also in particular benefit from the lowering of entry barriers to markets as a consequence of e-business, which is often described as the SMEs' gateway to global business and markets. Thus, the success of e-Europe is critically dependent on whether SMEs are fully engaged in this process. (http://www.usherproject.org.uk/support/index_scenarios.html, *The current and future barriers to SMe-volution*).

ICT implications for SMEs are ambivalent. On the one hand, ICT may offer increased economies of scale. Large enterprises can afford powerful ICT systems at proportionally lower cost than SMEs have to meet for their comparatively simple infrastructure. The E-business Index 2006 confirms that the diffusion of ICT systems for internal and external process integration increases in a linear fashion according to firm size (The European e-Business Report 2006/07 edition: 15-40).

E-business offers some opportunities for small firms, such as: facilitates cooperation (e.g. through project management tools or online collaboration tools for design), new technologies, integrating: The value of any communication technology is proportional to the square of the number of users of the system. Large companies have recognized that they need to get their small business partners "on board" in order to reap the full benefits of e-business. Policy is also focusing on the integration of small firms in their "digital eco-systems"; going international.

All companies - big corporations, SMEs - face various challenges when contemplating E-business implementation. These obstacles can be grouped into 6 main categories: Management and Strategy; Cost and Financing; Skills and Training; The Supply Chain; Technology Choices; Security & Reliability. The decision to apply e-Business technologies to a traditional business involves a huge number of choices at all levels of the organization: Strategic, Tactical or Operational. In the current business environment one wrong choice could cause the company to close, but on the other hand the trend is generally towards the greater use of technology in business and one right choice could transform the company into an industry leader. SMEs provide clear opportunities for economic development both locally and nationally. Developing SME e-business expertise is essential to sustaining (and in some cases, achieving) competitive advantage. SMEs appear to be aware of (even if they do not embrace) the basic elements of e-business. The challenge, perhaps, is getting them to realize the same elements are also

prerequisites for developing an organization's competitive advantage. The future belongs to those who can use new technology to make themselves more efficient and develop better products and services. The results may not be instant. Nevertheless SMEs ignore e-business at their peril.

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INNOVATION – SOURCE TO OBTAIN THE COMPETITIVE ADVANTAGE IN THE GLOBAL ECONOMY

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A strong motivation to replace the comparative advantage theory with the competitive advantage theory is given by the significant change of the present economic conditions comparing with the old conditions that inspired the competitive advantage issues. The dynamic character of the market competition and the fact that, in the present, the competitiveness is located to enterprise's level and not to the level of the national economy are some important argues that sustain the necessity and the opportunity to move the economic thinking from the comparative advantage theory to the competitive advantage theory. In the past, the comparative advantage of an economy was given by the natural resources, by the geographical position or by the specific features of products or services. Nowadays the competitive advantage is created through innovation by all its forms.

Keywords: innovation, comparative advantage, competitive advantage

Passing from the comparative advantage theory to the competitive advantage theory

The competitiveness is a major preoccupation for all countries in the context of more free global economy. The perception on the competitiveness and on the mechanism to obtain it varies in time according with the development level of each country. The global economic situation at the first of the third millennium has a series of characteristics that must be considered in the process of making enterprise's strategy. Some of these issues are:

- The concept of the general and continue economic growth lost its viability, today every
 enterprise must count only on its own forces to win or even to survive on the competitive
 market;
- In the perspective of the unified European market will occur new business opportunities that in the conditions of stronger competition will force the managers to mobilize all the available resources. The first important resource is the technological resource that allows to enterprises to reduce the unit cost, to improve the product's performance and quality, to consolidate the position on the market and to gain new markets. In these conditions the "battlefield" will be transferred from the national to the international level and the winners will be the competitive enterprises with international vocation;
- It can be observed a strong development of the scientific research activities and, on the other hand, an accelerated process of practical implementation and application of the research results;
- The new adopted technologies spread in short time to domains that are very different by the initial domain that generated it;
- The industrial products market of more free because of gradual elimination of the all types of custom restrictions.

These economic realities are strong argues that sustain the necessity and the opportunity to pass from the comparative advantage theory to the competitive advantage theory. The comparative advantage theory gives explanations about favorable natural conditions from a national economy, given by the small cost of some production factors, comparative with other national economies based on the following elements:

- The existence of abundant and relative cheap natural resources that gives the orientation of the economy structure;
- The existence of a competitive business environment;
- The existence of neutral macroeconomic policies.

Michael E. Porter [2] supports that significant change and gives strong arguments for it. First argument aims that the majority of classic competitive theories put weight on product's cost, quality and diversification while the new theory sustains a more comprehensive competitiveness concept including the market segmentation, the technological differences and the scale economies. Innovation and the advantages generated by using the know-how and advanced technologies are superior to the advantages based on low cost of production factors.

The old theory has a static vision about the enterprise's competitiveness focused on cost – efficiency relation while the technical progress has considered an exogenous factor. The new theory includes the dynamic character of the competitiveness and the central element is the improving of the production methods and technological innovation. The static comparative advantage theory assumed that the production factors are constant and enterprises must focus on domains with superior efficiency. In the present situation, the competitiveness is facing a continue change and the essential criteria for enterprise's orientation are the innovation and changing. The enterprises are constrained to obtain profit from the new products based on new fabrication methods not only to move the resources to the most profitable domains. The new theory must have the capacity to focus the enterprises to new strategies that assures a stable position on the global competitive market.

In present days there are numerous examples about countries with low natural resources that register a strong economic and social progress or, in contrast with that, there are many undeveloped countries with very rich natural resources. This reality gives the consistence to the new theory that has microeconomic vision against the comparative theory that has macroeconomic vision. The competitive advantage theory underlines the role of the competitiveness level of the enterprises on the national market and, especially, on the international market. That competitiveness level gives the direction in the national economy's evolution and specialization. The new concept, competitive advantage, is based on active and selective policies that have the main goal to reach the targets in the global competitive market. There are four fundamental pillars: the enterprise, the competition, the favorable internal environment and the adequate economic policies applied by enterprises, ownerships, governments and international institutions.

The competitive advantage means the enterprise's capability to offer superior products and services for consumers comparing with the products and services offered by the competitors. The higher competitiveness level comparing with the competitors is given by price, product's quality, post-selling services quality, the enterprise's capability to adapt the offer to the market demand and technical progress. In Michael Porter's vision, the enterprise's competitive advantage means to assure a reduced cost or to create a distinct product or service that is clearly different through its quality by the competition's offer.

The enterprises are creating the competitive advantage in their branches and then the advantage is transferred to the national level in respect to accomplish the national economic targets. That means that it is a real necessity to elaborate and to apply a set of strategies at enterprise level and at governmental level based on the adopted theoretical premises. To be viable the competitive advantage has to be durable and sustainable on long-term. Contrary, the enterprise will benefit only by a temporary advantage based on an opportunity development.

The opportunities to create and support the competitive advantage are different according with development stage of each country. Considering these aspects, there are three different development stages [3]:

- The first development stage is the production factors based economy that assumes that the nation's competition is based on natural resources and unqualified or low qualified labor force. The enterprises assimilate the imported technology to manufacture basic products and consumer goods projected and designed in higher developed countries. The low level productivity is reflected in small amount of wages. At this development stage, the competition between enterprises is based exclusively on product's price and the direct access to foreign markets is almost inexistent;
- The second development stage is the efficiency based economy in which nation's advantages results from higher quality products manufactured in modern production processes assigned with increased efficiency. The growth of production processes efficiency is based on following factors: stimulating investment, major investment in infrastructure, increasing qualification of labor force, creating a favorable business environment, facilitating the access to investment financing capital. The increased labor

productivity is reflected in higher level of wages. The products and services are not different at global economy level and are still projected and designed in higher developed countries. The technologies are mostly assimilated from other developed countries through license agreements, joint-ventures, foreign direct investment but a part from the technologies are improved by internal effort. The enterprises extend their capabilities in the value chain and offer products addressed both to economic agents and final consumers. Although the competitiveness of efficiency based economy countries is more stable than the competitiveness of production factors based economy countries, is still sensitive to possible financial crises and brutal decreasing of foreign demand in certain domains;

- The innovation based economy is the third development stage and is superior to other previous stages. The main source of the competitiveness is the ability to manufacture innovative products based on high performance technologies and evolved production methods. Thus, to assure the success in the competitive market the enterprises have to create competitive advantage by manufacturing new products using modern production methods. These new products have to be clearly different by the competitor's products. In an innovation based economy the institutions and legal framework that stimulate the innovation are very well developed and promoted. Such type of economy is characterized by large elasticity against extern shocks and the most of producers are highly recognized at international level. Meanwhile, the services have a significant percent in the economy.
- To obtain durable economic development the enterprises from the entire world have to adapt their capabilities and competitive style to the specific development stage. Thus, enterprises have to renounce to compete based on cheap production factors and natural resources (the comparative advantage) and to create competitive advantaged induced by unique products, clearly different by the competitor's products obtained in maximum efficiency conditions.

The Romanian case

A good exemplification of the comparative advantage theory application can be obtained analyzing the Romanian economy in the '90 decade. Based on action of comparative advantage theory, the most dramatic decreasing of the production and exports, while the imports was strongly increased had been registered in the computing manufacture, in the precision and medical care tools and machinery, drugs manufacture, electronic measure and control devices, fine chemistry, plains, car trucks and tractors construction, fine mechanics and so on. In the same time a rapid growth was registered by raw material exports like woods, timber, cement or basic chemistry materials [1].

It can be easy observed that the comparative advantage theory in the Romanian economy had been concretized in the developing of those domains with high consume of unqualified or low qualified labor force and, on the other hand, in restraining of the domains based on scientific research, technological development and innovation.

In these conditions, if the comparative advantage theory is let to freely act on a still not functional market characterized by large distortions, the results are stagnation, inflation and unemployment. The comparative advantage theory generated a vicious business environment, very expensive borrows, weak exchange rate of national currency, high level of taxation that affected not only the state enterprises with no chances to redress, but the viable enterprises. The specialization of the Romanian economies branches only based on the comparative advantage theory without any consideration for scientific research, inventions or innovation explain the poor situation of Romania in the last decade. It is a classic case that illustrates the comparative advantage theory limits. Nowadays it is appreciated that the Romania pass through comparative advantage stage and now is an efficiency based economy [4].

The evolution of the Romanian economy to a superior development stage had been determined by many factors like: major investment for improving infrastructure, elaboration of a legal and taxation framework that stimulates the foreign direct investment, increasing the investment credits accessibility and increasing the labor productivity by growth of qualification and competence level of the employees. The access to the efficiency based economy stage reflects a growth of national competitiveness induced by two major components: the increased national business environment quality and improved company operations and strategy. The key factors to increase the competitiveness in the present stage of Romania's economy

development are: higher education and training; goods market efficiency; labor market efficiency; financial market sophistication; technological readiness; market size.

- In a top score based on the global nation's competitiveness [4] quantified according with productive potential of 131 countries, Romania is on the 74th place with 3,97 points from a maximum possible 7 points score. The most important strong points of the Romania country identified in that survey are:
 - Governmental stability;
 - Low level of governmental debts;
 - Low incidence of serious diseases (HIV, malaria);
 - High level of primary education;
 - Quality of math and science education;
 - The Internet access in the schools;
 - Small duration and relative simple procedures to establish a company;
 - Reduced costs of dismissals;
 - Flexibility of wage negotiations;
 - Implying of women in work processes;
 - High level of investment's protection;
 - Dimension of internal market;
 - Developing of business clusters;
 - Availability of scientists and engineers.
- The weaknesses of the Romania country performance are: still low infrastructure, not fully restructured institutions, low level of business sophistication and innovation. In the category of business development obstacles can be enumerated: the high level of taxation, the instability of legal tax framework, the inefficient governmental offices, corruption, reduced access to financing, low infrastructure, political instability, lack of professional qualification and poor work ethic in national labor force. On the stimulating development of knowledge based domains the intensity of obstacle's manifestation will significantly decrease and Romanians enterprises will gain the competitive advantage due to innovation. In these conditions, Romania will be prepared to succeed to the superior development stage: innovation based economy.

Conclusion

The changes of actual economic conditions of Romania country are strong argues to sustain the pass from the comparative advantage theory to the competitive advantage theory. It can be observed that the scale economies are extending, the consumer's needs are more complex and most of products are different one from each other. All these changes are induced by the technical progress and innovation. More than that, the present economic reality demonstrates the dynamic character of the competition and the fact that the competitiveness is not manifest at national economy level, but at the enterprise's level. The competitiveness is obtained at enterprise's level, than it is transmitted at branch level and finally at national economy level. The enterprises create and support the competitive advantage and are the tools to reach the economic targets at national level. To obtain the competitive advantage in the conditions of global economy and in permanently changing environment, there is a single chance for the enterprise: to innovate.

Innovation must be understood in the largest possible sense of the notion: the new products manufacture, the new production technologies, the new equipment acquisitions, the improved management or financing methods, the improved performance and qualification of the labor force, the improved informational system and so on. In the strategic enterprise's option must be inserted the innovation implementation methodology that is the main source and tool to gain the competitive advantage. In that context, the innovation process has to be a continuous preoccupation because the global economic environment changes bring opportunities only to enterprises prepared to face it.

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TAX-HAVEN COMPANIES

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Tax haven companies have extremely different configurations and sizes. Some are incorporated as mutual associations, others as joint-stock companies. A captive company performs the functions of a traditional insurance company (submission, documentation, legal positions, trading, investment, damage settlement, etc) but some of them are actually transferred to foreign experts or advisers.

The most important advantage of such companies is the anonymity and the secrecy that come along.

Key words: economic, offshore company, tax haven, advantages.

The amazing development process as underwent by the Romanian economy brought within the discussions and practical applications certain elements or concepts that turned out to be either new or little known and used on the Romanian legal and economic level. One of such concepts is the "offshore company" having as main role to protect all profits derived there from.

According to the British specialized language, "offshore" actually refers to the territory on the other side of the shore. According to the American economic slang, "offshore" refers to economic activities and companies performing their lines of business outside the national territory of the country they fiscally reside in.

In other words, we actually refer to enterprises that do not perform their trade activities in the country of registration and which are considered as foreign businesses as to the trade and accounting instruments thereof.

Offshore companies can theoretically be incorporated in any country in the world but not all locations provide tax advantages as well.

The tax haven concept- actually a tax refuge- refers to administrative and territorial units that provide particularly favorable conditions for offshore corporate capital development as well as operation. The following must be complied with in order for a territory to be classified as tax haven:

<u>Low tax ratios</u>: offshore companies are exempt from tax payments and due tax charges are quite reduced while all other tax-related duties are moderate.

<u>Low bureaucracy</u>: offshore companies are exempt from book- keeping, accounting records and trade registers and do not fall under the obligation to submit the accounting balance sheet and tax returns. Nevertheless, any interested party can easily be issued either certificates or testimonials attesting to the company's current business activity (e.g. Certificates of Good Standing)

Anonymity: both shareholders and managing directors related data are confidential (i.e. cannot be identified in public records)

<u>Patrimony protection</u>: the shareholder's right to fully have at his/her disposal the entire company patrimony is guaranteed by law. The offshore company profits may be used as the company beneficiary deems fit at all times. The infrastructure is well developed, there are perfect telecommunications services, the banking system is stable and well organized, etc. Yet, the most significant feature of the tax haven is the fact that offshore companies are not subject to taxation. This non-taxation regime is law-guaranteed and is not at all, as some may believe, the result of fraudulent schemes.

Tax-haven company classification

Captive companies have extremely different configurations and sizes. Some are incorporated as mutual associations, others as joint-stock companies. A captive company performs the functions of a traditional

insurance company (submission, documentation, legal positions, trading, investment, damage settlement, etc) but some of them are actually transferred to foreign experts or advisers.

- 1. <u>Private captive companies</u> which only cover the risks of the owner thereof. These can also be organized as:
 - a. exclusive, which only cover the risks of the only company they belong to
 - b. common interest (inter-enterprises) provided they belong to and insure or reinsure several companies (entities). These were incorporated by either trade or professional associations, in order to meet the insurance-related requirements of the members thereof; they resemble the mutual insurance system from this perspective
- 2. Diversified captive companies, which, besides the risk insurance of their owner also provide third party insurances.

Another captive company-related classification is based on relations between captives and the parentcompany and the implementation location thereof as compared to the nationality and the registered office of the owner company. The following two categories may be identified:

- 1. Onshore companies (domestic captives) host country of of-right companies, that perform their business lines in said country and are subject to the local taxation system. Such companies account for approximately 15% of the total number of captive companies in the U.S., Germany, Australia, Belgium, Canada, Denmark, Finland, Hong Kong, Norway, Great Britain and Sweden.
- 2. Offshore companies (foreign captives) foreign of-right companies that perform their business activities in these countries in compliance with the host country legislation. Offshore companies stand for most of the captive companies, 85 % respectively, of the aggregate and are located in countries that provide tax facilities, low tax rates or even tax exemptions, as well as other advantages. Most of the offshore companies are based in the Bermuda Islands (over 850), in Cayman Islands (over 275), Guernsey (approximately 125), Bahamas, Seychelles, which host together approximately 75% of the worldwide captive companies. The rest of them are located in Curacao, Gibraltar, Man Islands, British Virgin Islands, Nauru, Singapore, Vanuatu and, most recently, Barbados, as well as in a limited number of Asian and Latin-American countries.

Company registered capital

The authorized registered capital refers to the number of shares the company is entitled to issue or sell to the shareholders. The registered capital may be increased based on the shareholders general assembly decision.

The issued registered capital refers to the number of shares the company issues and sells to shareholders, and may differ from the authorized registered capital. E.g.: a company may be registered as having a 1,000 USD authorized capital but may issue only 600,00 USD. This means that the company has the right to issue another 400 USD.

Company stocks

Stocks may be either registered or to bearer. The registered shareholders are recorded in the company records as well as in public records with the Registry of Commerce and Companies. Bearer shares are not nominal and it suffices to simply posses them. Mind that there are many banks that do not accept to open bank accounts for companies that issue bearer-type shares since the owner detection is rather difficult. As a protection measure against money laundry operations, the National Bank of Cyprus instructed all commerce banks not to open bank accounts for companies that issue bearer-type shares.

Association memorandum- the company articles of incorporation and company by-laws – is a document that all company shareholders sign and which outlines the main company lines of business. According to the legislation, the company is authorized to perform only the business activities as stipulated under said document. The company may include a number of activities that provide the client with the freedom to perform any trade transactions as wished. Association agreement- the Agreement refers to a contract between shareholders and the company and it contains details regarding the corporate business management, the rules regarding the cooperation between shareholders, company and the company management staff.

Shareholders- company legal owners, who may be either individuals of legal entities. The minimum number of shareholders varies from one jurisdiction to another. Executives- are in charge with the entire company-related activity and are liable before both shareholders and authorities. The executive staff is also liable for the company actions before a court of law. The number also varies depending on jurisdiction. Certain jurisdictions accept that the chief executive office position be taken by another company.

Secretary- the company secretary position may be filled in by either an individual or a legal entity. The secretary is in charge with the company's relations with the Register of Commerce and Companies and with government organizations. He/she keeps all company records and prepares all documents as requested by the Register of Commerce and Companies.

Offshore company advantages

The most important advantage of such companies is the anonymity and the secrecy that come along. Most offshore owners use authorized agents (chief executives and shareholders) in order to make sure that their anonymity and confidentiality is preserved.

Such choice is based mainly on the following:

- in most cases, the offshore company is used as a third party, in order to perform local transactions. In such case, the companies cannot have the same chief executive, since a contract between the companies cannot be signed by the same person acting as chief executive on both sides.
- in many countries, the tax payment obligation is related to the company administration location. Should it be obvious that the chief executives and the shareholders of a foreign company are registered on the local market, the foreign company income shall be considered as belonging to local owners and shall therefore be subject to taxation.
- clients wish to remain anonymous in all business activities, all profits and investments.
- one can no longer remain anonymous once the company was registered with its real
 owners and the documents stipulating shareholders and chief executives are filed. When
 the company is registered as anonymous and, at a given time, the owners no longer wish
 to remain unknown, the structure may be changed in the contract whenever so wished
 for.

The mandated shareholders provide the rightful company owners with the following instruments and deeds:

- Power of attorney statement. This document is signed by the authorized shareholder and it attests to the fact that said person owns shares on behalf of and for the beneficiary and it also specifies related duties. The authorized agent can only vote, pay dividends, transfer or mortgage shares, increase the registered capital amount, etc, based on a prior written consent from the beneficiary.
- 2. The original shares are held by the owner
- 3. Pre-signed Transfer Document, by means of which the authorized agents transfer the shares back to the beneficiary. This instrument is signed by the authorized agents but does not bear a date. In order to release the authorized agents from their duties, the rightful owner must sign this document as a proof of having accepted the shares and submit the changes with the Register of Commerce and Companies.

Before deciding upon the jurisdiction of the offshore company incorporation, it is advisable that the beneficiary should give close regard to all conditions as provided by various jurisdictions. The following should be considered when deciding upon the offshore company jurisdiction:

- a correspondence between the company purpose and line of business
- respectability
- existence of certain double taxation treaties and agreements
- Embassy document legalizations and the apostille-bearing documents
- offshore taxation system jurisdiction

- incorporation costs and annual operating expenses
- statements as requested by each jurisdiction in particular

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LA DÉCISION STRATÉGIQUE ET SES IMPLICATIONS DANS LE DÉVELOPPEMENT D'UNE AFFAIRE: OPPORTUNITÉS, DANGERS, PROVOCATIONS ET RISQUES

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La planification stratégique implique des investissements spéciaux, tout comme la redistribution du profit de l'entreprise qui vise à élargir ses activités, afin de pouvoir financer ses opérations, de nouvelles capacités de production et un volume augmenté des ressources humaines et techniques, ainsi que la création même d'entreprises-satellite. En vue de tout cela, une entreprise peut opter pour les possibilités suivantes:

-soit s'orienter vers la réalisation d'un produit par l'intermédiaire d'alliances stratégiques avec d'autres entreprises;

-soit procéder à l'innovation, par une politique de développement interne

Mot cle: decision strategique, implication, developpement

Le passage à l'économie de marché nécessite une nouvelle façon de concevoir le management, qui puisse assurer —dans les conditions d'un milieu très dynamique- le fonctionnement efficient et compétitif des agents économiques. Dans le contexte du développement économique et social, le sens fondamental attribué au management est celui de ressource du développement.

L'extension d'une affaire suppose l'identification de stratégies viables de développement de l'affaire. Les principaux objectifs du développement d'une affaire sont la croissance du quota de marché et des revenus de l'entreprise, ainsi que de sa participation à son capital afin de valoriser au maximum ses ressources et ses capacités opérationnelles. L'extension d'une affaire peut avoir comme objectif une possible coopération, une reprise de licence, un partenairiat, la création de nouvelles capacités de production, la pénétration du marché externe etc. Le développement d'une affaire suppose, en différentes proportions, des aspects liés aux ventes et aux stratégies à long terme. Dans certaines entreprises, les personnes responsables avec les activités de "bussines development" pourraient se concentrer sur la croissance des ventes de l'organisation respective, tandis que dans d'autres entreprises elles pourraient coordonner leurs efforts en vue du développement de nouveaux produits ou de la promotion de certains produits existents déjà sur des marchés externes.

Pour ce qui est de la croissance du niveau de spécialisation en affaires, il y a trois principaux domaines d'activité dans le développement d'une affaire: les ventes, le partenairiat et la planification stratégique.

Dans certaines entreprises, les collectifs chargés du développement de l'affaire sont, dans leur majorité, formés de spécialistes en ventes. La prospection du marché et l'identification de nouveaux clients est souvent une responsabilité des employés dans le domaine du développement de l'affaire, durant leur première année d'activité. Ils doivent souvent identifier leur activité de vente selon certaines coordonnées, afin de convaincre qu'un partenairiat serait bénéfique pour les deux parties impliquées. La coordination d'une gamme variée de partenairiats et de types de contrats de développement est extrêmement importante dans ce processus.

Certaines tâches dans le domaine du développement des affaires sont associées au terme de "planification stratégique" et parfois à celui de "développement corporatif". Ces tâches sont plus fréquentes dans les grandes entreprises, consolidées sur le marchés et à la recherche de nouvelles modalités d'élargir et de diversifier leurs affaires. En tant que consultants dans des problèmes de management, les spécialistes en planification stratégique allouent beaucoup de temps à l'analyse de certains problèmes qui tiennent à la stratégie de haut niveau d'une entreprise, tels que: **les nouvelles activités que l'entreprise devrait**

développer et les technologies qu'elle devrait acquisitionner et utiliser et notamment la façon dont le marché réagira à toutes ces activités.

La planification stratégique implique des investissements spéciaux, tout comme la redistribution du profit de l'entreprise qui vise à élargir ses activités, afin de pouvoir financer ses opérations, de nouvelles capacités de production et un volume augmenté des ressources humaines et techniques, ainsi que la création même d'entreprises-satellite. En vue de tout cela, une entreprise peut opter pour les possibilités suivantes:

- soit s'orienter vers la réalisation d'un produit par l'intermédiaire d'alliances stratégiques avec d'autres entreprises;
- soit procéder à l'innovation, par une politique de développement interne.

La première variante, celle des alliances stratégiques, se retrouve dans la pratique sous quatre formes distinctes:

- Des accords de coopération avec diverses firmes du même secteur d'activité;
- La croissance externe par l'implantation sur de nouveaux marchés de vente;
- Les souscontrats, qui présentent d'importants avantages;
- La fabrication sous licence.

La deuxième variante vise une **stratégie de renouvellement de la gamme de produits** sous la pression des raisons liées au stade d'évolution du marché, au cycle de vie des produits et aux relations entre les producteurs et la grande distribution. Au moment où l'on envisage l'implémentation **d'une stratégie d'expansion de l'affaire**, le département de recherche-développement doit présenter à la direction de l'entreprise une innovation de rupture correspondant à la situation dans laquelle la valeur du produit perçu par le marché est supérieure à celle de l'offre de référence.

Soit qu'il s'agisse d'une entreprise leader, challenger ou IMM, l'expansion de l'affaire présente de multiples avantages: tout d'abord, elle contribue à la croissance du chiffre d'affaires qui contribuera à la croissance du profit constituant l'objectif prioritaire de toute entreprise; le développement des activités détermine une plus grande confiance dans le potentiel de management de l'entreprise et contribue à la fois à une amélioration de l'image de l'entreprise; l'extension de l'affaire a des repercussions bénéfiques sur ceux qui ont investi dans sa création et, en général, sur tous ceux qui sont intéressés à son activité /les stakeholders de l'entreprise; le développement de l'affaire offre aux employés des possibilités de promotion dans le cadre de l'entreprise; du point de vue social, le développement d'une affaire assure la création de nouveaux emplois. Meme si l'objectif généré par le développement d'une affaire est celui d'attirer de nouveaux clients, une entreprise ne doit pas négliger aucun instant le maintien et le développement des relations avec les clients fidèles, sinon ils vont s'orienter vers la concurrence et les efforts d'attirer de nouveaux client ne couvreront pas les pertes générées par le phénomène de migration des clients.

L'analyse fonctionnelle du développement est une méthode utilisée avec du succès par de nombreuses entreprises qui poursuivent comme objectif prioritaire l'extension de ses activités; elle consiste dans la réunion des éléments qui participent à la reussite de l'affaire et à la révélation des opportunités les plus efficientes. Les données nécessaires pour une telle analyse peuvent être concetrée dans un tableau se présentant sous la forme suivante:

RESSOURCES	OPPORTUNITES	
réussites actuelles de l'affaires?	1	Quelle est la valeur que nous offrons aux clients? Quelles sont les attentes des différentes marchés de vente?

le développement de l'affaire: * la croissance de la rentabilité; * le taux de croissance du marché; *les personnes qui ont assuré la réussite; * les méthodes qui seront utilisées	de nouveaux segments de marché; Accès aux nouvelles ressources de revenus pour l'entreprise; Nouveaux domaines de pénétration de la concurrence	Dans le cadre de quels processus nous intervenons auprès du client? Marchés en développement: la connaissance de la conjoncture et des tendances; Découverte des nouveaux besoins des clients; Possibilités de solutionner efficacement les problèmes avec lesquels se confrontents à présent la clientèle
Comparaisons avec les principaux concurrents		
Priorités d'action		

L'analyse fonctionnelle du développement d'une affaire

Les plus grandes difficultés auxquelles se heurte une entreprise dans son évolution sur le marché se regroupent dans les trois phases indispensables au développement d'une affiare:

- Problèmes de constituition (dans les premières années d'activité)- trouver des clients, développer de nouveaux produits;
- Problèmes de consolidation (dans la période immédiatement suivante) –trouver un personnel compétitif, déléguer l'autorité, contrôler le portofeuille d'activités de l'entreprise;
- Problèmes d'expansion le besoin de financement pour le développement de nouveaux marchés et produits, la concurrence avec des entreprises puissantes;

A long terme, la survie et le développement d'une affaire dépendent de la capacité managérielle d'anticiper au moment opportun l'évolution des marchés et de modifier en conséquence la structure du portofeuille d'activités. Par la planification du développement d'une affaire on fixe les objectifs d'extension et on établit les moyens de les atteindre, on reformule et on pense des stratégies alternatives.

La planification identifie aussi et analyse les opportunités, les points forts et faibles et les dangers susceptibles de survenir dans le processus d'expansion de l'affaire, tout en établissant en même temps les priorités pour les fructifier, respectivement pour les éliminer.

Le plan de développement est extrêmement utile pour les managers, car il les aide à **identifier** les sources des avantages concurrentiels et les **obligent** à une abordation organisée des changements dûs à l'expansion de l'affaire. Il est nécessaire aussi pour toutes les fonctions de l'entreprise, car il précise les ressources dont l'organisation dispose en vue de l'extension des activités, ainsi que pour les subordonnés, à qui il donne de la confiance, tout en augmentant leurs opportunités de promotion dans le cadre de l'entreprise.

Le plan de développement **facilite** aussi la possibilité de suivre le déroulement des actions entreprises et permet une **interprétation** correcte des différences survenues entre les objectifs établis et les résultats obtenus; il contribue aussi à la croissance de la capacité de réaction de l'entreprise aux changements imprévisibles qui peuvent intervenir et permet une organisation e tune gestion rigiureuse de l'extension de l'affaire, basée sur des budgets alloués aux différentes fonctions de l'entreprise et non pas sur des improvisations.

L'élaboration et la rédaction du plan de développement peuvent conférer des avantages compétitifs dans au moins trois domaines:

 Marketing: on identifiera de nouveaux segments de clients, leurs besoins et leurs exigences, on établira les politiques de marketin-mix ainsi que les techniques qui seront utilisées pour la conquête de nouveaux segments de marché.

- Ressources humaines: on définira les droits et les atrributions du management et des employés, les politiques d'embauchage etc.
- Plan financier (le pilon de soutien du développement de l'affaire) l'utilisation des projections de cash-flow, bilan, analyses de point critique etc

En conclusion, la conception d'un plan de développement d'une affaire constitue un excellent moyen d'obtenir la crédibilité des créditeurs et des investisseurs, ainsi que de mettre en évidence la capacité antreprénorielle du manager général de l'entreprise, dans les conditions où le milieu d'affaires devient de plus en plus dynamique et les exigences des clients changent en permanence.

Les plans qu'une entreprise lie à ses activités courantes lui permettront d'établir la valeur des ventes et des profits qui vont être réalisés. Il arrive souvent que ceux-ci soient plus petits que les valeurs envisagées par la direction de l'entreprise.

Le plan de développement du portofeuille d'activités doit inclure aussi des activités qui seront éliminées avec le temps et que l'on devra remplacer par la suite. S'il existe un décalage entre la valeur des ventes que l'on désire réaliser et celle estimée, la direction de l'entreprise devra l'annuler par la création ou par l'acquisition de nouvelles unités. Il y a trois modalités d'annuler ce décalage:

- La première consiste dans l'identification de nouvelles possibilités de développement des activités courantes de l'entreprise (possibilités de développement intensif);
- La deuxième réside dans l'identification des possibilités de création et d'acquisition des unités économiques ayant des objets d'activité connexes avec ceux courants (posibilités de développement par intégration);
- La troisième modalité consiste à acquisitionner des unités attractives qui n'ont pas de liaision avec les activités courantes de l'entreprise (possibilités de développement par diversification).

DEVELOPPEMENT INTENSIF	DEVELOPPEMENT PAR INTEGRATION	DEVELOPPEMENT PAR DIVERSIFICATION	
Pénétration sur le marché	Intégration en amont	Diversification concentrique	
Extension du marché	Intégration en aval	Diversification horizontale	
Renouvellement des produits	Intégration horizontale	Diversification de type conglomérat	

Principales catégories de possibilités de développement

Le premier pas réside dans l'analyse que la direction de l'entreprise fait des possibilités d'amélioration des résultats des activités courantes. Un modèle stratégique intéressant est celui proposé par Igor Ansoff, nommé grille d'expansion produit-marché. Le top management de l'entreprise analyse premièrement l'obtention d'un quota de marché supérieur avec les produits existents sur les marchés courants de l'entreprise (la stratégie de pénétration sur le marché); on analyse ensuite la possibilité d'identification ou de création de nouveaux marchés pour les produits courants (la stratégie d'extension du marché). Finalement, on analyse la possibilité de création de nouveaux produits pour des marchés nouveaux (la stratégie de diversification).

Couple produit-marché	Produits courants	Produits nouveaux 3. Stratégie de renouvellement du produit	
Marchés courants	1. Stratégie de pénétration sur le marché		
Marchés nouveaux	Stratégie d'extension du marché	4. Stratégie de diversification	

La stratégie de pénétration sur le marché. Dans cette situation, la direction cherche des modalités d'augmenter son quota de marché pour le sproduits existents sur ses marchés courants. Il y a trois possilités d'abordation:

- L'entreprise cherche à stimuler ses clients actuels à acheter plus;
- L'entreprise peut essayer d'attirer les clients de la concurrence;
- L'entreprise peut essayer de convaincre ceux qui n'utilisent pas le produit à le faire.

La stratégie d'extension du marché. Dans cette situation, la direction de l'entreprise doit chercher de nouveaux consommateurs dont les besoins peuvent être satisfaits par le sproduits courants de l'entreprise. Premièrement, une entreprise pourrait tenter:

- D'identifier les groupes d'utilisateurs potentiels pour stimuler leur intérêt pour ses produits;
- De trouver d'autres cannaux de distribution dans les zones qu'elle dessert;
- De vendre ses produits dans d'autres zones géographiques (dans le pays ou à l''etranger).

La stratégie de renouvellement des produits. Conformément à cette option stratégique, une entreprise doit analyser également les possibilités de créer de nouveaux produits. C'est ainsi qu'une entreprise pourrait réaliser des produits avec de nouvelles caractéristiques techniques ou avec des caractéristiques de qualité différente, destinés à des catégories diverses de consommateurs.

Il est possible que, analysant ces trois catégories de développement intensif, la direction identifie plusieurs modalités de développement. Il est possible aussi que ces modalités ne soient pas suffisantes, situation dans laquelle il faut analyser aussi les possibilités de développement par intégration.

Le développement par intégration. Dans nombreux cas, les ventes et les profits d'une entreprise peuvent être augmentés par une intégration en amont, en aval ou horizontale dans le domaine d'activité respectif. L'entreprise peut acquisitionner un ou plusieurs de ses fournisseurs dans le but d'obtenir un profit ou un contrôle plus grand d'eux (intégration en amont). Elle peut acquisitionner également quelques-uns de ses distribuiteurs les plus profitables, marchands en gros ou en détalis (intégration en aval) ou peut acquisitionner une ou plusieurs des entreprises concurrentes (intégration horizontale).

Le développement par diversification

C'est une stratégie recommandée dans la situation où l'on identifie des possibilités d'affaires en dehors du domaine d'activité de l'entreprise. Une telle possibilité suppose, d'un côté, l'attractivité élevée du nouveau domaine d'activité et, de l'autre côté, la capacité de l'entreprise de valoriser l'occasion survenue. Il existe trois types de diversification²⁶⁰. L'entreprise peut chercher des produits nouveux qui aient des liaisons technologiques ou de marketing avec les lignes de produits existents, même si ces produits s'adresseront à des catégories de consommateurs nouveaux (la stratégie de diversification concentrique). Deuxièmement, l'entreprise peut chercher de nouveaux produits destinés à sa clientèle actuelle, qui n'ait aucune liaison technologique avec sa ligne courante de produits (la stratégie de diversification horizontale). L'entreprise peut enfin aborder de nouveaux domaines d'activité, sans aucune relation avec la technologie, les produits ou les marchés courants (la stratégie de développement de type conglomérat).

En conclusion, l'adoption d'une **décision stratégique de développement** devient absolument nécessaire dans l'existence d'une entreprise qui veut évaluer le milieu d'affaires actuel caractérisé par une concurrence de plus en plus puissante due en spécial au phénomène de globalisation.

Une autre forme de développement d'une affaire sur le marché externe est la constitution d'une **société mixte** (**joint-venture**). Dans ce cas, une entreprise interne e tune étrangère arrivent à un accord de réalisation de certaines activités économiques. La société mixte est avantageuse pour les deux partenaires qui partagent à la fois le capital et le risque, tout en bénéficiant aussi d'avantages réciproques.

Au cours des dernières années, on constate une augmentation de l'intérêt pour la création de sociétés mixtes en vue de l'extention des affaires et acela pour les raisons suivantes:

- La conquête de nouveaux marchés. Les entreprises ayant des produits dans le stade de maturité peuvent trouver de nouveaux marchés attractifs afin de prolonger le cycle de vie des produits;
- L'accès prioritaire aux matières premières. Quelques-uns des pays riches en certaines ressources naturelles ne permettent aux entreprises étrangères d'agir que par l'intermédiaire des sociétés mixtes;
- La création d'une base de développement de l'affaire, parce que la société peut pénétrer dans la zone entière de son partenaire;
- La diminution des importations de produits par leur fabrication dans le pays, avec des technologies importées.

Modalité	Localisation de la fabrication	Formes de participation de l'entreprise étrangère	Propriété	Investissement courant
Exportations	Autochtone	Distribution et ventes par des entreprises étrangères	Etrangère	Diminué
Licence	A l'étrangèr	Fabrication, marketing à la charge de l'entreprise étrangère	_	Diminué
Société mixte	A l'étrangèr	Participation	Mixte	Moyenne ou élevée
Propriété directe	A l'étrangèr	Managers et exécutants autochtones ou de l'étranger.	Nationale	Elevée

Caractéristiques des formes de pénétration sur les marchés internationaux

LES DIMENSIONS DU MARCHE DES FUSIONS ET DES ACQUISITIONS EN ROUMANIE

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Abstract: Mergers & acquisitions activity has remarcably increased over de past years in Romania, and it is now in full process of consolidation. This paper analyzes the evolution of the number and the value of M&A transactions realized in Romania in the private sector. It also analyses the structure of M&A market in the economic sectors from 2001 to 2007.

Keywords: mergers, acquisitions, transactions, foreign investitors

1. Introduction

Bien que les opérations de fusion-acquisition aient été pratiquées inténsément depuis le 19^e siècle, le phénomène a pris une nouvelle dimension depuis une quinzaine d'années. De seulement 4000 en 1991, le nombre des transactions conclues au niveau mondial est passé à près de 25 000 en 2006²⁶¹. Les prémises favorables à cette activité sont données par la libéralisation des mouvements de capitaux, par le développement des marches financiers, l'internationalisation des activités economiques.

Le développement par fusions et acquisitions constitue, actuellement l'un de plus utilisé moyen de développement d'une société, l'associé des politiques d'accroissement externe. Par rapport à d'autres moyens de développement (l'accroissement interne et les alliances stratégiques), les opérations de fusions et d'acquisitions ne constituent pas une stratégie en soi. Ces opérations sont, avant tout, un instrument au service des objectifs et des motivations de la société. Par consequent, les fusions et les acquisitions constituent l'un des principaux moyens de développement à l'aide duquel les entreprises peuvent augmenter leur position stratégique dans le cadre du milieu economique national ou international ²⁶².

2. La dinamique du marché des fusions et d'acquisitions pendant la période 2001-2007

Selon les données qui résultent de l' Etude concernant les fusions et les acquisitions de l' Europe Centrale et de l'Est: la maturité, la vitesse et mega-transations, réalisées par la compagnie de l'audit et la consultence PricewaterhouseCoopers, en 2006, 134 transactions dans le secteur privé ont été faites publiques (la majorité des transactions étant initiés par les investisseurs étrangers), ce qui a représenté une hausse de 15% par rapport à l'année 2005 quand ont été enregistré 117 transactions et de 415% par rapport à l'année 2001 quand ont été faites publiques seulement 26 transactions. Le tableau suivant représente l'évolution du nombre de transactions concernant les fusions et les acquisitions faites publiques en Roumanie, pendant la période 2001-2006.

²⁶² Meier, O., Schier, G., Fusions Acquisitions-Strategie, Finance, Management, Ed. Dunod, Paris, 2006, p.3

²⁶¹ Ceddaha, F. Fusions Acquisitions, Évaluation, Négotiation, Ingénierie, Ed. Economica, Paris, 2007, p.16

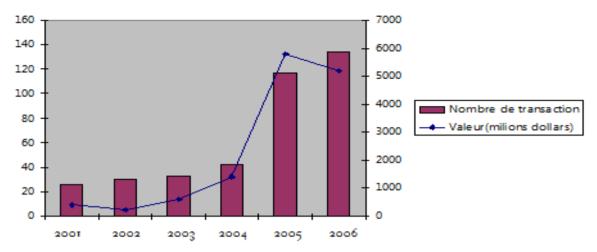


Figure 1. L'évolution du nombre des transactions concernant les fusions et les acquisitions dans le secteur privé en Roumanie, pendant la période 2001-2006

Source: réalisé par l'auteur à partir des données prises des etudes annuelles, réalisées par la compagnie PricewaterhouseCoopers, concernant les fusions et les acquisitions des années 2004, 2005, 2006

En regardant le tableau ci-dessus, on remarque que le nombre des transactions concernant les fusions et les acquisitions a eu une evolution ascendante. On ne peut pas dire la meme chose en ce qui concerne la valeur totale du marché des fusions et des acquisitions qui a eu une evolution un peu oscilante. De cette facon, en 2001 la valeur totale des transactions a été estimé à 390 millions de dollars avec une valeur moyenne de 15 millions dollars. En 2002, bien que le nombre de transactions réalisées a été plus grand que pendant l'année précédente, la valeur totale du marché des fusions et des acquisitions a été estimé à peine à 234 millions dollars, avec une valeur movenne d'une transaction de 8 millions dollars²⁶³. Les trois années suivantes ont marqué une hausse de la valeur totale pour le marché des fusions et des acquisitions en Roumanie ainsi que de la valeur moyenne d'une transaction. De cette façon, en 2005 la valeur totale du marché des fusions et des acquisitions a été estimé à 5,8 milliards dollars, en enregistrant ainsi une hausse remarquable par rapport à 2004, quand elle a été estimé à 1,4 milliards dollars et par rapport à 2003 quand les estimations ont été de 594 millions dollars. Les majorations de capital faites dans le cadre des companies roumanies ont eu comme conséquence la hausse de la valeur movenne d'une transaction, qui aboutit à 65 millions dollars en 2005, par rapport à 41 millions dollars en 2004 ou 18 millions dollars en 2003. Pendant l'annee 2006, la valeur totale du marché des fusions et des acquisitions en Roumanie a enregistré une légère baisse par rapport à l'année précédente (en dépit du fait que le nombre des transactions a augmenté de 15% par rapport à l'année précédente) étant estimé à 5,2 milliards dollars avec une valeur moyenne de 45 millions dollars.

En 2001, de toutes les transactions faites publiques, seulement quatre ont dépassé en valeur 10 millions dollars. La prise de la compagnie de cable Astral par le fonds d'investissement AIG New Europe Fund a été considéré comme la plus intéressante affaire de cette partie de l'Europe. Deux grandes affaires ont été conclues dans le mass-média, plus précisement il s'agit de la fusion RPG avec Axel Springer Romania et la prise par VAZ du quotidien la "Roumanie libre". La plus importante transaction a été réalisée par la société Michelin qui a pris trois fabriques appartenant au groupe Tofan, la valeur de cette transaction s'élevant à 85 millions dollars²⁶⁴. Le nombre des transactions qui ont impliqué les investissements autohtones a été de huit, leur valeur représentant 31% du total, le reste de 18 transactions ont été conclues avec les investisseurs étrangers. L'année 2002 n'a pas apporté une hausse importante en ce qui concerne le nombre des transactions ayant impliqué les investisseurs autohtones, leur valeur représentant 33% du total.

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²⁶³ Studiu privind fuziunile şi achizițiile în Europa Centrală şi de Est, Înfruntând recesiunea, PricewaterhouseCoopers, 2001 şi 2002

^{264 ***}www.capital.ro

Un nombre de 20 transactions ont impliqué les investisseurs étrangers, se plaçant en premier rang les Etats Unis (4 transactions), l' Allemagne (3 transactions).

A partir de l'année 2003, la Roumanie commence à devenir le cible de plusieurs investisseurs étrangers, chose mise en evidence par le double de la valeur du marché des fusions et des acquisitions par rapport à l'année 2002. Pourtant, par rapport aux autres 9 pays de l'Europe Centrale et de l'Est, inclus dans l'étude, la Roumanie occupe seulement la sixième place en ce qui concerne la valeur du marché des fusions et des acquisitions, étant dépassée par les marches plus développés de la Russie, la République Tchèque, la Pologne, la Hongrie et la Slovaquie. En 2004, dans une conjuncture favorable des conditions économiques: la croissance économique enrégistrée (la plus importante dans les dernières 5 années) et la baisse du taux d'inflation sous le seuil de 10%, le marché des fusions et des acquisitions a enrégistré un puissant développement. Cela a été mis en evidence par la consolidation de la position des compagnies locales et surtout par l'intérêt croissant des investisseurs étrangers envers le marché roumain. Par rapport à l'année 2003, la contribution des investisseurs étrangers en Roumanie à été plus élevée, la valeur des fusions et des acquisitions transfrontalières aboutissant à 76% du total. Le top des investisseurs a eu en tête l'Autriche, avec 7 transactions, suivie par l'Etats Unis avec 5 transactions et l'Allemagne, avec 4 transactions. Du point de vue de la valeur des transactions conclues, sur la première place est situé toujours l'Autriche avec environ 433 millions dollars investis, les plus gros investisseurs étant Kronospan, Immofinanz, Meinl European Land et Lasselsberger. Elle est survie dans le top par Canada avec 300 millions dollars (la hausse du nombre d'actions detenues par TIW en Mobifon) et par la Hongrie avec 117 millions dollars (par les acquisitions faites par OTP Bank et MOL)²⁶⁵. Au niveau de la region, la hausse de la valeur du marché des fusions et des acquisitions de notre pays n'a pas determiné la prise d'une position plus importante dans le top des pays contenus dans l'étude, la Roumanie se placant cette année aussi sur la sixième place, après la Russie, la République Tchèque, la Polognie, l'Hongrie et la Slovaquie.

L'année 2005 n'a pas apporté des modifications importantes par rapport à l' année 2004 en ce qui concerne l'activité des fusions et des acquisitions transfrontalièrs. La valeur des transactions conclues avec les investisseurs étrangers a représenté 72% du nombre total des transactions, le pourcentage étant placé beaucoup au-dessus de la moyenne européenne de 40%. Cette chose a indiqué la preférence des compagnies roumaines pour les partenaires stratégiques de l'étranger. Comme l'année précédente, l'Autriche est au nouveau placé la première en ce qui concerne le nombre des transactions conclues (11 transactions), suivie par la Grèce (10 transactions), les Etats Unis (9 transactions) et la France (8 transactions). Dans le top de la valeur des investissements, la Grande Bretagne a obtenu la première place avec des investissements comprenant 2 582,5 millions dollars, le principal investisseur étant Vodafone International Holdings (2528 millions dollars). Sur la deuxième place est située la France avec 625,6 millions dollars (le plus importants investisseur étant France Telecom-523 millions dollars) et la troisième place est occupée par les Etats Unis avec 457,8 millions dollars, Liberty Global investissant 407 millions dollars

En 2006, le potentiel competitif de l'économie roumaine a été mis en evidence par la hausse du flux des investissements étrangers, le nombre des investisseurs étrangers étant en hausse par rapport à l'année précédente. Si, les précédentes années, la majorité 2006 l'activité de privatisation a enregistré une baisse (le processus des privatisations étant déjà dans un stade avancé) de sorte ques les investissements étrangers se sont réorientés vers les sociétés privées. Ainsi, du valeur totale des transactions concernant les fusions et les acquisitions, 92% ont impliqué les investisseurs étrangers, ce qui a placé la Roumanie au-dessus de la moyenne enrégistrée dans les Etats ECE/CIS.

En faisant la comparaison entre le nombre des transactions conclues, on peut constater qu'en dehors des investisseurs autohtones qui se trouvent en tête du top avec un nombre de 41 transactions conclues, les investisseurs autrichiens(avec 10 transactions), anglais (15 transactions) et américains (11 transactions) ont été les plus actifs. En ce qui concerne les flux des investissements attires par les transactions de Roumanie, l'Autriche a pris la première place en tant que valeur investie (868 millions dollars), les capitaux entrés de la Grande Bretagne et des Etats Unis se maintenant entre les premiers cinq pays, mais avec des volumes d'investissements plus réduits que l'année précédente, suivis par les investissements indiens (Ranbaxy-324

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²⁶⁵ ***www.pwc.com, Studiu privind fuziunile si achizitiile in Europa Centrala si de Est pentru anul 2004, Raport de tara: Romania

²⁶⁶ ***www.pwc.com, Studiu privind fuziunile si achizitiile in Europa Centrala si de Est si Comunitatea Statelor Independente pentru anul 2005, Raport de tara: Romania

millions dollars) et roumains (presque 8% de la valeur totale). Les plus importantes acquisitions des companies autohtones de cette année ont été l'acquisition réalisée par Erste Bank de la participation de 7,2% detenue par les employés de BCR, estimé à environ 543 millions dollars, et l'acquisition réalisée par Ranbaxy de la compagnie Terapia pour une somme d'environ 324 millions dollars. Des 11 pays ECE/CIS analysés dans l'étude, la Roumanie s'est placée en cinquième rang, après la Russie, la Pologne, la Hongrie et la République Tchèque²⁶⁷.

Pour l'année 2007, conformément à une étude réalisée par la compagnie KPMG²⁶⁸, sur le marché des fusions et des acquisitions ont été enrégistré 121 transactions dans le secteur privé et 4 privatisations, ayant une valeur totale des transactions de 8,4 milliards dollars, ce qui a représenté une pendération de 5,7% du Produit Interne brut du pays. Au niveau de l'Europe Centrale et de l'Est, la valeur totale du marché des fusions et des acquisitions a été de plus de 190 milliards dollars, les fusions et les acquisitions de Roumanie représentant 4,4% du total. De cette façon, au niveau de la région, notre pays s'est placé le cinquième d'après la valeur totale du marché des fusions et des acquisitions, en maintenant ainsi la position occupée l'année précédente.

De loin, la plus importante transaction de la dernière année a été la prise de 75% des actions du groupe Rompetrol par la compagnie KazMunayGaz de Kazahstan. La valeur de cette transaction s'élève a environ 3.6 milliards dollars.

3. La structure du marché des fusions et des acquisitions dans les secteurs économiques pendant la période 2001-2007

En ce qui concerne la pénderation des secteurs industriels et du point de vue de l'activité récente des fusions et des acquisitions, Liviu Voinea précise que celles-ci "se sont concentrés dans les secteurs d'activité où les avantages comparatifs ont disparu ou sont en train de disparaître à cause des facteurs comme: l' excès de capacité productive (constructions de voitures); les coûts élevés de recherche et développement (l'industrie chimique, l'extraction et le raffinage du petrôle); liberalisation et descentralisation (services financiers, télécommunications)²⁶⁹.

Pendant la période 2001-2002, le secteur le plus actif du point de vue du nombre de transactions conclues a été représenté par les services financiers, en concluant 8 transactions en 2001, 9 en 2002, ce qui a représenté environ 31% du nombre total des transactions. Sur la deuxième place est situé l'industrie de transformation avec 6 transactions conclues (ce qui a représenté environ 22% du nombre total des transactions faites publiques) en 2001 mais aussi en 2002²⁷⁰, et les positions suivantes sont occupées par les transactions appartenant au secteur IT, télécommunications et media.

À partir de l'année 2003 l'industrie de transformation a occupé la première place dans le top en ce qui concerne le nombre ds fusions et d'acquisitions réalisé avec 6 transactions en 2003 respectivement 8 en 2004. La liberalisation du marché de télécommunications et la promotion de la concurrence ont abouti à l'augmentation du nombre de transactions. Ainsi, le secteur des télécommunications a monté une position en top par rapport à l'année 2003, occupant la deuxième place avec un nombre de 7 transactions conclues. Sur la troisième place se sont situés les services financiers, l'industrie alimentaire et les boissons avec 6 transactions conclues chacune.

En 2005, en ce qui concerne le nombre de transactions conclues, les secteurs les plus actifs ont été l'industrie de transformation (17 transactions), les services financiers (16 transactions), les services (16 transactions) suivis par le secteur IT et l'industrie alimentaire et des boissons (chacun avec 15 transactions). En ce qui concerne les transactions du secteur des services financiers, les plus importantes ont été l'acquisition de la Banque Tiriac par HVB ainsi que la reprise de 70,7% de l'Omniasig par Wiener

²⁶⁷ ***www.pwc.com, Studiu privind fuziunile si achizitiile in Europa Centrala si de Est si Comunitatea Statelor Independente pentru anul 2006: Maturitate, viteza si mega-tranzactii, Raport de tara: Romania

^{***}www.kpmg.ro, http://www.kpmg.ro/dbfetch/52616e646f6d49566e18bcf2692612c05be8b9d57617e08e/dealwatch_press_release_ro.pd

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²⁶⁹ Voinea, L. Corporatiile transnationale si capitalismul global, Ed. Polirom, Bucuresti 2007, p.96

²⁷⁰ ***www.pwc.com, Raport de tara: Romania, 2002

Staedtische Allegemeine Versicherung A.G. La plus importante transaction conclue cette année s'est deroulée dans le secteur des télécommunications et elle a été représentée par l'acquisition du Mobifon-Connex par la compagnie Vodafone de Grande Bretagne. Cette transaction évaluée à environ 2,5 milliards dollars a répresenté la deuxième grande transaction de la région.

En 2006, l'industrie de transformation a maintenu sa position de leader en ce qui concerne le nombre de transactions conclues (21 transactions), suivie par le secteur des constructions y compris le secteur immobilier (20 transactions), le secteur des services financiers (17 transactions), le secteur média (13 transactions). Les plus importantes transactions de cette année ont été représentées par l'acquisition réalisée par Erste Bank, de la participation de 7,2% detenue par les employés BCR et puis l'acquisition par Ranbaxy de la compagnie Terapia.

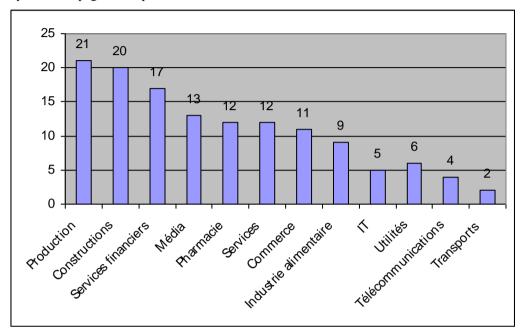


Figure 2. Nombre de transactions par secteurs (132 transactions en Roumanie)

Source: L'étude concernant les fusions et les acquisitions en Europe Centrale et de l'Est et la communauté des Etats Indépendents pour l'année 2006: Maturité, vitesse et megatransactions, Rapport de pays: Roumanie

En 2007, conformément à l'annuaire Top Transactions édité par Ziarul Financiar²⁷¹, les plus importantes transactions concernant les fusions et les acquisitions ont été réalisées dans le secteur energétique, constructions et immobiliers, production et bien sur le secteur financier. Le top des premiers 10 transactions conclues est dominé par le secteur energétique et de l'industrie et puis de l'immobilier. La première grande transaction, comme nous avons déjà precisé au-dessus, a été réalisée dans le secteur energétique et a été représentée par l'acquisition de 75% des actions du groupe Rompetrol par la compagnie KazMunayGaz de Kazahstan estimé a environ 3,6 milliards dollars. La deuxième transaction présente dans le classement des plus grandes transactions de 2007 est représenté par l'acquisition de Petromservice faite par Petrom pour 328,5 millions d'euros. Les transactions suivantes incluses dans le top ont été réalisées sur le marché immobilier, la plus importante étant la cession pour 324 millions d'euros de Cefin vers Europolis et Valad Propertz Group de quelques projets importants, comme Cefin Logistic Park Arad. La plus grande transaction immobilière d'une seule propriété, ayant la valeur de 120 millions euros, a été celle de l'acquisition par le fonds d'investissements Ixis de l'immeuble des bureaux America House, situé Place de la Victoire (Bucarest), appartenant à la compagnie GTC. Dans le top des premiers 10 transactions, sur la huitième place, s'est glissée pourtant une transaction appartenant à un autre secteur,

²⁷¹ ***http://www.zf.ro/top_tranzactii

pharmaceutique, et a consisté en l'acquisition par le fonds d' investissement Advent de Labormed Pharma, en échange de 123 millions d'euros, payés aux personnes physiques qui detenaient la compagnie.

Du point de vue du nombre des transactions, le secteur le plus actif a été celui des immobiliers et des constructions (avec 34 transactions, ce qui a répresenté presqu'un tiers du total), suivi par le retail et les services financiers. Dans le secteur financier, parmi les plus importantes transactions se trouve l'achat de 90% des actions BT Asigurari par le groupe français Groupama, pour 90 millions d'euros, la prise par Vienna Insurance Groupe de la compagnie d'assurances Asirom et l'achat réalisé par Uniqua d'un paquet supplémentaire de 23% des actions de la compagnie d'assurance Astra, de l'actionnaire majoritaire Nova Trade. Dans le secteur retail, on remarque la consolidation de la position Carrefour sur le marché local par l'acquisition de la chaîne de supermarchés Artima, ainsi que la prise par Germanos de la chaîne de retail et distribution de telephones portables et accessories Tel Sim GSM.

En quise de conclusion, on peut affirmer que le marché des fusions et d'acquisitions de Roumanie a augmenté remarquablement les dernières années, se trouvant en plein processus de consolidation. La hausse économique enrégistrée, la stabilité du milieu d'affaires ainsi que l'adhésion à l'Union Européenne ont determine le fait que la Roumanie est devenue un cible de plus en plus attrayant pour les investisseurs étrangers, qui ont une grande pondération sur le marché autochtone des fusions et des acquisitions.

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LES FUSIONS ET LES ACQUISITIONS- FORMES DE DEVELOPPEMENT DES ENTREPRISES

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Abstract: Mergers and acquisitions, practices of external growth, are nowadays one of the main way for a company to develop independently. This paper proposes to clarify the different definitions of this growth strategy, mergers and acquisitions operations revealing the most important characteristics.

Keywords: company, external growth, mergers, acquisitions

1. Éléments essentiels. Definitions

Selon la conception de la legislation roumaine dans le domaine de la concurrence, dans la sphère de la notion de concentration économique sont incluses trois grandes categories d'opérations: les fusions, les acquisitions par l'obtention du contrôle et la création des sociétés en commun concentratives²⁷².

La fusion signifie la création d'une nouvelle société réalisée par la réunion de deux ou plusieurs sociétés, par leur dissolution ou par l'absorption de l'actif et du passif des sociétés par la société absorbante. D'un autre point de vue, la fusion signifie la confusion de deux ou plusieurs sociétés en une seule, ayant une nouvelle appellation et une nouvelle administration, formée par les membres des sociétés initiales. Une autre interprétation du terme fusion serait la réunion de tous les biens et toutes les activités de deux ou plusieurs sociétés, afin de créer une nouvelle société ou l'absorption des sociétés par l'une d'entre elles.

La fusion est une stratégie par laquelle deux sociétés se mettent d'accord à intégrer leurs activités sur des bases à peu près égales, parce que ces sociétés ont des resources et des compétences qui une fois réunies peuvent générer des compétences essentielles beaucoup plus puissantes. Peu de fusions correspondent au sens réel de la notion, parce que dans la majorité des cas l'une des parties domine²⁷³.

Par la fusion, deux ou plusieurs sociétés se transforment en une seule organisation. Comme implications ladessus on peut mentionner le fait que les fusions sont moins hostiles et traumatisantes que les acquisitions. L'influence positive sur la cote de marché, les capacités de production, la gamme de produits, la valeur des actifs et le chiffre d'affaires vont générer une série d'avantages qui seront plutôt divisés qu'ajoutés et que probablement feront leur apparition au cours d'une période plus prolongée.

Le risque et les obligations financières sont similaires à ceux des acquisitions totales, surtout du fait que les actionnaires de la société acquisitionnée vont devenir les actionnaires de la nouvelle société issue à la suite de la fusion. Mais dans la pratique,, il existe peu de véritables fusions, d'habitude, l'un des partenaires est plus puissant en ce qui concerne la dimension du capital, les actifs, la réntabilité ou la generation des liquidités. La composition du nouveau conseil d'administration, ainsi que les personnes qui détiennent les functions-clés dans le cadre de la société, indique, de quelle côté est placé le povoir²⁷⁴.

L'acquisition est une stratégie par laquelle une société achète le paquet majoritaire d'actions (même 100%) d'une autre société, ayant l'intention d'élargir le portefeuille d'affaires avec les affaires de la société achetée²⁷⁵.

Au début, l'acquisition de toute une société doit être regardée comme une alternative rapide. Dès que l'échange de propriété a eu lieu, du point de vie théorique, les changements deviennent plus faciles. Dans la pratique, les choses ne sont pas si simples, beaucoup d'acquisitions tombent dans l'erreur dans cette phase. Dans beaucoup d'autres cas, le temps qu'on avait prévu au début, devient trop long jusqu'à l'apparition des premiers resultants financiers évidents.

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²⁷² ***www.concurenta.ro

²⁷³ Borza, Anca, *Management strategis si competitivitate in afaceri*, Editura Dacia, Cluj-Napoca, 2003, p. 133

²⁷⁴ Robinson, S., *Management financiar*, Editura Teora, Bucuresti, 1999, p.80

²⁷⁵ Borza, Anca, op.cit, p.133

L'acquisition représente souvent la plus importante decision d'investissement du capital qu'une société envisage. Généralement, le degré du risqué augmente, surtout si la société acquisitionnée a un domaine d'activité different que l'acquereur. Le droit de propriété absolue désigne le fait que tous les benefices qui seront obtenues reviennent à l'acquisiteur. Il est nécessaire l'agrégation des resultants financiers provenant de la société initiatrice et de celle acquisitionnée²⁷⁶.

Tandis que la majorité des fusions sont des transactions agrées par les deux parties (amicale), les acquisitions consistent en prises souvent nonagrées par l'autre partie (hostile). Dans la pratique on a constaté que les plus fréquentes sont les acquisitions, par rapport aux fusions. A la fin du vingtième siècle, la stratégie de fusion-acquisition est devenue une stratégie utilisée par beaucoup de sociétés, même les petites sociétés ont adopté cette stratégie pour accroître leur activité et pénétrer sur de nouveaux marchés.

Les principaux motifs de la croissance par fusions-acquisitions sont:

• Accroître son pouvoir de domination et d'influence

Une des raisons de la croissance externe peut résider dans la volonté de disposer d'un pouvoir économique sufissant pour renforcer le pouvoir de la firme après des autres acteurs du marché. Ce pouvoir de marché peut être caractérisé par la capacité de l'entreprise acheteuse, suite a l'opération, à modifier avec le temps les conditions du marché à son avantage et au detriment de ses principaux concurrents. Le cas du rapprochement entre Schneider Electric et Legrand dans le domaine des équipements électriques constitue un exemple d'obtention d'un pouvoir de domination abusive qui a conduit la commission européenne à rejeter le projet.

• Capter de resources spécifiques

Pour rester concurentielle au sein de l'environnement, il est parfois nécessaire pour une enterprise de disposer rapidement de nouvelles resources (compétences ou actifs). Par exemple. Par l'acquisition du danois Lexel, le groupe Schneider Electric, qui développait ses activités dans la moyenne tension et les automatisms, a pu s'engager dans la basse tension et proposer ainsi à ses clients des systèmes complets pour leurs besoins en électricité.

Prendre position sur un nouveau marché

L'un des buts de la croissance externe peut être, de prendre position sur des marchés nouveaux ou d'étendre ses activités à des nouvelles zones géographiques (internationalisation). La croissance externe peut constituer un moyen efficace et rapide de prendre des parts de marché aux concurrents sur des zones géographiques indispensables au développement de l'entreprise. Par exemple, en achetant Nissan, Renault a pris le contrôle d'un réseau de distribution qui offre des possibilités d'ouverture sur le marché asiatique. De même, l'acquisition du cimentier roumain Romcin a permis à Lafarge de s'octroyer une part élevée du marché roumain²⁷⁷.

Se diversifié

Les sociétés achètent ou fusionnent avec d'autres sociétés qui déploient des affaires plus ou moins en corrélation.

• Éviter les coûts et les risques liés à la consolidation des nouveaux produits.

2. Principales classifications existantes

La littérature classe habituellement les operations de fusions-acquisitions selon leurs motivations stratégiques. La classification la plus courante est issue de la « Federal Trade Commission » aux Etats-Unis. Elle vise essentiellement à analyser le degré de proximité professionnelle entre les firmes regroupées et à renseigner sur la position recherchée par la nouvelle direction au sein du secteur considéré. Cette approche conduit à distinguer quatre types de rapprochements :

1. Les fusions-acquisitions horizontales sont de rapprochements d'entreprises concurrentes ou potentiellement concurrentes. Le but est d'augmenter le pouvoir de marché du nouvel ensemble et de réaliser des économies d'échelle²⁷⁸. Le marché pertinent peut être

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²⁷⁶ Robinson, S., op.cit, p. 80

²⁷⁷ Meier, O., Schier, G., Fusions Acquisitions- Strategie, Finance, Management, Ed. Dunod, Paris, 2006, pp.22-24

²⁷⁸ Ceddaha, F. Fusions Acquisitions, Évaluation, Négotiation, Ingénierie, Ed. Economica, Paris, 2007, p.36

domestique, européen, voire mondial selon la nature des enterprises concernées. Une telle fusion peut être bloquée si elle menace la concurrence ou elle crée trop de pouvoir sur le marché, par la loi antitrust²⁷⁹. Exemples de ce type de rapprochement sont Mercedes et Chrysler ou Carrefour Promodès en 1998, du pétrolier Total avec son concurrent belge Petrofina en 1999, de Mittal Steel et Arcelor en 2006, etc. Ce type de rapprochement est le plus courant et represente plus de la moitié des cas de prise de contrôle realisés sur les marchés americains et européens. Ces operations visent généralement la spécialisation et le contrôle d'une partie importante du marché.

- 2. Les fusions-acquisitions verticales sont des rapprochements d'entreprises d'une même filière qui ne sont pas directement concurrentes. C'est le cas par exemple de GDF qui poursuit sa politique d'intégration de la chaîne gazière en rachetant des sociétés d'exploration et de production de gaz. comme TCIN. Ce type de rapprochement peut par conséquent prendre la forme d'une politique d'intégration en amont de la filière (achat de fournisseurs). Il peut également se faire en aval par l'acquisition de réseaux de distribution. C'est l'option prise par le groupe Walt Disney qui a procédé à une intégration avale en rachetant la chaîne de télévision ABC, en vue d'augmenter la diffusion des émissions Disney sur ABC Les fusions-acquisitions verticales peuvent par conséquent permettre de contrôler l'ensemble de la chaîne économique. des matières premières au produit fini (contrôle des sources d'approvisionnement et des débouchés), en inscrivant la stratégie dans une logique de filière²⁸⁰.
- 3. Les fusions-acquisitions concentriques concernent les operations de regroupement entre les firmes de métiers complémentaires, en vue d'étendre sa gamme d'offre et sa base de clientèle. On parle dans ce cas de diversification de type concentrique, c'est-à-dire d'une logique de complémentés par l'entremise des produits, du savoir-faire ou de la clientèle. Exemples de ce type de rapprochements sont l'acquisition de Puma par le groupe Pinault Printemps Redoute en 2007, l'achat d'Orangina par le groupe Pernod-Ricard, etc.
- 4. *Les fusions-acquisitions conglomérales* sont issues de rapprochements d'entreprises dans des secteurs qui ne presentent aucun point commun. On parle alors de diversification conglomérale. Leur logique se veut essentiellement financière ou patrimoniale.

Les spécialistes parlent également d'opération offensive lorsqu'une enterprise fait le choix de la croissance externe pour developper son pouvoir du marché ou pénetrér un nouveau segment de ce marché, prendre possession d'un savoir-faire, d'une technologie ou d'un actif spécifique. Au contraire, une operation est defensive lorsque l'entreprise achète un concurrent gênant (car plus performant) pour le neutraliser ou empêcher un autre acteur du secteur de l'achèter à sa place, consolide une position fragilisée dans un secteur à faibles opportunités de croissance ou fait l'acquisition d'une enterprise pour protéger le contrôle d'une resource essentielle dans la chaîne de valeur²⁸¹.

3. Les principales modalités des operations de croissance externe

Les opérations de fusion-acquisition sont caractérisées par une pluralité de pratiques. On peut distinguer l'existence de quatre modalités de base: l'acquisition par achat d'actions, l'acquisition par échange d'actions, la fusion-absorption et la fusion par création d'une nouvelle société.

A. Les acquisitions par achat d'actions

Une opération par achat d'actions consiste en un transfert de propriété des titres de contrôle des actionnaires de la société cible vers la société acquéreur. Les actionnaires de la société cible qui acceptent d'apporter leur titre à l'opération sont appelés les cédants ou vendeurs. L'acheteur est la société initiatrice de l'opération et effectue cela bien sûr à son benefice. En ce type d'acquisition, l'acquéreur rémunère les actionnaires de la cible par un décaissement, au comptant ou à terme, qui correspond à une sortie réelle de fonds. On parle d'acquisition ou de prise de participation majoritaire, lorsque le nombre de titres acquis permet d'obtenir le contrôle de la société cible et de prise de participation minoritaire dans les autres cas.

²⁷⁹ Onofrei, Mihaela, *Finantele intreprinderii*, Ed. Economica, Bucuresti, 2004, p.134

²⁸⁰ Meier, O., Schier, G., op. cit, p. 14

²⁸¹ Ceddaha, F.op.cit, p.37

La fixation du prix des actions proposées à l'achat aux actionnaires de la société cible joue un rôle important dans les opérations d'acquisition. Pour convaincre les actionnaires de la cible de participer à l'opération l'acquéreur est souvent contraint de proposer un prix supérieur à la valeur de marché. La difference entre le prix proposé et la valeur de marché de la cible avant l'opération est appelée *prime d'acquisition*. Elle doit être suffisamment attractive pour amener les actionnaires de la cible d'accepter de vendre leurs actions. En meme temps, elle doit être réaliste sur le plan économique pour que l'acheteur puisse rentabiliser cet investissement²⁸².

B. Les acquisitions par échange d'actions

Les acquisitions par échange d'actions s'apparentent avec les opérations d'acquisitions traditionnelles (la société cible devient une filiale de l'acquéreur) mais aussi aves les opérations de fusion (les actionnaires de la société cible deviennent actionnaires d'acquéreur). On peur remarquer que souvent ces opérations sont a tort considéres des opérations de fusion. À l'opposition de la fusion l'acquisition par échange d'actions ne conduit pas à la disparition de l'société absorbée. Cela n'entraîne pas non plus la confusion des patrimonies. Seulement les actionnaires de ces sociétés sont impliques dans ces opérations.

Cette opération d'acquisition par échange d'actions ne se realise pas difficilement, bien au contraire ses règles sont assez simples. La société qui initie cet opération propose aux actionnaires de l'entreprise cible de faire un échange d'actions. Ensuite l'acquéreur réalise une hausse de capital par emission de nouveaux titres et propose un échange avec les actions de la société cible. Si l'opération se réalise, les actionnaires de la cible deviennent actionnaires de la société initiatrice et la société cible devient une filiale de la société initiatrice²⁸³.

C. Les opérations de fusion

Les opérations de fusions au sens strict impliquent la confusion des patrimoines et la mise en commun au sein d'une meme personnalité morale de l'ensemble de l'actif et du passif des deux sociétés concernées. Le choix de la fusion est sans aucun doute le plus impliquant pour les differentes parties prenantes puisqu'il s'agit veritablement d'une mise en commun de l'ensemble des moyens mais aussi d'une évolution du pouvoir de contrôle, les actionnaires devenant communs. Si une seule des deux sociétés disparait, on parle de fusion-absorption. En revanche, si les deux sociétés disparaissent, on parle de fusion par creation d'une société nouvelle. Cette distinction implique des consequences juridiques differentes, notamment pour les parties prenantes de la societe initiatrice. Dans la pratique, les operations les plus frequentes sont les fusions- absorptions.

La fusion-absorption se réalise par l'inclusion d'une société dans une autre société existante déjà, cette dernière gardant sa personnalité juridique, tandis que la première société cesse d'exister en tant que personnalité juridique. Le patrimoine de la société absorbée est transmis dans sa totalité à la société absorbante.

La fusion-absorption implique la realisation simultanée de plusieurs opérations:

- l'augmentation du capital de l'absorbant;
- l'échange de titres entre les actions des sociétés absorbées et absorbante;
- la transmission du patrimoine de l'absorbée vers l'absorbante;
- la dissolution de l'absorbée.

La fusion par absorption a de multiples conséquences:

- a) La modification de la répartition du pouvoir de contrôle des actionnaires: lors d'une fusion, les actionnaires de la société cible deviennent des actionnaires souvent importants du nouvel ensemble, ce qui entraîne une modification de la répartition du pouvoir du contrôle.
- b) La modification de la répartition du pouvoir managérial des dirigeants: la fusion-absorption implique la dissolution de l'entreprise absorbée, ce qui conduit à la réduction de quelques postes clés du management. La discussion de la répartition de ces postes est par conséquent un enjeu central à toute opération de fusion.
- La modification des certaines conditions de travail des salariés de la société absorbée: les contrats de travail, les statuts, les conventions collectives et les organismes de représentation du personnel

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²⁸² Meier, O., Schier, op.cit pp. 59-59

²⁸³ Meier, O., Schier, pp.68-69

disparaissent avec la dissolution de la société absorbée. Au cours d'une fusion, l'entreprise absorbante reprenant l'ensemble des engagements de l'absorbée, les contrats de travail sont repris automatiquement. En revanche, les statuts, les conventions collectives et les organismes de représentation du personnel qui s'appliquent sont ceux du nouvel ensemble et donc de la société absorbante.

La fusion par création d'une nouvelle société est une opération au cours de laquelle les deux sociétés initiales disparaissent pour créer une troisième nouvelle société. Les mécanismes de fusion sont relativement similaires à ceux de la fusion-absorption. On ne parle plus ici de société absorbante puisque les deux sociétés concernées sont absorbées (l'absorbat est la société nouvellement crée).

La fusion par création d'une nouvelle société implique aussi plusieurs opérations:

- la creation d'une nouvelle société;
- l'échange des actions des deux sociétés contre les actions de la nouvelle société;
- la dissolution des deux sociétés réunies;
- un double augmentation de capital par la société nouvellement crée.

Dans le cas de la fusion par création d'une nouvelle société, les deux sociétés initiales subissent le même traitement que la société absorbée dans le cas de la fusion absorption. Ce type de fusion se justifie quand les differences sociales entre les deux sociétés sont trop grandes pour pouvoir imposer à un des deux systèmes préexistants au nouveau ensemble. Dans le but d'éviter certaines inerties inhérentes à la survie de l'une ou l'autre des deux sociétés, la fusion par création d'une nouvelle société permet de définir une nouvelle logique organisationelle qui tienne compte de la stratégie du nouvel ensemble²⁸⁴.

Les fusions-acquisitions ont connu un essor important ces dernières années et sont devenues des monoeuvres importantes dans les stratégies des grands groupes et des enterprises de taille plus modeste. Cette stratégie de developpement est reconnue comme offrant à l'entreprise un degré de liberté mais il reste à réaliser l'intégration des entités co-contractantes, et là, doivent y être consacrés beaucoup d'efforts. Les fusions-acquisitions engendrent leurs propres risques, et il n'est pas evident de réussir à améliorer les résultats du nouvel ensemble.

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ARE YOUR SATISFIED CUSTOMERS LOYAL?

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Brief: Customer satisfaction is an important measurement that has to be taken on a regularly basis in every tourism facility in the country. All the tourism businesses rely on their customers and the measurement of their degree of satisfaction is of a major importance to the location. Even small locations should conduct at least once a year surveys in order to find out where they are, how do they work and what should be done in the near future in order to improve. Permanent improvement is a key-word for the today tourism business, as the today customers seem to be more and more informed, more and more conscious of their rights to receive a certain level of service quality and more and more aware of their importance in the tourism business's economy.

Human resources will play an outmost important role in the development or the failure of the tourism business of the near future in Romania. In order to maintain loyalty toward a location or another, the management and the owners will have to develop loyalty maintaining programmes that will permanently monitor the guests and their needs, striving to permanently improve in order to be successful.

The above study presents theoretical and practical approaches regarding the customers loyalty towards a brand or another, theories about satisfaction of the guests and ways to find out if this exists or not, and a practical survey conducted in the country.

Key words: customer satisfaction, customer loyalty, satisfaction, scale, satisfaction measurement, human resources, hotel amenities.

The firmly held doctrine that guest satisfaction means repeat business is called into question by the results of this study of 364 guests of two similar big-city hotels. Analysis showed only a weak connection between satisfaction and loyalty (which is a precursor to repeat purchases). Examining such factors as purpose of travel and demographics, the study revealed another finding that may give hoteliers pause—especially considering the industry's huge expenditures on frequent-guest programs. Business travelers were among the least loyal of the guests responding to this survey. The chief factors that engaged guests' loyalty were hotel design and amenities. Moreover, the factor that caused guests to be most involved in the purchase decision (and therefore more interested in the hotel) was its employees. The implication is that hoteliers might consider redirecting some of their frequent-guest expenditures toward strengthening human resources and toward improving the guests' experience through design and amenities.

Customer-defection rates are high for businesses today. U.S. corporations routinely lose half their customers over a span of five years resulting in 25 to 50 percent reduction in corporate performance. At the same time, researchers have noted the importance of customer retention, citing evidence to indicate that over time, a returning customer becomes decreasingly costly to serve because of learning effects and reduced service costs, while that customer simultaneously purchases more, pays higher prices, and willingly offers word-of-mouth recommendations to others. To capture the benefits of having loyal customers, many companies—particularly hospitality firms—have invested millions of dollars in customer retention programs. For instance, Marriott spent \$54 million in 1996 on its Honored Guest Program, while Hyatt invested \$25 million in its loyalty program, that same year. Nevertheless, customer-loyalty programs are now being heavily scrutinized to determine whether they are doing what they were intended to do: namely, increase customer loyalty and build profits.

Research on customer loyalty has primarily focused on customer satisfaction and involvement. However, findings on the linkage between repeat-purchase behavior and satisfaction have been equivocal. A number of studies have reported significant links, while others have noted that satisfaction explains little in regards to repeat purchases. Furthermore, the antecedent effects of involvement on loyalty have received relatively lim ited attention. Studies that have examined the involvement—loyalty relationship have offered the following sometimes conflicting findings:

- involvement has an indirect effect on loyalty as mediated by the investment of time and investment in the relationship;
- the relationship between satisfaction and loyalty is moderated by high involvement levels:
- involvement is a determinant of loyalty;

and

 the involvement-loyalty linkage is not that strong and depends solely on the level of involvement.

Consequently, our knowledge of customer loyalty and its determinants is replete with ambiguities. In view of that situation, the main objectives of this study are threefold:

(1) to examine the degree to which satisfaction influences loyalty, (2) to investigate how satisfaction may influence involvement, and (3) to understand how involvement may directly affect loyalty.

In this article, we first provide a brief review of our constructs of interest. Next, the research methodology used for this study is presented, followed by a discussion of our findings. Finally, the article concludes with managerial implications.

Theoretical Foundations and Research Focus

For decades, academics and professionals have preached that loyalty is a key to a successful business. Loyal customers have been found to purchase more and facilitate additional business from new customers by generating positive word of mouth. Indeed, Ganesh, Arnold, and Reynolds state, "Loyal customers are logically at the heart of a company's most valuable customer group."

Satisfaction with a product or service offered has been identified as a key determinant for loyalty and, perhaps more important important, a firm's profitability. Prior research has shown that satisfied customers exhibit reduced price sensitivity and increase the customer base through positive

word of mouth. Also, research intuitively indicates that customer satisfaction increases the likelihood of repeat business. The degree to which the customer is involved in the purchase decision should

also have a strong effect on the propensity to switch service providers. Two types of involvement—purchase involvement and ego involvement—have been found to play an antecedent role in switching behavior.

Theoretical Foundations for Customer Satisfaction

For the purposes of this study, *satisfaction* is defined as "an overall evaluation of performance based on all prior experiences with a firm." The following two well-known theoretical bases serve as the underpinnings for examining customer satisfaction in this article: the confirmation disconfirmation paradigm and comparison level theory.

Confirmation-disconfirmation theory.

Customer satisfaction is defined as a postpurchase evaluative judgment concerning a specific buying decision. According to the confirmation-disconfirmation paradigm, customers assess their levels of satisfaction by comparing their actual experiences with their previous experiences, expectations, and perceptions of the product's performance. The theory postulates that three outcomes of this evaluation are possible: (1) confirmation occurs when the actual performance matches the standard, leading to a neutral feeling; (2) positive disconfirmation occurs when the performance is better than the standard, which then leads to dissatisfaction.

Comparison-level theory

This theory proposes that consumers use comparison levels for the relationship under consideration and also use comparison levels for alternative relationships to determine satisfaction with and propensity to remain in a relationship. The comparison level is "the standard against which a member evaluates the 'attractiveness' of the relationship."

These consumer standards reflect what the brand should achieve not just what it will achieve. Previous research has found a positive relationship between prior experiences and current levels of expectations.

Dimensions of customer satisfaction.

Although an investigation of overall satisfaction with services provides relevant insight regarding loyalty, even greater knowledge can be obtained by distilling satisfaction into its various dimensions, especially in an industry where switching behavior and customer loyalty are paramount.

Indeed, some dimensions of satisfaction may be more important antecedents of repeat-purchase behavior and loyalty, than others are.

Common dimensions of satisfaction with a service include service quality, product quality, price, and location. Theory suggests that the "people factor" (i.e., service quality), in terms of tangibility, reliability, responsiveness, assurance, and empathy, may be the most salient in determining overall satisfaction and repeated purchasing in service industries.

The argument for the importance of the people factor is further supported by the services-marketing literature, which, noting the intangibility of services, advances service encounters as predominantly interpersonal interactions. Consequently, as with other social relationships, the bond between the hotel representative and the guest will be more heavily weighed if the guest makes a satisfaction judgment than if the guest makes no such judgment. Thus, in this study, we examine not only the effects of overall satisfaction but also the effects on involvement and loyalty of both satisfaction with the people factor and satisfaction with hotel ambience.

Theoretical Foundations for Involvement

Involvement, as related to this research, comprises both purchase and ego involvement.

Purchase involvement is defined as "the level of concern for or interest in the purchase process that is triggered by the need to consider a particular purchase."

Thus, purchase involvement consists of the time, effort, and costs invested in making a purchase, including any internal and external research that may precede the transaction. Specifically, in this study, we look at purchase involvement as it relates to price comparison and risk reduction.

Service failures are exceedingly memorable and readily recalled because they are "highly salient . . . distinctive, atypical, and emotionally charged." As a result, these negative experiences modify future expectations and both broaden and deepen the criteria used in the search for better alternatives as a mechanism for reducing the risk of making a poor purchase decision in the future. In turn, these additional cognitions heighten the level of purchase involvement. Consequently, low levels of satisfaction may result in high levels of purchase involvement (so that one may ensure that a purchasing error does not re-occur), and high levels of purchase involvement may result in low levels of loyalty, as the consumer focuses on better alternatives. This conjecture is consistent with prior studies, which noted that high involvement resulted in brand commitment when the consumer was satisfied with product performance.

Customer satisfaction—usually considered the brass ring of hospitality management—does not guarantee that customers will return.

Ego involvement occurs when relatively enduring importance is placed on a product or product class as it relates to the consumer's self-image, values, and status. In this study, ego involvement is examined in terms of self-image and the need for recognition. Satisfactory experiences may heighten the customer's ego involvement, but on the other hand, levels of ego involvement for the product or product class should decline when the customer experiences an unsatisfactory service relationship. That is, the customer will mentally reduce the degree to which the unsatisfactory service influences his or her self-image, values, or status. Following this line of thought, satisfaction should increase ego involvement. Furthermore, since ego involvement incorporates the need for recognition, when ego involvement is high, loyalty should also be high because repeat visits would typically have to occur for the guest to be recognized and treated in a special fashion.

Theoretical Foundations for Customer Loyalty

Loyalty has been defined as "a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand-set purchasing, despite situational influences'and marketing efforts' having the potential to cause switching behaviour." Customer loyalty consists of both an attitudinal commitment to the relationship, such as price insensitivity, and other, moreovert loyalty behavior, such as positive word of mouth and repeat patronage. Comparison-level theory and the patronage literature provide the theoretical underpinnings for the loyalty construct. As discussed previously, the standard by which someone determines his or her satisfaction with a service and, hence, whether that person should switch or remain in that relationship is founded on comparison-level theory. The manner in which a service experience is assessed is based largely on the next-best alternative relationship. As soon as the current level of outcomes drops below the perceived comparison level for alternatives, the customer is motivated to leave the relationship.

Thus, guests who are satisfied with a service when compared with available alternatives should report greater loyalty to that service than dissatisfied guests. The reverse is also true when guests are dissatisfied.

Research Method

For this examination of satisfaction, involvement, and loyalty, we contacted two hotels located in a major city in Romania. Both hotels are three-star properties located in the city's core business district and are similar in terms of their target markets and business mix. Both hotels are affiliated with major but different hotel chains. However, one hotel is not openly flagged with the chain name and is likely perceived by the average consumer as being an independent hotel. Both properties are housed in relatively old buildings that have been converted into hotels, and one of the hotels is listed as a historic hotel. The historic hotel (hotel A) is positioned as a boutique hotel, while the other hotel (hotel B) is a standard, franchised property. The historic hotel has a restaurant and bar within the hotel; the other property does not have its own restaurant but is adjoined by a national coffeehouse and a well-known, full-service restaurant. Room rates range from $\in 110$ to $\in 185$ for the historic hotel and $\in 109$ to $\in 177$ for the other property. The two hotels are also managed by the same company, making them relatively comparable in terms of management. Our data also indicated that guests perceived the two hotels to be competitive, and one is the likely target for the other in terms of switching hotels.

A two-page survey was designed to collect information concerning (1) the use of the hotel (e.g., frequency of stays, length of relationship, factors considered in making a reservation, type of traveler, and competitors used and why), (2) overall satisfaction with the hotel, (3) satisfaction with the individual service and tangible characteristics of the hotel, (4) purchase and ego involvement associated with the decision to stay at the hotel, (5) level of loyalty toward the hotel, and (6) demographic factors. Copies of the questionnaire were mailed to 1,000 former guests of hotel A and 700 former guests of hotel B. Participants in the study were guests who had stayed at one of the properties some time during the previous twelve months; these guests' names were randomly selected from the hotels' databases by the hotels' managers. The selfadministered surveys were accompanied by cover letters on university letterhead explaining the study, disclosing liability, and offering an incentive to encourage response. The incentive consisted of a prize offered by each hotel with the winners to be determined by a drawing.

Usable responses were received from 364 guests. Fourteen other surveys were returned incomplete, and 134 questionnaires were returned to the authors because of unknown addresses or names, resulting in an effective response rate of 24.1 percent. To assess nonresponse bias, an analysis of early and late responses was undertaken. This analysis revealed no significant difference between early and late respondents on any of the constructs of interest in this study.

Measures of Constructs

Thirteen items were used to measure respondents' satisfaction with the various aspects of the services and facilities of the hotel at which they stayed. The items used in this scale sought a global measure of satisfaction by asking the respondents to rate the following question: "Overall, how satisfied are you with the hotel?" Responses were based on a 5-point Likert-type scale ranging from *very dissatisfied* to *very satisfied*. To measure involvement, we added questions on ambience, convenience, and timeliness. The involvement items were intended to capture the effort, self-image, desire for familiarity, and perceived risk dimensions noted in the literature.

To capture the multidimensionality of brand loyalty, the questionnaire contained multiple items, including price insensitivity (attitudinal loyalty), repeat-patronage intentions, and the propensity to spread positive word of mouth. Adapting these items to the lodging business, we used seven related items to understand the customer-loyalty construct; these items had been previously compiled by Ganesh, Arnold, and Reynolds. Both the involvement and the loyalty items were assessed on a 5-point Likert-type scale, ranging from *strongly disagree* to *strongly agree*. In addition, one item, asking whether participants routinely stay at the same hotel, was included as a measure of actual repeat-purchase behavior.

Scale Items

Overall Satisfaction

X1. Overall, how satisfied are you with the hotel?

Satisfaction

This section pertains to how satisfied/dissatisfied you are with the various aspects of the hotel.

- X2. The friendliness of the hotel employees
- X3. How well the staff/managers know me
- X4. How well the hotel listens to my needs
- X5. The convenience and service of the reservation systema
- X6. The timeliness of the hotel staff in dealing with me as a guest in busy times
- X7. The room rate
- X8. The price of other services (e.g., room service, dry cleaning)
- X9. The location of the hotel to other businesses or attractions
- X10. How easily accessible the hotel is from airports and major highways
- X11. The ambience in the hotel (interior design/decor)
- X12. The amenities offered in the guest room
- X13. The amenities offered in other parts of the hotel
- X14. The quality of service offered by the hotel

Repeat Purchase

X15. When staying in [name of city], do you routinely stay at the [name of hotel]?

Loyalty

Please indicate how strongly you agree or disagree with each of the statements presented below.

- X16. I consider myself to be a loyal guest of the hotel
- X17. If the hotel were to raise the price of my stay, I would still continue to be a guest of the hotel.
- X18. If a competing hotel were to offer a better rate or discount on their services I would switch.
- X19. In the near future, I intend to use this hotel more often.
- X20. As long as I travel to this area, I do not foresee myself switching to a different hotel.
- X21. I would highly recommend the hotel to my friends and family.
- X22. I am likely to make negative comments about the hotel to my friends and family.

Involvement

Please indicate how strongly you agree or disagree with each of the statements presented below.

- X23. The relationship that I share with the [hotel name] is something that is very important to me.
- X24. The relationship that I share with the [hotel name] is something that deserves my maximum effort to maintain.
- X25. I am very cautious in trying new/different products.

- X26. I would rather stick with a brand that I know than try something that I am not very sure of.
- X27. I enjoy taking chances in buying unfamiliar brands just to get some variety in my purchases.
- X28. I constantly compare the prices and rates offered by various hotels in the area.
- X29. The brand image of the hotel played a major role in my decision to become a guest at the hotel.
- X30. I called various other hotels in the area before I decided to stay at this hotel.
- X31. I compared the prices and rates of several hotels in this area before I selected this hotel.
- X32. The frequent-guest program influences my choice in hotels.
- X33. Choosing a hotel is an important decision for me.
- X34. All hotels are alike in the type and quality of services they offer.
- X35. The hotel I stay at says a lot about who I am.
- X36. It is important for me to choose a hotel that "feels" right.
- X37. After deciding on the [hotel name], I have compared this hotel with other hotels in the area.
- X38. After deciding on the [hotel name], I have weighed the pros and cons of my choice.
- X39. A bad choice in selecting a hotel could bring you grief.

Data Analysis

An analysis of the data revealed that the majority of respondents were male (58.2 percent), married (66.9 percent), and well educated (52.8 percent had completed an undergraduate degree). Business travelers constituted 34.1 percent of the respondents, leisure travelers totaled 46 percent, and travelers identifying the purpose of their trips as both business and leisure made up 19.9 percent. For the most part, the respondents had high incomes, with 57.9 percent reporting earnings in excess of \in 30,000 per year. The ages of study participants ranged from twenty-one to eighty-six, with 25.5 percent indicating they were fifty-five or older. Occupations were diverse, with the most populated job titles consisting of executive (14.3 percent) and marketing (11.4 percent).

A regression using contrast effects tested the relationships between satisfaction, involvement, and loyalty. Given prior research that demographic factors, such as education and age, influence customer loyalty and satisfaction, we included five demographic variables—namely, gender, age, education, purpose of travel (business or leisure), and income—as co-variates in the regression analysis.

The Contrary Customer

In examining our results, it is well to remember that hotel companies are investing millions of dollars each year on their loyalty programs—despite questions about the effectiveness of these costly programs.

These programs have been designed with the goal of fulfilling guests' needs and desires on the premise that customer satisfaction will ensure guest loyalty. Thus, in this study, satisfied guests were posited to be loyal to the hotel because the guests' comparison levels should have been positively disposed toward the hotel. Surprisingly, however, neither overall satisfaction nor satisfaction with the people factor was a determinant of repeat-purchase behavior, attitudinal loyalty, or word-of-mouth loyalty. As a simple means of illustration, Exhibit 1 provides a cross-tabulation presenting the relationship between overall satisfaction and repeat-purchase behavior. As shown, fewer than half of even the most satisfied guests routinely chose to stay again at the hotel they had just patronized. Thus, although marketers have long advanced the presence of guest satisfaction as instrumental in ensuring repeat business, guest satisfaction does not appear to have the substantive and sweeping effect on guest loyalty that has previously been assumed. Nor did this study support the people factor (i.e., service quality), in terms of tangibility, reliability, responsiveness, assurance, and empathy, as being the most salient in determining repeat purchases. Several theories may explain the weak linkage between overall satisfaction and loyalty, as well as among satisfaction, the people factor, and loyalty. First, switching costs, such as time, money, and effort, play a role in customer loyalty. Higher perceived switching costs have been found to result in greater customer loyalty and repeat-purchase intentions. However, hotel guests incur few switching costs.

Exibit 1

R	οι	its	ta	v

Overall	No	Yes	Total
Very dissatisfied	3	2	5
Dissatisfied	12	1	13
Neutral	16	5	21
Satisfied	128	78	206
Very satisfied	65	52	117
Total	224	138	362

That is, lodging customers do not generally encounter procedural, financial, or relational switching costs that serve as incentives to remain loyal to a particular hotel. Second, several studies have indicated that even when enhanced levels of customer satisfaction exist, some consumers may still have a strong predisposition to switch service suppliers or brands. In this study, for example, 38 percent of respondents who reported high levels of satisfaction noted that they routinely switched to competing properties. Third, the literature indicates that customers who switch because of extrinsic motivators (e.g., coupons or discounts) are more likely to demonstrate lower levels of loyalty and repeat-purchase intentions than customers who are intrinsically motivated (e.g., dissatisfied, wanting to try a new brand). Satisfaction with hotel ambience did positively affect word-of-mouth loyalty. This finding supports a prior study that underscored the importance of hotel design and amenities as drivers of guest satisfaction.

Managerial Implications

The chief implication of this study is that hoteliers should not assume that satisfying their guests will ensure repeat purchases. Instead, this study shows that the connection between satisfaction and loyalty is tenuous, at best. Therefore, we suggest a reconsideration of loyalty programs. If a large core of guests is routinely going to switch to competitive properties, regardless of the best efforts put forth by the hotel, might not the funds that are being expended on loyalty programs for this group be better applied in other ways?

For example, hotel design and amenities have been shown to be primary drivers of loyalty. Hoteliers might better serve their own financial interests by diverting many of the millions currently spent on loyalty programs to developing more innovative and comfortable hotel rooms and public spaces that in turn, will create more memorable guest experiences.

<u>Human resources focus</u>. Lodging managers should continue to focus on their employees. Well-trained staff members who exude the appropriate attitude toward service are invaluable in keeping guests involved in the purchase decision so that they are actively pursuing information that will showcase the hotel's benefits over those of alternative properties. Viewed sequentially, members of the hotel staff heighten guest involvement, which then produces greater attitudinal loyalty, including less price sensitivity and an intention to be loyal.

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PLANNING AND IMPLEMENTING MARKET-SEGMENTATION STRATEGY IN TOURISM BUSINESS

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Brief: Tourism businesses exist in an environment which is under a constant competition pressure, situation that asks for permanent measures taken by the companies that want to exist on the market. Companies are conceiving strategic marketing plans that will help them act better in this environment. They have to come up with strategic plans and to implement market strategies helping them to survive and to develop.

All these plans have a base in the companies 'missions and all the efforts will start from this point. Strategic plans are split into phases, more easier to be explained to all the personnel involved and more easier to be put into practice, phases organised for each of the plans' steps. Generally, a strategic plan is perfectly shown on a diagram that presents all the phases and steps to be taken from A to Z in order to achieve the results that the plan has stated.

An important step is the one that says that everyone from the stakeholders to the last worker, should understand and assimilate every phase of the plan, its purpose, its values, the strategy, and the standards and the behavioural code in order to be perfectly involved in the development of the activities.

Keywords: market strategy, market analysis, implementing strategy, market segmentation, strategic plan, company's mission, strategic analysis, marketing audit

Tourism companies exist and operate in a business environment under constant change, and, in order to position and keep themselves on a tourism market, they have to conceive those strategic plans of implementing the market-segmentation techniques which they consider to reduce the uncertainty of the unpredictable business environment.

The strategic plans are differentiated according to the objectives stated by the tourism companies: they can focus on the tourism company seen as a whole, or limited to a set of activities, or they can be only restricted to day -to-day current activities.*1

Therefore, market-segmentation strategic planning reflects the objectives of the tourism companies that have to be achieved in a definite time sequence, and select the most appropriate methods for achieving the respective objectives. Helped by the strategic plans, companies follow to obtain measurable results; therefore, the plan must be constantly monitored in order to achieve the results in due time, at the stated terms.

The strategic plan has the mission to serve to the tourism company as an orientation guide, from which they expect answers to the next questions: What do we want ?, Where are we now?, Where do we want to go?, How will we reach there?, What do we have to do for accomplishing this goal?

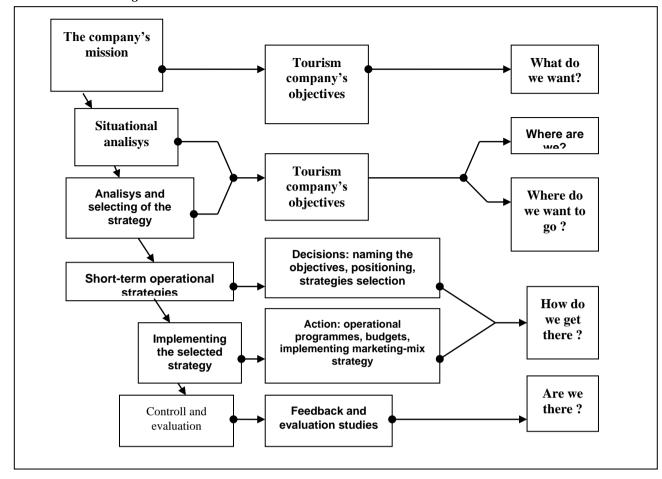
The phases of the strategic planning process are synthesised in the diagram presented in no. 1image**]

Based on the diagram, tourism companies elaborate for each of the phases of the strategic planning process the according measures to be taken, following their integration in the values of the respective companies.

* Igor ANSOFF – Corporate Strategy, 3rd edition revised, Penguin Books, London, 1987

**] McDonald M. - Marketing Plans; - How to Prepare Them - How to Use Them, Butterworth-Heinemann, Oxford, U K, 1995

Image no.1 PHASES OF THE STRATEGIC PLANNING PROCESS



The answers expected for the questions put in the diagram are referring to the main six phases of the strategic planning process:

Explains the purpose the company (organisation) was created for and which are its aspirations, values, strategies, behavioural standards followed by the company seen as a whole. The explanation of the mission gives information to the clients and stimulates the employees to identify themselves with the assumed mission and to consider it as being also their own.

The stakeholders (investors, shareholders, sponsors, non-governmental organisations that support the company, etc) have to understand also the contents of the next major elements taken out of the company's mission statement:

- Purpose :...... it defines for what has been created and the reason for existence of the company;
- Its values: they define the credo of the organisation and its moral principles;
- The Strategy:..... it explains the company's position versus competitors and its competitive advantages;
- The Standards and the behaviour code: They define the way organisation's staff operates and the action methods used for achieving the stated objectives;

The way a tourism company presents its mission differs from a company to another; some resume this mission in a single phrase, others detail it on several pages.

2. Situation analysis.

The research done by a tourism company follows the understanding – for its managers and employees - of the way it will evolve in the future; what kind of factors will influence this development, how well is the company ready (equipped) for the confrontation with this evolutionary processes, what kind of profits hopes the company to extract out of this development.

For a better understanding of the existing situation , companies may resort, based on the haphazard necessities , to the next analysis instruments :

- Marketing audit an instrument of situational analysis, that searches an answer for the question: "Where are we now?"
- The answer for the above question follows to clear up through audit of the influence of the impact factors on the tourism company: analysis of the external environment, the structure and efficiency of the organisation, the structure and the mix of the marketing instruments.
- PEST* analysis] examines the macro-economical environment influenced by the factors that can not be controlled by the tourism company;
- Analysis of the market trends:
- Analysis of the competitors' products compared to the diversity and quality of the own tourism products;
- Analysis of tourists' consumer behaviour, characteristics of various market shares;
- SWOT** analysis] in order to know the situation regarding the environment and of the company's level of preparation for the confrontations with the environment threats.

3. Strategy analysis and selection.

Follows to identify the next scenarios that may result from various market - segmentation strategies and the selection of the best in order to achieve the company's goals and objectives

4. Short term operational strategies.

During this stage, operative plans become more real and the most appropriate operational strategies in accordance with the economy power that the tourism company has, are elaborated. In tourism and travel industry, the environment realities, that have unpredictable and de-stabilizing effects, are constraining the economy agents to be prudent in strategic planning and to limit their operational strategies for a medium horizon for two years at the most.

Taking in account the above mentioned prudence, the economy agents have at their disposal, the next future prediction methods:

- Research upon the buying intentions helped by the opinion polls made on a representative consumer sample;
- Statistical analysis of the tourism demand evolution; this is a method that takes in consideration the variables that have influenced the demand in the past and it uses

^{*]} PEST is the acronym for the set of factors: Political , Economics, Socio-cultural and Technological

 $^{^{**}}$] SWOT is the acronym for the terms Strengths , Weaknesses , Opportunities and Threats

mathematical-statistical analysis techniques in order to foreshadow the future development trends .

5. Implementing the selected strategy

Implementing the strategy considered by a company as being the most appropriate for its business, searches for an answer to the question :

"How are we going to reach there?"

This phase of elaboration of the strategic plan is crucial for the companies active in the travel and tourism business. After a company has defined its options regarding the desired market position and after the evaluation of the existing resources that will help it reach the durable hoped performances, it will have to focus its attention on gaining a superior competitive advantage compared with the offer of other competitors that operate on the same market or on the same market share.

In his famous book "Competitive Advantage", Michael PORTER foresees two ways for a company to get advantage over competition:*]

- By making a product / service with costs lower than the competitor's costs, having thus a tendency to seize the cost leader position on the market;
- By offering unique products/services (or strongly differentiated of those belonging to the competitors) and having a superior quality, that can be sold at higher prices.

Thus one can reach personalised shares (or mini-shares – markets of one), where a small market share benefits of a superior competitive advantage if it can be differentiated by other products / services through various "extra" components or by mixing together both elements : superior quality and different characteristics.

During the time used for putting together the strategic plan, inside the tourism business company's environment many changes and dysfunctions, both internal and external may occur. Companies are constrained to adopt a critical position towards such unpredictable environment changes, that sometimes may affect even the initial mission of the organisation, requiring its re-wording.

Not rarely, companies' managers ascertain that budget allocations for implementing the strategic plan do not correspond to the market realities any more, thus being necessary to be revised also in support of the implementing the operational programmes.

6. Evaluation and control

The evaluation and control of the strategic plan will answer to the question:

" Have we reached the desired place?"

The plan, the operational programmes and the company's budget must be under constant monitoring and control, in order to ensure the managers that established goals have been reached inside the planned time schedule, with the use of the existing material and financial resources.

In the opinion of Philip KOTLER, in order to successfully implement a plan, companies must have in sight four types of managerial control:

• Annual plan control - in order to ensure that the plan evolves inside the established limits;

*] PORTER Michael – Competitive Advantage: Creating and Sustaining Superior Performance, Free Press, New York, 1985.

- Profitability control in order to know the level of achieving the expected income;
- Efficiency control in order to evaluate the efficiency of the marketing costs;
- Strategic control in order to determine whether the strategy of market segmentation has been rationally selected;

Finally the established strategic plan must be known by the whole company personnel, and the duties towards the assumed objectives must be judiciously distributed to each of the company's departments in order to ensure that new, unforeseen problems should not only be detected, but also rapidly corrected.

As a conclusion, in elaborating a competitive tourist services strategy, tourism companies managers have a focus on several components. The first aspect is the identification, analysis an selection of the basic elements of the strategy. Another major importance aspect refers to understanding the necessities that come out in implementing the strategy. At the same time, there comes as a necessity the integration of the basic elements in a comprising strategic plan.

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ECONOMIC STATISTICS

OPTIONS FOR DATA COLECTION FROM THE MAIN STAKEHOLDERS INVOLVED IN THE PUBLIC HEALTH SYSTEM REFORM²⁸⁵

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The Romanian health care system is undergoing a continuous reform process with the aim to improve its efficiency and, consequently, the quality of the services provided to the citizens.

The paper presents the major steps in data collection and statistical analysis of the Romanian public health system\s reform process using the procedure of statistical sampling. The analysis is conducted on three major stakeholders: family doctors, medical personnel from hospitals and clinics and personalities from the medical world.

In order to analyze all these aspects a structured survey plan has to be developed resulting in a questionnaire of 407 persons that was established to be representative for Bucharest municipality. In order to take into account all the stakeholders the conventional sampling methods have to be combined with the network sampling.

Key words: Public Health System, Statistical Survey, Sampling Procedures, Questionnaire

Introduction

The public health system\s reform was and still is on the policy agenda of the Romanian government. In analyzing the implementation of the reforms in this sector three major stakeholders in the health area were identified. These stakeholders will contribute to an efficient implementation of the reform measures developed by the Ministry of Public Health (MPH). Meanwhile, the persons included in theses groups could present various critical appreciations regarding the quality of the measures promoted by the Ministry of Public Health.

The three major stakeholders are represented by the following professional categories:

- · Family doctors
- Medical personnel from hospitals and clinics
- Personalities from the medical world

The gathering of statistical data requires specialized statistical tools, used by the theory of statistical sampling. To define these instruments, the following steps have to be considered:

- Based on the number of all the three stakeholder groups defined earlier, the study proposes an analysis based on a statistical survey
- b) Statistical questionnaires were developed and applied to the personnel working in the health system. The questionnaires were completed taking into account the major priority areas included in the strategy of public health system reform in Romania. The questions were addressing issues regarding general aspects regarding the reform process in the public health system, the policy of the MPH, the

²⁸⁵ The paper is based on the research made within the CEEX nr. 2-Cex-8-86 research project ''MODELE DE ANALIZA ECONOMICO-FINANCIARE ALE IMPACTULUI MASURILOR DE REFORMA IN SISTEMUL PUBLIC DE SANATATE"

medical education of the population, the analysis of the improper behavior of some of the personnel from the public health institutions, the research capacity and the current activities characteristics of the public health institutions.

- c) The questionnaires included as well some questions related to demographic and economic aspects of the respondents, that will be further used in developing econometric models
- d) The sample contains an explicit subset of personalities form the medical world, given the fact that their influence may have a strong impact on the reform process in the sector.
- e) The collected data was stored in a SPSS data base according to the questionnaire structure defined earlier.

2. The research methodology

The statistical survey techniques applied in this research considered several steps, such as data collection, tabulation and the estimation of the parameters of the statistical population for several variables defined in this research.

Step 1 Establishing the research objectives

In the first step the research objectives are defined as well the variables for which the statistical parameters are estimated. Obviously, the statistical population has to be clearly identified and estimations on the costs of the research and the required personnel are made, the data bases that could be used in generating the sample are identified.

Starting from the general objective of the analysis, namely the evaluation of the impact of the reform measures applied in the public health system in Romania, within the context of adapting this system to the population's as well the European Union's requirements, the major research areas were identified as follows:

- General aspects of the public health system reform process
- The public policy framework defined by the MPH
- The general public's education related to health aspects
- The analysis of the improper behavior of some of the personnel from the public health institutions.
- The research capacity of the public health system
- The current activities' characteristics of the public health institutions.

Step II: Designing the sample

The choice of the sampling technique is essential in estimating the statistical parameters. To obtain the best results using the statistical sampling method all the sampling techniques should be specified, taking into account the available information on the statistical population under research.

For the simple sampling method, the sample size is projected for a given accepted risk and a confidence in the result. The sample size can be calculated based on the following formula:

$$n = \frac{N \cdot (c \cdot t_{\alpha})^{2}}{N \cdot e_{r} + (c \cdot t_{\alpha})^{2}}$$

where

- a) N = 47388 represents the number of medical doctors in Romania (population size);
- b) c is the coefficient of variation calculated for the distribution of medical doctors according to their age;
- c) e_r is the relative error or the accuracy in estimating the parameter
- d) t_{α} the value of the quartile of t-Student statistic for a probability α .

The coefficient of variation was calculated based on the distribution of medical doctors according to their age. The data is presented in the following table:

Table 1 The distribution of medical doctors according to their age groups and gender

Age groups (years)	Total	Females	Males
Under 25	450	313	137
25 - 34	12909	9522	3387
35 – 44	11934	8712	3222
45 - 54	15171	10480	4691
55 – 64	5537	3070	2467
65 and more	1387	446	941
Total	47388	32543	14845

Based on the statistical data presented in Table 1, the following descriptive statistics indicators were calculated: i) The average age 43.43 years; ii) the variance 118.62; iii) the coefficient of variation 25.1%. The sample size calculation was made for several significance levels (and, hence, confidence levels) of 1%, 2%, 3%, 4%, and 5%. The resulted sample sizes are presented in the following table:

Table 2: Establishing the sample size

	Assumed risk (%)					
α (%)	1	2	3	4	5	
5	2298	596	267	150	96	
4	2512	654	293	165	106	
3	2787	729	327	184	118	
2	3175	836	375	212	136	
1	3835	1021	459	259	166	

For a sample size of 596 persons at national level, it will have the following distribution: 144 family doctors and 452 medical doctors from hospitals and clinics.

In order to include in the sample the personalities form the medical world it is recommended to use the technique of **network sampling.** After applying this method of data collection it is recommended for this study to complete a number of 100 questionnaires²⁸⁶.

For this study the network sampling techniques was used to interview the personalities in the medical field, opinion setters as well the main decision makers in the public health system. Initially a list of 50 persons was established but it was revised to 100 persons based on the recommendations of the interview subjects.

²⁸⁶ The network sampling is a procedure developed by Sirken (1970) for the measurement of characteristics in rare populations. For any counting rule for linking enumeration units with elements, parameters can be defined which characterize the network linking the enumeration units to the members of the rare population group. This technique is an appropriate form to study the decision power within a collectivity or human relationships network that is governing a collectivity.

This form of statistical observation resides in an initial interviewing of a group of persons, chosen through a set of criteria, from an existing data base. These interviewed personn will design other persons that will answer the questionnaire. The statistical observation procedure will be completed when persons that answered the questions are designated again by other people.

The sampling plan had two steps. The first step included the medical units from Bucharest (hospitals, clinics, health centers). The second step was represented by the selection of medical doctors for each primary sampling unit. For Bucharest municipality the statistically representative sample size was established at 407 persons and it was chosen a 95% confidence in the result and a representativity error of $\pm 5\%$.

The structure of the samples the following: 75 family doctors, 279 medical doctors from hospitals and 53 medical doctors from clinics and health centers

The data was gathered within three weeks (in July 2007). This way the comparability of the answers was insured given the fact that no major decisions were made at the time by the Romanian government.

Step III: The construction of the statistical questionnaire

The questionnaire represents the key element in the statistical observation process that allows collecting the required information.

The quality of the questionnaire is directly linked to the quality of the gathered data and is influencing the observation errors. The questionnaire was based mainly on closed questions, with predefined answers. For each question measurement scales were defined, respecting the following aspects:

- A bi-univoque relationship between the questionnaire and the research questions
- A natural order of the sections (with the identification and demographic questions at the end of the questionnaire).
- A reasonable number of questions for each area from the research plan. This approach
 allows obtaining descriptive statistics in the analysis step as well the estimation of the
 parameters of the econometric models.
- Balanced scales defined for each question.
- For each measurement scale there are at most seven options.
- A constant direction of the Likert scale was maintained during the application of the questionnaire.
- An additional option "I don't know" was introduced for several questions in order to avoid biased answers to the questions.
- The language used in the questionnaire was adapted to the subjects' specificity.
- Only one open question was inserted in the questionnaire.
- The questions for different concepts were used in separate sections.
- The respondents were assured about respecting the main requirements of a correct sampling procedure: the confidentiality, the average time they need to complete the questionnaire, the contact data of the researchers (if they would like to follow up on the results of the study) and information on the use and dissemination of the results.

The structure of the questionnaire, according to the type of questions and number of variables for each research area, is summarized in Table 3.

Table 3. The structure of the questionnaire, by area of research

Nr. Crt.	Area of research	Number of closed questions	Number of open questions	Number of variables
1.	General aspects of the public health system reform process	5	-	41
2.	The public policy framework defined by the MPH	5	-	18
3.	The general public's education related to health aspects	7	-	18

4.	The analysis of the improper behavior of some of the personnel from the public health institutions	7		24
5.	The research capacity of the public health system	5	1	24
6.	Current activities' characteristics of the public health institutions	2	-	6
7.	Personal identification data	12		32
8.	General data	6	2	14

Step IV: Statistical data collection

The data collection can be conducted using several techniques: from direct interviews, telephone interviews to collection of data using the email. This is an essential step in the research process, given that the quality of the estimations depends on the quality of the data collected in the process of statistical observation of the sample units.

This study used the procedure of filling out a questionnaire on paper support using the direct approach of the subjects included in the sample.

Step V: The primary data tabulation

The data series from the questionnaire was introduced and analyzed using the SPSS program. Each question was labeled and introduced in the data base. To identify and correct some possible errors the variables from the data base was analyzed using primary descriptive statistics measures.

Step VI: Data series analysis

Taking into account the literature on the subject and the structure of the questionnaire, several econometric models will be developed in order to analyze the impact of the reform measures in the public health system on the quality of the services provided to the citizens by the public health care institutions. These models will be developed using SPSS and EViews programs.

Conclusions

The paper presents the major steps and issues regarding the data collection process and data analysis from a survey regarding a study on the impact of the measures in health system on the quality of the services provided to the public.

To define the questions in a questionnaire that has the goal to identify the impact of the reforms in the public health care system, three major aspects have to be considered: the reform measures undertaken by the Ministry of Public Health, the models applied in the European Union for analyzing the performance of the public health system and the stakeholders that will contribute to an efficient implementation of the reform measures

For analysing all these aspects a questionnaire of 407 persons was establish to be representative for Bucharest municipality, and, in order to take into account all the stakeholders the conventional sampling methods have to be combined with the network sampling.

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CARACTERIZING THE PUBLIC HEALTH SYSTEM REFORM USING THE STATISTICAL SURVEY APPROACH 287

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Abstract

Assuring the health of the general public is a major objective of each country's public health system. To insure this goal the public health system needs to offer good quality and prompt services according to the population's needs.

The paper presents the main results of a two step sampling procedure applied within the medical institutions from Bucharest in July 2007.

Using a representative sample of 407 persons the paper presents the main descriptive statistics calculated on the most important variables that were taken into account in order to quantify the impact of the reform measures applied in the public health care system on the quality of the medical services provided to the general public.

Key words: Statistical sampling, Descriptive Statistics, Public Health Care System, Reform

1. Introduction

Assuring the health of the general public is a major objective of each country's public health system. To insure this goal the public health system needs to offer good quality and prompt services according to the population's needs. The latest economic evolutions in Romania have are determining a new approach of the medical care and are closely related to the following factors: financial constraints, the need of reforming the health care system and the integration of Romania in the European Union's structures.

In order to achieve a clear image of the reform process in the health care system, this paper presents a research based on a statistical survey of the public health system in Romania. The paper presents the characteristics of the sample, its structure and the main results of the analysis.

2. The characteristics of the sample

The sampling procedure was established based on the literature related to the main world tendencies of the public health system as well the reform strategy developed for Romania by the Ministry of Public Health. The main stakeholders considered in the implementation of the reform process in the health system were taken into account:

- Family doctors
- Medical personnel from hospitals and clinics
- Personalities from the medical world

The research is based on a statistical sampling procedure developed based on a questionnaire that considers three aspects related to the reform process in the public health system:

²⁸⁷ The paper is based on the research made within the CEEX nr. 2-Cex-8-86 research project ''MODELE DE ANALIZA ECONOMICO-FINANCIARE ALE IMPACTULUI MASURILOR DE REFORMA IN SISTEMUL PUBLIC DE SANATATE"

- the reform measures undertaken by the Ministry of Public Health,
- the models applied in the European Union for analyzing the performance of the public health system and
- the preliminary discussions with specialists from institutions with interests in this field.

The questionnaire has a set of questions addressing issues related to the quality of the reform process in the public health system, the policy of the MPH, the medical education of the population, the analysis of the improper behavior of some of the personnel from the public health institutions, the research capacity and the current activities characteristics of the public health institutions. The number of questions defined for each area of research is presented in the following table:

Table 1. The structure of the questionnaire, by area of research

Nr. Crt.	Area of research	Number of closed questions	Number of variables
1.	General aspects of the public health system reform process	5	41
2.	The public policy framework defined by the MPH	5	18
3.	The general public's education related to health aspects	7	18
4.	The analysis of the improper behavior of some of the personnel from the public health institutions	7	24
5.	The research capacity of the public health system	6	23
6.	Current activities' characteristics of the public health institutions	2	6
7.	Personal identification data	12	32
8.	General data	8	11

The sample was constructed using a two steps survey. The first step included the medical units from Bucharest (hospitals, clinics, health centers). The second step was represented by the selection of medical doctors for each primary sampling unit. For Bucharest municipality the statistically representative sample size was established at 407 persons and it was chosen a 95% confidence in the result and a representativity error of $\pm 5\%$.

The data was stored and tabulated using the SPSS program.

3. Significant results of the analysis

The main results of the descriptive statistics analysis at the sample level are presented below for the most relevant variables that are characterizing the reform process in the public health care system in Romania.

The first question tries to assess the perception of the medical personnel referring to the reform in the public health system.

The results presented as percentages from the total number of responses corresponding to each of the 5 qualitative measures are presented in the following table:

A. How do you appreciate the following aspects of the public health system reform?

	Very weak	Weak	Satisfac tory	Good	Very good
1. Financing of health system	38,12	46,78	13,12	1,73	0,25
2. reform measures in your institution	19,10	42,96	26,88	9,55	1,51

3. Medicines acquisition system	23,75	38,50	26,75	10,25	0,75
4. decentralization system	22,40	44,27	24,74	8,33	0,26
5. Hiring and promotion of medical doctors	29,57	35,59	24,81	9,27	0,75
6. Hiring and promotion of nurses	21,16	35,52	32,24	9,57	1,51

The major problem identified by most of the respondents is related to the financing of the public health system. More than 85% of the specialists from the medical field consider as negative or extremely negative this aspect directly related to the proper functioning of the system. Only an insignificant percent of around 2 perceives the financing of the health system good or excellent.

Another aspect that has a negative impact on the efficiency of this public service regards the hiring and motivation of the medical staff – both doctors and nurses. This might justify the fact that in the last years an important number of doctors and nurses left Romania and wet to practice medicine in different developed countries. According to an estimation of the Ministry of Public Health, the medical system lost around 5% of its staff that left Romania for better paid jobs. This trend might continue unless some rapid measures will be taken in order to stimulate the medical personnel.

The medical personnel have rather a negative view on the evolution of the public health sector in the near future. The respondents were asked about the improvement of the quality of medical services, their accessibility, financing, salaries and equipments.

The answers were given on a scale from 1 (extremely unfavorable evolution) to 5 (very positive evolution). The answers for hospitals, clinics and medical labs are presented in the following tables:

A. Hospitals

	1	2	3	4	5
Improvement of the quality of medical services	5,15	13,40	36,86	41,49	3,09
Improvement of the public's accessibility of the medical services	3,60	17,48	36,76	37,79	4,37
Improvement of the financing of the public health system	10,73	23,82	39,53	24,35	1,57
Salary raise	9,21	15,26	44,74	27,89	2,89
Improvement of medical equipments	6,61	12,17	33,07	44,71	3,44

B. Clinics

	1	2	3	4	5
Improvement of the quality of medical services	3,18	11,56	43,93	37,86	3,47
Improvement of the public's accessibility of the medical services	1,98	13,03	42,21	35,98	6,80
Improvement of the financing of the public health system	5,19	22,48	47,55	21,90	2,88
Salary raise	5,51	13,33	51,01	26,67	3,48
Improvement of medical equipments	6,41	16,62	42,27	30,61	4,08

C. Medical labs

	1	2	3	4	5
Improvement of the quality of medical services	2,6	6,5	22,3	57,8	10,9

Improvement of the public's accessibility of the medical services	0,9	10,2	24,4	53,2	11,3
Improvement of the financing of the public health system	5,2	12,5	39,1	35,4	7,8
Salary raise	4,4	11,8	40,5	37,9	5,3
Improvement of medical equipments	3,9	10,4	23,8	50,0	11,9

The reform process requires insuring the medical institutions with all the needed resources (medical endowment, qualified staff, medicines, and management), an efficient organization system and coherent policy measures. The most important results related to these issues are summarized in the following table:

C. How do you appreciate the following aspects in your medical institution?

	Very weak	Weak	Satisfactor y	Good	Very good
1. Medical endowment	13,65	34,49	31,51	16,38	3,97
2. Assuring the required stock of medicines	13,53	37,09	28,82	17,54	3,01
3. Internal organization of the institution	9,55	21,36	41,46	19,35	8,29
4. Assuring highly qualified medical staff (with university degree)	3,99	18,45	28,68	35,16	13,72
5. Assuring medical staff (nurses)	9,50	29,25	26,50	29,75	5,00

Almost half of the specialists consider as the most important problems the poor condition of the medical endowment and the medicines in hospitals and clinics. The general opinion is favorable with respect to the quality of medical staff, both medical doctors and nurses.

D. How do you appreciate the evaluation system of the quality of the medical services in your institutions?

	Unsatisfactory	Satisfactory	Good	Very good
1. Performance indicators system in evaluating the institution's performance	25,75	51,00	21,75	1,50
2. Annual evaluations of the employees performance	24,50	44,00	25,00	6,50
3. Permanent feedback from the patients on the quality of medical services	38,13	36,11	21,97	3,79

The results from the table above show the following aspects: a poor performance evaluation system in the medical care institutions and a lack of feedback from the patients regarding the quality of the medical services. These deficiencies could be corrected on a relatively short period of time if the management of change in the medical sector would be tackled in two distinct phases: the political pre-decision followed by a managerial (post)decision

E. How do you appreciate the transparency of the Ministry of Public Health regarding the measures taken during the reform process in the public health system?

	Unsatisfactory	Satisfactory	Good	Very good
1. Consulting the professional associations when passing legislation related to the reform in health system	60,65	23,31	13,78	2,26
2. Informing the mass media about them	47,25	30,25	18,75	3,75

The transparency as well good communication from the decision makers to all the stakeholders represents a condition of success in a reform process. Unfortunately, the results in the sample show major deficiencies in the communication between the Ministry and the stakeholders. More than 83% of the medical doctors have a negative opinion regarding the consultation of the professional associations when passing legal acts.

F. How do you appreciate the following aspects related to the policy measures in the public health system?

	Unsatisfact ory	Satisfactory	Good	Very good
1. The public expenses on health (as % in GDP)	76,50	19,00	4,5	0,00
2. The national policy measures developed by MPH	49,11	39,75	10,4	0,76
3. The transparency in using the public funds when acquiring compensated or free medicines	64,65	26,52	8,1	0,76

The formulation and implementation of the policy measures in the public health as well as the level of public funds spent on medical care is view as unsatisfactory by most of the respondents.

G. Appreciate the level of public's accessibility of the medical services

	Very small	Small	Medium	Large	Very large
1. primary	6,72	14,18	44,03	28,86	6,22
2. secondary	6,31	21,46	51,01	19,19	2,02
3. tertiary	9,87	29,87	44,30	13,16	2,78

By contrary, the level of public's accessibility of medical care services if viewed as a good one by most of the medical doctors.

When asked about the influence of the new legislation on the hospitalization of a patient, the opinions varied among the medical doctors. Some of them perceive that the new legislation will increase the hospital costs or the expenses on compensated medicines, other the opposite.

H. How do you think the new legislation will impact on when hospitalizing a patient?

	Negative	Moderately negative	No influence	Moderately positive	Positive
1. Hospital costs	7,03	25,00	31,77	35,68	0,52
2. Expenses on compensated medication	8,09	21,67	43,86	25,85	0,52
3. Public health	10,70	15,67	43,34	28,72	1,57
4. Administrative activity in the hospital	21,41	27,68	31,85	16,45	2,61

An agreement of the medical doctors is achieved regarding the impact of new legislation on the administrative activity in the hospital – more than 80% of them expecting a negative impact or no influence regarding this aspect.

4. Conclusions

Several reform measures in the public health sector were backed up with some programs that received external financing (such as the PAL program of the World Bank or the Post Accession Structural Adjustment Program).

The reform process in the public health system will be a long time one and will involve not only the Ministry of Public Health but the medical institutions and staff as well.

This paper showed the opinion of the medical doctors selected in a representative sample from Bucharest regarding the impact of the reform measures applied in the public health care system on the quality of the medical services provided to the general public.

It becomes clear the need of improving the financing of the public health care system as well as the improvement of the staff motivation and evaluation process.

In order to evaluate the quality of the medical services it is recommended to construct a frame model for this system that will allow the analysis of the dependency between the results of the public health care system and the market policies and the management process

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THE ANALYSIS OF THE UNEMPLOYMENT SEASONALITY IN ROMANIA

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This paper analyses one of the components of a time series, that is the seasonal component. The phenomenon studied in the paper is the unemployment in Romania during 1996-2005. The unemployment seasonality is measured by three indicators: low-peak seasonality, amplitude seasonality and mean seasonal variation. The seasonal factor is used, together with the extrapolation of the trend, to predict the unemployment level in Romania for the first quarter of 2009.

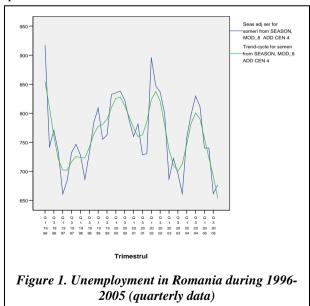
Key words: unemployment, seasonality, seasonal variation, amplitude seasonality, prognosis

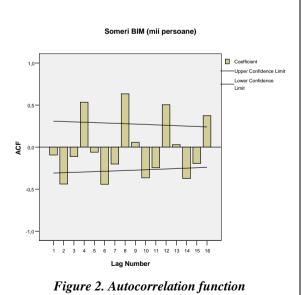
1. Introduction

The evolution of labour market variables can be decomposed in four components, one of which is the seasonality: the long term tendency, the seasonal component, the cycle component and the residual [Jaba E., 2002].

We study the unemployment in Romanian labour market using data registered by the AMIGO survey during the period 1996-2005. They are quarterly data. There is a strong seasonal variation of the unemployment that can be noticed in Figure 1. In order to measure the variations due to the seasonality, in contrast with trend and cycle effects, we determine the seasonality removing the other effects. The seasonal component is also indicated by the autocorrelation diagram (see Figure 2).

The yearly increases and decreases in the unemployment data repeat in the same quarter every year. The decrease of the unemployment takes place in the third quarter and the increase is registered in the first quarter.





819

The same situation is presented in Figure 3 in which the quarterly unemployment data represent the mean unemployment for the 10 years period. In the first quarter there is a maximum (871 thousand persons) and in the third quarter there is a minimum (699 thousand persons).

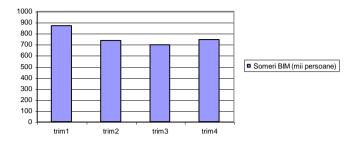


Figure 3. Average unemployment levels by quarters during 1996-2005

The unemployment seasonality can be measured using three indicators [Guillemette R., 2000]:

- the low-peak seasonality;
- amplitude of the seasonal variations (amplitude seasonality);
- mean season variation (mean seasonal fluctuations; MSV).

2. Low-peak seasonality

This is a simple indicator that measures the seasonality as it compares the maximum level of unemployment to the minimum level of unemployment. This indicator is calculated as the excess of the peak unemployment level relative to the lowest unemployment level.

The estimations of the low-peak seasonality for the 10 years period are expressed in percentages and are calculated in Table 1. The average unemployment seasonality level during the 1996-2005 was 25.28%. Thus, the peak levels of the quarterly unemployment are, in average, higher by 25.28% than the low unemployment levels. The values of the low-peak indicator show the decrease of the unemployment seasonal variation as a proportion of the unemployment variation.

The disadvantage of this indicator is that it does not include the seasonality of the excluded quarters. Moreover, it does not entirely remove the trend effects between the low and peak quarters.

Year	1	Low and peak			
Teur	Quarter 1	Quarter 2	Quarter 3	Quarter 4	seasonality (%)
1996	1009	720	712	723	41.71
1997	753	662	674	736	13.75
1998	820	664	673	773	23.49
1999	901	733	704	822	27.98
2000	927	816	764	778	21.34
2001	852	759	670	720	27.16

Table 1. Unemployment levels and the low-peak seasonality during 1996-2005

2002	988	825	778	790	26.99
2003	779	700	638	651	22.10
2004	850	776	771	801	10.25
2005	832	718	603	666	37.98
Average	871.1	737.3	698.7	746	25.28

Comparing the real unemployment level and the seasonally adjusted level, we can notice that the adjustment process correct the variations due to seasonality within the years. The seasonally adjusted unemployment is smoother than the actual unemployment but is still present the same trend and cycle general effects as the actual unemployment (see Figure 4). The seasonally adjusted unemployment data are computed using the moving average method in the SPSS.

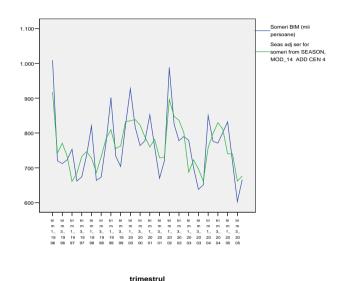


Figure 4. Actual and seasonally adjusted unemployment

3. Amplitude seasonality and mean seasonal variation

These two indicators are computed comparing the quarterly seasonally adjusted data to original data. As they use the seasonally adjusted data, these indicators remove the effects of the trend and cycle components in the original unadjusted data.

In Table 2 we calculated the two indicators for 2005 using the data for the original unemployment and seasonally adjusted unemployment. The seasonal ratio is computed as it is used for obtaining the seasonality indicators.

The amplitude seasonality is determined as difference between the highest and lowest seasonal ratio. We notice the lowest seasonal ration in the third quarter (91.13%) and the highest in the first quarter (112.40%), therefore the seasonality amplitude in 2005 is equal to 21.27%. This indicator eliminates the trend and the cycle in the unadjusted data and offers a good image of the unemployment seasonal variations, but it ignores the seasonal variations for the rest of the year.

The mean seasonal variation solves this problem using data for all the four quarters of the unadjusted and adjusted unemployment. In order to compute this index, we firstly compute the difference between each quarterly seasonal ratio and the reference level of 100%. Then, we calculated the mean seasonal variations as the average of the difference previously obtained.

The differences of the seasonal ratios from the 100% are computed in the last column of the Table 2. These differences vary from a minimum of -8.87% in the third quarter, when the seasonal variations are minimum, to a maximum of 12.40% in the first quarter when the effect of seasonal adjustment is highest.

The mean of the four absolute differences is the mean seasonal variations and it represents -0.27% of the unemployment in 2005.

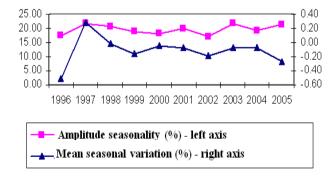
Table 2. Unemployment and the low-peak index in 2005

Quarter	Unemployment (thou persons) -real values-	Unemployment (thou persons) -season. adjust. values-	Seasonality ratios (real values / season. adjust. values) (%)	Differences of the ratios from 100%
Quarter 1	832	740	112.40	12.40
Quarter 2	718	740	96.97	-3.03
Quarter 3	603	662	91.13	-8.87
Quarter 4	666	677	98.43	-1.57
Maximum v	Maximum value of the seasonality ratio		112.40	
Minimum value of the seasonality ratio			91.13	
Amplitude and minimu	_	between the maximum	21.27	
Mean seasonal variation (average difference)				-0.27

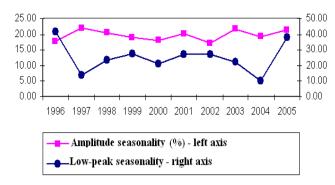
4. Comparability among the three seasonality indicators

We compare the three measures of seasonality (see Figures 5 and 6) and we notice the following differences among them:

- the values of the amplitude are constantly higher as they measure the unemployment seasonal variations or the unemployment volatility. In opposition, the mean seasonality measure the deviation of the quarterly mean unemployment from the seasonally adjusted unemployment level.
- the low-peak seasonality varies most of the three indicators because it is calculated on the basis of the real data in which the trend and cycle effects are not removed.



• Figure 5. Unemployment seasonality in Romania (amplitude seasonality and MSV)

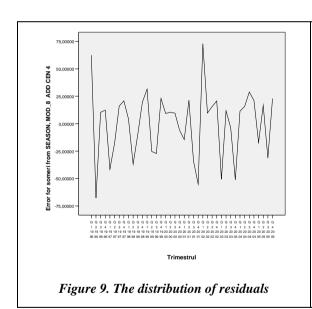


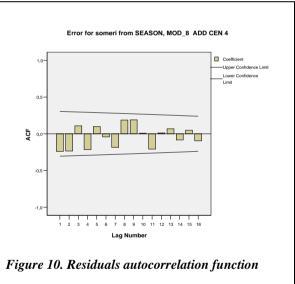
- Figure 6. Unemployment seasonality (amplitude
 - seasonality and low-peak seasonality)

In general, all three indicators show a slight increase in the unemployment seasonality during the period 1996-2005. Though, the variation of the low-peak index disguises this increase. The amplitude seasonality and the mean seasonal variation have a similar evolution. That is, the seasonal variation is similar to the deviations between the real unemployment and the seasonal adjusted unemployment during the quarter.

5. Residual component

The residual component has a stochastic character and represents the component of a time series that cannot be explained by trend, cycle or seasonality. Residuals have a normal distribution (see Figure 9), and we used Kolmogory-Smirnov test (Sig. = 0.106). Moreover, the residuals are not autocorrelated.





6. Prognosis of unemployment in Romania for the first quarter 2009

The estimation the unemployment level in Romania for the first quarter 2009 implies the extrapolation of the trend and the correction with the seasonal factor computed for the same quarter [Jaba E., 2002].

The computation was made with SPSS software and the estimated quadratic equation for trend is:

$$y_t = 66.2t - 1.2t^2$$
 where y_t - unemployment (thou persons) and t - time (quarters).

Therefore, for t = 53 (the first quarter of the 14^{th} year since 1996), the unemployment level for the first quarter 2009 is equal to: $y_t = 66.2 \cdot 53 - 1.2 \cdot 53^2 = 137.80$

The estimated value of the trend is corrected by the seasonal factor (S_1 corresponding to the first quarter), considering an additive model, that is $y = y_t + S_1$. The seasonal factors obtained in SPSS are presented in Figure 11.

Seasonal Factors

Series Name: Unemployment ILO (thou persons)

	Seasonal
Period	Factor
1	82,117
2	-17,940
3	-54,668
4	-9,508

Figure 11. Seasonal factors

Thus, the unemployment level in the first quarter 2009 will be egual to y = 137.80 + 82.12 = 219.92 thousand persons. The predicted level is quite low, due to the number of data observed and to the model chosed for the estimaton of trend.

7. Conclusion

The unemployment seasonality is shown by unemployment increases and decreases in the that repeat in the same quarter every year. The lowest unemployment level is registered in the third quarter of each year, while the highest level of unemployment is registered in the first quarter.

During the period 1996-2005, in Romania, the unemployment seasonality slightly increases, as shown by three indicators proposed by Guillemette R., 2000 (low-peak seasonality, amplitude seasonality and mean seasonal variation).

The predicted level of the unemployment for the first quarter 2009 is equal to 219.92 thousand persons, considering a quadratic trend and an additive model of aggregating the seasonal component to the trend.

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THE ASSURANCE OF THE MACROECONOMIC EQUILIBRIUM – PRIORITY OBJECTIVE OF THE ECONOMICAL POLICY

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The national economies and the world economic circuit are found in an interdependence relation: on the one hand the world economic circuit is multiplied and diversified in accordance to the development degree of the national economies, at the level of the world division of the labour, to the directions of orientation of the international political conjuncture, and on the other hand the greater the degree of the internal economical development, the more intense the external economic connections of the particular country are, fact which reveals the greatest weight in the world economic circuit held by the high developed countries.

Key words: the payment balance, the foreign currency exchange rates, the internal disequilibrium, the external disequilibrium

1. The influence of the international economic relations on the macroeconomic equilibrium

Over the last years it is manifested as a necessity the adaptation of the internal economic activity of each state in the perspective of the integration in various international economic structures, so that serious disequilibrium are not perpetuating on a long term and the evolution of all the national economies is harmonised within the world economy.

Thus, an important element in the participation to the economic circuit is represented by the instability of the social, political and economical climate from the countries who passed to the market economy after 1990 and the mistrust of the other countries to the evolution of the economic phenomena and processes from these states, manifesting reserves as far as the expansion of the economic relations.

In the development of the external economical relations in this stage our country must focus upon the liberalisation and the development of the commerce, of the markets of the production factors, including the encouraging of the direct foreign investments, the restructuring of the enterprises, of the economic activity in general and the increase of the flexibility of these structures, the modernisation of the institutions, the reform of the bank system, the adoption of a law system adequate to the functioning of a modern market economy²⁸⁸.

2. The payment balance and the foreign currency exchange rates

The level of the exchange rate can be used as commercial policy instrument, since an over evaluated rate has the effect of a restriction to export, while an underevaluated rate is equivalent to a restriction to import. However we must specify that, in practice, the rate notions "over" or "under" are not easily to be rendered operational. Plus, the effect on the payment balance is potentiated by the fact that the level of the exchange rate acts simultaneously on the exports and on the imports.

The liberalisation of the commerce is indissolubly related to the one of the exchange rate for at least two reasons. On the one hand, the opening of the internal market and its transformation in a natural prolongation of the international one would be impossible or useless in the absence of a reliable converter of the prices an exchange rate established on the market represents. On the other hand, in the absence of the convertibility of the national currency (at least, for the current account transactions), the control measures

²⁸⁸ Cornelia Nistor "The transition in Romania – The modelling of the economic equilibrium", Military Publishing House, Bucharest, 2004, p.195-196

of the access to the foreign currency can be substituted to the actual commercial restrictions, with the consequence of compromising the reform process of the commercial policy.

The exchange rate policy cannot be used to reach the control objective of the inflation simultaneously to the one of the maintenance of a commercial policy opened in the conditions of the deepening of the current account deficit. In the first case, the rate must play the part of antiinflationist anchor, while, in the second case, great depreciations can be necessary to facilitate the adjustment of the external sector.

The evolution of the exchange rate of the foreign currency market and the residue of the commercial balance during 1994 - 2007

			Residue 1	balance
X 7	The exchange rate of the	e foreign currency market		~~~
Year		(FOB/	CIF)	
	Annual average (lei/EUR)	ANNUAL AVERAGE (LEI/USD)	Millions USD	Millions EURO
1994	1.967,14	1.655,09	-958	
1995	2.629,51	2.033,28	-2368	
1996	3.862,90	3.082,60	-3351	-2675
1997	8.090,92	7.167,94	-2849	-2522
1998	9.989,25	8.875,55	-3536	-3128
1999	16.295,57	15.332,93	-2070	-1950
2000	19.955,75	21.692,74	-2688	-2962
2001	26.026,89	29.060,86	-4167	-4661
2002	31.255,25	33.055,46	-3986	-4206
2003	37.555,87	33.200,07	-6385	-5587
2004	40.532,21	32.636,58	-9179	-7346
2005*	3,6234	2,9136	-12733	-10313
2006*	3,5245	2,8090	-14893	-14895
2007*	3,3373	2,4383	-23078	-16870

The source: The statistic monthly bulletins of the NATIONAL STATISTICS INSTITUTE from 1994 – 2007 and the calculations based on them

Along the entire analysed period the evolution of the foreign currency has been and remained intimately related to the commercial policy of the in transition economies. Thus, in the appreciation in real terms of the rate, felt almost all these countries during the years that followed the commercial liberalisation in 1990-1991, is considered at the origin of the deterioration of their commercial balances.

Since the commercial deficit is positively associated to the increase of the protectionist pressures, we can formulate the hypothesis that the relative reflux of the liberalisation measures of the commerce that could be observed between 1992 and 1995 has a certain connection to the evolution of the exchange rate of the national currencies.

In 1996 and 1997, the precedent trend inversed in most of the east and central-European countries candidate to the European integration, without registering new depreciations in real terms of the magnitude of those at the beginning of the decade. Taking 1990 as reference year, a study observed that, in 1997, the cumulated effect of the depreciations and appreciations registered along the entire interval was that of a lower international competitiveness (thus, of an overevaluation) in not less than 8 of the 10 countries considered. The only exceptions are represented by the cases of Romania and Slovenia.

In **2003** the monetary policy continued to keep the restrictive character. Thus, on the ensemble of 2003, **the leu depreciated in real terms as opposed to the euro** by 3,7 percent (after it had depreciated in the first semester by 4,9 percent) and appreciated by 16,3 percent as compared to the American dollar.

2004 year was characterised through the **foreign currency excess**, but also the context marked by a high degree of risk and incertitude regarding the EUR/USD report and the evolution of the exchange rate of the leu – especially towards the end of the year – stimulated the conclusion of on term contracts, the weight of their value in the market flow increasing to 8 percent (2,7 percent the previous year).

^{*} He passed denomination unit ROL - RON

From sins and in the period **2005-2007** the balance account of commercial balance he characterized through which bred from a year to other.

3. The assurance of the equilibrium of the external payments balance – priority objective of the economical policy

The external payments balance must be equilibrated. The deficit or the excess of the external payments balance supposes a deficit or an excess of one part of the accounts.

The fact that the BPE of a country is made according to the accountability system in double entry makes that each operation is simultaneously inscribed to the credit and to the debit of some adequate accounts. The equilibrium of the payments balance means the absence of the global residue or a zero residue which is the sign of the equilibrium of the payments balance. There is however the possibility of some *partial disequilibrium*. A disequilibrium caused by the excess can be easily regulated, much more complicated is the regulation of the deficit, the tracking of its causes and the choice of the adequate remediation methods. However, it is not in any conditions that a deficit reflects a negative state of things. In certain circumstances, temporarily, a deficit can be accepted. On a long term, however, as it results form the IMF philosophy, "it is necessary that the countries feel obligated to settle their businesses".

An intrinsic equilibrium tendency comes from the fact that the different posts of BP can influence one another, given the connections between the particular fluxes. An excess of the financial account can influence the account of the current transactions and the other way around. A short term loan can serve as support for the export. Many exporters offer credits to the importers in order to facilitate their sales. In such cases, in the current account appears an income, while in the financial account an output. This way, the capital movements can compensate the deficit of the residue of the current transactions.

Today, the efforts of equilibration of the BP deficits are no longer singular. The international cooperation in this direction has its say. The creation of the rights of drawing on the IMF in 1945, represented the beginning, continued within G-7, of the European Union and of other international organisation.

Through its economical, internal and international policy, through the levers it holds, through the programs of macrostabilisation, the state interferes for the equilibration of the payment balance. But, without the contribution adequate to the private sector, the state on itself cannot do it. Especially when the deficit of the payments balance is determined by a fundamental disequilibrium. Without a proper competitiveness of the private sector, such a deficit cannot be removed. The entire effort of equilibration of the external payments balance behaves subordinated to this essential desiderate.

4. The correlation between the supply and the demand of final goods and services

The starting point in the analysis of the interconnections between the indicators of external payments and the macroeconomic aggregates of results is represented by the identity between the supply and the demand of final goods and services.

The total supply of goods and services in one year is made of the internal output (PIB) and the imports (Imp), while its distribution is given by the internal aggregated demand (the final consumption – CF and the gross formation of capital - FBC) to which the external demand (Exp) is added.

$$PIB + Imp = \underbrace{Cpv + Cpb}_{CF} + \underbrace{FBCF + \Delta S}_{FBC} + Exp$$
 (1)

PIB = the gross internal product;

Cpv = private consumption, which includes all the goods and services bought by the private ménages and coming from the own production (autoconsumption);

Cpb = the public consumption (the consumption of the state), which includes the production of the state (the value of the services not destined to the market of produced by the public administration for the use of the collectivity) of which the sold services and the capital investments are eliminated;

FBC = the gross formation of capital, which includes the net investments and the amortisation (namely the gross investments) beside the modification of the stocks to the producers;

Exp.n = the net exportation, determined as difference between the value of the exported goods and services and the imported ones, represents the residue of the commercial balance of goods and services (the net export).

As it is known, PIB is defined as the final gross production made by the production factors in the units within the country (residents and non residents). The PIB structure after the final use offers the analysis some of the most important rates (the consumption rate, the investments rate, the import and the export rate), rates whose evolution in the dynamics point out the factors of support, of alimentation of the economic growth: the internal demand, including the expansion from the branches depending on the provision on the external market, and also the external demand (the export). The PIB structure corresponding to the final use of the goods and services shows a significant increase of the weight of the population's consumption during 1990-1997, a sudden increase to 83,1 in 1999, afterwards it decreases during 2000-2002, registering a slight increase in 2003 (from 76,1% to 76,3%), to the detriment of the consumption of the public and private administration and of the investments.

The disequilibrated commercial balance (the import exceeded the export) negatively influenced the size of the PIB in the 16 considered years. During the analysed period 1991 – 2003, the net export was permanently negative, amounting to an import of goods and services that permanently exceeded the export. This evolution shows that a significant part of the increase of the internal consumption was assured from external resources, tendency which becomes more obviously, harder and harder to support.

5. The correlation between the internal and the external disequilibrium

The external disequilibrium of the national economy is the result of the analysis of the current account of the external payments balance. The residue is a proof of the results of an economy. In the case of the Romanian economy the residue of the commercial (Δ), holding a majority weight in the residue of the current account synthetically and promptly characterises the evolution of the external economical equilibrium: $\Delta = \text{Exp} - \text{Imp}$

The national gross product (PNB) measures the value of the final production realised by the national economic agents (residents), within the country or abroad, so that to the PIB is added the residue of the production factors in report to the abroad (SVFS).

In accordance to the sign of the residue, PNB can be smaller in comparison to the PIB. The distinction between the PIB and the PNB is important when an important part of the internal production is made thanks to the external factors, and also when the Romanian economic agents obtain incomes from the activities performed abroad.

The national available income²⁸⁹ is obtained if the net national product (PNN) is added the residue of the current transfers with the overseas (STCS).

The last relation can also be written as: EN + SF = FNC, namely the net investments are financed whether from the internal saving, or the external saving (credits, foreign investments, unlocking from the reserve of the national bank). The gap saving – investments within the national accounts indicates the relations of the national income with the external payments balance. The size of the external gap is given by the gap resulted from the fact that the internal saving covers only partially the internal investment.

The internal disequilibrium is given by the difference between the internal gross saving ²⁹⁰ (EB) and the gross investment (FBC): The gross internal saving covered only partially the gross investment, resulting disequilibrium (gap) 278.571,1 billion Lei. This internal disequilibrium could be compensated by an equal residue of the payments balance. Abstracting of the residual position (errors and omissions) we calculate the necessary of external financing. We will find this residue in the external payments balance calculated in dollars, as a result of the external disequilibrium. The residue of the current account of BP is equal, also, to the difference between the available national income (VND) and the internal absorption (ABS), the last indicator representing the expenses aggregated with good and services of the residents.

The previous equation describes the fundamental idea of the approach of the absorption to the BP analysis, namely, that a certain excess of the aggregated expenses above the level of the available national income is

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²⁸⁹ it can be calculated as gross and net indicator, in the market prices and theprices of the factors

²⁹⁰ because of the difficulties of evaluation of the maortisation (based upon the principle of the real value of replacement of the fix capital), the internal statistic publiscations supply only information of "gross" nature

reflected in the growth of the net total liabilities of non residents, in the growth of the indebtedness of the country to the overseas.

The previous relation can be supplementary sectored, identifying the indicators specific to the private sector (the sector "firms" and the sector "the households of the population") and the public sector. In this regard we will decompose the final consumption and the gross formation of capital in two components (Cpv and Cpb, namely FBCpv and FBCpv and FBCpb), including the calculation and the net non governmental incomes TX (governmental incomes as taxes and fees, less the governmental transfers to the private sector).

When the rates of increase of the imports are greater than those corresponding to the exports, the deficit of commercial balance and the residues of the current account deteriorate, contributing negatively to the increase of the gross internal product and endangering the capacity of external financing of the country (negative effect). This is exactly what has happen to Romania starting from 1990 and during the entire period of increase from 1995-1996. The external debt of Romania started to grow again in 2000, indicating the fact that the income elasticity of the Romanian imports is still very great. During 2003 – 2005 the commercial deficit accentuate, one of the important reasons being the foreign currency basket adopted by the National Bank which disadvantages the exports in the dollar area and encourages the raw stocks, materials and labour sales in the euro area. Thus, the deterioration tendency of the residue of the current account of the payments balance upon the deepening of the deficit of the commercial balance constituted in 2004 a reason of preoccupation for BNR mainly because of its significance of clue of the risk of the producing of an overheat of the economy and the release of its inflationist potential.

Given these conditions, the attention paid by BNR to the evolutions of the external sector did not represent a constraint in the pursuit of its fundamental objective; thus, the implementation in 2004 of the monetary policy from the perspective of reaching the inflation target and the increase of its restrictiveness in order to properly administrate the internal demand implicitly acted in the direction of the expansion of the current account deficit. Plus in 2004, the BNR preoccupations related to the causality of the unfavourable evolution of the residue of the commercial balance has substantially attenuated. This was due, on the one hand, to the considerable amelioration of the financing of the commercial deficit, where increased the weight held by the direct foreign investments (including as a consequence of the continuation of the privatisation process) and by the capital transfers from the non residents; on the other hand, the structure of the imports has improved, the main role within their annual increase being held by the capital goods which increased by 38,8 percent (the weight held by them in the ensemble of the imports being 20,5 percent). Plus, the pressure of the ascendant trend of the imports was attenuated by the beyond expectations behaviour of the exports, whose more rapid increase comparatively to the previous year was stimulated both by the relaunching of the external demand (especially of the partners form the European Union), and also by the win of new market quotas by the autochthonous companies, the last factor also having as effect a favourable structure of the exports, with the accentuation of the components with greater added value. The external disequilibrium can be financed on a short term, however on a long term they impose some adjustments. The adjustments of the external balances suppose the application of some policies of reduction and translation of the expenses. The former modify the level of the expenses, the policies in the second category affect the structure of the demand, thus of the expenses from the point of view of the autochthonous goods and the important ones.

The monetarist theory on the payments balance draws the attention on the fact that any deficit of the payments balance is the reflection of a monetary disequilibrium, and that it always autocorrects itself. But – since this correction mechanism involves the increase of the unemployment – the process can be much more painful than a political solution, of the depreciation type.

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MIGRATION OF THE ROMANIAN WORKFORCE IN THE PERIOD 1989-2006 STAGES AND TENDENCIES

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Abstract: The paper is about evolution of migration of the Romanian workforce in the period 1989-2006. The paper is based on data evidence from National Institute of Statistics. People in the communities which were exposed to migration discovered the well fare of their neighbors and the microbe spread easily due to the improvement in the way of life of the people which experienced migration or the families of these people. This gives a positive aspect for the Romanian economy together with the negative one for the low number of able for work people in comparison with the increasing number of retired persons.

Key words: migration, workforce, emmigration

Data collection.

There are two main types of recorded international migration data: stocks of foreign nationals (either resident or resident and working) and migration flows to and from a country. Stocks are recorded through a system of residence permits, a population register, a census or a survey such as a labour force survey. Stocks of foreign workers are measured using work permits and labour force surveys. Censuses too, rely on people returning a completed questionnaire and on the whole are only carried out once every five to ten years. Labour force and other surveys tend only to take a comparatively small sample of the population and so the sampling errors are large

Current trends in international migration in Europe.

The countries of the region both send and receive migrants. As controls have tightened on the borders of Western Europe and steps have been taken to curb illegal migration (including smuggling and trafficking), what were "countries of second choice" for migrants from further afield have become ones of first choice (Kraler and Iglicka, 2002). Enlargement of the EU eastwards and acceptance of the acquis by countries of Central and Eastern Europe is leading to the creation of a new buffer zone beyond their boundaries in Bulgaria, Romania, Ukraine and Croatia. These countries are likely to have to cope with larger numbers of migrants in transit to the west and are likely to become the new "vestibules" of the EU.

Analysis of the Romanian Emigration in the period 1989-2006

According to the study realized by the Soros Foundation "Locuirea temporara in strainatate, migratia economica a romanilor 1990-2006" these are the six forms of major questions regarding temporary migration for working abroad - the Romanian migration after 1989. In other words the study focuses on:

- number- how many leave and how many return;
- social profile what social typology are people who migrate
- the way things happen the leaving, the hiring, integration in the new social medium
- the space where are they going from(regional migration), where to
- motivation and consequences
- time variations in terms of stages of emmigration for all the aspects mentioned before.

Categories of population:

The percentage of the adult persons, alive at the moment of the inquiry, who worked abroad in the last 17 years, was of at least 10%. Yet it is a great possibility that the percentage is bigger.

The decision to go work abroad has had a considerable variation in terms of categories of population:

there left to work more young persons compared to the old ones;

- more men than women
- regarding the men aged between 18-59 the rural population has more representatives
- regarding women, we have two trends: those between 18-29 more from rural medium than from urban; instead for those aged 30-59 more from urban medium than from the rural one.

As a conclusion, to work abroad are going more:

- men compared to women
- young persons compared to the old ones
- young women from rural medium compared to those from the urban
- mature women from urban medium compared to those from rural medium

To go and work abroad was an innovation for the Romanian society after 1989, and had an initial period, followed by a maximum of social contagiousness. First stage: 1990 -1995: the rates of annual emmigration for the period did not overpassed the level of 5‰ - we could name it the exploration period in search for work. The second stage: 1996-2001 – the emmigration rate reaches values of 67‰. during this period. After 2002 (the right to have access to the Schengen space) the process becomes even more intense. The work abroad becomes a mass-phenomenon, with an emmigration rate between 10‰ and 28‰

Where from/where to:

The emmigration direction changed in time. At the beginning of the 90's Israel and Turkey were the main centres of attraction for work. Italy, Germany and Hungary had a second place. Almost 1/5 of the total amount of departures were towards Israel. Afterwards, from 1996 to 2001 Italy becomes leader of attraction for the Romanians who want to work abroad. Israel goes to a second place. During the third period, starting with 2002, the hierarchy changes againd: the maximum of attraction being both Italy and Spain. Towards Italy there is an amount of departures of 50% and towards Spain 25%.

Destination:

We could identify a reduced number of countries towards which the Romanian concentrate in their quest for work:

- during the first stage (90-95) there had been 5 destination with a percentage of 7% of the total departure amount: Israel, Turkey, Italy, Hungary, Germany.
- during the second stage (1996-2002) we could add Canada and Spain
- starting with 2002 the Romanians decide mostly for Italy and Spain

We also have a change in the number of departures-double compared to 1990-1995, and after 2001 there is a triplication of the number of persons who go for work abroad. During the period from 1996 to 2001 in terms of the three main Romanian regions the departures were egual. Afterwards Moldavia becomes the most important exporter of work force, followed by Muntenia and Transilvania. West and South West regions of the country (Crisana, Maramures, Banat, Oltenia) were on a third place. Dobrogea and Bucharest had, no matter what period, the lowest rate of emmigration. During 1990-2001 the orientation of the work force is differenciated according to regions:

- Moldavy oriented towards Italy and Israel
- Dobrogea towards Italy and Germany
- Transilvania Hungary
- Muntenii Turkey
- Oltenia Canada;
- Bucharest Greece

After 2001, for eight of the historic regions of Romania, Italy becomes the main destination. With the exception of Muntenia, oriented towards Spain. A few specific destinations maintain after 2001 – Transilvania towards Hungary and Dobrogea towards Germany. Spain imposes as main destination for emmigrants in Moldavia, Oltenia and Crisana-Maramures.

Approxitatively 11% of the Romanian population would like to go and work abroad in the next year – so more than a million Romanians (1400000) want to emmigrate for work.

This simple intention is also very differentiated from a social point of view The role of relationships is the most important if one wants to find a workplace abroad. Most of the persons who worked abroad didn't have a work permit.

Conclusions:

- Romanian people after 1989 discovered a new world one which was forbidden if not hidden before.
- People in the communities which were exposed to migration discovered the well fare of
 their neighbors and the microbe spread easily due to the improvement in the way of life
 of the people which experienced migration or the families of these people. This gives a
 positive aspect for the Romanian economy together with the negative one for the low
 number of able for work people in comparison with the increasing number of retired
 persons.
- The future of migration from Romania is influenced by three aspects CHANGE, WELL FARE AND EDUCATION. More and more people are attracted by the mirage of the abroad life.

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MÈTHODES D'ANALYSE MULTIFACTORIELLE POUR L'INDICATEURS DE COMMERCE EXTÉRIEUR

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Résumé. Cet article présente une méthode originale d'analyse multifactorielle, en utilisant un système d'indices et d'indicateurs dérivés, par lesquelles se distinguent toutes les influences des suivants facteurs : le cours monétaire, le prix, le volume physique et la structure des marchandises exportées (ou importées).

Cette méthodologie peut être utilisée par les firmes qui exportent (ou qui importent) pour connaître la situation où se trouve chaque marchandise exportée (ou importée).

De même, on s'intéresse aux indicateurs qui se réfèrent au cours monétaire, au prix en USD et a la valeur des exportations exprimée en millions de ROL pour quelques groupes de produits qui ont constitué l'objet des transactions commerciales de la Roumanie.

Mots-clés: commerce extérieur, indicateur, cours monétaire, prix, volume physique, exports, imports.

1. Introduction

Le commerce extérieur est un des plus anciennes et plus importantes activités de la société humaine. La diversité des marchandises et les exigences des marchés extérieurs ont contribué beaucoup à l'intensification d'échanges commerciaux entre les états du monde. Dans ces relations, une place importante occupe la structure, la valeur et le volume des marchandises entrées dans le circuit économique internationale.

Pour distinguer et connaître certains aspects concertant les tendances d'indicateurs spécifiques de commerce extérieur, la statistique met à la disposition d'analyste des méthodes bien différentes. Ainsi, on considère que l'analyse multifactorielle offre un set complet d'informations nécessaires pour connaître toutes les modifications quantitative et qualitative d'indicateurs.

On présente, en cette étude, une méthode originale d'analyse multifactorielle, en utilisant un système d'indices et d'indicateurs dérivés, parmi lesquelles se distinguent toutes les influences des suivants facteurs :

- le cours monétaire symbolisé par c;
- le prix des marchandises exportées (ou importées) exprimée en monnaie extérieure USD, EURO symbolisé par *p* ;
- le volume physique des marchandises exportées (ou importées) symbolisé par q;

La valeur des marchandises exportées (ou importées) en monnaie nationale du pays exportateur (ou importateur) est donnée par les relations suivantes :

$$V=c\cdot p\cdot q$$
 - au niveau d'un certain produit
$$\sum V=\sum c\cdot p\cdot q$$
 - au niveau d'un groupe de produits

On utilise les suivantes notations :

- V_0 = la valeur réalisée dans la période de « base de comparaison »
- V_I = la valeur réalisée dans la période courante (la période comparée).

L'analyse de la dynamique de la valeur des marchandises peut être réalisée : au niveau d'un produit et au niveau d'un groupe des produits.

2. L'analyse de la dynamique de la valeur au niveau d'un produit

L'indice général et l'indicateur dérivé peuvent être déterminés avec l'aide des relations suivantes :

$$i_{I/0}^{V} = \frac{V_{I}}{V_{0}} = \frac{c_{I}p_{I}q_{I}}{c_{0}p_{0}q_{0}}; \quad r_{I/0}^{V} = (i_{I/0}^{V} - 1) \times 100; \quad \Delta_{I/0}^{V} = V_{I} - V_{0}. \quad (1)$$

Pour la détermination de l'influence de chaque facteur on utilise les relations suivantes :

• l'influence du cours monétaire (c):

$$i_{1/0}^{V(c)} = \frac{c_1 p_1 q_1}{c_0 p_1 q_1} = \frac{V_1}{V_1^*} = i_{1/0}^c; \quad r_{1/0}^{V(c)} = \left(i_{1/0}^{V(c)} - I\right) \times 100; \quad \Delta_{1/0}^{V(c)} = V_1 - V_1^*. \quad (2)$$

où:

 V_l^* - la valeur des marchandises exportées (ou importées) réalisée dans la période courante, dans les conditions de prix de la même période, mais avec le niveau du cours monétaire inchangé (c_0).

• l'influence de prix exprimée en monnaie extérieure (p):

$$i_{1/0}^{V(p)} = \frac{c_0 p_1 q_1}{c_0 p_0 q_1} = \frac{V_1^*}{V_1^{**}} = i_{1/0}^p; \quad r_{1/0}^{V(p)} = \left(i_{1/0}^{V(p)} - 1\right) \times 100; \quad \Delta_{1/0}^{V(p)} = V_1^* - V_1^{**}. \quad (3)$$

où:

 V_I^{**} -la valeur des marchandises exportées (ou importées) réalisée dans la période courante si le prix (p) et le cours monétaire restent inchangés.

• l'influence des quantités exportées (ou importées) (q):

$$i_{1/0}^{V(q)} = \frac{c_0 p_0 q_1}{c_0 p_0 q_0} = \frac{V_I^{**}}{V_0} = i_{1/0}^{q_0}; \quad r_{1/0}^{V(q)} = \left(i_{1/0}^{V(q)} - I\right) \times 100; \quad \Delta_{1/0}^{V(q)} = V_I^{**} - V_0. \quad (4)$$

On observe que:

$$i_{I/0}^{V} = i_{I/0}^{V(c)} \cdot i_{I/0}^{V(p)} \cdot i_{I/0}^{V(q)} = i_{I/0}^{c} \cdot i_{I/0}^{p} \cdot i_{I/0}^{q} ; \quad \Delta_{I/0}^{V} = \Delta_{I/0}^{V(c)} + \Delta_{I/0}^{V(p)} + \Delta_{I/0}^{V(q)} . \quad (5)$$

Cette méthodologie peut être utilisée par les firmes qui exportent (ou qui importent) pour connaître la situation où se trouve chaque marchandise exportée (ou importée).

3. L'analyse de la dynamique de la valeur au niveau d'un groupe des produits

Les systèmes d'indices et d'indicateurs dérivés ont principalement la même structure et la même forme. La différence consiste en celle que les éléments factoriels visent une gamme vaste de marchandises où particulièrement les niveaux des prix et des quantités sont différents. À cause ce fait là, dans le cadre des groupes homogènes ou dans le cadre des groupes avec le volume physique des marchandises exprimé dans les mêmes unités de mesure, le système d'indices et d'indicateurs dérivés offrent la possibilité de quantification d'influence « de la structure des marchandises » de sorte que la zone informationnelle accroît davantage.

On considère que l'analyse des groupes homogènes de marchandises est rencontrée fréquemment dans la statistique nationale et internationale, par l'emploi des nomenclateurs uniques, comme est -par exemple - Le Nomenclateur Combiné (NC), on présente par la suite la méthodologie de construction du système d'indices et d'indicateurs dérivés qui offre la possibilité de mettre en valeur - au niveau d'un groupe homogène - l'influence des suivants facteurs :

- le cours monétaire symbolisé par c;
- le prix des marchandises exprimé en monnaie extérieure- symbolisé par p;
- la structure des marchandises exportées (ou importées)- symbolisée par S;
- le volume physique du groupe de marchandises- symbolisé par $\sum q$;

L'indice général et l'indicateur dérivé ont la forme suivante :

$$I_{I/0}^{V} = \frac{\sum V_{I}}{\sum V_{0}} = \frac{\sum c_{I} p_{I} q_{I}}{\sum c_{0} p_{0} q_{0}} = \frac{\sum c_{I} p_{I} S_{I} \cdot \sum q_{I}}{\sum c_{0} p_{0} S_{0} \cdot \sum q_{0}}; \quad R_{I/0}^{V} = \left(I_{I/0}^{V} - I\right) \times 100; \quad \Delta_{I/0}^{V} = \sum V_{I} - \sum V_{0}. \quad (6)$$

Pour déterminer l'influence de chaque facteur on utilise les relations suivantes :

• l'influence du cours monétaire (c) :

$$I_{I/0}^{V(c)} = \frac{\sum c_{I} p_{I} S_{I} \cdot \sum q_{I}}{\sum c_{0} p_{I} S_{I} \cdot \sum q_{I}} = \frac{\sum V_{I}}{\sum V_{I}^{*}}; \quad R_{I/0}^{V(c)} = \left(I_{I/0}^{V(c)} - I\right) \times 100; \quad \Delta_{I/0}^{V(c)} = \sum V_{I} - \sum V_{I}^{*}. \quad (7)$$

où:

 $\sum V_I^*$ -la valeur des marchandises réalisée dans la période courante, dans les conditions de la structure et des prix de la même période si le niveau du cours monétaire resterait inchangé.

• l'influence de prix exprimé en monnaie extérieure (p) :

$$I_{I/0}^{V(p)} = \frac{\sum c_0 p_I S_I \cdot \sum q_I}{\sum c_0 p_0 S_I \cdot \sum q_I} = \frac{\sum V_I^*}{\sum V_{I'}^{**}}; \quad R_{I/0}^{V(p)} = \left(I_{I/0}^{V(p)} - I\right) \times 100; \quad \Delta_{I/0}^{V(c)} = \sum V_I^* - \sum V_I^{**}. \quad (8)$$

où:

 $\sum V_I^{**}$ -la valeur des marchandises réalisée dans la période courante, dans les conditions de la structure de la même période si le prix et le cours monétaire resteraient inchangés.

• l'influence de la structure des marchandises (S):

$$I_{I/0}^{V(S)} = \frac{\sum c_0 p_0 S_1 \cdot \sum q_1}{\sum c_0 p_0 S_0 \cdot \sum q_1} = \frac{\sum V_1^{**}}{\sum V_1^{***}}; \quad \Delta_{I/0}^{V(S)} = \sum V_1^{**} - \sum V_1^{***}. \quad (9)$$

où:

 $\sum V_I^{***}$ -la valeur des marchandises réalisée dans la période courante, si la structure, le prix et le cours monétaire resteraient inchangés.

• l'influence du volume physique du groupe de marchandises ($\sum q$) :

$$I_{I/0}^{V(\Sigma q)} = \frac{\sum c_0 p_0 S_0 \cdot \sum q_1}{\sum c_0 p_0 S_0 \cdot \sum q_0} = \frac{\sum V_I^{***}}{\sum V_0}; \ R_{I/0}^{V(\Sigma q)} = \left(I_{I/0}^{V(\Sigma q)} - I\right) \times I00; \ \Delta_{I/0}^{V(\Sigma q)} = \sum V_I^{***} - \sum V_0$$
 (10)

On obsèrve que:

$$I_{1/0}^{V} = I_{1/0}^{V(c)} \cdot I_{1/0}^{V(p)} \cdot I_{1/0}^{V(S)} \cdot I_{1/0}^{V(S)} \cdot I_{1/0}^{V(\Sigma q)}; \quad \Delta_{1/0}^{V} = \Delta_{1/0}^{V(c)} + \Delta_{1/0}^{V(p)} + \Delta_{1/0}^{V(S)} + \Delta_{1/0}^{V(\Sigma q)}. \quad (11)$$

Dans le cas des groupes hétérogènes de marchandises où le volume physique est exprimé dans les unités de mesure différentes ou dans le cas qu'on ne désire pas la distinction (le soulignement) de le facteur structural (S), le système d'indices et d'indicateurs dérivés contiendra seulement trois facteurs à savoir, lesquels présentés au point 2. Les relations de calcul sont similaires avec lesquelles présentées au ce point sauf que -dans leur cadre- est présent le signe Σ .

Par exemple l'indice général aura la forme suivante :

$$I_{I/0}^{V} = \frac{\sum V_{I}}{\sum V_{0}} = \frac{\sum c_{I} p_{I} q_{I}}{\sum c_{0} p_{0} q_{0}}.$$
 (12)

Pour la séparation des influences factorielles on utilise le même principe.

4. Application pratique. Le commerce extérieur de la Roumanie

Par la suite on présente la utilisation des uns d'entre ces systèmes pour l'analyse multifactorielle de l'exports des marchandises réalisées en Roumanie.

Le tableau 1 contient dates que vise la dynamique enregistrée dans cette période de deux composantes de la valeur des marchandises exportées :

- le cours monétaire exprimé en ROL;
- la valeur des marchandises exportées- exprimée en USD.

Année	Expo (millions		(million	monétaire ns ROL/\$, oyennes)	Exports (millions USD)		
	Valeur Indice base=1990		Valeur	Indice Base=1990	Valeur mill. \$	Indice base=1990	
0	$1=c3 \times c5$	2	3	4	5	6	
1990	124509	-	21,56	-	5775	-	
1991	326221	2,62	76,47	3,55	4266	0,74	
1992	1343586	10,79	307,95	14,28	4363	0,76	
1993	3717969	29,86	760,01	35,25	4892	0,85	
1994	10180520	81,77	1655,1	76,77	6151	1,07	
1995	16083403	129,17	2033,3	94,31	7910	1,37	
1996	24919738	200,14	3082,6	142,98	8084	1,40	
1997	60432565	485,37	7167,9	332,46	8431	1,46	

1998	73685231	591,81	8875,6	411,67	8302	1,44				
1999	1,3E+08	1045,15	15332,9	711,17	8487	1,47				
2000	2,25E+08	1806,20	21692,7	1006,15	10367	1,80				
2001	3,31E+08	2657,30	29060,9	1347,91	11385	1,97				
2002	4,58E+08	3682,04	33055,5	1533,19	13869	2,40				
2003	5,85E+08	4697,81	33200,1	1539,89	17618	3,05				
2004	2004 7,66E+08 6155,94 32636,6 1513,76 23485 4,07									
2005	2005 8,08E+08 6489,15 29136,6 1351,42 27730 4,80									
Source : tp	b.traderom.ro; www	v.bnro.ro/Ro/Info/	Istoric/Curs_a.	asp						

Tableau 1, La dynamique d'exports roumaines et le cours monétaire en 1990-2005

En analysant les dates dans le tableau 1 on observe les différences entre l'indices de la dynamique de la valeur des exports dans les colonnes 2 et 6 (avec 1990 comme base de comparaison). L'augmentation exagérée de la valeur des exportations exprimée en millions de est due, dans une mesure considérable, à la dévalorisation de la monnaie nationale.

On peut présenter, aussi, l'indicateurs qui visent le cours monétaire, la quantité exportée, le prix en USD et la valeur d'exports exprimée en millions de ROL pour les groupes de produits dans le Nomenclateur Combiné qu'ont constitué l'objet de les transactions commerciales de Roumanie. La méthodologie présenté dans les pages de cet article peuvent réléver les systèmes des indices de la dynamique pour chaque catégorie de produits.

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ANALYTICAL METHODS FOR SEASONAL TRENDS OF ROMANIAN FOREIGN TRADE

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Abstract. The statistical mathematical functions offer a variety of options for analyzing economic trends. The practical method of selecting one or the other of these functions is a question whose solution presupposes the prior study of the chronological series being analyzed, followed by the elucidation of these aspects: the element of randomness in trends; components of a trend (the trend itself, the seasonality, the cyclicity, the autoregression, and the residual tendency); the trend in the context of the interdependencies between multiple factors.

We will study whether or not the trend in foreign trade are characterized by a marked seasonal aspect. For the phenomena and processes whose development is related to the season of the year or to some other period, complex statistical mathematical functions that, as a rule, treat all of the above-mentioned aspects are used.

Keyword: foreign trade, exports, imports, statistical-mathematical functions

1. The trend itself

The data for the theoretical and practical methods of representing the separate components of seasonal tendencies will be taken from Table 1, which gives the quarterly value of Romanian imports and exports [6] during 2002-2005.

Quarter	Year	Total	Exports	Imports	Year	Quarter	Total	Exports	Imports
1		6559	2897	3662		1	9674	4329	5345
2	2002	7635	3320	4315	2004	2	11314	4685	6629
3	2002	8458	3757	4701	2004	3	11591	4952	6639
4	9074 3895 5179 4	12637	4969	7668					
1		8899	4039	4860		1	11734	5092	6642
2	2002	8406	3458	4948	2005	2	13537	5440	8097
3	2003	9396	4077	5319	2005	3	14252	5932	8320
4		10014	3940	6074		4	15302	5792	9510
5	Source: Data prepared by from the Romanian National Institute of Statistics (www)								

Table 1. The dynamics of Romanian exports and imports during 2002-2005 (euro million)

In this analysis, the components of the evolving tendencies will first be isolated, and then integrated by means of a more complex function.

In order to separate the trend itself from other factors, we must first eliminate the seasonal aspects, which can accomplished by several methods [7][8]. One of the best-known methods utilized for the quantification of the trend apart from its seasonal components is based on the **seasonal index** determined by calculating the ratio between the mean values of the 2^{nd} , 3^{rd} , and 4^{th} quarters taken in chronological order and the means of the 1^{st} quarter (Table 2).

Constitution	Year /	Exp	ports (e	uro mill	ion)	Im	ports (eı	ıro milli	on)
Specification	Quarter	1	2	3	4	1	2	3	4
	2002	2897	3320	3757	3895	3662	4315	4701	5179
Initial	2003	4039	3458	4077	3940	4860	4948	5319	6074
Values y_x	2004	4329	4685	4952	4969	5345	6629	6639	7668
	2005	5092	5440	5932	5792	6642	8097	8320	9510
Quarterly	Total:	16357	16903	18718	18596	20509	23989	24979	28431
values	AVG:	4089	4226	4680	4649	5127	5997	6245	7108
Seasonal index	*	1.00	1.03	1.14	1.14	1.00	1.17	1.22	1.39
Ungaaganad	2002	2897	3223	3296	3417	3662	3688	3853	3726
Unseasoned values	2003	4039	3357	3576	3456	4860	4229	4360	4370
y_x^T	2004	4329	4549	4344	4359	5345	5666	5442	5517
J x	2005	5092	5282	5204	5081	6642	6921	6820	6842
Source: Date	a prepared by th	ı e Roman	ian Nati	onal Insi	titute of	Statistic	es (www.)		

Table 2. Data needed to isolate the trend itself

Table 2 also contains data representing exports and imports (y_x), as well as the aseasonal adjusted values y_x^T , which are determined by taking the ratio of the initial y_x values and the corresponding seasonal indices of the respective quarters. [We will use term "aseasonal" to mean values or trends that have been adjusted so as to remove the seasonal component, and the term "deseasonalize" to describe this adjustment.]

The data used for the analysis of the adjusted values (y_x^T) , when evaluated by the various statistical mathematical functions -- linear, parabolic, hyperbolic and exponential [2][3]-- indicates that the second-order parabolic function yields the lowest value for the least-squares expression, both for the value of exports and that of imports. From the analysis of the adjusted values (y_x^T) it can be observed that the trend is of the parabolic type, which means that the second-order parabolic function can be used to isolate the trend itself.

2. Seasonal trend

The determination and separation of the seasonal component from the empirical trend can be accomplished with the help of a method [9] consisting of the following steps:

- a) The determination of the deviation of the intial values (y_x) from the theoretical values y_x^T , calculated with the aid of the function used to isolate the trend itself (in the given example, the second-order parabolic function);
- b) The calculation of the average standard deviations for the 2nd, 3rd, and 4th quarters;
- c) The determination of the method by which the standard deviations will be used to calculate the seasonal trend; for this purpose the values of the **indicator** variables (Q_1, Q_2, Q_3, Q_4) shall be defined as:
 - for the first quarter of each year $Q_1 = 0$ because the values of that quarter are being used as a basis for comparison; $Q_1 = 0$ for the other quarters as well;
 - for the second quarter $Q_2 = I$ when calculating the values of the Y_x^{TS} complex function for this quarter; for the other quarters $Q_2 = 0$; similarly, $Q_3 = 1$ for the values of the

third quarter of each year and $Q_3 = 0$ for the other quarters; $Q_4 = 1$ for the values of the forth quarter of each year and $Q_4 = 0$ for the other quarters.

We will now use the three steps of the algorithm above to analyze the seasonal trends of Romania's exports and imports between 2002 and 2005.

Table 3 presents the data to be used in the calculation of the standard deviations as well as the corresponding values of the **indicator** variables Q_1 , Q_2 , Q_3 and Q4.

		Ex	ports	In	ports				
Year	Quarter	$y_x - Y_x^T$	$(y_x - Y_x^T)^2$	$y_x - Y_x^T$	$\left(y_x - Y_x^T\right)^2$	Q_{I}	Q_2	Q_3	Q_4
	1	*	*	*	*	0	0	0	0
2002	2	171	29399	585	341862	0	1	0	0
2002	3	499	248726	836	699197	0	0	1	0
	4	522	272211	1166	1360372	0	0	0	1
	5	*	*	*	*	0	0	0	0
2002	6	-161	25913	600	359676	0	1	0	0
2003	7	327	107123	783	612995	0	0	1	0
	8	54	2951	1337	1787114	0	0	0	1
	9	*	*	*	*	0	0	0	0
2004	10	360	129531	1209	1460666	0	1	0	0
2004	11	470	220841	964	929662	0	0	1	0
	12	325	105444	1725	2977281	0	0	0	1
	13	*	*	*	*	0	0	0	0
2005	14	456	207524	1579	2493557	0	1	0	0
2005	15	770	592268	1494	2233321	0	0	1	0
	16	446	199258	2363	5585849	0	0	0	1
		Source: Data pr	epared by the Roma	nian National I	nstitute of Statistics	(www))		•

Table 3. Data for the calculation of the standard deviations for the seasonal analysis The results of the of the standard deviation calculations:

- for the 2nd quarter: $\sigma_{2e} = 147.27$ for exports; $\sigma_{2i} = 53.48$ for imports;
- for the 3rd quarter: $\sigma_{3e} = 74.79$ for exports; $\sigma_{3i} = 42.89$ for imports;
- for the 4th quarter : $\sigma_{4e} = 38.20$ for exports; $\sigma_{4i} = 13.26$ for imports;

Table 4 presents the Y_x^{TS} values as well as the $y_x - Y_x^{TS}$ deviations, which represent the component of the Y_x^R residual tendency.

The Y_x^R values presented in table 4 can be used to determine the provisional intervals used in the estimate calculation [3][8]. In this situation the standard deviation is determined by the following equation:

$$\sigma_R = \sqrt{\frac{\sum (y_x - Y_x^{TS})}{n}} \tag{1}$$

			Exports	S		Imports	
Year	Quarter x	Y_x^{TS}	Y_x^R	$(Y_x^R)^2$	Y_x^{TS}	Y_x^R	$(Y_x^R)^2$
	1	3044	-147	21623	3609	53	2796
2002	2	3296	24	585	3784	531	282182
	3	3333	424	179720	3908	793	629317
	4	3411	484	233812	4026	1153	1329626
	5	3493	546	297577	4174	686	470870
2003	6	3766	-308	95013	4402	546	298387
	7	3824	253	63760	4579	740	547681
	8	3924	16	260	4750	1324	1751849
	9	4173	156	24219	5179	166	27440
2004	10	4472	213	45215	5474	1155	1334252
	11	4557	395	156142	5718	921	848803
	12	4682	287	82096	5956	1712	2931712
	13	4812	280	78545	6224	418	175100
2005	14	5132	308	95037	6571	1526	2327511
	15	5237	695	482747	6868	1452	2106982
	16	5384	408	166615	7160	2350	5523366
*	*	Total		2022965	Total		20587876
	Source: Da	ta prepared	by the Rom	anian National I	Institute of S	Statistics (www)	

Table 4. The Y_x^{TS} and Y_x^R values for the seasonal analysis

Using the data from Table 4, the Y_x^R index level is:

$$\sigma_{\text{Re}} = \sqrt{\frac{2022965}{16}} = 356$$
 for exports; $\sigma_{\text{Ri}} = \sqrt{\frac{2022965}{16}} = 356$ for imports (2)

For the given analysis, the limits of the interval of the trend are determined by the following expression:

$$Y_{x}^{TSR} = Y_{x}^{T} + Y_{x}^{S} \pm \sigma_{R} = \begin{cases} Y_{x}^{TS} + \sigma_{R} \rightarrow \text{upper limit} \\ Y_{x}^{TS} - \sigma_{R} \rightarrow \text{lower limit} \end{cases}$$
(3)

For the values of the parabolic function parameters and those of the standard deviations, the complex function which elucidates both the trend itself and the seasonal trend for exports and imports has the following form:

$$Y_{xe}^{TS} = a_e + b_e x + c_e x^2 + \sigma_{2e} Q_2 + \sigma_{3e} Q_3 + \sigma_{4e} Q_4$$

(4)

$$Y_{xi}^{TS} = a_i + b_i x + c_i x^2 + \sigma_{2i} Q_2 + \sigma_{3i} Q_3 + \sigma_{4i} Q_4$$

Where:
$$a + bx + cx^2 = Y_x^T$$
 (the trend itself)

$$\sigma_2 Q_2 + \sigma_3 Q_3 + \sigma_4 Q_4 = Y_x^S$$
 (the seasonal trend)

using the corresponding specific values for the exports and imports of our case.

In Table 5, these values are presented for each quarter of the 4 years analyzed, as well as the extrapolations for the quarters of the year 2006.

		-	Export		_	Import	
Year	Quarter	$Y_x^{TS} - \sigma_R$	Y_x^{TS}	$Y_x^{TS} + \sigma_R$	$Y_x^{TS} - \sigma_R$	Y_x^{TS}	$Y_x^{TS} + \sigma_R$
	1	2688	3044	3400	1757	3609	5462
	2	2940	3296	3651	1931	3784	5636
2002	3	2977	3333	3689	2055	3908	5760
	4	3056	3411	3767	2174	4026	5878
	5	3138	3493	3849	2321	4174	6026
2002	6	3411	3766	4122	2549	4402	6254
2003	7	3469	3824	4180	2727	4579	6431
	8	3568	3924	4279	2898	4750	6603
	9	3818	4173	4529	3327	5179	7032
2004	10	4117	4472	4828	3622	5474	7326
2004	11	4201	4557	4912	3865	5718	7570
	12	4327	4682	5038	4103	5956	7808
	13	4456	4812	5167	4371	6224	8076
	14	4776	5132	5487	4719	6571	8424
2005	15	4882	5237	5593	5016	6868	8721
	16	5028	5384	5739	5307	3609	9012
	17	5178	5534	5890	5628	7481	9333
2006	18	5519	5875	6231	6030	7882	9734
2006	19	5646	6002	6357	6380	8232	10085
	20	5814	6169	6525	6725	8577	10429
	Source:	Data prepared b	y the Rom	anian National I	nstitute of Statis	tics (www	·)

Table 5. The calculated limits of the intervals of the trend

The graph in Fig. 1 represents the seasonal (Y_x^s) trend for exports and imports.

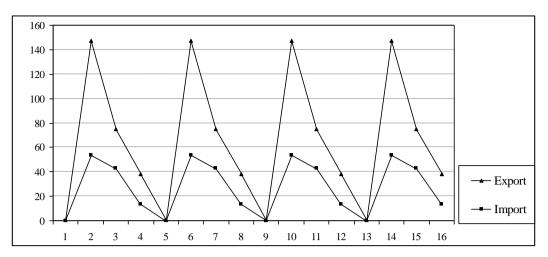


Fig. 1 Seasonal trend (Y_x^S)

3. Conclusions

From the statistical analysis of the data presented in the tables and graphs, we draw the conclusion that generally, in the third quarter of each year, the value of exports and imports is much lower than in the other quarters. This points to the seasonal nature of certain exported or imported goods, for which demand is much higher in 1st, 2nd, and 4th quarters; whereas, since the 3rd quarter is the vacation season, the value and volume of commercial transactions during that period[5] is substantially reduced.

Likewise, we can observe that in the 4th quarter of each year, the value of imports and exports attains much higher levels in comparison with the levels of the preceding quarters, as a result of the fact that in this period of the year the income of the population reaches its maximum levels.

If we thoroughly analyze the values of the Y_x^R residual trend component, it can be observed that these oscillate strongly both for exports and imports, which means that the unexplained residual variation caused by the influence of other factors has a strong significance in proportion to the variations accounted for by the components of the complex function described in this article.

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ABOUT RISK PROCESS ESTIMATION TECHNIQUES EMPLOYED BY A VIRTUAL ORGANIZATION WHICH IS DIRECTED TOWARDS THE INSURANCE BUSINESS

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Abstract. In a virtual organization directed on the insurance business, the estimations of the risk process and of the ruin probability are important concerns: for researchers, at the theoretical level, and for the management of the company, as these influence the insurer strategy. We consider the evolution over an extended period of time of the insurer surplus process. In this paper, we present some methods for the estimation of the ruin probability and for the evaluation of a reserve fund. We discuss the ruin probability with respect to: the parameters of the individual claim distribution, the load factor of premiums and the intensity parameter of the number of claims process. We analyze the model in which the premiums are computed according to the mean value principle. Also, we attempt the case when the initial capital is proportional to the expected value of the individual claim. We give numerical illustration.

Key Words: virtual organization, ruin probability, risk process, adjustment coefficient.

1. Introduction

When an insurance company issues certain products, it is useful for such a company to build up a virtual organization which is meant to conceive, sell and manage in a better way (manner) those products. This fact follows from the advantages brought by the flexibility and mobility of a virtual organization, as well as from the possibilities to optimize costs and risks implied by such an organization.

The problems related to the payment insolvency and the ruin of an economic agent (insurance company, insurer) are of particular interest for the researchers concerned with the economic phenomena. The economic and mathematical modeling of ruin has generated many works, the latest ones being those worked out by Soren Asmussen [1], Dickson and Willmot [4], Garrido and Li [6], Stanford and his assistants [2] and Zbaganu [11].

In these papers, we have noticed the behavior of the ruin probabilities as a function of the initial capital of an insurance virtual company and to the load factor which used to settle the tariff premiums. Our conclusion is that for the classical risk process (where the process of the number of damage claims is a homogeneous Poisson process), the use of the mean value principle to compute the net premiums gives a much too powerful dependency between the cash-flows of the input and output system (cashes and payments of the company). At the same time, we have approached the estimation of the ruin probability in the case when the moments generating function of the random variables describing the individual claims does not exist. Also, we have dealt with the evaluation of the minimum reserve of risk for certain accepted levels of the ruin probability.

2. Theoretical foundations

The risk model

We shall denote by:

C(t) the capital (or the cash-flow) of the company at moment t;

r – the initial capital, hence r = C(0);

D(t) – the total damage paid by the insurance company till moment t (in short, the total claim);

 X_i – the i^{--th} individual claim;

$$N(t)$$
 – the number of individual claims up to moment t , so $D(t) = \sum_{i=1}^{N(t)} X_i$;

c – the net average income per time unit;

 θ - the load factor of the premiums.

We can write $C(t) = r + c \cdot t - D(t)$.

We shall consider that: the stochastic process $\left\{N(t)\right\}_t$ is a homogeneous Poisson process of parameter λ , the individual claims are independent random variables (independent also of N(t)) and identically distributed (i.i.d.), and that we use the mean value principle in order to compute the net premiums, thus: $c = (1+\theta) \cdot \lambda \cdot m_1 = g(\theta)$, where m_1 is the expected value of the individual claim ($m_1 = \mathbf{E}\mathbf{X}$). We shall define the ruin for the mathematical model, as the situation when the company capital takes a negative value, and we shall denote by τ the ruin moment, consequently: $\tau = \inf\left\{t \left| C(t) < 0\right\}\right\}$.

We denote by $\Psi_n(r,\theta)$, or $\Psi_n \Big(r,\theta,m_1\Big)$, the ruin probability till moment n, namely $\Psi_n(r,\theta) = P(\tau < n \big| C(0) = r, g(\theta) = c)$, and by $\Psi(r,\theta)$, or $\Psi \Big(r,\theta,m_1\Big)$, the ruin probability on an infinite time horizon, namely $\Psi(r,\theta) = P(\tau < \infty \big| C(0) = r, g(\theta) = c)$.

We give
$$\Psi(r,\theta) = \lim_{n \to \infty} \Psi_n(r,\theta)$$
.

The parameters r and θ , i.e. the initial reserve and the load factor of premiums, are deterministic and represent the instruments by which the insurance company (or the actuary) can act to diminish the ruin probability, in other words, to avoid the unpleasant event of ruin. The parameter m_1 is useful for various analyses. Denoting by $F = P \circ X^{-1}$ the cumulative distribution function of the individual claim, we get that $P(\tau \le n | X_1) = \Psi_{n-1}(r - X_1, \theta)$,

$$P(\tau < \infty | X_1) = \Psi(r - X_1, \theta), \Psi_n(r, \theta) = \mathbf{E}\Psi_{n-1}(r - X_1, \theta) \text{ and } \Psi(r, \theta) = \mathbf{E}\Psi(r - X_1\theta).$$

We denote by $S(\tau) = (-C(\tau)|\tau < \infty)$) the severity of the ruin at the moment of ruin, and by R the adjustment coefficient, namely the strictly positive solution of the equation: $\lambda + g(\theta) \cdot R = \lambda \cdot M_{_X}(R)$, where M_x is the moment generating function of the individual claim (with $\omega(z) = \lambda (M_{_X}(z) - 1) - g(\theta) \cdot z$).

The following result is obtained (Mircea, 2006: p. 210).

Proposition 1. When the adjustment coefficient R exists, we have:

i) The stochastic process $\left\{e^{-z\cdot C(t)-\omega(z)t}\right\}_t$ is a martingale for any $z\in \mathbb{R}$, with $M_x(z)<\infty$.

ii) The ruin probability is
$$\Psi(r,\theta) = \frac{e^{-R \cdot r}}{\mathbf{E} \left[e^{R \cdot S(\tau)} \right]}$$
.

In the case when the individual claims follow an exponential distribution, we obtain:

Consequence: If $X \sim Exp(\alpha)$,

then
$$R = \alpha - \lambda \cdot h(\theta)$$
 and $\Psi(r, \theta, \alpha, \lambda) = \frac{\lambda}{\alpha} \cdot h(\theta) \cdot e^{-(\alpha - \lambda \cdot h(\theta))r}$, where $h(\theta) = \frac{1}{g(\theta)}$.

As the equation defining the adjustment coefficient is not easy to solve, we can find out the covering interval for it, an interval with the upper bound given by $R_s = \frac{2 \cdot \theta \cdot m_1}{m_2} > R$. The lower bound is

 $R > \frac{1}{m} \ln \frac{g(\theta)}{\lambda \cdot m_1}$ assuming that the individual claim random variable is bounded by the constant real number m.

Definition. A distribution function F with F(0)=0 is called sub-exponential if $\lim_{t\to\infty}\frac{1-F^{*2}(t)}{1-F(t)}=2$.

Proposition 2. For z > 0, if F is sub-exponential, then $\lim_{t \to \infty} e^{z \cdot t} \cdot (1 - F(t)) = \infty$.

Proof. For
$$0 < x < t$$
, we have: $e^{zt}(1 - F(t)) = \frac{1 - F(t)}{1 - F(t - x)} \cdot (1 - F(t - x)) \cdot e^{z \cdot (t - x)} \cdot e^{zx}$.

Let $(t_n)_n$ be an arbitrary sequence of real numbers. We have:

$$e^{zt_n}(1-F(t_n)) \ge \frac{1-F(t_n)}{1-F(t_n-1)} \cdot (1-F([t_n])) \cdot e^{z[t_n]} \xrightarrow[n\to\infty]{} \infty$$
, hence the conclusion holds true.

In particular, we have:
$$M_x(z) = \int_0^\infty e^{zx} dF(x) = 1 + \int_0^\infty \int_0^x z \cdot e^{zy} dy dF(x) =$$

= $1 + z \cdot \int_0^\infty \int_y^\infty e^{zy} dF(x) dy = 1 + z \cdot \int_0^\infty (1 - F(y)) e^{z \cdot y} dy = \infty$,

as $e^{zy}(1-F(y))$ is positive and not bounded.

In such cases, denoting by $B(x) = m_1^{-1} \cdot \int_0^x (1 - F(y)) dy$, the following result is obtained:

Proposition 3. If
$$B(x)$$
 is sub-exponential, then $\lim_{r\to\infty}\frac{\Psi(r,\theta)}{1-B(r)}=\lambda\cdot m_1\cdot (g(\theta)-\lambda\cdot m_1)^{-1}$.

Risk reserve fund

Any insurance company must establish a risk reserve fund (R) so that the difference between the total amount of the claims (the total paid compensations) and the collected premiums exceeds this risk reserve with a probability less than an accepted value, α (the probability of ruin). We consider a model in which we have n policies of the same type, the paid damages for each policy being represented by random variable X with expected value m and variance σ^2 . So, the amount of the total paid damages is $Y = \sum_{i=1}^{n} X_i$,

where X_i are independent and identically distributed (with X) random variables. Also, we consider that the tariff system is established on the mean value principle, so the total net premium is $Pnt = M(Y) = n \cdot m$. The reserve fund R is defined through the relationship $P(Y - Pnt > R) \le \alpha$. Using the Central Limit Theorem, we get $R \ge \sigma \cdot \sqrt{n} \cdot z_{1-\alpha}$, where $z_{1-\alpha}$ is the quantile of order $1-\alpha$ of the N(0,1) normal distribution. We take the minimum reserve of risk (denoted R_{\min}^{TLC}) $R_{\min}^{TLC} = \sigma \cdot \sqrt{n} \cdot z_{1-\alpha}$. In particular, if $X: \begin{pmatrix} S & 0 \\ p & 1-p \end{pmatrix}$, where p is probability of the occurrence of a damage and S is the insured sum, we get $R_{\min}^{TLC} = S \cdot \sqrt{n \cdot p \cdot (1-p)} \cdot z_{1-\alpha}$. Also, we can find the risk reserve using Chebyshev's inequality $P(|Y-M(Y)| \ge R) \le \frac{D(Y)}{R^2}$. We have $P(Y-M(Y) > R) \le P(|Y-M(Y)| \ge R)$. With $\frac{D(Y)}{R^2} \le \alpha$,

then $R \ge \sigma \cdot \sqrt{\frac{n}{\alpha}}$. In this particular case, we obtain $R_{\min}^{Cheb} = S \cdot \sqrt{\frac{n \cdot p \cdot (1-p)}{\alpha}}$. Some numerical results are given in the next tables.

Table 1 Risk reserve for p = 0.14

α	0,005	0,01	0,05	0,1	
R_{\min}^{TLC}	895,226.54	807,438.82	570,793.67	444,837.37	
$R_{ m min}^{Cheb}$	4,907,137.66	3,469,870.31	1,551,773.18	1,097,269.34	

Table 2 Risk reserve for p = 0.08

α	0,005	0,01	0,05	0,1
R_{\min}^{TLC}	699,936.45	631,299.27	446,277.31	347,797.88
$R_{ m min}^{Cheb}$	3,836,665.22	2,712,931.99	1,213,260.07	857,904.42

We notice that TLC method gives better results.

3. Numerical results and conclusions

For an exponential individual claim, then $\frac{\partial \Psi \left(r,\theta,\alpha,\lambda\right)}{\partial \theta} = -\frac{\lambda}{\alpha} \cdot \frac{1}{1+\theta} \cdot h(\theta) \cdot \left(1+\lambda \cdot r \cdot h(\theta)\right) \cdot e^{-(\alpha-\lambda \cdot h(\theta)) \cdot r}$. Hence, $\Psi \left(r,\theta,\alpha,\lambda\right)$ is decreasing with respect to θ . For $\theta=0$, it follows $\Psi \left(r,0,\alpha,\lambda\right)=1$ (therefore, if the premiums are not loaded, the initial

reserve being disregarded, the ruin will appear certainly). For $\theta \to \infty$, it follows $\lim_{\theta \to \infty} \Psi(r, \theta, \alpha, \lambda) = 0$.

Obviously, this is only a good mathematical result, because the premiums can not be loaded as much as possible!

As
$$\Psi(r,\theta,\alpha,\lambda) = \frac{1}{1+\theta} \cdot e^{-\alpha \cdot \frac{\theta}{1+\theta} \cdot r}$$
, we notice that the ruin probability is constant with respect to the

intensity of the claims number process. This fact does not seem incredible, but it is explicable if we analyze the model hypotheses, where the inputs (the cashed premiums) are found according to the mean value principle, being in this way related to the mean output flows (the compensation for damages). Therefore, the model provides the proportionality between the input and output cash. This fact can be considered restrictive against the real situation, where, the explosive growth of compensations for claims is not attended by a corresponding growth of the cashed premiums amount.

The ruin probability is decreasing also with respect to the parameter of the individual claim distribution.

We have:
$$\lim_{\alpha \to 0} \Psi(r, \theta, \alpha, \lambda) = \frac{1}{1+\theta}$$
 and $\lim_{\alpha \to \infty} \Psi(r, \theta, \alpha, \lambda) = \frac{1}{1+\theta} \cdot e^{-\infty} = 0$.

The first bound shows the behavior of the ruin probability when the expected value of the individual claim $\left(\mathbf{E}X = \frac{1}{\alpha}\right)$ tends to grow as much as possible. If the load factor of premiums is strictly positive, then the

ruin is not sure, but it has a high probability, inversely proportional to the value of the loading factor. In the case when the mean individual claim becomes negligible, the probability that the ruin will occur is practically null, in the conditions of the existence of an initial reserve and of the premium loading factor, fact pointed out by the second bound.

If we take the initial capital proportional to the value of the mean individual claim, (k - the proportionality factor), we obtain in the next table values for the ruin probability:

Table 3 Ruin probability for some θ and k

θ/k	$1+1/\theta$	2	5	10	20	40
0.10	0.33444	0.75796	0.57703	0.36626	0.14756	0.02395
0.15	0.31990	0.66990	0.45297	0.23596	06403	0.00471
0.20	0.30657	0.59711	0.36217	0.15740	0.02973	0.00106
0.30	0.28298	0.48486	0.24263	0.07653	0.00761	0.00008
0.60	0.22992	0.29523	0.09585	0.01470	0.00035	$0.19 \cdot 10^{-6}$
0.80	0.20438	0.22840	0.06020	0.00652	0.00008	10 ⁻⁸
1.00	0.18394	0.18394	0.04104	0.00337	0.00002	10-9

Placing the adjustment coefficient R between $R_2 = \frac{\alpha^2}{1+\alpha} \cdot \ln(1+\theta)$ and $R_1 = \alpha \cdot \theta$, the interval of values for the ruin probability has the bounds Ψ_1 and Ψ_2 , see Table 4.

Table 4 Ruin probability and its margins								
α	θ	r	R_1	R_2	Ψ	Ψ_1	Ψ_2	
0.01	0.1	5000	0.001	0.94 · 10 ⁻⁵	0.00965	0.00674	0.95391	
0.05	0.2	1000	0.01	0.00043	0.00020	0.000045	0.64784	
0.05	0.2	5000	0.01	0.00043	6.7 · 10 - 19	1.9·10 ⁻²²	0.11412	
0.05	0.3	1000	0.015	0.00062	$0.74 \cdot 10^{-5}$	$0.3 \cdot 10^{-6}$	0.5354	
0.05	0.5	1000	0.025	0.00096	$0.38 \cdot 10^{-7}$	1.4.10-11	0.3808	
0.1	0.2	1000	0.02	0.00165	0.48 · 10 ⁻⁷	2.10-8	0.19062	
0.1	0.3	500	0.03	0.00238	$0.75 \cdot 10^{-5}$	$0.3 \cdot 10^{-6}$	0.3034	
0.5	0.2	500	0.1	0.0303	6.7·10 ⁻¹⁹	1.9·10 ⁻²²	$0.25 \cdot 10^{-6}$	
1	0.2	200	0.2	0.09116	$2.78 \cdot 10^{-15}$	$4.2 \cdot 10^{-18}$	$0.12 \cdot 10^{-7}$	

Tabl	Table 5 Ruin probability for some a and b								
а	b	R_1	Ψ_1						
0.25	0.25	0.72	$0.55 \cdot 10^{-6}$						
0.25	0.75	0.96	0.4 · 10 - 8						
0.5	0.5	0.8	0.112·10 ⁻						
0.5	0.25	0.7	0.83 · 10 - 6						
0.5	0.75	0.9	$0.15 \cdot 10^{-7}$						

If $X \sim Beta(a,b)$, taking $R_1 = 2\theta \cdot \frac{a+b+1}{a+1}$, $R_2 = \ln(1+\theta)$, $\theta = 0.3$ and r = 20 m. u. (monetary units), we obtain $\Psi_2 = 0.00526$ and for Ψ_1 we give the values in Table 5.

The estimation of the ruin probability proposed by De Vylder [3] consists in the approximation of the surplus process $\{C(t)\}_{t\geq 0}$ by a process $\{\tilde{C}(t)\}_{t\geq 0}$ given by $\tilde{C}(t)=r+\tilde{c}\ t-\tilde{D}(t), t\geq 0$, where the aggregate damage paid process $\{\tilde{D}(t)\}_{t\geq 0}$ is a compound Poisson process with parameter $\tilde{\lambda}$, and the distribution of the individual claim is $X\in Exp(\tilde{\alpha})$. The parameters of the new process are chosen such that the first three moments of C(t) and $\tilde{C}(t)$ must be equal. $\begin{cases} E(C(t))=E(\tilde{C}(t))\\ E(C^2(t))=E(\tilde{C}^2(t)) \Rightarrow \tilde{\alpha}=\frac{3m_2}{m_3}, \tilde{\lambda}=\frac{9\lambda(m_2)^3}{2(m_3)^2}, \tilde{c}=c-\lambda m_1+\frac{\tilde{\lambda}}{\tilde{\alpha}}, m_k=E(X^k), k=1,2,3. \end{cases}$

The estimation of the ruin probability is $\psi(r) = \frac{\widetilde{\lambda}}{\widetilde{z}} \cdot e^{-r\left(\widetilde{\alpha} - \frac{\widetilde{\lambda}}{\widetilde{c}}\right)}$.

Numerical example: For a portfolio of car insurance there have been recorded n=100 values of claims for the damage payments $x_1, x_2, ..., x_n$. The results for the first three empirical moments and other $\hat{m}_1 = \frac{1}{n} \sum_{i=1}^{n} x_i = 2146.02,$ $\hat{m}_2 = \frac{1}{n} \sum_{i=1}^{n} (x_i)^2 = 14313879.42,$ empirical

$$\hat{m}_3 = \frac{1}{n} \sum_{i=1}^{n} (x_i)^3 = 158056031294.70, \text{ the variance } s^2 = \frac{1}{n-1} \sum_{i=1}^{n} (x_i - \hat{m}_1)^2 = \frac{n}{n-1} \cdot (\hat{m}_2 - (\hat{m}_1)^2) = 980654301,$$

the standard deviation $s = \sqrt{s^2} = 3131,54$, the coefficient of variation $v = \frac{s}{\hat{m}} = 1,4592$ and the skewness

$$g = \frac{\frac{1}{n} \sum_{i=1}^{n} (x_i - \hat{m}_1)^3}{\sqrt{\left(\frac{1}{n} \sum_{i=1}^{n} (x_i - \hat{m}_1)^2\right)^3}} = \frac{\hat{m}_3 - 3 \cdot \hat{m}_1 \cdot \hat{m}_2 + 2 \cdot (\hat{m}_1)^3}{\left(\hat{m}_2 - (\hat{m}_1)^2\right)^{\frac{3}{2}}} = 2,8320.$$
 These values suggest that the data are generated by a

distribution law having a positive skewness, so the normal or the uniform distribution is not suitable. As the empirical coefficient of variation differs from 1 and the empirical skewness differs from 2, one can expect that the data are not generated from an exponential distribution, but distributions like Pareto, Gamma or lognormal can not be excluded.

Next we try to find out if the data are drown from a Pareto distribution. The probability density function of the individual claim $X \in Par(\alpha, \beta), \alpha > 0, \beta > 0$ is $f_X(x) = \frac{\beta}{\alpha} \cdot \left(\frac{\alpha}{\alpha + x}\right)^{\beta + 1}, x > 0$, and the cumulative

distribution function is $F_X(x) = P(X \le x) = 1 - \left(\frac{\alpha}{\alpha + x}\right)^{\beta}$, $x \ge 0$. The first three initial moments of X exist,

but with constraints on the value of the parameter
$$\beta$$
, so:
$$m_1 = E(X) = \frac{\alpha}{\beta - 1}, \text{ if } \beta > 1, m_2 = E(X^2) = \frac{2!\alpha^2}{(\beta - 1) \cdot (\beta - 2)}, \text{ if } \beta > 2, \text{ and, if } \beta > 3, \qquad m_3 = E(X^3) = \frac{3!\alpha^3}{(\beta - 1) \cdot (\beta - 2) \cdot (\beta - 3)}.$$

We estimate the parameters α and β by the method of moments, solving the system of equations

$$\begin{cases} E(X) = \hat{m}_1 \\ E(X^2) = \hat{m}_2 \end{cases}$$
. We get $\hat{\beta} = \frac{2 \cdot \left(\hat{m}_2 - (\hat{m}_1)^2\right)}{\hat{m}_2 - 2 \cdot \left(\hat{m}_1\right)^2}$ and $\hat{\alpha} = \left(\hat{\beta} - 1\right) \cdot \hat{m}_1 = \frac{\hat{m}_1 \cdot \hat{m}_2}{\hat{m}_2 - 2 \cdot \left(\hat{m}_1\right)^2}$. For the data we analyze we

observe that $\hat{m}_2 > 2 \cdot (\hat{m}_1)^2$, so we obtain the estimated values $\hat{\beta} = 3.8050$ and $\hat{\alpha} = 6019.48$. Further, we test the null hypothesis that $X \in Par(6019.48; 3.8050)$ with the help of Kolmogoroff goodness-of-fit test and we accept it (or we do not reject it). So, if $X \in Par(6019.48; 3.8050)$, then, $m_1 = 2145.982175$, $m_2 = 14313237.43, m_3 = 3.21087 \cdot 10^{11}.$

For $\lambda = 100$, $\theta = 0.25$, c = 268247.7718, we compute $\tilde{\alpha} = 0.000133732$, $\tilde{\lambda} = 12.79916651$, $\tilde{c} = 149356.7926$. For different levels of the initial capital (expressed in monetary units) of the insurer, ruin probabilities we list the estimated $\psi(80000) = 0.013732043$, $\psi(100000) = 0.005253987$, $\psi(150000) = 0.000475744$.

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PROGNOSIS OF MONTHLY UNEMPLOYMENT RATE IN THE EUROPEAN UNION THROUGH METHODS BASED ON ECONOMETRIC MODELS

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In this paper we propose the prognosis of the unemployment rate in the European Union through the Box-Jenkins method and the TRAMO/SEATS method as well as the detection of the method which proves to provide the best results. The monthly unemployment rate in the European Union is affected by seasonal variations of deterministic and stochastic nature. The prognosis through the Box-Jenkins nature supposes the separate consideration of seasonal variations, according to their specific nature. The stochastic seasonal variations are modelled and prognosticated simultaneously with the other components of the time series, based on the generating stochastic process. The prognosis of the monthly unemployment rate in the European Union through the TRAMO/SEATS methods is done by aggregating the individual prognoses of the components of the time series, obtained according to the stochastic processes models that generate them.

Key words: seasonal variations, stochastic process, moving average, prognosis, performance indicators of the prognosis

1. Introduction

There exists a great variety of analysis and prognosis methods as far as seasonal time series are concerned. These methods can be grouped according to various criteria, such as: their funding principle; the way seasonal variations are treated, either individually or globally, etc. The Box-Jenkins and TRAMO/SEATS methods are both based on ARIMA stochastic processes and models. The two methods are different as far as the approach of the seasonal component is concerned. The Box-Jenkins method consists in identifying, estimating and validating the stochastic process model that generates the time series as a whole, as well as modelling and the simultaneous prognosis of the components of the series, according to this model.

As opposed to the Box-Jenkins method, which it actually incorporates, TRAMO/SEATS is a method of time series decomposition, involving the individual treatment of components. The application of this method supposes finding the stochastic process that generates the analysed series and decomposing it in stochastic processes that generate the time series components. The prognosis of the values of this phenomenon is achieved by aggregating the individual prognoses of the components of the series.

The monthly unemployment rate in the European Union, considered as an average level of the phenomenon in the 27 member states, is analysed for the period between January 2000 – November 2007. The data was extracted from the Eurostat portal. Data processing is done with SPSS, Demetra and JMuTi programmes.

The phenomenon under study has an accentuated seasonal character, manifested regularly in time. The presence of seasonal variations can be verified through different methods, such as: the linear chronograph, the Fisher test, the autocorrelation function.

We wish to make a comparison between the prognosis of the monthly unemployment rate in the European Union according to the Box-Jenkins and the TRAMO/SEATS methods, in order to facilitate the choice of the method providing the best results. The comparison will take into account the advantages, the limits and the results thus obtained.

2. Method description

a) The Box-Jenkins method

- nn) The Box-Jenkins method, proposed in 1970 by the authors who gave its name, is a short-term prognosis method. The Box-Jenkins method algorithm comprises the following steps: identification of the stochastic process model that generates the analysed time series, estimation of the model, model testing and prognosis. The first step of the identification stage of the process generating the time series is the stationarity analysis. A temporal series is considered stationary if the generating stochastic process is stationary. The identification of the stochastic process which generates the time series under analysis is based on the autocorrelation and partial autocorrelation functions (see 1, pages 47-82).
- OO) The basic stochastic models used in the econometric analysis of time series describe the series behaviour through linear combinations of white noises, linear combinations of past values or combinations of past values and white noises: moving average models (MA), autoregressive models (AR) and mixed autoregressive and moving average models (ARMA).

The estimation of the parameters of the stochastic process model is made using methods such as: the smallest least squares method, which can be easily applied in order to estimate autoregressive models; the method of maximum likelihood; the Yule-Walker algorithm. The validation of he estimated model requires the verification of the parameters meaning as well as error analysis (see 2, pp. 717-728; 3, pp. 225-247; 5, pp. 348-351).

b) The TRAMO/SEATS method

pp) The TRAMO/SEATS method was developed by Agustin Maravall and Victor Gomez (1996), its starting point being the method proposed by Burman (1980). This method consists of estimating through OLS of the 'hidden' components in the time series ("signal extraction"), on the basis of ARIMA stochastic process which generates the series. Three main components of the time series are taken into account: the trend-cycle component, the seasonal component and the irregular component.

The **TRAMO** method (*Time series Regression with ARIMA noise, Missing values and Outliers*) consists of the estimation and prognosis of the regression model with ARIMA errors, called reg-ARIMA, in the possible presence of missing values, outliers of various types and other deterministic special effects. The application of the automatic procedure of the TRAMO method consists of the following steps [Demetra 2.0 User Manual, pp. 18-58]: identification of the aggregation scheme of the time series components; identification and estimation of the reg-ARIMA model on the grounds of the method of maximum likelihood; testing and correction (wherever necessary) of the calendar effects: the working days effect, the leap year effect, the Easter effect, the legal holidays effect; testing and correction of the outlier points of the series, that can be: extreme values, bearing the AO symbols, transitory shocks, bearing the TC symbols, or level changes, bearing the LS symbols; optimum interpolation of missing values of the time series; extension of the time series for the following two years through prognosis, on the basis of the estimated ARIMA model; determination of correction factors for the total, calendar and outlier effects and calculation of the pre-adjusted or 'linearized' temporal series values. (see 4, pp. 18-58).

The **SEATS method** (*Signal Extraction in ARIMA Time Series*) is a method of decomposition of temporal series in components, according to the ARIMA modes. The stochastic components estimated through this method are added deterministic effects (the calendar and outlier effects) eliminated through the TRAMO method, the final components being thus obtained: the corrected series of seasonal variations, the tendency, the seasonal component, the irregular component. The SEATS method offers the prognosis of these components and of the uncorrected values of the seasonal variations for the following two years.

3. Presentation of results

a) The prognosis of the monthly unemployment rate in the European Union through the Box-Jenkins method

The components of the unemployment rate in the European Union as well as their aggregation scheme are identified using the Fisher test and the band test (see 3, pp. 11-14; 21-22). The analysed time series

presents significant trend and seasonal variations, consequently the series is non-stationary. The adequate aggregation scheme of the components is thus the additive one.

In order to identify the adequate stationarity techniques the Franses test is applied for testing the seasonal unit root, with the JMulTi programme (see 3, pp. 172-175). The model that includes a constant term, seasonal binary variables and trend is chosen. The estimated and tested regression model presents statistically significant coefficients of the seasonal binary variables and has no seasonal roots of unit module. Consequently, the unemployment rate in the European Union presents deterministic seasonal variations which are eliminated through the moving averages method (see 5, pp. 444-447).

The simple autocorrelation function (figure 1) and the partial autocorrelation function (figure 2) for the unemployment rate in the European Union are then analysed. Their deterministic seasonal variations have been extracted.

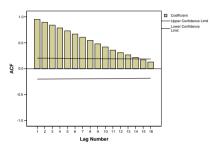


Fig. 1. The autocorrelation function for the unemployment rate in the European Union out of which the deterministic seasonal variations have been extracted

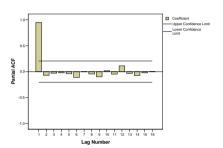


Fig. 2. The partial autocorrelation function for the unemployment rate in the European Union out of which the deterministic seasonal variations have been extracted

The autocorrelation functions of the analysed series indicate an autoregressive stochastic process, bearing the symbol AR(1), defined by the relation:

$$y_t = \phi_1 y_{t-1} + \varepsilon_t.$$

The order 1 autoregressive process equation with constant terms estimated through the method of maximum likelihood, with the SPSS programme. The estimated equation is: $y_t^* = \phi_1(\ \widetilde{y}_{t-1} - \mu) + \mu = 0.996(\ \widetilde{y}_{t-1} - 8.028) + 8.028, \text{ with } \ \widetilde{y}_t \text{ the value of the unemployment rate in the European Union in moment } t, \text{ out of which the deterministic seasonal variations have been extracted.}$

The parameters ϕ_1 and μ of the model are statistically significant, the condition of rejection of the nil hypothesis being fulfilled: (Sig = 0.00) < ($\alpha = 0.05$).

According to the autocorrelation function and the Jarque-Bera test, the modelling errors define a stochastic process of the 'white noise' type. The autoregressive model AR(1) is validated. Based on this model the unemployment rate in the European Union is estimated for the period December 2007 – November 2008,

according to the relation: $y_{T+1}^* = 0.996(y_T - 8.028) + 8.028$. Finally, to the values obtained one adds

the deterministic seasonal variations, presented as seasonal coefficients: $y_{T+1}^{(P)} = y_{T+1}^* + S_j$.

The measurement of the performance of the unemployment rate in the European Union through the Box-Jenkins method is made by means of the absolute prognosis errors average. Prognosis errors are calculated as the difference between the observed value and the estimated value, according to the relation:

$$e_t = y_t - y_t^{(P)}$$
. The average of the absolute prognosis errors is: $M(|e|) = \frac{\sum_{t=1}^{T} |e_t|}{T} = 0.079$.

b) The prognosis of the unemployment rate in the European Union through the TRAMO/SEATS method.

The TRAMO/SEATS method is applied with the Demetra programme, automatic procedure. The output of the decomposition of the unemployment rate in the European Union through the T/S method is structured on three points and presents the results below.

Information regarding the model used: 1) The terms of the series have been logarithmically transformed and the log-additive aggregation model was used; 2) Three outliers with significant statistic effect were identified, being presented in the inversed order of their importance: May 2006 (AO), January 2007 (LS), November 2005 (LS); 3) The model of the stochastic process generating the time series is ARIMA(1,1,0)(0,1,0)₁₂, with all the ϕ_1 parameters corresponding to the statistically significant non-seasonal autoregressive part, according to the t-Student test. The estimation of the model parameters was made by means of the maximum likelihood method; 4) The decomposition in components was made based on the exact ARIMA model, estimated in the pre-adjustment stage with the TRAMO method.

The equation of the reg-ARIMA model can be symbolically written in the following manner: $y_t = 3$ outliers + x_t . The equation of the ARIMA(1,1,0)(0,1,0)₁₂ mode of the regression errors x_t is:

$$(1-\phi_1L)\Delta\Delta_{12}x_t = \varepsilon_t \Leftrightarrow (1+0.127L)\Delta\Delta_{12}x_t = \varepsilon_t$$

where: $-\Delta$ represents the difference operation, resulted from the relation $\Delta y_t = y_t - y_{t-1}$; $\Delta_{12} y_t = y_t - y_{t-12}$

- L - the delay operator, resulted from the relation $Ly_t = y_{t-1}$.

Information regarding the validation criteria of the modelling (table 1): 1) The estimated value of the Ljung-Box statistic of order k=24 is $Q_{24}=15.55$. The trust interval for Q_{24} , guaranteed with a probability of 95%, is [0; 35.2]. The empiric value is covered by the trust interval, so the estimated value of the Q_{24} statistics is not statistically significant, the errors are not auto-correlated to the k=24 disparity; 2) The estimated value of the Jarque-Berra statistics is JB = 0.65. The trust interval for JB, guaranteed with a probability of 95%, is [0; 5.99]. The calculated value of the JB statistics is included in the accepted interval of the nil hypothesis, the errors are normally distributed; 3) The identified outliers represent 3.61% of the total number of observations of the monthly unemployment rate in the European Union. The percentage is smaller than the maximum allowed limit of 5% (see 4, pp. 27-28).

Information on Diagnostics	Model 1 (Tramo-Seats) 1.555 [0, 10] ad-hoc		
SA quality index (stand, to 10)			
STATISTICS ON RESIDUAL	S		
Ljung-Box on residuals	15.55 [0, 35.20] 5%		
Box-Pierce on residuals	0.63 [0, 5.99] 5%		
Ljung-Box on squared residuals	25.22 [0, 35.20] 5%		
Box-Pierce on squared residuals	0.36 [0, 5.99] 5%		
DESCRIPTION OF RESIDUA	ALS		
Normality	0.65 [0, 5.99] 5%		
Skewness	0.22 [-0.55, 0.55] 5%		
Kurtosis	2.87 [1.91, 4.09] 5%		
OUTLIERS			
Percentage of outliers	3.16% [0%, 5.0%] ad-ho-		

Table 1. Synthesis of statistics used for the validation of decomposition by means of the TRAMO method

Programme diagnosis. All tests being passed, the modelling of the analysed series through this variant of the TRAMO/SEATS method is accepted and there follows the next step: prognosis for the components of the series for the following two years.

We wish to make a comparison between the prognosis of the monthly unemployment rate in the European Union according to the Box-Jenkins and the TRAMO/SEATS methods. Due to the fact that the two methods are based on different principles and ways of treating the seasonal variations, a comparison between the results obtained with these two methods is quite difficult to achieve. The simplest solution seems to be a graphic comparison (figure 3), yet this method only provides intuitive information. The

simple graphical comparison between the two prognoses does not say exactly which of the two methods has led to better results.

Prognosis methods based on re-seasonalization do not allow the determination of the theoretical values of the series, necessary for the comparison with the empirical values. These situations prevent the determination of prognosis errors, on which the performance indicators of the prognosis are actually built. The prognosis absolute error average, which equals 0.079, was calculated for the prognosis of the unemployment rate in the European Union through the Box-Jenkins method. The performance measurement of the prognosis obtained through the TRAMO/SEATS method, by means of this specific indicator, is not allowed.

One possible solution in order to compare the results of the two prognosis methods is the following: the analysed time series is divided into two sub-series, the work series and the control series. The work series can be considered the unemployment rate in the European Union in the period January 2000 – November 2006, while the control series is represented by the unemployment rate in the period December 2006 – November 2007. Modelling and prognosis are based on the data comprised in the work series, while the control series is used for the calculation of prognosis errors and the performance indicators, according to which the methods are compared and the best method is chosen. Following this procedure, the following results have been obtained: the average of the absolute prognosis errors for the Box-Jenkins method is 0.669, while for the TRAMO/SEATS method the average is 0.295. The method that provided the best results in this particular situation is thus the TRAMO/SEATS method.

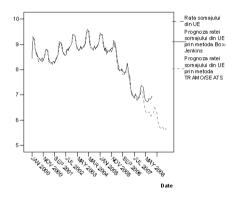


Fig. 3. Unemployment rate in the European Union initiated and prognosticated through the Box-Jenkins and TRAMO/SEATS methods

4. Conclusions

The Box-Jenkins and TRAMO/SEATS methods have the advantage of using analysis instruments that ensure the basis for the statistical interface. The Box-Jenkins method is limited by the experience and subjectivity of the user in the identification stage of the stochastic process model. Such an example could be provided the modelling of the unemployment rate in the European Union based on the initial series in comparison with the work series. In the latter case the prognosis errors that were obtained were substantially bigger then in the case of the initial series. As far as limiting user subjectivity is concerned, the TRAMO/SEATS method provides the advantage of the automatic procedure of the Demetra programme and the automatic guidance of the user when it comes to finding a solution to an identified problem.

The direct numerical comparison of the results of prognosis methods based on different approaches of seasonal variations is possible neither individually nor globally. We are reserved in accepting the solution of prognosis methods' comparison by splitting the initial series into working series and control series, even if this is one of the few solutions that exist. Therefore, the application of this method raises two important issues: data representativity for the two sub-series, and subjectivity in applying the methods on different time series: the initial and the working series.

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THE IMPLICATIONS OF COMPUTERIZATION IN THE CHANGES OCCURRING IN THE ROMANIAN HIGHER EDUCATION VARIATION AND STRUCTURE

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Nowadays, education represents a decisive factor for the general progress with deep impacts at spiritual, social and economics levels.

The transition to a market economy in Romania calls for the necessity of knowledge and analysis of the structure and dynamics of higher education, widely known for its special contribution to society's development.

The present paper tackles some aspects concerning the variance analysis of higher education network, as well as of the structural and dynamic modifications at its level, with reference to extending computer science process at this level of education.

The conclusions obtained takes into consideration the causes and the objective changes which refer to the reform of the higher education and its future development.

Computerization, Progress, Higher Educatin

General Overview of Romanian Higher Education

Since 1989, taking into account the transition to the market economy, Romania has undergone significant changes and shifts in all fields of activity.

Education, a decisive factor in the overall progress of Romanian society, entails deep implications at social, cultural and economic levels.

Higher education, as an integral part of the educational system, has undergone all-out changes through its entire system, dating back to 1990-1991, resulting in a reorganization included, in time, in the educational reform.

Private universities, established after 1990, have brought a significant contribution to the development of higher education.

The organization and operation of higher education is regulated through the legislation. Thus, in 1990, through Government Decision no. 225, some higher education institutes are turned into universities; in 1993 Law no. 88 referred to the accreditation of higher education bodies and to degree recognition, whereas in 1994, through law no. 117, state college graduates were allowed to carry on their university education within full-time education studies throughout the academic year 1994-1995.

In 1995, law no. 71 enabled private high school graduates and postgraduates, as well as higher education graduates to seat for their graduation exams within similar public institutions, while later on the same year, higher education was given new dimensions through an education law that would speed up the changes initiated by the reform.

This education reform has been known under three formulae:

- Reform by writing off at the level of kindergartens, schools, high schools or universities
- Educational system reform

• Speeding up initiated changes, only to peak, in 1997, with designing an all-encompassing reform known as competitive reform.

The progress in achieving and putting into practice the reform of education entails a mindset change from passive, determined by a distributive status, to a mentality likely to favor initiative, project development and competitiveness on the market of qualifications and technical and scientific innovation.

Elements pertaining to this regional development can be approached and established starting from an analysis of its structural and variance changes, in relation to both the number of institutions and the number of students and faculty.

Structural Fluctuations of Higher Education

Structural changes of the number of communities comprising private and public higher education institutions, per historical provinces

In order to perform a structural and variance analysis of Romanian higher education per communities, subsequently spread out per Romanian historical provinces, we have established 64 centers that throughout the academic years 2001/2002 - 2006/2007 have evinced significant activities, thus obtaining the necessary data for processing and interpreting, in relation to the network of higher education units and the number of students and faculty.

These 64 communities are distributed per counties, as to their distribution per historical provinces, table 1, annex 1 outlines the community structure as follows:

- Transylvania ranks first with its 20 communities and the highest percentage of 31.25 %;
- The next three positions are taken by Oltenia with 17.18%, Moldavia with 14.06% and Crisana Maramures with 12.5%;
- The last three ranking provinces are Muntenia (10.94%), Banat (9.38%) and Dobrudgea, with only 4.69%

The situation of communities with a better situation concerning private higher education, yet only for the past two academic years, is only slightly different from their structure per historical provinces.

Transylvania still ranks first with 21.74%, although only 5 cities actually have better organized private universities, likely to develop high quality academic activities.

Crisana–Maramures, Moldavia and Oltenia rank next with 17.39% each, due to the 4 cities on record housing such private universities.

As with private university distribution per Romanian regions, the number of private ones is very low in Banat and Dobrudgea, which has been outlined by the low percentages of only 8.7%, respectively 4.35%.

Structural changes of the number of university schools, students and faculty per historical provinces in 2001/2002 as opposed to 2006/2007

The structural analysis of higher education per historical provinces starts with an outline of the structural fluctuations regarding the number of institutions per two types: public and private, for the academic year 2006/2007.

Historical provinces	Types of ownership (%)		
Historical provinces	public	private	
Banat	9.62	10.64	
Crisana - Maramures	7.69	8.51	
Dobrudgea	3.85	2.13	
Muntenia	3.85	2.13	
Moldavia	15.38	17.02	
Oltenia	36.53	40.43	
Transylvania	23.08	19.14	

Table 1 – Distribution of higher education institutions per provinces and types of ownership

After 2000, private education has undergone a vast expansion, manifest at a territorial level as well, which has featured in the structure set up per historical provinces. Thus, graphics 1 and 2 outline the identical distribution per historical provinces of public and private higher education institutions ranking Oltenia ranks first in the structural classification with 36.53% for public institutions and 40.43% for private ones, whereas Dobrudgea and Muntenia are last with only 3.85% for public institutions and 2.13% fore private ones.

The structures thus established reflect the fact that at territory level the distribution of private higher education institutions is somewhat balanced and tightly connected with that of state education.

Based on the data regarding the number of university schools, students and faculty per historical provinces, throughout the academic years 2001/2002 - 2006/2007, a structure per provinces has been established, in 2001/2002, respectively 2006/2007 in order to be able to compare, so as to outline the changes occurring throughout academic years.

Historical provinces	Structure in 2001/2002 (%)		Structure in 2006/2007 (%)			
	schools	students	faculty	schools	students	faculty
Banat	8.94	8.16	9.71	7.71	6.83	9.64
Crisana - Maramures	10.32	6.03	5.59	11.44	6.75	7.22
Dobrudgea	4.40	4.31	3.25	4.65	4.21	3.30
Muntenia	5.50	6.83	5.07	5.85	4.84	4.92
Moldavia	15.13	15.34	16.55	15.16	12.68	15.23
Oltenia	33.70	37.95	38.96	32.98	44.69	38.77
Transylvania	22.01	21.38	20.87	22.21	20.00	20.92
Total	100	100	100	100	100	100

Table 2 – The structure of the number of university schools, students and faculty per historical provinces, throughout the academic years 2001/2002 – 2006/2007

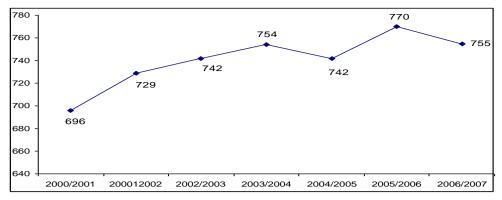
Although at the level of Romania we record an increase in the number of state universities during academic years 2001/2002 - 2006/2007, by comparing their 2006/2007 structure to that of 2001/2002, we notice a change, in the sense of decreasing the percentages for the first and last ranking provinces, from approximately 34% to 33% in the case of Oltenia, and from approximately 9% to 8%, for Banat.

The other historical provinces outline slight percentage increases, the highest in the case of Dobrudgea, gaining 0.25% in 2006/2007 as opposed to 2001/2002, whereas Moldavia records only 0.03% in ranking, for the last academic year under analysis.

As to structural changes related to the number of <u>students</u> and <u>faculty</u> for 2006/2007 as opposed to 2001/2002, these are similar to the number of university schools in the sense of a decreasing trend for Banat, Muntenia and Moldavia, and of an increasing trend for Crisana – Maramures. Dobrudgea and Transylvania are facing a declining number of students outlined through a difference of 0.34%, respectively 1.38%, and an increase of 0.05% of faculty in both provinces, as opposed to other provinces facing decreasing numbers of faculty.

Analysis of the Evolution of the Higher Education network and Global Information Society

Developed at world level, the global information society has become increasingly significant along the years in all economic structures. The influence of this so-called "informational trend" has been felt at national and regional levels with reference to the evolution of higher education, as well.

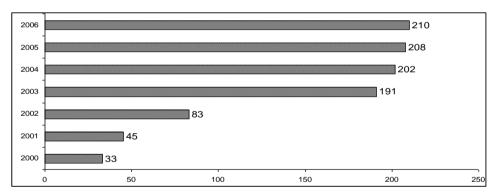


Graph 1 – Evolution of the number of university schools between 2000/2001 and 2006/2007

The time line outlines the fact that the evolution trend of the higher education network throughout the academic years 2000/2001 - 2006/2007 is overall increasing, with an average of approximately 10 university schools per year, which results in an average increase of 1.37%, with an average number of schools of 744 set up annually.

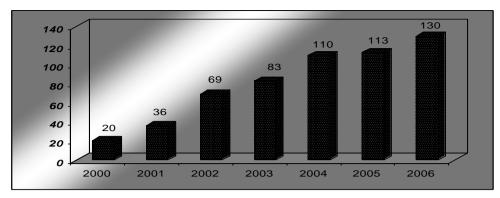
The development of higher education towards shaping up the information society at national level also comprises components related to the correlation that can be established between the number of students, the number of internet users and the number of registered personal computers in Romania after 2000.

Between 2000 and 2006, graph 4 outlines an evolution of the number of internet users in Romania with a constant growth and a spectacular boom in 2003, the necessity and significance of information and information technology introduction and extension came into focus at national level, for the country's development and economic growth.



Graph 2 – Evolution of the number of internet users between 2000 and 2006

With an average of 142 internet users per 1000 inhabitants in 2000-2006, we can outline an annual average growth of 30 internet users per 1000 inhabitants, which represents an annual average growth of cu 36.13%. The evolution of personal computers in Romania is also graphically reflected below, based on absolute values processed and centralize at national level.



Graph 3 – Evolution of the number of personal computers between 2000 and 2006

The number of personal computers follows the average growth trend of other indicators, with 18 personal computers per 1000 inhabitants, representing an average annual growth of 36.61%, setting up an average number of 81 personal computers per 1000 inhabitants.

In relation with the evolution of the other two indicators, we raise the question of determining the connection between the number of students and the numbers of internet and personal computer users.

SUMMARY OUTPUT	
Regression S	tatistics
Multiple R	0.931382
R Square	0.867472
Adjusted R Square	0.801208
Standard Error	38249.06
Observations	7

ANOVA

	df	SS	MS	F	Significance F	
Regression	2	38304427769	19152213885	13.09113724	0.017563702	
Residual	4	5851963367	1462990842			
Total	6	44156391136				
	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	481766.2	34298.65208	14.04621345	0.000149066	386537.8634	576994.5
Internet users	-468.604	590.9744284	-0.792934521	0.472194705	-2109.412084	1172.204
Personal computers	2794.795	1168.24316	2.392305592	0.074979801	-448.7683587	6038.358

Table 4 – Correlation between the number of students and the numbers of internet and personal computer users

The correlation between the number of students and the numbers of internet and personal computer users evinces a strong intensity (R = 0.93), 86.75% representing the influence of the two factors on the number of people attending university studies.

Test F is computed in this table, pertaining to the validity of the regression model. Since F=13.09, Significance F amounts to 0.01756 (under 0.05), then the regression model thus set up is valid and can be used in analyzing the dependence relation between variables.

Conclusions

The low structural fluctuation in 2006/2007 as opposed to 2001/2002, concerning both the number of university schools and the number of students and faculty, outlines a low quantitative development of these variables in their regional distribution per historical provinces.

It is a sign that higher education has also undergone a period of transition, which has mainly comprised transformations pertaining to its internal structural reform and to a lesser degree, to its regional expansion.

Establishing the homogeneity of this network per main historical provinces reflects the need to focus on the development of higher education in Dobrudgea and Crisana-Maramures.

The strong correlation identified between the number of students and the number of internet and PC users primarily confirms the concern with the quality development of education, following the transition to a comprehensive educational reform which entails the following, for the academic environment: curricular reform, reorganizing education based on problem-solving and scientific research reform, setting up a new interaction between education and the economic and social environment, improving infrastructure and the connection to information network, academic management reform, advanced international cooperation.

Issues pertaining to this regional development can be approached and established starting from an analysis of its structural and variance changes, concerning both the number of institutions and the number of students and faculty.

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INCREASE OF CONSUMER PRICES IN ROMANIA IN THE FIRST YEAR AS A MEMBER STATE OF THE EUROPEAN UNION

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This analysis deals with several theoretical aspects about how prices' inflation is measured in Romania, the role of national and harmonized indices of consumer prices as well as the main conceptual differences between such indices. The analysis of harmonized ICP in Romania in the 11 years since it has been calculated, as well as of the differences between EU states during the first year after Romania's accession to EU is based on data published by the official statistics of each member state, as published by Eurostat. Even if the inflation has significantly decreased during the last years in Romania, it is still 2.8 percentage points above the EU average, which places it in the higher quartile interval.

Key words: National Index of Consumer Prices, Harmonized Index of Consumer Prices, annual average inflation rate

Since January 1997, based on a harmonized methodology devised by European statisticians, under the guidance of Eurostat (The Statistical Office of the European Communities based in Luxemburg), each member state calculates and publishes, on a monthly basis, a Harmonized ICP. Financial markets equally place a high importance on the harmonized ICP, as it provides indices comparable among EU member states. HICP is used for several purposes: for indexing social benefits and contracts, as input for other economic analyses and as the main tool to assess price stability in the Euro-zone The Harmonized ICP was established to measure and compare the national inflation in the countries of the Euro-zone and of the European Union. Initially, HICP was used to evaluate the prices' stability and convergence - criteria to be met when joining the Economic and Monetary Union. More recently, the focus has been placed on the aggregated HICP for a group of countries, especially for the Euro-zone, as it is a central indicator of the single monetary policy of the European System of Central Bank and of the European Central Bank in the Euro region, being the basis for the calculation of the Monetary Union Index of Consumer Prices (MUICP). This focus shift reflects the objective of stability aimed at by the European Central Bank, which defines prices stability as the year-on-year MUICP level that is less than, but close to 2%.

The harmonized indices of consumer prices are a set of indices of consumer prices calculated in a harmonized approach, based on common definitions and methodologies. The main objective was to provide a comparable measure of the consumer price inflation in the European Union. It is the only official assessment of this inflation in the euro-zone that is used within the monetary policy. All of European Central Bank's objectives regarding inflation is based on the HICP calculated for the Euro-zone.

The HICP represents the best possible statistical basis for international comparisons with respect to consumer prices evolution.

HICP is calculated based on a harmonized methodology for all member states and includes all categories of the household final monetary consumption expenditures. To note that the relative importance of consumers expenditures for individual products vary from one country to another and, as a consequence, there is no common "uniform basket" for all member states, as consumption habits of one household vary from one country to another. Each country uses a representative "basket", which should reflect the final household consumption. This "basket" corresponds to the official classification of goods and services, also known as COICOP/HICP. The index covers all final household monetary consumption expenditures.

The geographical and demographical coverage has been harmonized in all member states. All sectors of population are covered with respect to their plan of expenditures, irrespective of whether they are wealthy or poor households, whether they are in the urban or rural area, whether they belong to the private or the institutional sector. The expenditures of foreign visitors, including tourists and cross-border clients, have been integrated in the HICP of the member states where purchases were made, according to the concept of

final household monetary consumption expenditures in force on the economic territory of that member state. Business expenditures have been excluded by definition. Such a harmonization guarantees that foreign tourists expenses that have not been covered so far by all member states, are taken into account only in the country where purchases have been made. The demographic and geographic coverage of the Harmonized ICP is full, with no omissions or overlaps. Apart the national ICP, the harmonized ICP is published currently on a monthly basis. While the national ICP has been calculated since 1960, the HICP has been calculated since the beginning of the 90's for the old member states. Data concerning the new member states are comparable only after 2000.

The National Institute for Statistics calculated a HICP for Romania from the very beginning, in 1997, but it became mandatory once Romania joined the European Union in January 2007. The two indices are used for **specific purposes:**

- a. ICP is used to substantiate the monetary policies (especially by the National Bank of Romania), the social policies (to set the minimum wage, the indexations, the social benefits, the pensions, etc.) and the economic, budgetary and fiscal policies on a national level;
- b. HICP is exclusively used to compare, at an international level, the level of inflation among member states and to establish the monetary policy at the EU level.

The main differences between the national ICP and the harmonized ICP are.

1) the classification used in aggregating the expenditures on groups and sub-groups of goods and services:

- In the national system a list of goods and services is used for the calculation of ICP, that is structured on 54 entries of food products with 369 varieties, 112 entries of non-food products with 921 varieties and 50 entries of services with 445 varieties, significant for Romanian population's consumption.
- In the European system a classification of expenditures is used based on the purpose of the consumption (COICOP Classification of Individual Consumption According to Purpose), which regroups the entries in the national system, according to this classification. For instance: within "transportation" group, HICP includes purchases of new vehicles and passenger cars, transportation services, fuels and lubricants, repairing services, while the similar group within ICP includes only transport services, the rest falling under the "non-food goods" group.

2) reference populations

- ICP covers the effective consumer expenditures of Romanian population, namely the prices and tariffs paid by Romanian residents for the purchase of products and services in Romania:
- HICP also takes into account the expenditures made by foreign tourists on the Romanian territory, based on data estimated from the balance of payments separately for transportation, accommodation, food, leisure activities.

3) other differences:

- for insurance, the HICP quantifies the balance between the premium and the damages paid while ICP includes the premium paid on mandatory insurance policies;
- for medicines, HICP takes into account only the actual household expenditures, while ICP takes into account gratuities, apart net expenditures;

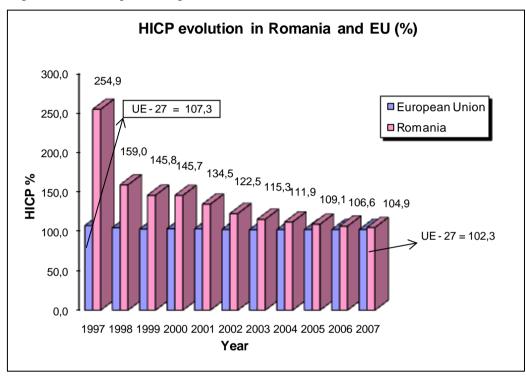
4) indices' reference period

- for **HICP**: the index is calculated and published as compared to the previous year's average and, again for comparability reasons, the weights used by each country in the HICP calculation are expressed in prices for December of the previous year.
- for **ICP**: the index is calculated both as compared to the previous month of the same year (it highlights the month-to-month price evolution), as well as compared to December of the previous year (it reflects the evolution of prices since the beginning of the year);

It should be noted that, irrespective of the basis for the calculation of ICP or HICP, based on the relations between 2 indices calculated with the same fixed basis, similar indices can be obtained in any other

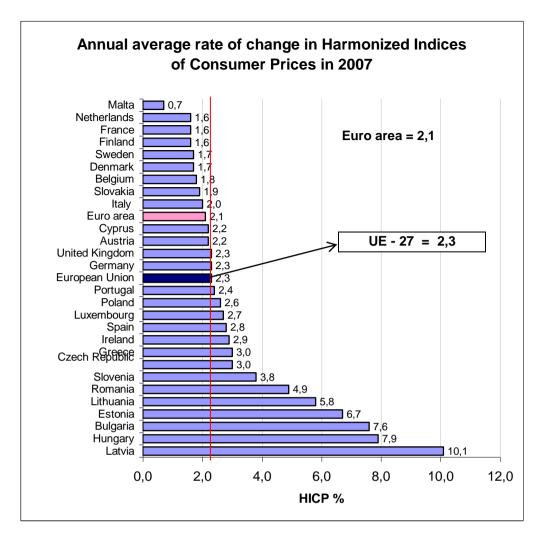
reference basis. In other words, from the ratio of two HICP for two different months in one year (calculated based on the previous year's average) we can calculate the HICP of one month as compared to the previous month of the same year and to compare it with the national ICP of that period. We could notice then that between HICP and ICP for the same calculation period there is no difference in value or there is a marginal difference, of around 0.1 percentage points. For instance, HICP at the end of 2007 (December 2007 as compared to December 2006) was 106.7% and ICP was 106.57% for the same period (that is a difference of 0.03 percentage points).

In Romania, HICP has witnessed a constant decrease since 1998. In 1997 the average level of consumer prices increased 2.5 times as compared to 1996, while the increase was only 7.3% at the level of the European Union, and it reached 4.9% at the end of the period. However, HICP in Romania is still two times higher than the European average.



Comparing HICP of EU member states

In order to assess Romania's position in terms of inflation when it joined the European Union, we compared HICP for all member states in December 2006.



The difference between the minimum HICP (Malta) and the maximum HICP (Latvia) was of 9.4 percentage points in the analyzed period, Romania ranking sixth with a HICP of 104.9%. The accession of the two states on January 1, 2007 contributed to a slight increase of HICP.

To note that there are old EU member states, with a developed economy, whose HICP is higher than the European average. Spain belongs to this group, with 102.8% (+0.5 percentage points above the EU-27 average) and even Luxembourg, with a HICP of 102.7% (+0.4 percentage points above the EU-27 average).

For the end of 2008, the National Forecast Commission estimates an inflation rate of 5.4%, while the National Bank of Romania estimates an inflation rate of 5.9% and an annual average of 7%. The European Commission estimates for 2008 a HICP for Romania of 105.6%, forecasting a decrease to 104.5% in 2009. According to the estimations of the European executive body, it is expected that inflation in Romania be influenced mainly by the agricultural deficit of 2007 and also by the potential increase in international prices for fuels and goods. EC estimates that Romania's budgetary deficit will be around 3.2% of GDP in 2008, higher than the deficit in 2007.

As a conclusion, even though the prices increase has been tempered in Romania during the last years, it remains above the European average, decreasing populations' purchase power. Only a real and sustainable economic increase can limit the consumer prices increase, with a long term impact.

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CHANGES IN ROMANIA'S POPULATION DISTRIBUTION ON LOCALITIES IN 1990-2007 PERIOD

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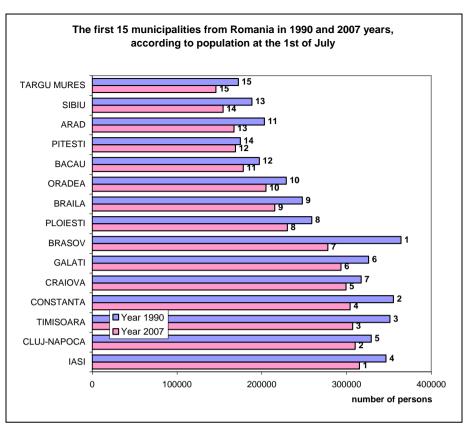
The analysis presents synthetically the results of a study concerning population distribution on territorial-administrative units from Romania during the last 17 years. Enforcing statistical methods, such as: central tendencies of medium indexes, variation analysis, concentration, on data basis concerning the 3175 territorial - administrative units, the main changes in time were highlighted: on one side the emphasized decrease of population effective, and on the other side the appearance of new localities by crumbing the already existing ones, rank's change for the main municipalities from the country, the establishing of new urban localities even though in many cases not even the old ones fulfilled the quantitative and qualitative criteria for receiving this status. By using relevant diagrams, comparative for the two extreme years, both last period changes and population concentration phenomenon were emphasized.

Key words: Established population, Territorial- administrative units, Concentration index

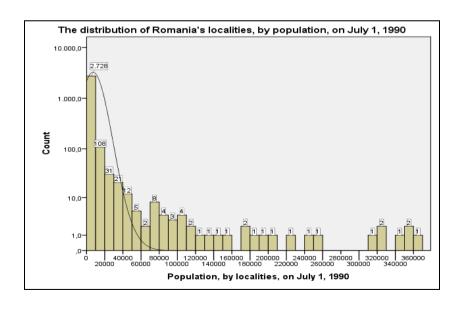
Making a summing up of the last 17 years, both Romania's population number's evolution and territorial-administrative units registered essential modifications. For the present study we started from the official statistic data published for Romania's population established in municipalities, towns and communes at the 1st of July 1990, and respectively 2007. We chose the year 1990 as comparison basis because it was the winding point in Romania's demographic behavior change on one side and population's mentalities and lifestyle's change on the other side. Therefore, Romania's population registered a decrease with almost 1,7 million persons (-7,2%), being influenced in proportion of 75% by negative migrant amount and in proportion of approximately 25% by population's natural decrease. Romania confronts to a natural decrease starting with the year 1992, reaching a maximum in the 2002 year.

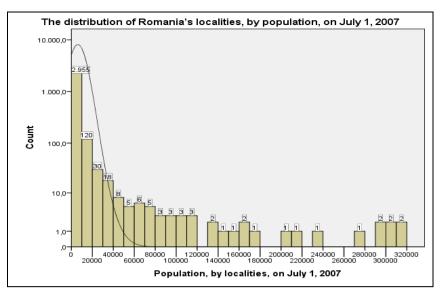
On the other side, even though population decreased constantly during the last years, an opposite phenomenon was registered, of territorial-administrative units' number's increase, by fragmenting the existing ones. Romania's Constitution establishes that the territory is organized by administrative aspect in communes, towns and counties and that according to legislation some towns are declared municipalities. According to national territory arrangement plan approved by Romania's Parliament the national localities network was established, formed of urban and rural localities. Localities hierarchy is made on ranks, hereby: rank 0 - Bucharest municipality, being considered of European importance, rank 1 - municipalities with national importance with potential influence to European level, rank 2 - municipalities with intercounty, county importance or with a balance purpose in localities network, rank 3 - towns, rank 4 villages that represent communes' residence, and rank 5 - villages components of communes or included in municipalities and towns. Localities' crossing from one rank to another is made by law, to local councils' suggestion, after prior consulting of population by referendum, but also under the conditions of fulfilling some minimal qualitative and quantitative indexes. There should be known that there exist municipalities and towns that even though have received anterior this status, do not fulfill these minimal criteria concerning socio-economic development. In what new communes organization is concerned, it is made by law, at local councils' suggestion, after prior consulting of population by local referendum from territorialadministrative units from where the respective rural localities are taken over and on the basis of documentation that testifies the fulfillment of minimal conditions of endowment and number of population. Especially after the year 2000 in Romania a real explosion of new established communes was registered, and also of crossing from the status of commune to the one of town, respective from town to municipality. Therefore, during the last 17 years a number of 166 new communes was established, 60 new towns, and 47 towns were arisen to municipality rank, even though, as mentioned, the total amount of population decreased a lot, and the developing conditions of many of communes were not rising to urban localities requires' level. The biggest part lost the population' effective held before.

This aspect may be noticed from the following graphic, all municipalities placed on the first 15 places population registering a decrease.



If in 1990 the biggest urban locality after Bucharest municipality was Brasov municipality, in 2007 it descended on the 7th rank, losing almost a quarter of population. The first rank is overtaken by Iasi municipality, whose population decreases, but in a lower extent (-9%). The population's number decrease is enough generalized phenomenon at the country level, with bigger intensities in certain areas.





Comparing localities distribution by population's number in the two extreme years, it is noticed that the most territorial-administrative units lose from their size, in 2007 having a bigger agglomeration in groups of smaller dimensions. Population of the 217 towns decreases in total with 4,9%. Among these, at a number of 146 population decreases, the biggest reduction is registered at: Bălan town – Harghita (-47%, from 14. 904 inhabitants at 7.899) and Solca town – Suceava (-45,1%, from 4.814 inhabitants to 2.644)

At a number of 71 towns population registers increases, Bărăgan town – Ilfov being noticed (+78,6%, from 4.821 inhabitants to 8.610), Rovinari town – Gorj (+58,4%, from 8.308 1 inhabitants to 13.164) and Otopeni town (+50,2%, from 7.025 inhabitants to 10.552). If the United Nations Program for population's global census for Europe foresees the enclosure in urban population only for the localities with over 10.000 inhabitants, in our country 120 towns (55% from the total amount) had a population under this threshold.

To 102 existing municipalities in 2007 (without Bucharest municipality) population decreases with 10,6% (-910 thousand inhabitants), and the capital's population decreases with -9,2% (195,4 thousand). The biggest decreases were noticed with municipalities: Mediaş – Sibiu (-26,7%), Braşov (-23,7%) and Reşiţa – Caraş Severin (-23,4%).

Calculating the medium indexes of central tendency and variation's synthetic indicators for the last two extreme years the mutations produced in those 17 years can be noticed quite well.

Statistics

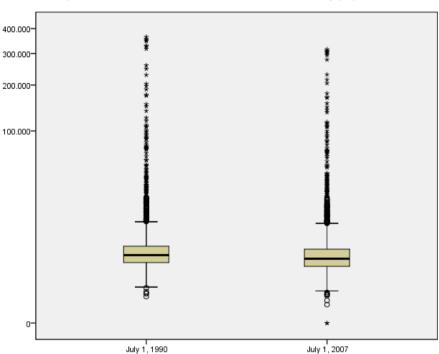
		Population, by localities, on July 1, 1990	Population, by localities, on July 1, 2007
N	Valid	2948	3177
	Missing	229	0
Mean		7872,02	6779,21
Median		3770,00	3187,00
Mode		3093ª	3145
Std. Deviation	on	44860,725	39066,639
Variance		2012484675,149	1526202297,425
Sum		23206720	21537563
Percentiles	25	2647,50	2183,50
	50	3770,00	3187,00
	75	5503,50	4887,50

a. Multiple modes exist. The smallest value is shown

If during the 1990 population average calculated on a locality (excluding Bucharest municipality) was of 7.872 inhabitants, it decreased in 2007 to 6.779 inhabitants, both averages being unrepresentative due to big variation degree. To average diminishing contributed on one side population's decrease and on the

other hand the localities number increase. All percentiles register decreases. If during the 1990 the first quarter of localities number had a population up to 2.647 inhabitants, in the year 2007 it had a population up to 2.183 inhabitants. Half of country's localities had in 1990 a population up to 3.770 inhabitants, and in 2007 up to 3.187. In all cases the numeric decrease of territorial-administrative units population is decreasing, the majority having an average population of 3.145 inhabitants in 2007 (global value).

Territorial units agglomeration towards small units, as well as population's number decrease may be noticed well enough in the boxplot diagram for the two analyzed extreme years.

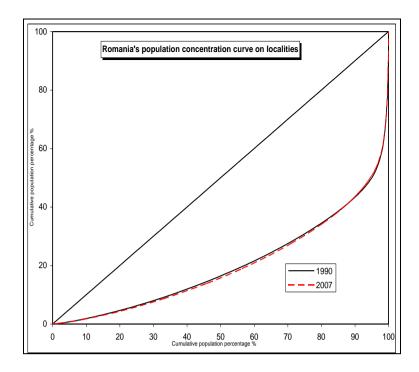


Boxplot for the distribution of Romania's localities, by population

Another analyzed aspect applying the statistic methods is concentration phenomenon. Applying the triangles procedure a Gini concentration index of 0, 5983 resulted for the year 1990 and 0,6045 for 2007, indicating a small increase of concentration degree of population on localities. Both from concentration graphic bellow presented and from Gini index value, an increased degree of concentration of population on localities results. If we apply on graphic ABC method, of tracking qualitative distinct types, the following three categories may be identified:

- approximately 76% from the existing localities gathered together only 31% of Romania's population (excluding Bucharest municipality, which is an extreme value that influences the results); it may be considered the most inclusive group, of the most localities, but with a population slightly numerous;
- 2. the average group, 15% from the localities gathered altogether 14% from country's population;
- 3. the smallest group, of big urban localities, respective 9% from these gathering altogether 55% from country's population.

If in the year 1990 the average Romania's population density was 97,3 inhabitants/square km, in 2007 it is reduced to 90,5 inhabitants/square km.



During the last years both natural population decrease and new localities establishment phenomena were stabilized, the attention being turned toward socio-economic development of the already existing localities. Our country's adhesion to European Union creates on one side a series of opportunities in what the financing programs existent for infrastructure's modernization are concerned but also it forces the local authorities to a better administration of the existing funds and resources on the other hand.

At the present stage a modernization is needed both of rural localities and of small urban localities, which does not rise to state's level.

The maintenance and valorization of natural and cultural patrimony in a rural attractive and representative space may constitute an important trump of Romania in the frame of European Union, as well as the development of some urban localities is worthy of this rank.

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THE INFLUENCE OF FINAL CONSUMPTION ON EMPLOYMENT IN ROMANIA

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The economic theory and practice proves that between the final consumption, the main component of aggregate demand and the employment level in a country, as a rule a directly proportional relationship is set. In the present study, first of all, we want to outline the main influence factors of consumption, and then to emphasize the impact of consumption over employment in Romania, in 1990-2006. According to our research it results that in Romania, a direct and significant relationship cannot be set between dynamics of consumption and dynamics of employment, and hence we may state that the Keynes's economic theory is not valid as regards the relationship between consumption and employment.

Key words: final consumption, aggregate demand, gross disposable income, employment

1. Introduction

The condition, structure, intensity and evolution of employment or non-employment are driven by *the aggregate demand of goods and services* that in its turn is influenced by quantitative and qualitative dimensions of employment. As a rule, there is a direct and bivalent relationship between the aggregate demand and employment, thus reduction of aggregate demand involves reduction of employment and inversely, as the other influence factors do not change.

Final consumption is the most important component of aggregate demand in an economy, including Romanian economy. The knowledge of consumption behaviour of population and public administrations is an important source of information to understand the short term fluctuations and long term tendencies occurring within an economy, including in the foreign financial relationships reflected in the balance of payments. Consumption, by means of changes occurring in its evolution and structure, influences the size and dynamics of aggregate demand, that in its turn drives the level and development of production and finally, the labour employment level in that country.

On the other hand, the knowledge of the consumption and the registered tendency is important because it can determine the part of the income that it is not consumed (or the postponed consumption) that is found in the economies level, part that is available to be invested, and the investments represent the engine of the economical growth on long term. The joint setting of a dependence relationship between the current consumption and future investments play a major role in determining the macroeconomic equilibrium. Thus, in a steady market economy, in the short term, when consumption and investments rise, production and employment increase, too. In the long term, distribution of national income between consumption and investments has a major impact over sustainable economic development.

2. Analysis of main factors influencing the level and evolution of consumption in Romania, in 1990-2006

According to the national statistics actual final consumption includes goods and services acquired by resident institutional unities for the direct satisfaction of individual or collective needs, the members of the community's needs [4, 2007, pg.421].

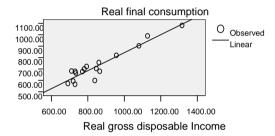
The Keynes's theory [3] says that at the macroeconomic level, the final consumption firstly depends on the **gross disposable income** (Y_d): **C=f** (Y_d). The incline of the consumption's function is given by marginal propensity to consume, regularly, positive and sub-unit ($\mathbf{c'}=\Delta\mathbf{C}/\Delta Y_d$). Given the information above we can write the **function of the consumption in the following form**: $\mathbf{C}=\mathbf{c'}*Y_d$ Expressed in this way the consumption's function, according to the psychology rule of Keynes, has the following property: if the disposable income grows (ΔY_d), then the consumption grows also but in a lower proportion ($\Delta Y_d > \Delta C$) and in reverse if the disposable income decreases, the consumption will follow the same trajectory, but in a lower proportion.

On the other hand, the total consumption includes in addition to the consumption, determined by the disposable income, an *autonomous consumption* (C_0), that provides the satisfaction of the minimum subsistence and that is positive [2, pg.67]. The autonomous consumption is the consumption of the ones that even if they don't have an income they still consume; it is the case of people who stay at home and of the children that spend from the income of the people that support them.

Economic practice has proved that this Keynes's consumption function is proved in the short term, but is invalidated in the long term. More research emphasized the need of reconsidering the issues of consumption and the Keynes's consumption function taking into consideration some *new aspects*, in order to ensure a better analysis and estimation of consumption behaviour, the *demonstration or imitation effect*, the memory or clichet effect, the inertia effect, the general price level etc. [1, pg. 427-431]

Analysing the issues of influence factors over consumption it is noticed that, in Romania, the main influence factor related to consumption is the gross disposable income. Following the actual statistic analysis (by means of software entitled *SPSS 13.0. for WINDOWS 2003*), the dependence between available gross income (Yd) and final consumption (influence of available income over real consumption), in Romania, in 1990-2006 can be described by a linear regression as follows:

C theoretical = $a+b\cdot Yd=54,419 + 0,789\cdot Yd$. (t=0,874) (t=11,037) $\sigma=49,340$ (estimated standard error) ($F_{calculated} = 121,821; R^2 = 89\%$)



The "a" parameter from the determined function has no economic significance, in the sense that there is an *autonomous consumption* at the national economy level, costing -80,987 billion lei, that does not depend on the gross disposable income. On the other hand, the big value of the parameter represents the influence of other factors, like the interest rate at the credits of consumption, in-house consumption, etc.

The value of the "b" parameter, from the consumption function written above, shows that there is a direct relation (b>0) between the disposable gross income and consumption, and the value of 0,789 shows in the analyzed period, 1990-2006, at a modification of the disposable income with a unity the consumption would not be modified, in the same sense, with 0,789 unities, that means that at a growth of 1 billion lei the consumption grows with approximately 789 millions lei.

Value as tendency of disposition to consumption is 0.789 and some ideologists consider it typical to the economic recession period. But in 1990-2006, Romanian economy was not permanently characterized by recession, and there were two periods of economic growth during this time namely in 1993-1996 and in 2000-2006, fact that drives in this respect, too, the specific character of Romanian economy.

The value of the Pearson correlation coefficient, of 0.896, shows there is a direct, strong relationship between the two variables. The determination ratio (R^2) is 0.89, and shows that the size of consumption is influenced by the available gross income in a proportion of 80.7% and the remaining 11% is the influence of other factors such as: interest rate for consumption credits, self-consumption, price level, memory effect etc.

	Gross disposable income real	Consumption _{real} (C)	C _{real} households	I RE/	I P ²	Civil Employment (000.)
Years	(billion lei)	(billion lei)	(billion lei)*	1990 ¹ **%	/1990** %	,
1990	865.20	679.50	557.0	100	100.0	10840
1991	838.16	599.32	464.0	81.5	74.3	10786
1992	729.64	566.02	431.7	70.8	63.1	10458
1993	690.43	572.82	435.6	58.9	56.3	10062
1994	719.33	594.56	446.7	59.1	55.0	10011
1995	780.52	700.52	505.2	66.5	61.4	9493
1996	846.33	704.64	545.9	72.7	63.1	9379
1997	770.20	677.46	525.8	56.2	50.3	9023
1998	710.58	682.22	528.6	58.4	49.2	8813
1999	733.55	665.16	522.8	57	47.2	8420
2000	730.37	679.50	523.6	59.4	44.0	8629
2001	793.12	722.31	559.2	62.4	46.6	8563
2002	860.32	756.96	585.9	63.9	48.2	8329
2003	956.10	820.16	634.6	70.8	51.6	8306
2004	1079.90	903.06	715.8	78.3	57.7	8238.3
2005	1127.36	990.03	782.8	89.5	62.3	8390.4
2006	1316.07	1081.76	872.3	97.4	683.1	8469

 1 indices of real earnings IRE with fixed base 1990; 2 average real pension indices IP of state social insurance pensioners with fixed base 1990; C_{real} households=Real Final consumption of households

Source: **Statistic Yearbook of Romania, INS, 2007, pg. 234, 299, Own calculation based on data from Statistic Yearbook of Romania, INS, pg. 428-429

Table no.1 Correlation between Gross disposable income, final consumption, employed population, 1990-2006

On the other hand, when analyzing consumption, as for influence factors and influence of consumption on employment, a distinction should be made between the final individual consumption of population and the final collective consumption of the public administration. The population consumption has the biggest weight in the final consumption, representing in 1990, 82.03% of total consumption and in 2006, 91%. The consumption of population had a floating development in 1990-2006, reaching a level of consumption of 56.61% in 2006 higher than that recorded in 1990.

Considering that wage is the main source of income for employed population, the relationship set between the population consumption and the real wages as well as the latter and the level of employed population recorded in Romania, in 1990-2006, are to be outlined as follows. Normally, the drop of buying power related to nominal wages, in other words, the reduction of real wages, (see table no.1) should have a negative impact over the demand of goods and services from the population. Statistically, by means of calculation and analysis of correlation factors (Pearson coefficient = 0.839 for a level of significance (sig. = 0.01) lower than 0.05) between the annual modification of population consumption and annual modification of real wages, there is a

<u>strong</u>, <u>direct</u> relation, fact that emphasizes that annual modification of real wages has driven the annual modification, to the same effect, of the demand of consumer goods from population and inversely.

The demand of goods and services from the population went down in 1990-2001 (until 2001 consumption was below that recorded in 1990) and resulted in **the reduction of** *pension in real terms*, particularly if we consider the number of pensioners increased very much (from 3679 thousand people in 1990 to 5785 thousand people in 2006, in 1997 being higher than the number of employees). Thus, if in 2001, real pension went down by 53.4% compared to 1990, it dropped by 31.9% in 2006 compared to 1990, so as the buying power of the pension has been 68.1% this year of that recorded in 1990. Also, reviewing the data in table no. 1, we notice that beginning with 2002, the index of average real pension improves every year, but not enough, in 2006 the level of pension representing only 62.3% of real pension in 1990 (see table no.1).

Although in 2006 both real wages and real pension were representing only a part of the level recorded in 1990 the households consumption was higher in 2006 than in 1990. The decrease of real wages and real pension should have normally lead to the drop of population consumption in 1990-2006, but this fact has not been recorded because the population consumption has as financing sources both the income of employees and pensioners, as well as other sources such as: income of other categories of employed population (entrepreneurs, freelancers etc.), income of employed population living abroad, self-consumption and credit for consumption.

If we consider the *conventional theory* of employment then reduction of real wages would have led to the rise of the number of employees. This issue is countered by increasingly low values of employed population in Romania, in 1990-2006. The rise of employment and reduction of unemployment respectively would have been possible only if there was a general balance: on the market of goods, on the market of labour and on the market of capitals. In the lack of this balance as well as the basic idea of classic liberalism that takes into account an economy with a full employment, where only volunteer unemployment is admitted, makes this theory irrelevant for the current situation of our country, where volunteer unemployment has a low weight.

Scarcity of own income to cover the needs of final consumption, has driven the consumers to use *consumption credits*, and between the size of a credit and that of a consumption is a direct relationship. Following the analysis of data in table no.2 it is noticed that in 2000-2006, the level of credit for the population rose very much every year. It is also noticed that the average active interest rate decreased by 37.02 percentage points in the aforementioned period and as a result, consumption credit increased. The weight of population credits in GDP shows a significant growth from 0.53% in 2000 to 11.39% in 2005, emphasizing a rise of the liability rate of population that may have negative effects over the entire mechanism of the national economy. We consider that not only the size of credit is alarming but its weight in GDP, and the fast growth pace of these indicators in Romania.

Indicators	2000	2001	2002	2003	2004	2005	2006
Credit to population (lei and hard-currency), in ,000 RON*	425963,4	799000	2089782	7501202	11874229	21370804	39271100
Weight in GDP* (%)	0,53	0,68	1,37	3,79	4,82	7,44	11,39
Average rate of active bank interest for non-governmental non-bank clients**	53,21	45,74	36,65	26,19	25,81	19,19	15,32

Source: *Own calculations based on data in the *Annual Report of the National Bank of Romania*, 2004, *Buletin lunar BNR 1/2006*, www.bnro.ro, *Statistic Yearbook of Romania*, INS, 2007; p. 428; ** *Buletin lunar BNR 1/2005*, 1/2006; and 1/2007

Table no. 2 Evolution of internal credits for population, in 2000-2005

According to the *International Monetary Fund's* opinion among the unbalances that continue to enhance in Romania, a strong rise of domestic demand is mentioned, as a result of a significant increase of consumption. The rise of consumption is based on credit that it currently continues to record a strong growth. While the increase of hard-currency based credit has slowed down its pace lately, the growth of

Romanian currency based credit has hastened. This change is due to the measures concerning the restriction of the hard-currency based credit adopted last year and the recent reduction of interest rate [7]. We consider the huge growth of population credit is a strong reason for the scarcity of own income to meet the needs of population in Romania.

3. Statistic-economic analysis of influence concerning final consumption on employment in Romania

The economic theory particularly the Keynes's theory, considers that employment is driven by the level of consumption i.e. the increase of final consumption (as the influence of the other components of aggregate demand is not taken into account) drives the growth of aggregate demand, that in its turn will stimulate the domestic production so as it meets the existing demand on the market, and consequently an additional number of jobs is created.

Following the statistic analysis based on the correlation coefficients, it is noticed the <u>evolution of consumption</u>, as the main component of aggregate demand, in Romania, does not influence significantly the <u>evolution of employment</u>, as the value of the Pearson correlation coefficient (0.117) proves that between the two economic variables (annual modification of consumption and annual modification of employed population) statistically, there isn't a significant relation (for a significance level (sig.) higher than 0.1, sig. = 0.667 respectively), fact that is in contradiction with the Keynes's theory according to which, reduction of employed population can be caused by the reduction of consumption (as a rule, there is a direct relationship between the two variables).

Based on the analysis of the data regarding the available gross disposable income, as the main factor of consumption influence, results that it is not greatly influenced by the existing level of employment in Romania and it doesn't influence significantly the level of employed population in Romania during 1990-2006. This statement is based on the Pearson correlation coefficient (0.329), achieved for a significance level (sig.) higher than 0.1 (sig. =0. 213), showing that between the modification of the available income and the employed population cannot be established a significant relationship from a statistical point of view. We have to mention that the available gross income is formed by incomes of the population employed in Romania as well as incomes belonging to the Romanian emigrants working abroad. As a result, the domestic consumption of goods and services is determined also by the income of the employed population living outside the Romanian borders

Taking into consideration that, in Romania, the growth of consumption does not drive the rise of employed population, on the contrary the employed population went down, therefore we consider the stimulation of consumption in Romania aiming to rise the extent of employment is not the best solution. In order to support these statements, we consider it is important to outline that in Romania, consumption is based *not only on domestic products but also on imported products*. In this respect, in the *Annual Report concerning the balance of foreign payments* it is mentioned that "Maintaining the inclination to consumption of population in 2005 was ensured by imports, the demand of goods being higher and diversified than the potential of industrial sector [5, pg. 9].

From statistic data related to evolution concerning the import of consumer goods it is noticed that contribution of imported consumer goods when meeting the demand of domestic demand of consumer goods lately, and not only, recorded a major growth, in this case, data in table no. 3 is relevant. In 2006 an increase of imported consumer goods by 103.5% was accounted compared to 2002, showing the high inclination to the consumption of these goods.

Indicators	2002	2003	2004	2005	2006
Imported consumer goods (Euro million)	2782.2	3148.7	3793.5	4742	5663
Index of imported consumer goods (%)	100	113.2	120.5	125	119.4
Weight of consumer goods in total import* (%)	16	16.1	15.6	15.8	15.1

^{*}UNO group (from the foreign trade classification based on Major Economic Categories – The National Institute of Statistics), the import consists of raw materials, intermediary goods, capital goods and consumer goods

Source: Balanța de plăți și poziția investițională internațională a României, Raport annual 2002-2006, BNR

The fact that in Romania, compliance with consumption is mainly done by means of imported consumer goods and does not ensure the necessary conditions to create jobs in our country, due to reduction of domestic supply of goods and services, substitution of domestic production with supply provided by imports results in lowering employment. Therefore, the rise of import may drive the lost of jobs internally, importing not only goods and services but also unemployment, and other macroeconomic unbalances: deficit of trade balance and balance of payments, national currency depreciation etc.

4. Conclusions

The level and dynamic of the end-consumption (public and private), as main component of the aggregate demand, do not influence positively the level and evolution of the employment. Between the two macroeconomic variables, without establishing a direct and significant relationship statistically, fact that is contrary to the Keynesian theory. According to it the decrease of the employed population can be caused also by the consumption reduction (between the two variables being usually a direct relationship).

Based on this reason we consider that the impulsion of the consumption in Romania in order to rise the degree of employment is not the best solution, as it is known that the meeting of the consumption is based not only on domestic products but also on imported ones (existing a preference for these products), and under these circumstances the effects of the investment effort are reduced.

Based on the analysis of the data regarding the available Gross disposable income, as the main factor of consumption influence, results that it is not greatly influenced by the existing level of employment in Romania and it doesn't influence significantly the level of employed population in Romania between 1990-2006, between the modification of the available income and the employed population can not be established a significant relationship from a statistical point of view. We outline that domestic consumption of goods and services is driven by both income provided by employed population in Romania and income of employed population working abroad.

On the other hand, in a market economy, as the Romanian economy is required to be, the consumer should have the "king" status and a high satisfaction. In this respect, by means of a suitable economic policy, the state should ensure the price stability, increase of real wages, increase of consumer goods quality etc.

The actual tendency, at national and international level, of the growth of the consumption in the detriment of savings, represents a problem, because on long term, the formation of the capital of a country is determined by the national savings rate. As this rate is decreasing we wonder about the formation of the developing base of an economy – capital. Economy and Romanian society should promote the requirement of increasing savings by the population so this is able to face the future higher needs of money. Also the savings decline has major involvements over the investments volume and over the macroeconomic equilibrium.

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THE INVESTMENTS IMPACT ON THE EMPLOYMENT IN ROMANIA

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The first part of the present study identifies the main problems found in the field of employment. In the second part of the study we are aiming to analyse the statistic correlation that is set between the level and structure of investments, on one hand, and the level and structure of employment in Romania, on the other hand. From the results of our research it results that to increase employment steps should be taken in order to growth of private and public investments in all sectors of activity, but with a special focus on the service sector.

Key words: investments, aggregate demand, Gross domestic product, employment

1. Introduction

Employment – is the *main content, foundation of existence and operation of labour market*, its tough core. In relation to labour demand, employment is a dependent variable, derived from the status, structure and functionality of the other markets (market of goods and services, market of capital etc.), that are in interaction.

According to the economic theory (especially the Keynes's theory) the level, structure and evolution of employment or non-employment in a country are driven by the level, structure, and evolution of *aggregate demand* (made of consumption, investment and net export), that in its turn is influenced by the quantitative and qualitative dimensions of employment [3]. As a rule, there is a direct and bivalent relationship between employment and aggregate demand. Also, the reduction of domestic supply of goods and services by replacing domestic production with supply provided by imports results in the reduction of employment. Under these circumstances, at the level of national economy, **investments** should be seen as having a double role: first of all, as a main component of the aggregate demand, they influence production in the short term and implicitly, labour employment, and secondly they drive the growth of production in the long term by influencing the formation of capital over potential production and aggregate supply [1, pg.102]

In our research, investment is to be analysed, as a component of aggregate demand, in order to outline the effect of its modification over labour employment in Romania, in 1990-2006. A first step in our research will be the identification of the main problems related to employment, in order to reason the requirement of increasing investments within the national economy, especially of investments in the private sector.

2. Main problems of employment in Romania

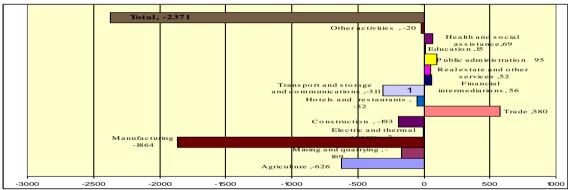
The year 1990 meant for Romania the beginning of the transition process to the market economy, the making of its main components. As before this period Romania didn't have a real labour market, the process of its creation according to new criteria specific to the market economy, was a difficult one and generated unfavorable effects on labor force employment and efficient use.

Following the analysis of statistic indicators that size the labour market, the following employment related problems in Romania were identified in 1990-2006.

2.1. In Romania there is an accelerated degradation process of employment expressed by the drop of active population, both in absolute size and relative size. In 2006 employed persons were by 2371 thousand people less than in 1990, by 21.87% respectively, employment being close to the level of the 50s, when a number of 8377.2 thousand persons were employed. The reason for this employed population decrease must be analyzed from different perspectives. As part of human resources, of total population, the employed population doesn't do anything else but follow the trend of total population, which, compared to 1990, decreased in 2006 by 6.99%, namely by 1622.3 thou persons. However, the demographic factors cannot totally justify the decline of employed persons.

We consider that the main contribution to this decline was given by the restructuring of Romanian economy, the dissembling of economic and social reform elements, the errors of employment policies which were mainly passive and concerned more with recovering the effects than with removing the causes; all these, and many others, raised the risk of firing a large number of employees and created the conditions for increasing unemployment.

- **2.2.** Employment structure by sectors of national economy in 1990-2006 highlights a structure typical to an emerging economy where most people work in activities having a low labour productivity. On this line we are laying stress on the following three key aspects:
 - Deindustrialization of employed population, by diminishing the employed population in industry, in 1990-2006 by 2036 thousand people (according to figure no.3);
 - A relatively low capability of the service sector to create jobs (484 thousand jobs were created in the tertiary sector) for population released from industry (industry fired 2036 thousand people).
 - Increase of population working in agriculture, expressed by raising the weight of employed population in agriculture (from 29% in 1990 to 41.4% in 2000 and 29.7% in 2006).



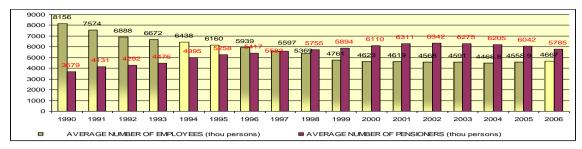
Source: Own calculations based on data contained in the Statistic Yearbook of Romania, INS, 2007, p. 138-139

Figure no.1. The evolution of employment, by activity of national economy, 1990-2006

2.3. One of the most difficult problems on employment in Romania and not only, is *the reduction of both the number of employees and of their share among the employed population*. Although in the countries with a functional market economy the tendency is to develop the paid work, our country has an atypical situation with highly dangerous economic and social effects. We mention that in 2006 compared to 1990, the number of employees dropped, in absolute size, by 3489 thousand people (absolute annual average -205.24 thousand people), and in relative size, by approximately 42.78% (according to own calculations based on data in figure no.2.). The weight of employees in civil employed population also dropped from 75.2% (in 1990) to 55.1 % in 2006. At the same time, the weight of the other categories of employed population dropped (non-paid familial worker, a member of an agricultural society or of a co-operative farm, self-employed worker) from 24.8% to 44.9%.

The negative consequences of the decrease of employees number and the increase of the other category of employed people are to be found in the income's level, structure and security, in the capacity for saving and investing, in the social insurance and educational system, in the budgetary income creation, all in all in the macroeconomic equilibrium.

2.4. Existence of an increasing tendency of economic dependency rate concerning active population both in relation to employed population and the number of employees. Inactive population is higher, particularly due to the rise of retired people and the rise of unemployed people who are not willing to look for a job being considered in the category of discouraged people. We mention that in 1997, the number of employees was higher than retired people, with direct consequences over social burden related to employed population that support inactive population (see figure no.2)



Source: Statistic Yearbook of Romania, INS, 2007, pg. 141 and pg. 296

Figure no. 2 Evolution of number of pensioners and employees in Romania, 1990-2006

To solve these problems of the labour market, we consider some measures should be taken in order to bring thorough changes as regards the level and structure of labour employment in Romania. That is why, the importance that should be given to real investments, as the main measure of increasing employment and at the same time increasing productivity, is emphasized below.

3. Statistico-economic analysis of correlation between investments and employment, in Romania, during transition to market economy

Investment, a major component of aggregate demand, is the most floating cost element, made of costs for change in inventories ("Change in inventories") and fixed capital ("rough formation of fixed capital"). As the weight of "inventory variation" in GDP lowered from 10% in 1990 to 0.8% in 2006, in order to simplify, the present study analyses only the first component of investment, that is the most important, namely the gross fixed capital formation (GFCF), that is further called real investment. According to the Keynes's economic theory [2] investments depend on the aggregate level of production, found in the level of GDP (Y). The level of investments is influenced by a series of factors, of which interest rate, investment cost, predictions of investors regarding the development of economy situation and estimated income, fiscal policy and public cost policy etc.

The real income of companies (actual GDP), as a factor indubitably influencing the level and evolution of investments, in 6 years of the 17 surveyed, the highest annual reduction was recorded in 1991, by 12.9%. As regards the evolution of real income, two periods of economic recession can be mentioned: 1990-1992 and 1997-1999. As a rule, this reduction of income has resulted in a modification of real investments to the same effect. Based on the data in Table no. 1, the Pearson corrrelation factor was calculated in order to outline the type of connection set in Romania, in 1990-2006, between the level of real investments and the level of GDP. The value of 0.9 shows that a very strong statistic relationship was set between the two macroeconomic variables and the level of investments in Romania, in 1990-2006.

In 1990-2006, the weight of rough formation of fixed capital (GFCF or rough investments) in GDP or the *investment rate* (GFCF/GDP*100) developed in the range of values of minimum 15.5% in 1991 and maximum 34.4%, in 2006. In 2006 compared to 1990, the weight of rough formation of fixed capital rose from 19.8% to 34.4%, showing a growth of fixed capital in total end products used, prerequisite of economic growth and at the same time, the rise of employed population. The economic theory considers that the rise of investment rate conveys the intensive growth of capital, and this conveys the rise of production/worker (productivity) and thus economic growth [4, pg. 536-539].

Years	Real GDP	Real GFCF	Real GFCF/GDP (%)	Employed population**	ΔGFCF%	ΔGDP%
1990	857.9	169.8	19.8	10840	-	-
1991	747.2	116.1	15.5	10786	-31.6	-12.9
1992	681.2	128.9	18.9	10458	11.0	-8.8
1993	691.5	139.6	20.2	10062	8.3	1.5
1994	718.9	168.4	23.4	10011	20.7	4.0
1995	770.4	180.2	23.4	9493	7.0	7.2
1996	801.3	190.3	23.8	9379	5.7	4.0
1997	752.4	193.6	25.7	9023	1.7	-6.1
1998	716.3	182.5	25.5	8813	-5.7	-4.8
1999	707.8	173.7	24.5	8420	-4.8	-1.2
2000	723.5	183.3	25.3	8629	5.5	2.2
2001	764.8	201.8	26.4	8563	10.1	5.7
2002	804.5	218.5	27.2	8329	8.3	5.2
2003	846.5	237.2	28.0	8306	8.6	5.2
2004	918.1	263.6	28.7	8238.3	11.1	8.5
2005	956.5	296.9	31.0	8390.4	12.7	4.2
2006	1031.0	354.3	34.4	8469	19.3	7.8

^{*}indicators are expressed in billion Lei, steady prices (1990); **Thousand people; GFCF=Gross fixed capital formation

Source: Own calculations based on data in Statistic Yearbook of Romania, INS, 2007, pg.428-430

Tabel no.1 Evolution of GDP, Investments and Civil Employment in Romania, 1990-2006

Analysing the <u>effect of real investments over employed population</u> in 1990-2006, in Romania, it is noticed that statistically, a significant, direct relationship cannot be set between the annual modification of real investments and modification of employed population, and this fact proves the rise of investments in Romania during the entire analysed period was not enough to create the necessary jobs. This situation is statistically outlined by the value of the Pearson correlation factor, i.e. 0.176 for a significance level (sig.= 0.515) higher than 0.01.

Analysing the data in table no.2 it is noticed that in 1990-2006 the weight of investments in services increases from 32.24% to 47.2% and it increases from 3.33% la 15% in constructions. At the same time, the weight of investments in agriculture goes down from 18.11% to 5.3%, and in industry from 46.3% to 32.5%. We consider the level and evolution of investments on different activities of the national economy influences and should influence the labour employment on both activities and the whole national economy.

Considering data in the table no.2, following the statistic analysis carried out based on the correlation coefficients, it is noticed that statistically, a significant correlation between the weight of employed population in *agriculture* in total employed population and the weight of net investments made in this activity in total investments at the level of national economy, in Romania, in 1990-2005, cannot be set because the value of the Pearson parametric correlation coefficient is (-0.184) for a significance level higher than 0.1 (sig.= 0.48), practically showing an insignificant relationship. These statistic values prove that the level and evolution of investments made in this sector in Romania do not find counterpart at the level and evolution of employed population in agriculture, the latter being influenced by other factors.

Following the calculation and analysis of the correlation factors between the weight of employed population in *industry* in total employed population and weight of net investments made in this activity in

total investments at the level of the national economy, it was noticed there is a direct, strong, statistically and economically significant correlation between these indicators (the Pearson correlation factor = 0.724 for a significance level of 0.003). In other words, in 1990-2006 in Romania, the reduction of weight concerning net investments made in industry is driven by the drop of employed population in this sector (a fall of 2036 thousand jobs, by 50.84% in 2006 compared to 1990 respectively [5, pg. 138-139]).

	Agrico	ulture	Indu	stry	Constructions		Serv	ices
Years	Employment	Net Investments	Employment	Net Investments	Employment	Net Investments	Employment	Net Investments
1990	29.0	18.1	36.9	46.3	6.5	3.3	27.5	32.2
1991	29.7	10.1	35.3	54.6	4.6	2.1	30.4	33.3
1992	32.9	10.8	31.6	56.6	5.5	2.6	30.0	30.1
1993	35.9	7.0	30.1	50.0	5.7	2.8	28.3	40.3
1994	36.4	19.1	28.8	36.9	5.6	5.4	29.2	38.6
1995	34.4	10.9	28.6	41.6	5.1	5.2	32.0	42.3
1996	35.4	11.6	29.2	43.9	5.1	6.3	30.3	38.3
1997	37.6	6.5	27.2	44.8	4.9	8.3	30.4	40.4
1998	38.1	6.8	26.3	45.6	4.4	7.0	31.2	40.6
1999	41.2	7.1	24.4	44.3	4.0	6.9	30.4	41.7
2000	41.4	7.9	23.2	39.5	4.1	8.5	31.3	44.1
2001	40.9	6.4	23.5	40.0	4.0	6.5	31.6	47.1
2002	36.2	11.7	25.5	38.5	4.4	6.5	33.9	43.3
2003	34.8	5.9	24.8	37.6	4.8	9.6	35.7	46.9
2004	32.0	5.5	24.9	40.1	5.1	9.3	38.0	45.1
2005	31.9	3.9	23.5	32.4	5.5	14.5	39.1	49.2
2006	29.7	5.3	23.2	32.5	6.1	15	41	47.2

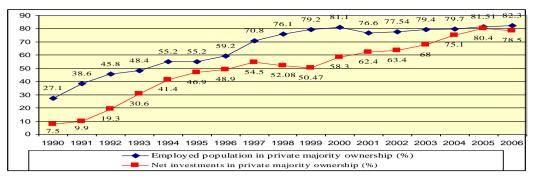
Source: Statistic Yearbook of Romania, INS, 2007, pg 138-139, pg.470-471

Table no. 2. Correlation between weight of employed population and weight of net investments, on sectors of national economy, 1990-2006(%)

Between the weight of net investments made in the sector of <u>constructions</u> and the weight of employed population in this sector, in Romania, in 1990-2006, a statistically significant relationship cannot be set, the Pearson correlation coefficient is (-0.04), for a significance level of 0.879 higher than the significance level of 0.1 for which the coefficient is significant, fact that emphasize that reduction of population in this sector is driven by other factors. We also have to mention that employed population in this activity in 1990-2006 reduced considerably from 706 thousand people to 513 thousand people, by 27.3% respectively [ASR, 2007, pg. 138-139].

<u>Sector of services</u> has proved the only sector within Romanian economy that at the end of 2006 compared to 1990 registered a excess of jobs, approximately 484 thousand (in this sector jobs rise from 2985 thousand in 1990 to 3469 thousand in 2006). In the same sector it is noticed a direct, strong correlation between the weight of net investments and the weight of employed population, fact statistically emphasized by the Pearson correlation factor of 0.726 for a significance level lower than 0.01. The growth of net investments made in the sector of services resulted in the rise of labour employment, in this sector, from 27.5% registered in 1990, to 41% registered in 2006.

Among other things, transition to the market economy resulted in the rise of employed population weight in the private sector from 27.1% to 82.3%. We consider that the growth of net investment weight in the private sector contributed to this development, from 7.5% in 1990 to 78.5% in 2006, according to figure no.3.



Source: Statistic Yearbook of Romania, INS, 2007, pg. 140 and 473-474

Figure no.3 Correlation between civil employment and net investments, by type of ownership (%)

In Romania, in 1990-2006, a very strong, direct relationship (Pearson correlation coefficient =0.934 for a significance level lower than 0.01) was set between the weight of employed population in the *private* sector in total employed population and the weight of net investments made by private companies, in total investments. This fact outlines the positive influence of net investments over labour employment, and as a result, 6970 thousand jobs were created, by 4573 thousand more than in 1990, by 90.7% respectively.

We consider that, on the whole economy, investments made in the private sector have proved insufficient to absorb the labour released by the public sector, without succeeding to create enough jobs to absorb those jobs diminished in the public sector.

4. Conclusions

In Romania, real investments, the second component of aggregate demand, in 1990-2006, have not proved enough to create new jobs. Following the statistic analysis made, and as regards the economic correlation set in Romania between investments and employment, according to ownership and sector of activity, as a conclusion it can be said that in order to increase employment it should act to rise the private and public investments in all sectors, but with a special focus on the sector of services.

For the investment to have the authentic stimulating role of Romanian economic sector, it is necessary to elaborate, and apply an efficient investment mechanism, to determine the economy actors, on the other hand, to mobilize as high investment funds as possible and from diversified sources and, on the other hand, to guide the funds concerned to other efficient activities of real economy. [2, p.246].

As a result, creation of new jobs by increasing investments is a healthy solution, the state should involve more and support the development of SMEs. The establishment and development of small and medium sized enterprises, is a solution comprised in the most efficient active policy of employment. On the other hand, when we sustain the need of developing the SMEs sector we should take into consideration that transition from the current economy to the economy based on knowledge assumes both increase of labour flexibility and enterprise's flexibility, dimensionally, structurally and functionally, and small and medium sized enterprises are considered to be the most flexible and adaptable.

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POVERTY ASSESSMENT AT HOUSEHOLD LEVEL USING A POVERTY COMPOSITE INDICATOR

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The present study mainly aims to construct a Poverty Composite Indicator (PCI) for the Romanian households using a non-arbitrary method to compile multiple categorical indicators into an aggregate measure that describes the numerous poverty faces. The composite indicator allows for households ordering according to their level of poverty, in order to identify the profile of poor households from Romania.

Key words: Poverty, Poverty Composite Indicator, Multiple Correspondence Analysis

1. Problem description

"A composite indicator (CI) is formed when individual indicators are compiled into a single index, on the basis of an underlying model of the multi-dimensional concept that is being measured". It "measures multi-dimensional concepts (e.g. competitiveness, e-trade or environmental quality) which cannot be captured by a single indicator". (OECD, 2004)

The problem to solve here is to define a unique numerical indicator C as a composite of the K primary categorical indicators of poverty I_k , computable for each elementary population unit U_i (household), and significant as generating a complete ordering of the population U of households according to their level of poverty (Asselin, 2002, p. 3). Thus, a composite indicator of poverty C takes the value $C_i(I_{ik}, k=1,K)$ for a given elementary population unit (household) U_i .

The literature about composite indicators construction identifies basically two trends: the first is the approach based on the concept of entropy, while the second one refers to the concept of inertia. In the entropy approach, multidimensionality is seen as coming from a sequence of unidimensional distributions; in the inertia approach, multidimensionality consists simply in a finite set of simultaneous distributions on a given population. (Asselin, 2002, p. 4)

In the context of this study, the construction of the Poverty Composite Indicator (PCI) is based on the inertia approach which aims to define a composite indicator for each given population unit, using multidimensional analytical techniques. Among these tools, the most suitable to this case study is Multiple Correspondence Analysis (MCA), as it is the adequate non-arbitrary tool for the computation of a composite indicator, based on categorical (qualitative) indicators. A complete discussion on this approach could be found in the paper of Louis-Marie Asselin, *Pauvreté multidimensionnelle*, (2002).

For a given household, the value of the PCI corresponds to the mean of standardized scores on the first factorial axis and it is calculated as a linear combination of binary indicators describing poverty with weights resulting from MCA as indicated by the following formula:

$$Ci = \frac{\sum\limits_{k=1}^{K}\sum\limits_{j_{k}=1}^{J_{k}}W_{j_{k}}^{k}I_{i,j_{k}}^{k}}{K} \text{, where: } K = \text{number of categorical indicators; } J_{k} = \text{number of categories for } K$$

indicator k; $W_{j_k}^k$ = the weight (normalized first axis score) of category j_k ; I_{i,j_k}^k = the binary variable 0/1 taking the value 1 when the unit i has the category j_k . (Asselin, 2002, pp. 22,30)

2. Preliminary analysis of data set

The data used in the study are drawn from the POB (Public Opinion Barometer) survey conducted in 2003 by The Gallup Organization Romania.

Table 1. The first set of 41 variables describing poverty

Means of subsistence	Infrastructure		
Could your household afford buying or producing the daily necessary bread?	Which type of water supply do you have in your house?		
Could your household afford a meal with meat or fish at least once a week?	How do you procure warm water for your household?		
Could your household afford buying new	Is your house connected to electricity?		
clothes and not second hand ones?	Is your house connected to sewerage?		
Health	Is your house connected to gas?		
How satisfied are you of your health?	Which type of heating does your house have?		
Could your household afford buying necessary	Does your house have a toilet (WC)?		
medicines?	Does your house have a bathroom, shower?		
	Does your house have a kitchen?		
Have you appealed to a doctor for consultation, treatment or surgery intervention	Distance to the closest town		
in the last 5 years?	Living conditions		
Education and access to information and communication	How many rooms for living (apart from bathroom, kitchen and hall) do you have?		
Do you have a fixed phone in your household?	Which is the total surface (square meters) of		
Do you have a mobile phone (including from your job) in your household?	the rooms (apart from bathroom, kitchen and hall) your household occupies?		
Do you have a black & white TV in your	Type of the house		
household?	Zone where the house is located		
Do you have a color TV in your household?	Elements of comfort – Do you have a in		
Do you have cable TV in your household?	your household?		
Do you have a video player in your household?	refrigerator		
Do you have a computer in your household?	freezer		
Do you have access to internet in your	non-automatic washing machine		
household?	automatic washing machine		
How often are you reading news-papers?	car		
How often are you listening to radio?	Possibilities/sources, alternative to income,		
How often are you watching TV?	to satisfy consumption		
How often are you reading books?	Does your household own or use a garden for		
Do you know how to use a computer?	green stuffs, vineyard, corn, trees etc.?		
Last graduated school	Do you own or use any agricultural field?		

From this survey questionnaire a first subset of 41 indicators describing various dimensions of poverty was extracted. The selected indicators are mentioned in table 1 and refer to: means of subsistence; health; education and access to information and communication; infrastructure; living condition; elements of comfort; possibilities/sources, alternative to income, to satisfy consumption needs. Both the questionnaire and the data base in SPSS format are available on-line on www.osf.ro.

The first step in building the composite indicator is to explore data with a preliminary data reduction analysis as MCA in order to identify some structure in the large set of categorical indicators.

The MCA eigenvalues highlight the distinction of the first factorial axis as it explains 29.2% of the total inertia of the variables group, whereas the other axes show a much lower explanatory power (each with less than 10.1% of the inertia explained). This distinction of the first factorial axis underscores the particular phenomenon of poverty, as it opposes poor households to those less poverty affected. Therefore further analysis will mainly center on this axis which describes poverty.

It is necessary that all the selected indicators to have the property of First Axis Ordinal Consistency (FAOC) so that the MCA first factorial axis to effect an ordering of households in accordance with their level of welfare/poverty (Asselin, 2002, p. 19). This property means, in this case, that from left to right, for each indicator, poverty condition expressed by the indicator is improving. Graphical representations drawn to verify FAOC property revealed that 11 variables don't have the property. Seven of them were brought to FAOC by a simple recoding of their categories, while the other 4 were excluded from further analysis, as they were not ordinal in nature or they couldn't be brought to a form that would have allowed them to have FAOC property. The four excluded variables are: *Zone where the house is located, Type of the house, How often are you watching TV?* and *Which type of heating does your house have?*.

By ordering the discrimination measures (the variances of the factorial scores obtained by the set of categories associated to each indicator) in the first factorial axis I identified another 3 variables to be excluded from further analysis because of their much lower discriminatory power (under 0.01) comparing to the others: How many rooms for living (apart from bathroom, kitchen and hall) do you have?, Do you have a non-automatic washing machine in your household?, Have you appealed to a doctor for consultation, treatment or surgery intervention in the last 5 years?

3. Construction of the Poverty Composite Indicator with a final MCA

A final MCA run on the 34 indicators retained for the construction of the composite indicator has resulted in a considerable increase in the explanatory power of the first axis, which has risen from 29.2% to 31.2%. Thus, the average discrimination measure of the remaining 34 indicators is higher and the first axis appears stronger. More than that, all the indicators respect now the FAOC property.

According to discrimination measures, variables that have contributed the most to the construction of the first axis were: Does your house have a bathroom, shower? (0.710), Does your house have a toilet (WC)? (0.703), Is your house connected to sewerage? (0.703), Which type of water supply do you have in your house? (0.699). Variables that contributed the least to the formation of the first axis were: Is your house connected to electricity? (0.022) and Which is the total surface (square meters) of the rooms (apart from bathroom, kitchen and hall) your household occupies? (0.051).

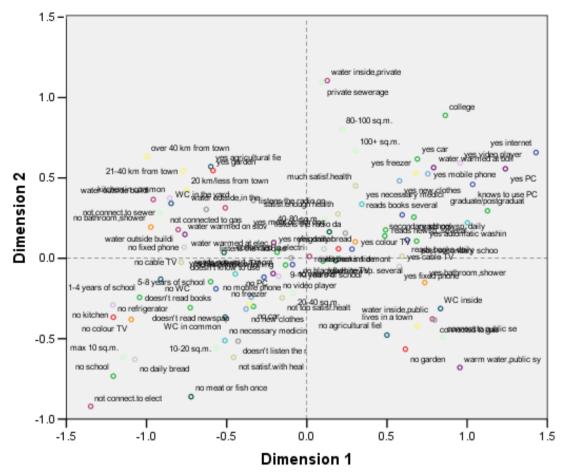


Figure 1. Joint Plot of Category Points

Source: Output obtained with SPSS using POB 2003 data

Figure 1 presents the joint plot of category points corresponding to modalities' scores on the first 2 axis. Modalities with positive scores increase welfare, while those with negative scores reduce it. The largest positive scores are observed to be associated with goods and comfort elements whose ownership is limited to a certain number of well-to-do households. This situation refers to possessing a computer, having access to Internet, possessing an automatic washing machine, having access to basic utilities (drinking water, heating, sewerage) inside the house. At the same time, positive high scores are specific to a very high level of education (graduate or postgraduate studies). Larger negative scores are on the first axis lesser the households possess such goods and their access to education and information is limited. This is the case of households that lack refrigerator, color TV, cable TV or phone, that live far away from a town, in very small spaces, which are not connected to basic utilities (electricity, sewerage, drinking water), and that lack minimum conditions of comfort (toilet, bathroom/shower, kitchen inside the house). In addition, low scores are specific to not or less educated persons, that have low access to information and that can't afford the minimum nutritional necessary in nourishment.

4. Describing poverty affected households through their socio-demographical characteristics

Table 2 shows PCI values corresponding to the modalities of a few illustrative socio-demographical characteristics of the households involved in this study. Analysis of the relationship between PCI and these characteristics allowed me to identify the poverty profile of Romanian households:

Table 2. PCI values for the categories of illustrative variables

AREA		GENDER	
urban	0.689	masculine	0.014
rural	-0.789	feminine	-0.011
LOCALITY SIZE		HOUSEHOLD SIZE	
city, over 200.000 inhabitants	0.866	1 person	-0.301
big town, 100-200.000 inhabitants	0.815	2 persons	-0.069
small town, 30-100.000 inhabitants	0.611	3 persons	0.347
very small town, under 30.000	0.056	4 persons	0.180
inhabitants		5 persons	-0.188
village center of a commune	-0.702	6 persons	-0.272
village	-0.946	7 persons	-0.798
AGE		8 persons	-1.251
18-24 years	0.307	9 persons	-0.637
25-34 years	0.091	10 persons	-0.987
35-44 years	0.142	11 persons	-1.500
45-54 years	0.185	12 persons	-1.694
55-64 years	-0.172	13 persons	-1.784
65+ years	-0.420	14 persons	-1.571
NATIONALITY		MARITAL STATUS	
Romanian	0.005	married	0.015
Magyar	0.270	living together but not married	-0.207
Rom	-1.073	divorced	0.211
German	0.576	separated	0.221
Other	-0.317	never married	0.262
RELIGION		widowed	-0.450
orthodox	-0.015	TYPE OF THE HOUSE	
Romano catholic	0.151	individual house	-0.547
protestant	0.190	building with multiple dwellings	0.028
Greek catholic	-0.127	villa (2-4 apartments)	1.046
neo-protestant	-0.082	block of flats with comfort 1 or 2	0.956
without religion	0.159	block of flats with comfort 3,4 or	0.388
other	0.150	ex hostel	
TYPE OF THE ACCESS ROAD TO		improvised shelter	-1.597
DWELLING – for rural areas		ZONE WHERE THE HOUSE IS LO	CATED
asphalted	-0.564	central area	0.132

paved	-0.721	suburbs	-0.158
of earth	-1.023	other area than central or suburbs	0.177

Source: Results obtained with SPSS using POB 2003 data

- The poorest households live in rural areas. As for the locality size, PCI values rise with the number of inhabitants and with proximity to a town.
- In rural areas, the quality of access roads to dwelling is a factor of great influence on the
 level of poverty. Thus, PCI values for the households that have a road made of earth
 passing in front of their houses is twice smaller than for those that benefit of an asphalted
 access road to their house.
- According to their location, the most poverty affected households can be found in the regions North East and South West (figure 2).
- Poorest persons are met in localities suburbs and usually live in improvised shelters. A significant negative value of the indicator is also obtained for the households that live in individual houses, these being specific, ordinarily, to rural areas. People with the highest living standard live in blocks of flats with comfort 1 or 2 or in villas with at most 4 apartments.
- Overall, households managed by a man have a higher living standard than those managed by a woman.
- Looking at the age, the poorest persons are those from 55-64 years and 65 years and over age groups. These age groups also obtained the only negative values of the indicator (-0.172 and -0.420).
- In can be noticed a generalized spreading of poverty among gypsies. At the opposite
 position, there are German or Magyar households which enjoy the highest living
 standard.
- In accordance with the results obtained for nationality, the most well-to-do households are those that embrace protestant or Romano-catholic religions. Given the great spreading of orthodox religion among Romanians, PCI values for people of Romanian nationality and for those of orthodox religion are much closed (0.005 and -0.015). The most poverty affected are Greek Catholic and neo-protestant households.
- Poverty level rises significantly for the households with more than 5 members. A high level of poverty is noticed also for single persons.
- PCI values for the marital status of the household head shows that widowed persons are the most affected, together with those who live together without being married.

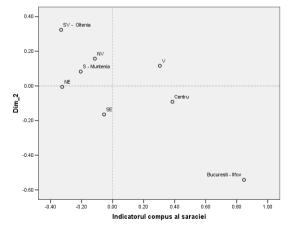


Figure 2. Relationship between PCI and region

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THE VOLATILITY OF THE FINANCIAL MARKET – A TEORETICAL APPROACH

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Abstract: During the last years, the financial markets have been subject to significant fluctuations of their financial actives. These spectacular movements have revived the interest, in the academic circles and policy makers and regulation and control authorities as well, for the financial market volatility. The analysis of these phenomena is justified by the fact that the stock exchange chocks have significant effects on the financial stability and they can lead to serious consequences in the real economy.

Key words: financial markets, volatility, efficient markets

1. Introduction

Le débat sur les raisons de l'existence d'une volatilité et de son évolution reste toujours ouvert et ouvre des nouvelles pistes aussi bien pour la recherche que pour la pratique financière. Toute la modélisation « traditionnelle » des fluctuations boursières est fondée sur l'hypothèse que la rentabilité d'un actif financier peut être décrite par un processus aléatoires à accroissements indépendants et identiques, de loi gaussienne. Cela revient à dire que le risque est appréhendé uniquement par l'écart type ou la variabilité de la rentabilité d'un actif. L'utilisation de la loi normale pour décrire l'évolution des rentabilités est très convenable en finance ; la distribution gaussienne est entièrement caractérisée par ses deux premiers moments, l'espérance et la variance, correspondant, du point de vue financier, à la rentabilité attendue et à la probabilité de se situer au-dessus ou au-dessous de cette rentabilité espérée. De plus, le risque de dispersion de rentabilité autour de leur moyenne est limité ce qui signifie également que le nombre de valeur extrême observées sur un marché est très réduit par rapport au nombre de valeurs proches de la moyenne et la probabilité de saut de cours ou de fluctuation très brusque du marché est très faible.

Schwert²⁹¹ a désigné qu'une augmentation de la volatilité de marché boursier (mesurée par le pourcentage de variation dans les prix ou taux de rentabilité) apporte une possibilité accrue à un grand changement de prix. La mesure de la volatilité boursière la plus souvent utilisée est standard déviation. Shiller²⁹² dont le travail est appuyé par Spiro²⁹³ a conclu que la volatilité boursière est excessivement élevée relative aux valeurs fondamentales. En fonction de pourcentage des mouvements de prix, la volatilité a augmenté dramatiquement pendant de courts intervalles, avec des périodes de volatilité forte comme 1987 pour actions, 1992 pour taux d'échange et 1994 pour obligation. Comme montré par Kupiec²⁹⁴, la volatilité a accru au cours de cette période dans plusieurs pays OCDE. Son argument est que cette volatilité moyenne élevée résulte de courtes périodes de volatilité des rentabilités élevés anormales ce qui provoque des mesures de volatilité moyenne pendant la décennie.

En fait, la volatilité a pu être considérée comme « excessive », ces dernières années, plus exactement sans rapport avec la volatilité des facteurs économiques sous-jacents. L'envolée du cour des actions entre 1995 et 2000 apparaît ex post « anormale » : des mouvements d'anticipations exagérées, des comportements conventionnels, voire mimétiques, un endettement de certaines entreprises en hausse, une volonté aveugle des agents à vouloir participer au mouvement de hausse des cours, des pressions commerciales du *sell-side*, des scandales financiers à répétition, des révisions de bénéfices espérés induits par des comptabilités

²⁹³ Spiro, P. S., *Foreign borrowing and the real exchange rate*, Journal of Macroeconomics 12, Fall, 1990, p. 611-624

²⁹¹ Schwert, G. W., Stock Market Volatility, Financial Analysts Journal, May-June 1990, P. 23-34

²⁹² Shiller, R., Market Volatility, Cambridge (Mass.) London, Mit Press, 1989

Kupiec, P., *Noise traders, excess volatility, and securities transaction tax,* Finance and Economics Discussion Series 166, Board of Governors of the Federal Reserve System (U.S.), 1991

« rectifiées », des incertitudes géopolitiques... Tous ces facteurs, maintes fois évoqués ont conduit à une sur-valorisation des cours boursiers qui vont finalement s'effondrer au cours de l'année 2000.

2. La volatilité : quelle définition ?

2.1. Les conceptions de la volatilité

Dans le débat actuel il y a certaines ambiguïtés sur le mot volatilité. Certes le mot volatilité a un sens précis en statistique financière, mais ce qui est dans tous les esprits va au-delà du strict concept statistique, au point que dans une acception très générale, volatilité et incertitude tendent à se confondre. La volatilité peut être comprise comme une valeur mesurant la propension d'une valeur mobilière, ou du marché, à varier significativement à la hausse ou à la baisse. Plus un titre a tendance à varier fortement sur une courte période de temps, plus il sera dit volatil. Pour les actions, la mesure de la volatilité relative d'un titre par rapport à l'ensemble du marché s'effectue à l'aide du bêta. Pour les obligations, le concept de volatilité est relié à celui de duration. Andersen²⁹⁵ a proposé une définition de la volatilité qui dépasse le cadre du simple synonyme pour la notion de la volatilité ou pour les mesures explicites de la volatilité telles que l'écart type ou la variance de la série des rentabilités : « la volatilité caractérise la structure complète des moments conditionnels d'ordre 2 par rapport à toute l'information disponible et pertinent ». Il existe des définitions très précises de certains indicateurs techniques de la volatilité. La volatilité est considérée généralement comme l'écart entre un prix de marché et les fondamentaux économiques qui justifient rationnellement la valorisation de l'actif considéré. Olivier Pastré²⁹⁶ trouve cette définition rationnelle seulement en apparence et surtout uniquement en statique. Son argument est que la volatilité n'a de sens et d'impact sur les mécanismes économiques qu'en dynamique.

Selon Kevin Daly²⁹⁷, la volatilité peut être définie comme la variabilité de la variable sous considération. Plus la variable fluctue durant une période, plus elle est censé être volatile. La volatilité est associée à l'imprévu, l'incertain et le risque. Pour le public générale, le terme est synonyme avec le risque, ainsi une forte volatilité est considérée comme un symptôme de la perturbation à cause de laquelle les transactions des valeurs boursières ne sont pas réalisées à juste prix et le marché de capital ne fonctionne pas bien comme il le faut. La théorie moderne d'évaluation d'option (Modern option pricing theory), commencée par Black et Scholes²⁹⁸, a accordé un rôle central à la volatilité en déterminant la juste valeur d'une option. Dans le formule d'évaluation d'option de Black et Scholes, la volatilité de rentabilité de l'actif sous jacents représente un paramètre important et son importance est amplifiée par le fait qu'elle la seule variable qui n'est pas observable directement. Bien que la volatilité réalisée peut être calculée à partir des données historiques, une valeur théorique d'une option dépend de la volatilité qui sera éprouvée dans la future sur sa durée de vie entière. Malgré de grand nombre des études amenées sur ce sujet, les causes de la volatilité des marchés financiers et monétaires restent relativement peu connues.

2.2. Ses déterminants

Nelson²⁹⁹ a fait la liste de quelques facteurs associés avec les changements de la volatilité de marché. Les plus importants comprennent :

• *Corrélation sérielle positive* de la volatilité : c'est-à-dire que les grands changements ont tendance à être suivis par les larges variations de même signe et les faibles changements ont tendance à être suivis par les petites variations (Mandelbrot³⁰⁰).

20

²⁹⁵ Andersen, T. G., *Volatility*, Working Paper 144, Evanston, Illinois, Northwestern University, 1992

²⁹⁶ Pastre, O., *Les Racines De La Volatilité. Les Marchés Financiers Sont-Ils Rationnels*? Les Chroniques Economiques 2002, Le Cercle Des Economistes, Avec La Participation D'euronext, Descartes Et Cie, P.41-53

²⁹⁷ Daly, K. J., Financial Volatility and Real Economic Activity, Ashgate Publishing, Aldershot, UK, 1999

²⁹⁸ Black, F., Scholes, M., *The Pricing of Options and Corporate Liabilities*, Journal of Political Economy 81 (3), 1973, p. 637-654

Nelson, D., Asymptotic filtering theory for multivariate ARCH models, Journal of Econometrics, 71, 1996, p. 1 - 47

- Trading et non-trading days: Fama³⁰¹ et French et Roll³⁰² ont indiqué que les jours de transaction et non-transaction contribuent à la volatilité. En particulier, la volatilité boursière a tendance à augmenter le Lundi plutôt que d'autres journées de la semaine, ceci reflète que les mouvements de prix des titres à Lundi se basent sur les informations arrivées pendant une période de 72 heures. Tandis que pendant les autres journées de transaction, les mouvements de prix reflètent l'apparition des nouvelles seulement durant 24 heures.
- L'effets de levier: offre une explication partielle des changements de la volatilité de marché. Lorsque les prix des titres des entreprises baisse, elles deviennent plus endettées et la volatilité de leur rentabilité s'amplifie typiquement. Toutefois, Black³⁰³ a donné l'argument que l'effet mesuré des changements de prix des titres sur la volatilité est trop grand à être expliqué entièrement par des changements de l'endettement.
- *Récessions et crises financières*: Au cours des récessions et des crises financières la volatilité boursière a tendance à être plus forte. Par exemple, la volatilité boursière a atteint un pic historique durant la Grande Dépression (pendant les années 1930) (voir Schwert³⁰⁴, et Officer³⁰⁵).
- *Taux d'intérêt nominal élevé* : est démontré d'être associés à la volatilité excessive de marché (voir Fama et Schwert³⁰⁶; Christie³⁰⁷).

2.3. Les facteurs influant la volatilité

Une façon d'étudier les influences sur la volatilité est de calculer la volatilité durant plusieurs fréquences différentes. Les donnés historiques ont démontré que quelles que groupes de volatilité successive ne durent pas longtemps, elles ne se maintiennent que pendant quelque heures, tandis que les autres se persistent une décennie. La source primaire de changements de prix de marché est l'arrivée de l'information sur la valeur fondamentale d'un actif. Si les nouvelles arrivent successivement et rapidement, et si la fréquence est élevée suffisamment pour reprendre l'arrivée de nouvelles, alors il y aura de succession de volatilité de rentabilités. Au niveau plus élevé de fréquences, la source la plus plausible de volatilité représente des pressions et perturbation introduits par *noise trading*. A plus faible fréquence, les plus probables influences sont des changements macroéconomiques et institutionnels. Par exemple, la volatilité excessive durant les années 1930 a été attribuée aux événements macroéconomiques.

Il paraît intuitif à séparer les facteurs influant la volatilité en ceux à long terme et à court terme :

• Les facteurs à long terme : Une des influences à long terme est levier financier de l'entreprise (dettes/capitaux propres). Christie³⁰⁸ et Black³⁰⁹ ont identifié les pics de volatilité aux déclins de cours boursiers en basant sur les effets que le levier financier de

³⁰⁰ Mandelbrot, B., *The Variation of Certain Speculative Prices*, Journal of Business, 1963, Vol. 36, No. 4, p. 394-419

³⁰¹ Fama, E. F., *The Behavior of Stock-Market Prices, Journal of Business*, Volume 38, Issue 1, Jan., 1965, p.34-105

³⁰² French, K., Roll, R., Stock *return variances: The arrival of information and the reaction of traders*, Journal of Financial Economics, 17, 1986, p. 5-26

³⁰³ Black, F., *The pricing of commodity contracts*, Journal of Financial Economics 3(1), 1976, p. 167-179

³⁰⁴ Schwert, G. W., Op. Cit.,

³⁰⁵ Officer, R. R., *The Variability of the Market Factor of the New York Stock Exchange*, Journal of Business, 46 July 1973, p. 434-453

³⁰⁶ Fama, E. F., Schwert, G. W., *Human capital and capital market equilibrium*, Journal of Financial Economics, Elsevier, vol. 4(1), 1977, p. 95-125

³⁰⁷ Christie, A. A., *The stochastic behavior of common stock variances*, Journal of Financial Economics, 1982, vol. 10, issue 4, p. 407 - 443

³⁰⁸ Christie, A. A., Op. Cit.

³⁰⁹ Black, F., *Op. Cit.*

l'entreprise porte à la volatilité. L'argument est essentiellement circulaire, parce que les déclins de cours boursiers augmentent le risque financière, étant donné que le ratio dettes/capitaux propres augmente. Cet accroissement du risque financier, à son tour, augmente l'espérance de rentabilité de l'action ce qui hausse le prix actuel du titre. Schwert³¹⁰ a donné la preuve d'une corrélation positive entre le levier financier et la volatilité. Les pics majeurs de volatilité ont été associés à la Grande Dépression pendant les années 1930, la crise de pétrole chez les pays OCDE en 1974, et le krach boursier Octobre 1987. Il a montré également que la volatilité de production industrielle est le plus élevée durant les récessions financières.

• Les facteurs à court terme : Les facteurs qui influencent la volatilité pendant le court terme comprennent le volume de transaction, la transaction *contrariant*, et l'introduction des contrats à terme et d'options. Peut-être le plus remarqué sur ces facteurs est l'association entre volume de transaction et volatilité. On a montré l'existence de la relation positive entre ce facteur et la volatilité de marché. Le folklore de marché suggère que le volume de transaction est associé positivement à la volatilité. Karpoff³¹¹ a reconsidéré la théorie et preuve sur cette relation et a conclu qu'il y a un fort soutien d'une positive relation. French et Roll³¹² ont trouvé que la volatilité sur la NYSE au cours des heures de transaction est beaucoup plus grande que pendant les heures nontransation de weekend et ceci est dû à l'arrivée de l'information privée plutôt que celle publique. Par définition, l'information privée ne peut avoir l'impact sur le prix qu'à travers transaction, alors que l'information publique peut influencer le prix à tous moments.

3. Les conséquences

3.1. Volatilité financière et stabilité macroéconomique

Lorsqu'on évoque l'incidence de la conjoncture boursière sur l'activité économique, on pense d'abord à l'effet de richesse (influence de richesse financière sur la consommation). Les ménages dépensent en fonction de leur patrimoine, les variations boursières doivent affecter la demande globale. L'importance de l'effet de la richesse a fait l'objet d'estimation très différente selon les pays et les spécifications utilisées :

- Dans les pays anglo-saxons dans lesquels la détention de valeurs mobilières est très développée, la richesse financière exerce une influence significative sur la consommation. Donc, l'envolée boursière a joué un grand rôle dans la croissance rapide de la consommation américaine au cours des années 90.
- Dans les pays d'Europe continentale, les estimations de l'effet de richesse sont ambiguïtés. La raison et que la richesse accumulée sous la forme de valeurs mobilières est encore faible et il existe une mouvement de bascule entre le prix des actions, des obligations et de l'immobilier.

La capacité d'offre de crédit bancaire est dépendante des fluctuations boursières. Cette capacité est fonction de la capitalisation des banques, parce que la régulation prudente et la meilleure conscience des risques contraignent l'activité de crédit en proportion des capitaux propre. Or ceux ci évoluent en fonction du prix de marché des actifs et des dettes bancaires. Désormais, les fluctuations des marchés boursiers se transmettent aux variations du crédit bancaire. Ceci contribue à amplifier l'impact des anomalies boursières sur le cycle économique. Il ne faut pas déduire que les cycles du crédit sont exclusivement dus aux mouvements de prix d'actifs. De nombre expériences historiques démontrent que les dérèglements de l'offre de crédit s'alimentent à bien d'autres illusions. En particulier, les banques ont tendance à distribuer exagérément leurs crédits lorsque l'activité est soutenue et que les résultats d'entreprises sont bons tandis

³¹⁰ Schwert, G. W., Op. Cit.

³¹¹ Karpoff, J. M., *The Relation Between Price Changes and Trading Volume*, Journal of Financial and Quantitative Analysis, Vol. 22, Iss. 1, 1987, p. 109-126

³¹² French, K., Roll, R., Op. Cit.

qu'elles se montrent trop restrictives en période de base conjoncture. C'est à dire le marché financier n'est pas les seuls responsables de l'instabilité économique.

3.2. Volatilité et gouvernement d'entreprise

Il reste que le rôle d'un système financier ne consiste pas seulement à permettre l'adéquation macroéconomique de l'épargne à l'investissement. Il est aussi d'assurer l'orientation et le contrôle des décisions de la firme, parce qu'il cristallise la répartition des droits de propriété entre les différents « partie - prenants ». Dans tous les pays industrialisés, on a assisté à un nivellement des taux d'autofinancement et dans une moindre mesure des taux d'intermédiation. Dans les pays d'Europe continentale, et particulièrement en France, la place du financement directe s'est accrue, tandis que l'on a assisté curieusement à une remontée des financements intermédiés au Royaume - Unis. La différence des systèmes financiers d'un pays à l'autre est la place qu'ils accordent aux divers auteurs de l'entreprise (différents apporteurs de capitaux) dans la définition de ses objectifs et le contrôle de sa gestion. Les choix de la firme sont différents selon le pouvoir relatif accordé à l'actionnariat dispersé, aux détenteurs de blocs de contrôle, aux investisseurs ou aux banques. Les établissements des crédits s'intéressent principalement à la capacité de remboursement de la firme : ils sont concernés que par une partie de la distribution de probabilité des résultats. Mais les actionnaires ne sont pas affectés de la même facon par ces résultats : ils détiennent une option d'achat sur les actifs de l'entreprise. Et valeur de cette option augmente, sous certaines conditions, avec les risques pris. Les éventualités de rendement très élevé les intéressent, même si la probabilité est faible. Donc, il existe un conflit d'intérêt bien connu entre prêteurs et actionnaires.

L'opposition classique entre système orienté par la banque et système orienté par le marché recouvre ce genre de considération :

- Les crédits intermédiaires sont générés dan le cadre d'une relation bilatérale et hiérarchique : la résolution des asymétriques informations s'opère par des apprentissages et des analyses propres à la banque, par la prise de garantie. Ces caractéristiques favorisent des relations de financement stable, parce que la formation et l'appréciation des résultats bancaires s'inscrivent en principe dans le moyen long terme. Cela facilite les compromis entre l'ensemble de ses parties prenantes et permet de détendre l'horizon des choix de l'entreprise. En revanche, des relations de trop grande proximité, ou de connivences, entre firmes et institutions financières peuvent bloquer les restructurations nécessaires et rigidifier la gestion.
- Un système de marché présente l'avantage d'une plus grande flexibilité parce qu'il permet une allocation plus flexible du capital, une réorientation plus rapide des financements entre activités. Le fait de privilégier l'objectif de rentabilité des capitaux propres génère des contraintes de résultats plus précis, plus rigoureux, ce qui peut s'avérer utile dans des secteurs pour lesquels les incertitudes technologiques ou commerciales sont fortes. A partir des années 80, on a choisit de désintermédiaires le système de financement en Europe (il fallait casser des relations trop stables pour favoriser le ré déploiement industriel. Donc, il n'y a pas de forme optimale des systèmes financiers.

La valeur d'un système contrôle sur le marché repose sur la fiabilité des signaux qu'il diffuse. Il faut que ces signaux créent des incitations, impriment des orientations qui garantissent, au plan macroéconomique, une allocation efficiente des capitaux entre les emplois possible. C'est en l'occurrence la valorisation microéconomique. C'est pourquoi le prix de marché doit concentrer toute l'information pertinente. Tout écart à cette valeur entraîne la défaillance du système de contrôle. L'euphorie boursière était capable de gripper le système de gouvernance des grandes entreprises. Les valorisations explosives ont anesthésié la vigilance des conseils d'administrations, des actionnaires, des établissements de crédit. Lors que la sanction est venue, lorsque las actionnaires et les préteurs ont réalisé ce qui allait leur arriver, il était trop tard. La situation était devenue irréversible et le signal diffusé par le marché ne servait plus à rien. Le dommage est d'autant plus grave que dans ce genre de situation, la perte sociale dépasse souvent les pertes des apporteurs de capitaux.

Conclusion

Depuis le rejet de l'hypothèse de l'efficient de marché, la volatilité existe. Sur le marché financier, la volatilité est connue comme les variations des prix d'actifs et des rentabilités. Avec l'existence de la volatilité, plusieurs chercheurs essayent d'étudier la raison de la volatilité du marché. La raison de volatilité n'est pas seulement les informations existantes sur le marché mais aussi les comportements des investisseurs, les bulles spéculatives et plusieurs autres facteurs. Avec ses influences, la volatilité fait stabiliser les marchés financiers et fait stabiliser aussi l'économie mondiale. L'influence de volatilité peut être diminuée si on la connaît bien et si on peut l'anticiper. Avec les recherches sur la volatilité, on connaît bien les raisons et les conséquences de la volatilité, les solutions et les formules sont aussi nées en espérant qu'on peut anticiper bien la volatilité et limiter les conséquences de volatilité sur l'économie. Ayant de bonnes connaissances et des utiles, normalement, on doit bien contrôler la volatilité mais jusqu'à maintenant, ce qu'on peut faire est seulement de calculer la volatilité dans le passé et analyser ses conséquences qui sont réalisées. Notre but de l'anticiper et limiter les conséquences n'est pas faits. Bien que les méthodes soient bonnes et les critiques sont exacts, la volatilité suit une marche aléatoire donc, il est très difficile de la suivre. Dans l'avenir, c'est sur que les autres recherches seront faits et on espère qu'elles nous aident à résoudre les raisons d'existence de la volatilité et la contrôler.

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THE VOLATILITY OF THE FINANCIAL MARKET – A OUANTITATIVE APPROACH

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Abstract: During the last years, the financial markets have been subject to significant fluctuations of their financial actives. These spectacular movements have revived the interest, in the academic circles and policy makers and regulation and control authorities as well, for the financial market volatility. The analysis of these phenomena is justified by the fact that the stock exchange chocks have significant effects on the financial stability and they can lead to serious consequences in the real economy.

Key words: financial markets, volatility, efficient markets

1. La mesure de la volatilité

Les fluctuations de cours sont cependant inhérentes à l'existence même des marchés, tout intervenant s'exposant à un risque de perte qu'il doit assumer. La question, sur laquelle la littérature économique et financière se penche depuis environ un siècle, est alors de savoir s'il est possible d'estimer ce risque, tant d'un point de vue théorique qu'empirique. Dans cette optique, de nombreux travaux ont assimilé la notion de risque à celle de la volatilité des rendements des actifs. Dans cette partie, nous allons présenter quelques méthodes pour mesurer la volatilité. Elles sont groupées selon leurs caractéristiques : mesurer la volatilité en utilisant les formules statistiques ou en utilisant les modèles.

1.1. Les mesures statistiques

Sur le marché financier, la volatilité est mesurée comme l'écart type de la rentabilité. L'estimation de l'écart type des rentabilités journalières servent comme une méthode utile pour caractériser l'évolution de la volatilité. Cette statistique mesure la dispersion de la rentabilité :

$$\sigma = \frac{\sqrt{\sum_{1}^{T} \left(R_{t} - \overline{R}\right)^{2}}}{T - 1} \tag{1}$$

Dans cette formule, \bar{R} est la rentabilité moyenne de l'échantillon, $\bar{R} = \sum R_t / T$. L'écart type est une mesure simple mais utile de la volatilité parce qu'il résume la probabilité de recevoir les valeurs extrêmes de rentabilité. Quand l'écart type est grand, la chance d'avoir une rentabilité élevée positive ou négative est grande. Plusieurs études ont utilisé la modification de l'écart type pour mesurer la volatilité. Hooper et Kohlhagen³1³, Cushman³1⁴, ont utilisé l'écart type de taux de change comme a procuration pour la volatilité du taux de change. La mesure de la volatilité qui concentre sur l'aspect incertitude de la volatilité est la *Root Mean Square Percentage Error* (RMSPE). C'est une mesure simple et bonne de la prédiction des erreurs, et peut être représentée par la formule suivante :

$$RMSPE = 100 \sqrt{\frac{1}{T} \sum_{t=1}^{T} \left(\frac{E_t - E_t^a}{E_t} \right)^2}$$
 (2)

Hooper, P., Kohlhagen, S. W., *The Effect of Exchange Rate Uncertainty on the Prices and Volume of International Trade*, Journal of International Economics, 8(4), 1978, p. 483–512

Cushman, D. O., *The Effects of Real Exchange Rate Risk on International Trade*, Journal of International Economics, 15(1/2), 1983, p. 45–64

Avec E_t représente la variable actuelle de la date t, et E_t^a est la valeur prévisible de cette variable. Comment peut-on générer E_t^a ? Une méthode très simple de générer E_t^a pour la période t est d'utiliser la valeur E_{t-1} . En remplaçant E_t^a par E_{t-1} dans l'équation (2), on a :

$$RMSPE = 100 \sqrt{\frac{1}{T} \sum_{t=1}^{T} \left(\frac{E_t - E_{t-1}}{E_t} \right)^2}$$
 (3)

On peut aussi prendre l'écart type comme l'estimateur de E_t^a , en indiquant la moyenne comme \bar{E} et le substitue dans l'équation (2), on a :

$$SD = \sqrt{\frac{1}{T - 1} \sum_{t=1}^{T} (E_t - E)^2}$$
 (4)

La méthode d'écart type est « scale dependent ». La meilleure méthode qui n'est pas « scale dependent » est le pourcentage de la variation :

$$CV = 100 \frac{1}{E} \sqrt{\frac{1}{T - 1}} \sum_{i} (E_i - E_i)^2$$
 (5)

Ces modèles de l'incertain peuvent être estimés en supposant que σ_t est petite pendant les périodes de temps. Pour ces modèles, on suppose que l'écart type en t ne dépende pas des écarts types passés en t-1, t-2...

1.2. Les modèles

Les formules statistiques ne sont efficaces à mesurer la volatilité que dans les cas où la valeur de l'écart type en t ne dépend pas de celle dans le passé. Pour ces cas, les mesures en utilisant des modèles sont plus efficaces. D'après Engle³¹⁵, la volatilité sur le marché financier est prévisible. Cette affirmation n'est justifiée que dans les cas l'effet ARCH existe. Dans les modèles, les statistiques des séries temporelles sont prises pour trouver la meilleure valeur anticipée de la volatilité. Et en utilisant les statistiques des séries temporelles, il est possible de déterminer si l'information récente est plus importante que celle dans le passé.

Modèle ARCH

Le modèle ARCH introduit par Engle est le développement le plus important. Ce modèle est bien appliqué depuis sa naissance : les modèles CAPM (Capital Asset Pricing Model) et APT (Arbitrage Pricing Model). Engle trouvait en analysant les résultats de modèle d'inflation que les petites et les grandes erreurs anticipées ont l'air d'apparaître en group. Ca suggère une forme d'hétéroscédasticité dans laquelle la variance des erreurs anticipées dépende de la taille des perturbations précédentes. Dans le modèle ARCH, la moyenne et la variance conditionnelle sont utilisées. La moyenne conditionnelle représente la valeur espérée d'une variable en t en conditionnelle des informations disponibles en t-1. C'est à dire l'information précédente est utilisée :

$$m_t = E[y_t/F_{t-1}] = E_{t-1}[y_t]$$
 (6)

avec y_t est la rentabilité de la période t-1 à t, F_{t-1} est l'information disponible en t-1, E est l'espérance mathématique. Quand les investisseurs connaissent les informations en t-1, les décisions d'investissement, la rentabilité espérée des investisseurs, la volatilité pour les investisseurs dépendent de la valeur espérée conditionnelle de y_t . Ces valeurs sont calculées en utilisant la formule de la moyenne conditionnelle auparavant et la formule de la variance conditionnelle suivante :

³¹⁵ Engle, R. Autoregressive Conditional Heteroskedasticity with Estimates of the Variance of U.K. Inflation, Econometrica, 50, 1982, p. 987–1008

$$\sigma_t^2 = E_{t-1} \left(y_t - m_t \right)^2 \tag{7}$$

La volatilité mesure la variabilité des rentabilités, les investisseurs vont estimer plus exactement en utilisant la variance conditionnelle σ_t^2 , parce qu'il dépend des informations en t-1.

Pour analyser la rentabilité y_t qu'on peut recevoir en t, il faut suivre 3 étapes :

- <u>Etape 1</u>: Préciser m_t
- Etape 2 : Préciser σ_t^2
- Etape 3 : Préciser la fonction de densité des résidus.

Sur le marché financier, m_t est normalement désigné comme la prime de risque ou la rentabilité espérée qui est nulle, au moins pour les données de fréquence élevée. Pour la fonction de la densité des résidus, les caractéristiques des rentabilités qui ne suivent pas une distribution normale seront examinées sur plusieurs points particuliers quand on étudie les applications du modèle ARCH. D'après Engle et Gonzalez-Rivera³¹⁶, l'hypothèse que la densité conditionnelle est une distribution normale ne fait pas des affects sensibilités même si elle est fausse. Donc, dans les modèles de cette partie, l'étape 2 est au centre des études. En particulière, on examine comment la variance conditionnelle dépend de l'information passée. La formule de la variance conditionnelle ci dessus est aussi utilisée pour déterminer la prime de risque et la volatilité anticipée.

Modèle ARCH linéaires

ARCH peuvent être définies en terme de distribution des erreurs d'un modèle linéaire dynamique. Supposons qu'on a besoin d'estimer y_t, la rentabilité, par le modèle linéaire suivant :

$$y_t = x_t'\beta + \varepsilon_t \qquad t = 1, \dots T \tag{8}$$

où x_t est un vecteur (k, 1) des variables exogènes, inclus les valeurs décalages de variable dépendante, et ϵ_t est un vecteur (k, 1). Le modèle ARCH caractérise la distribution de l'erreur stochastique ϵ_t conditionnelle en les valeurs réalisées des variables : $\{y_{t-1}, x_{t-1}, y_{t-2}, x_{t-2} ...\}$. L'idée d'Engle (1992) mettait la variance conditionnelle de la série des erreurs comme une fonction des erreurs retardées, de temps, des paramètres, et variables prévisibles :

$$\sigma_t^2 = \sigma^2 (\varepsilon_{t-1}, \varepsilon_{t-2}, \varepsilon_{t-3}, \dots, t, \beta, b)$$

$$\varepsilon_t = \sigma_t^2 Z_t$$
(10)

où $Z_t \sim i.i.d$ avec $E(Z_t) = 0$, $E(Z_t^2) = 1$. Par définition, ε_t est en série non corrélé avec une moyenne nulle, mais la variance conditionnelle de ε_t égal à σ_t^2 qui peut être changé dans le temps. Engle a choisit une forme de fonction pour σ_t^2 :

$$\sigma_t^2 = \omega + \sum_{i=1}^p \alpha_i \varepsilon_{t-1}^2 \tag{11}$$

où ω et { α_i }, i=1, p sont les constantes non négatives. Cette condition est nécessaire pour que σ_t^2 soit non négative. Les caractéristiques distinguées de ce modèle n'est pas seulement que la variance conditionnelle est une fonction de la séries conditionnelle σ^2 (ϵ_{t-1} , ϵ_{t-2} , ϵ_{t-3} ,, t, β , b) mais aussi c'est la forme particulière qu'elle est spécifiée. Les épisodes de la volatilité sont généralement caractérisés comme les chocs pour la variable dépendante. Dans le modèle de régression, un choc grave est présenté par un grand écart type de y_t dont la moyenne conditionnelle est m_t , ou présenté par une grande valeur positive ou négative de ϵ_t . Dans le modèle ARCH, la variance de l'erreur courante, conditionnelle sur l'erreur réalisée ϵ_{t-1} , est une fonction croissante de l'ampleur des erreurs retardées sans tenir compte leur signe. p détermine

³¹⁶ Engle, R. F., Gonzalez-Rivera, G., *Semiparametric ARCH Models*, Journal of Business and Economic Statistics 9, 1991, p. 345-359

la durée de temps avec laquelle les chocs persistent à faire conditionner la variance des erreurs. L'effet du choc de la rentabilité i périodes précédentes (i<p) sur la volatilité courante est déterminé par le paramètre α . Les investisseurs choisissent la valeur de p selon leur estimation de temps la volatilité est changée.

Dans la formule précédente, il y a une corrélation positive entre la série de la variance conditionnelle et la série des erreurs : une valeur élevée de \mathcal{E}_t^2 fait augmenter σ_{t+1}^2 et cette variance augmente la valeur de \mathcal{E}_{t+1}^2 . C'est à dire une valeur élevée (petite) de \mathcal{E}_t^2 donne une valeur élevé (petite) de \mathcal{E}_{t+1}^2 . L'avantage de ce méthode est que les paramètres peuvent être estimés à partir des données historiques et ils sont pris pour anticiper la volatilité. La formule précédente de la variance conditionnelle peut s'écrire comme :

$$\varepsilon_t^2 = \omega + \sum_{i=1}^{p} \alpha_i \varepsilon_{t-1}^2 + [\varepsilon_t^2 - \sigma_t^2]$$
 (12)

Le terme entre la parenthèse n'est pas prévisible.

Le modèle GARCH

Bolleverslev³¹⁷ a développé le modèle ARCH à GARCH, c'est à dire ARCH généralisées. Ce modèle permet d'introduire les variances conditionnelles passées dans la formule pour calculer la variance conditionnelle présente. Un modèle GARCH (p,q) est présenté comme la formule suivante:

$$\sigma_t^2 = \omega + \sum_{i=1}^p \alpha_i \varepsilon_{t-1}^2 + \sum_{i=1}^q \beta_i \sigma_{t-i}^2$$
 (13)

 σ_t^2 est une fonction des valeurs retardée de \mathcal{E}_{t-1}^2 et ω , $\{\alpha_i\}$, i=1,p, et $\{\beta_i\}$, q sont les constantes non négatives. Dans la formule précédente, le modèle GARCH explique la variance par deux séries retardées : une sur les carrés des résidus passées pour capturer les effets fréquents, l'autre sur les variances conditionnelles passées qui représente les influences de long term.

L'équation (13) peut s'écrire sous forme :

$$\varepsilon_t^2 = \omega + \sum_{i=1}^p \left(\alpha_i + \beta_i \right) \varepsilon_{t-1}^2 - \sum_{i=1}^p \beta_i \left[\varepsilon_{t-1}^2 - \sigma_{t-i}^2 \right] + \left[\varepsilon_t^2 - \sigma_{t-i}^2 \right]$$
 (14)

Pour simplifier la formule, le modèle GARCH (1,1) est souvent utilisé dans les applications et ce modèle le plus simple peut se représenter par :

$$\sigma_t^2 = \omega + \alpha \varepsilon_{t-1}^2 + \beta \sigma_{t-i}^2 = \frac{\omega}{1-\beta} + \alpha \sum_{i=0}^{\infty} \beta_i \varepsilon_{t-i-1}^2$$
 (15)

Le modèle GARCH (1,1) dans l'équation (15) présente une combinaison dans la formule de calculer la variance conditionnelle en t. La variance espérée pour la date t est une combinaison d'une tendance, la variance de la période précédente et pris en compte le choc de la période précédente. Et dans cette formule, l'effet d'un choc de la rentabilité diminue géométriquement.

Modèle EGARCH

Dans le cas du modèle GARCH, les résidus sont au carré avant les estimer. Mais, il est possible que les mouvements en baisse et les mouvements en hausse donnent des effets différents sur la prédiction de la volatilité. Nelson³¹⁸ est le premier enquêteur du modèle de l'effet levier (c'est à dire les mouvements en baisse ont plus d'influences que les mouvements en hausse), en introduisant le modèle EGARCH (exponentiel de modèle ARCH). Ce modèle est représenté comme suite :

³¹⁷ Bollerslev, T., *Generalized autoregressive conditional heteroscedasticity*, Journal of Econometrics, 31, 1986, p. 307-327

³¹⁸ Nelson, Daniel B., *Conditional Heteroskedasticity in Asset Returns : A New Approach*, Econometrica 59, 1991, p. 347-370

$$\log \sigma_t^2 = \omega + \sum_{i=1}^{p} \beta_i \log \sigma_{t-i}^2 + \sum_{i=1}^{p} \alpha_i (|\epsilon_{t-i}|/\sigma_{t-i}^2)^{1/2} + \sum_{i=1}^{p} \gamma_i (\epsilon_{t-i}/\sigma_{t-i}^2)^{1/2}$$
(16)

En utilisant le modèle EGARCH, Black³¹⁹ trouve que la volatilité sur le marché boursier a tendance à augmenter après les rentabilités négatives et a tendance à baisser après les rentabilités positives. Le modèle EGARCH exploite cette régularité empirique en mettant la variance conditionnelle en fonction de la taille et le signe des résidus retardés. Etant différent par rapport au modèle GARCH(p,q), le modèle EGARCH ne fait aucune hypothèse sur les paramètres α et β pour assurer la non négativité de la variance conditionnelle. L'équation (13) accepte les valeurs positives et négatives de ϵ_t pour avoir des impacts différents sur la volatilité. Le coefficient γ_I est typiquement négatif, donc un choc positif des rentabilités entraîne une volatilité moins élevée qu'un choc négatif. Le modèle EGARCH donne des différences par rapport au modèle GARCH :

- Premièrement, les bonnes et les mauvaises nouvelles ont des impacts différents sur la volatilité dans le modèle EGARCH mais elles ont des mêmes impacts dans le modèle GARCH
- Deuxièmement, les nouvelles importantes ont des impacts plus importants dans le modèle EGARCH que dans le modèle GARCH standard.

Modèle de Taylor – Schwert

Schwert³²⁰ a développé l'idée de Davidian à supposer que l'estimer σ_t^2 avec la valeur absolue au carré des résidus retardés peuvent être plus robuste avec une distribution petite. Taylor³²¹ a proposé une méthode similaire. En générale, depuis les résidus standards de petite taille sont pris dans les applications empiriques du modèle ARCH, l'utilisation de la valeur absolu des résidus est raisonnable.

Le modèle de Schwert estime les rentabilités mensuelles à partir des sonnées mensuelles. La mesure est plus robuste que celle de l'écart type grâce à leur sensibilité pour les valeurs extrêmes, la mesure était basée sur la déviation absolue de rentabilité par rapport à leur moyenne conditionnelle. Cette méthode d'estimation de la volatilité utilise les 12 variables muettes mensuelles et 12 valeurs retardées de la volatilité.

$$\sigma_t^x = \beta_I(H) \ \sigma_t^x + \sum_{m=1}^{12} \beta_m SD_{m,t} + \varepsilon_{2,t}^x$$
 (17)

où $\beta_l(H)$ est un polynôme avec 12 nombre de retard, $SD_{m,t}$ sont des variables muettes mensuelles pour capturer la variation saisonnière de la moyenne et la variance conditionnelle, σ_t^x sont les innovations qu'on obtient comme la valeur absolue de résidu d'après l'équation :

$$\sigma_t^x = |\varepsilon_{1,t}^x|$$
 où

$$\mathcal{E}_{1,t}^{x} = \Delta log(X)_{t} - E_{t}(log(X)_{t}/I_{t-1}) = \Delta log(X)_{t} - \alpha_{1}(H)\Delta log(X)_{t} - \sum_{m=1}^{12} \alpha_{m}SD_{m,t}$$
 (18)

et $\alpha_1(H)$ est un autre polynôme de 12 nombre de retard. La mesure de volatilité conditionnelle dans l'équation (17) représente une généralisation de l'estimateur standard pour mesurer la volatilité du marché financier parce qu'il permet la moyenne conditionnelle de varier dans le temps d'après l'équation (18) et aussi permet d'appliquer les poids différents dans les calculs les changements imprévisibles de rentabilité dans l'équation (17). Cette mesure est utilisé par Schwert pour tester la relation entre la volatilité de marché financier et celle des économies sous jacents (l'inflation, ...).

902

³¹⁹ Black, F., *The pricing of commodity contracts*, Journal of Financial Economics 3(1), 1976, p. 167-179

³²⁰ Schwert, G. W., Stock market volatility, Financial analysts journal, May-June 1990, p. 23-34

³²¹ Taylor, S., *Modeling Financial Time Series*, Wiley and Sons, New York, NY, 1986

Modèle de Black - Scholes

Les recherches théoriques et empiriques sur les prix de marché boursier depuis 1950 sont sous les hypothèses de l'efficients de marché du modèle de marche au hasard. Dans un marché efficient, le mouvement de prix d'actifs peut se représenter sous la forme :

$$r_{t} = \frac{S_{t} - S_{t-1}}{S_{t-1}} = \mu_{t} + \varepsilon_{t} \text{ ; avec } E(\varepsilon_{t}) = 0 \text{ et } Var(\varepsilon_{t}) = \sigma_{t}^{x}$$
 (19)

La rentabilité en t, r_t , est le pourcentage de changement de prix f'actif S de me période t par rapport à la période t-1. Ce pourcentage est égal à μ_t , la moyenne conditionnelle aléatoire de la période t, plus un terme de moyenne nulle ε_t , qui est indépendante par rapport aux ε dans le passée et dans le future. Il n'existe pas une corrélation entre les ε d'après l'hypothèse de marché efficient; les changements des prix dans le passé ne donnent aucune information pour ceux au présente. Si S suit une marche au hasard, alors l'espérance mathématique de la rentabilité est nulle et sa variance est constante dans le temps. Par conséquent, μ_t peut être nul et la variance de ε_t est constante dans le temps. En dérivant la formule de prix d'actif, il faut que les prix changent pendant une très petite période de temps. La formulation qu'ils adoptent est une extension du modèle de marche au hasard dans le cas de temps continu.

$$dS/S = \mu dt + \sigma dz$$

où dS est le changement de prix d'actif en une intervalle infinitésimale de temps dt, μ est ma rentabilité moyenne, dz est la perturbation aléatoire avec la moyenne nulle et σ est la volatilité (l'écart type de taux annuel). D'après ce modèle, la rentabilité suit une distribution normale et le prix d'actif suit une distribution log normal. C'est à dire la rentabilité cumulée pendant une période T a une espérance = μ T, variance σ_t^2 T et l'écart type = $\sigma \sqrt{T}$. La caractéristique très intéressante de ce modèle de prix d'actif est qu'avec un niveau de volatilité constante, l'écart type, σ , de la rentabilité totale durant une période augmente avec la racine de cette durée de temps.

2. Conclusion

Depuis le rejet de l'hypothèse de l'efficient de marché, la volatilité existe. Sur le marché financier, la volatilité est connue comme les variations des prix d'actifs et des rentabilités. Avec l'existence de la volatilité, plusieurs chercheurs essayent d'étudier la raison de la volatilité du marché. La raison de volatilité n'est pas seulement les informations existantes sur le marché mais aussi les comportements des investisseurs, les bulles spéculatives et plusieurs autres facteurs. Avec ses influences, la volatilité fait stabiliser les marchés financiers et fait stabiliser aussi l'économie mondiale. L'influence de volatilité peut être diminuée si on la connaît bien et si on peut l'anticiper. Avec les recherches sur la volatilité, on connaît bien les raisons et les conséquences de la volatilité, les solutions et les formules sont aussi nées en espérant qu'on peut anticiper bien la volatilité et limiter les conséquences de volatilité sur l'économie. Ayant de bonnes connaissances et des utiles, normalement, on doit bien contrôler la volatilité mais jusqu'à maintenant, ce qu'on peut faire est seulement de calculer la volatilité dans le passé et analyser ses conséquences qui sont réalisées. Notre but de l'anticiper et limiter les conséquences n'est pas faits. Bien que les méthodes soient bonnes et les critiques sont exacts, la volatilité suit une marche aléatoire donc, il est très difficile de la suivre. Dans l'avenir, c'est sur que les autres recherches seront faits et on espère qu'elles nous aident à résoudre les raisons d'existence de la volatilité et la contrôler.

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MACROECONOMIC MODELS OF ECONOMIC GROWTH BASED ON INVESTMENTS

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Abstract: The aggregate models of macroeconomic growth are instruments to research the influence of investments (the main factor of economic growth) on the economic phenomena and processes. They are economic and mathematical models that show the studied phenomenon and the theory to develop it. There are many models that deal with the direct correlation between investments and economic growth; the indirect correlation uses the fixed capital. This papers deals with the models developed by Keynes, Harrod, Domar, Clarke and Solow that refer to the impact of investments (as a material support) on the economic growth.

Key words: economic growth, investments, macroeconomic modelling

There is a bilateral connection between investments and economic growth: the investments provide a sustainable economic growth and, on the other hand, a "healthy" economic growth may provide the necessary resources to finance new investments programs. The main instruments to quantify this connection between the present investments and the future economic growth are the economic models. They can be used to determine the economic development for a certain investment volume and reversely, to calculate the necessary investment resources according to the future economic evolution.

The multiplier – Keynes

J. M. Keynes' main theory may be stated as follows: the labour increase leads to the revenue increase and hence the expenditure increase, but it does not equal the value of income increase 322 . For a certain value of expenditure ($\Delta C/\Delta Y$, C/Y), named the tendency of activity for expenditure, the equilibrium level depends on the "impulse to invest" which depends, on its turn, by the capital marginal efficiency. The capital *marginal efficiency* represents the future capital effect resulting from an effort unit (the replacement cost). The future effect is measured as the investors' future profit. The effort represents the investment, that is the price the capital will be replaced. Keynes sees the income from the point of view of expenditure and investment expenses, where the economic agents tend to increase expenditure as the income increases, but not proportionally.

For an income increase ΔV , the expenditure increases ΔC , but always $\Delta V > \Delta C$ and the ratio $\Delta V / \Delta C$ is positive and less than 1. The ratio $\Delta C / \Delta V$ is called the *marginal tendency for expenditure* and its symbol is q. In Keynes' view, an additional expenditure depends on income increase.

The economic analysis provides the following expression:

$$V = C + E$$
 where

- V represents the population's income;
- C is the population's expenditure;
- E represents the population's savings;
- I represents the investments.

If the population's savings turn into investments, the above mentioned expression becomes: V = C + I. If this relation is valid in the integral analysis, then it is valid in the marginal analysis, too: $\Delta V = \Delta C + \Delta I$.

Keynes defines the **investment multiplier** m as the supplementary income that increases the investments with one unit: $m = \Delta V/\Delta I$. The investment multiplier shows the investment efficiency and it is crucial when planning the economic growth.

³²² J. M. Keynes – *Teoria generală a folosirii mâinii de lucru, a dobânzii și a banilor*, Editura Stiintifică, Bucuresti, 1970

Nowadays, the fundamental idea of Keynesianism, according to which the income increase depends on expenditure, is disputable. However, the English economist's merit is indisputable from the point of view of establishing an analytical economic instrument and using mathematics in economics, especially on macroeconomic level.

The capital coefficient – Harrod

Sir Roy F. Harrod, one of the founders of the theory of economic growth³²³ supports and continues the Keynesian theory. He considers that there is a constant ratio between capital and income, if the technical progress remains neutral and the interest rate does not change. The relation that shows this connection is named the **capital coefficient** (b) and is calculated as follows: b = K / V, where:

- K represents the active capital;
- V is the income.

This model is applicable for a 4-5 year period, within a stable economy that provides a continuous development and restructuring without economic jumps and crises (inflation, unemployment, economic blocking). Harrod demonstrated through this model that the capital surplus of the current year will increase income in the following year, which will provide a new capital surplus. From the relation b = K / V results K = b * V (integral approach). From the marginal point of view, the latter relation becomes: $\Delta K = b * \Delta V$, but $\Delta K = I$, and therefore $I = b * \Delta V$. Concluding, a certain investment volume (I) determines a corresponding income increase³²⁴.

The accelerator – Clark

Founder of marginalism and author of the theory of "marginal productivity", the American economist Colin Clark stated a similar model regarding investments and incomes 30 years before Harrod. The relation between them was the following:

$$a = I_h / (V_h - V_{h-1})$$

where:

- *a* is the investment accelerator;
- I performed investments;
- V incomes;
- h respective year.

The accelerator shows the investment availability when the income increases with one unit. But Clark's model lacks the practical applicability; theoretically it cannot be applied because the investments in the year h function partially during the same year. However, this model may be used to determine the internal financing sources of investments. His famous study "*Conditions of Economic Progress*" from 1939 demonstrates the difference between the European countries and the rest of the world from the quantitative point of view. His further studies focused on issues of economic development and the role of population and investments for the economic growth.

The investment productivity – Evsey Domar

Evsey Domar, a Russian origin economist, made contributions in three main economic fields: economic growth, compared economy and history of economics. His study on economic growth began in 1944 with the model of public debt that shows how the economic growth may reduce the public debt. However, his most important contribution was the famous economic growth model Harrod-Domar (1946)³²⁵.

R.F. Harrod - Towards a Dynamic Economics: Some recent developments of economic theory and their application to policy, 1948

R.F. Harrod - Towards a Dynamic Economics: Some recent developments of economic theory and their application to policy, 1948

Evsey Domar - Capital Expansion, Rate of Growth and Employment, 1946, Econometrica.

In this model, he replaces the income with the production capacity achieved through new investments. Domar's model has the following expression:

$$\sigma = (dO/dt) / I$$

where:

- σ investment productivity;
- Q production capacity;
- I investment volume;
- t time.

Using the finite differences, the first relation becomes: $\sigma = \Delta Q / I$. The indicator calculated in this way shows the production volume that may be achieved for 1 leu invested, that is the production capacity surplus achieved with 1 leu invested. Comparing the investment productivity with the capital coefficient (calculated in the incremental form of K and V) and considering the production capacity as the maximum production achieved in certain technical conditions, the relation $\sigma = 1/b$ may be established between the two indicators. This means that the investment productivity is the reverse of the capital coefficient and one or the other may be applied in economic practice. The two models were settled in the same year and therefore the literature mentions them as the *Harrod-Domar model*, too.

The Solow model

In the 1950's, the American economist Robert Merton Solow (the Nobel Prize Laureate of 1950 for important contributions made in the theory of economic growth) developed a mathematical model that showed how the various factors may contribute to the national economic growth. Contrary to the traditional economic thinking, he demonstrated that the technological progress supports the economic growth more than the capital accumulations and labour increase. In his paper "*Technical Change and the Aggregate Production Function*" from 1957, Solow showed that half economic growth cannot be justified by capital and labour increase. He assigns this unjustified share – named now the Solow's "**residual**" – to the technical innovation. Beginning with 1960, the Solow's studies have helped the governments to direct their funds to the technical research and development in order to stimulate the economic growth.

Robert Solow's model³²⁶ is based on the following expression: $\mathbf{c} = \alpha / \mathbf{b}$, where:

- c rate of employed population growth:
- α investment fund share in total NNP;
- b capital coefficient.

The economic balance is achieved on equity terms between the rate of employed population growth and the fixed capital. If the rate of fixed capital increase is lower than the rate of employed population growth, then $\mathbf{c} > \alpha / \mathbf{b}$, leading to inefficient labour use and productivity. Inversely, when the number of employees is lower than the fixed capital increase, that is $\mathbf{c} < \alpha / \mathbf{b}$, the results are a forced rhythm for investments and an over-industrialization that cannot provide a proper use of equipment and installation of the national economy. It is obvious that none of these two cases is not favourable for a balanced economic development, and therefore the practice should respect the conditions required by the model of economic growth proposed by the economist Solow.

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³²⁶ Robert Solow – Growth Theory: An Exposition, Oxford University Press, Second Edition, 2000

THE INFLUENCE OF THE INTEGRATION PROCESS IN EU ON THE ROMANIAN INFLATION DYNAMICS

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The paper points out the tendencies in the dynamics of inflation from Romania in the context of the integration in the European Union. After the instruments and the computation methodology for the inflation have been presented, one has also to carry out a diagnosis of the evolution of this important macroeconomic indicator and of its components, in the pre-accession period. All these facts are analysed according to the existence of some annual targets regarding the inflation. There are elaborated some predictions for the post-accession period followed by an analysis of the real evolution of the dynamic of the indicator according to the predicted values. In this paper there were also used advanced computer programs for the processing and analysis of the statistical data.

Keywords: consumer price index, inflation, disinflation, trend.

1. Introduction

The economic evolution of Romania in the period 2000-2006 was under the influence of the accession to the European Union, a process which was accomplished on 1 January 2007. For this purpose, many economic programs have been elaborated, which had as an objective the sustainable development which on a long and medium term would be able to reduce the development disparity of our country as compared to the EU member countries.

All these activities were carried out in the context of fulfilling the general criteria of accession which are based on the conclusion of the European Council from Copenhagen (1993) and as a consequence of the criteria from the nominal convergence programs settled under the Maastricht Treaty which stipulate the inflation rate at a level of 1,5 percentage points above the average of the first three Member States with the best performances regarding the stability of the prices.

The inflation is still a complex macroeconomic analysis problem and one of the most important forms of the economic-social imbalance. Regarding the contemporary inflation, one can mention a series of essential characteristics: it is a depreciation process of the money both on a national level but also in relation with other currencies; it is a process of sustainable and generalized development of the prices and tariffs; it is the expression of a monetary and material imbalance, manifested both on the monetary market but also on the goods market; it is influenced by many psychological aspects.

The inflation as a complex phenomenon which affects the structures of the whole economic-social organism has some important consequences, some of the most significant being: the influence on the consumption and on savings and investments, effects of the distribution (redistribution) of the incomes, aggravates the unemployment phenomenon and diminished the purchasing power of the national currency in comparison with other currencies.

Taking into account the special importance of this above-mentioned macroeconomic indicator, we think that it is proper to present the evolving tendency of the dynamics of the inflation rate from the pre-going period of the EU accession but also the elaboration of predictions and analysis for the real evolution of the inflation in comparison with the predictions from the post-accession period.

In this paper, in order to implement the statistical-mathematical methods one will use the advances analysis and processing program MINITAB 14.1.

2. Methodological aspects regarding the calculation of the inflation rate

Being a really complex phenomenon, the inflation can be measured and illustrated by using many price indices, each of these pointing out a certain face of the inflation.

The main instrument of measuring the inflation is the Consumer Price Index (CPI). This was calculated up to 1990 as a Paasche index, because of the controlled way of the price evolution from the economy. After this year this method could not be applied any more, both because of the changes from its property

structure of the trade but also in the diversification of the prices from the sales unities. Presently CPI is calculated as a fixed base Laspèyres index [1]:

$$IPC = \frac{\sum I^{p}(p_{0}q_{0})}{\sum (p_{0}q_{0})}$$
 (1)

where

 $\frac{(p_0q_0)}{\sum(p_0q_0)}=C_p$ - weighting coefficient specific for the group of goods and services, and I^p - the

price index of the aggregation level.

In spite of these, there are some differences in some countries regarding the way of defining and calculating the CPI which influence the results of the comparisons at an international level. For this reason, the EU member states have adopted a series of compulsory regulations regarding the calculation method of the harmonized consumer price index.(HCPI)

Taking into account the fact that under Romania's specific circumstances the difference between the two indices is under 0,1 percentage points, and we will still use as a measurement instrument for the inflation the CPI.

The inflation calculated as a CPI rhythm is a solution which is accepted as a way of statistical expression. Then when CPI is calculated as a coefficient, the inflation rate is [1]:

$$R_{\rm inf} = CPI \times 100 - 100 \tag{2}$$

and when CPI is calculated in a percentage expression:

$$R_{\rm inf} = CPI - 100 \tag{3}$$

The specific inflation indices are the following:

a) The monthly inflation rate or the price growth "t"in a month as compared to the previous month "t-l":

$$R_{t/(t-1)} = CPI_{t/(t-1)} \times 100 - 100$$
 (4)

b) The monthly average rate of the inflation or the geometric mean of the monthly growth for a certain period, expresses the monthly average growth of the prices:

$$\overline{R} = (\sqrt[n]{\prod CPI}) \times 100 - 100 \tag{5}$$

c) The inflation rate from the end of the period (the year) or the price growth for the goods from the month December of the present year, compared to the month December of the previous year:

$$R_{t/dec} = CPI_{t/dec} \times 100 - 100 \tag{6}$$

3. Tendencies in the inflation dynamics in the EU pre-accession period

The analysis of the dynamic of this important macroeconomic indicator will be carried out in the period 2000-2006 when Romania experienced important rhythms of economic growth, which have strengthened the belief that the economy is on the way to a sustainable development.

The short analysis of this series of statistical data related to the inflation from table 1, point out the fact that the tendency of this indicator can be linear or parabolic. One can also notice that the series does not contain a cyclic or periodical component, which suggests that fact that the results of the analysis point out the usual trend.

The implementation of the models was done with the help of the Trend Analysis component from the statistical analysis program MINITAB 14.1 [2], and has led to the conclusion that the parabolic model, with a determination coefficient of 0.977 appreciates the best the evolutive tendency (figure 1).

percents; month/same month from the previous year

Year	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2001	39,9	40,0	40,3	37,5	37,4	35,7	31,8	32,4	31,2	30,8	30,7	30,3
2002	28,6	27	25	24	25	24	23	21	20	18,8	19	18
2003	16,6	16	17	16	14	14	15	14	16	15,8	15	14
2004	13,9	14	13	13	12	12	12	12	11	10,8	9,9	9,3
2005	8,9	8,9	8,7	10	10	9,7	9,3	8,9	8,5	8,1	8,7	8,6
2006	8,89	8,5	8,4	6,9	7,3	7,1	6,2	6	5,5	4,8	4,7	4,9

Table 1. The evolution of the Inflation Rate

On notices that for the total of inflation, the parabolic trend estimates quite well the incremental tendency. The regression coefficient which summarized the average growth from one year to another, has quite a small value (-1.03228) in relation to the levels of the dynamic series. The tendency of the indicator is descending taking into consideration the negative value of the regression coefficient.

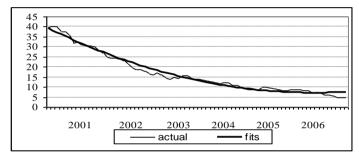


Fig. 1. The analysis of the total trend for inflation

The determination coefficient (R-Sq) has a very high value (0.977) which means that 97.7% from the total variation is explains with the help of the parabolic model, the unexplained difference –summarized by the initial trend being of 2.3%.

In an analogical sense, after consulting the series of statistical data from [6], the incremental tendency for the inflation regarding the food, the non-food goods and the services can be determined (figure 2).

The analysis of the results points out that in the analysed period Romania has registered a strong process of disinflation. This disinflation was higher in the first two years when there were some decreases of 10.4 percentage points in 2001 as compared to 2000 and 13.1 percentage points in 2002 as compared to 2001.

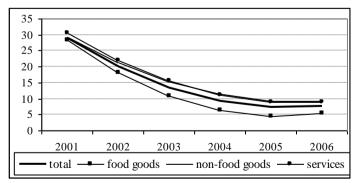


Fig. 2. The comparative analysis of the inflation rate trend

The descending trend of the inflation was possible due to a series of factors among which we mention: the relaxation of the pressures exerted by the prices of the food products; maintaining a low level for the budgetary deficit (almost 2,7%) and the careful NBR monetary policy.

Starting with August 2005, the National Bank of Romania (NBR) passed to a new strategy of monetary policy - aiming at the inflation, which is characterized by the public adoption of a quantitative target of inflation and assuming the stability of the prices as a primary objective. Taking into account that before 2005, NBR [6] has programmed some annual levels of inflation, one can see the annual evolution of the inflation as compared to the programmed values (table 2).

-percents-

	2000	2001	2002	2003	2004	2005	2006
Inflation(Dec/Dec)	40,7	30,3	17,8	14,1	9,3	8,6	4,87
Target	35	25	22	14	9	7,5	5

Table 2. Annual values of the inflation rate and the programmed targets

It is noticed that in the beginning of the period the inflation was higher than the programmed one. The year 2002 is a special case, when the annual inflation registered a lower level because of the action of some factors as: the decrease of the prices for food; the careful NBR monetary policy, the appreciation of the national currency in relation with the Euro and the Dollar etc.

4. Appreciations regarding the prediction of the inflation Rate in the EU post-accession period

For the period 2007-2010 it is expected a fast economic growth with no inflationist effects. The prediction of the annual evolution of the inflation in the post-accession period can be made by consulting the series of statistical data from [6] and [7], where the annual rates are presented under different forms.

The analysis of the data referring to inflation (dec./dec.) suggest us the fact that the tendency can be linear, parabolic or exponential. The implementation of the models with the component Trend Analysis from the statistical analysis program MINITAB 14.1 points out that the exponential model having an determination coefficient of 0.981 can estimate very good the real tendency of the indicator (figure 3).

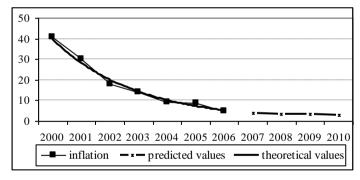


Fig. 3. The incremental tendency of the inflation (dec./dec.)

The above mentioned information point out a continuation of the descending tendency of the inflation rate in the period after the EU accession, but taking into account the fact that the long term prognosis may quit inaccurate because of the different types of determining factors of the inflation [4], a short term analysis ahs to be carried out. So, table 3 presents the prognosis, the real values and the target (4%) for 2007 regarding the inflation rate.

percents; month/dec. from the previous year

	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Prognosis	0,2	0,5	0,8	1,21	1,41	1,61	2,27	2,27	2,48	2,99	3,81	4,3
Real values	0,20	0,24	0,31	0,83	1,48	1,62	1,91	2,79	3,9	4,91	5,89	6,57

Source: National Statistics Institute, National Prognosis Commission

Table 3. The inflation rate in 2007 (prognosis and real values)

As it is notices from table 3, in the first half of the year 2007, the rhythm of growth of the inflation was under the predicted one. The main contribution to the decrease of the inflation rate in the first trimester was the disinflation registered by the products having administered prices, and their rhythm of growth went down from 10,2% in December 2006 to 6,87% in March 2007. In the second trimester the annual inflation rate registered an ascending tendency, determined exclusively by the movements of the administered prices and volatile prices.

This tendency was the same for May and June and starting with the second half of the year, the inflation growth level was above the predicted one, mainly due to a difficult agricultural year, due to the draught but also because of the significantly increased wages.

As a conclusion, during 2007, the annual inflation rate registered a deviation from the descending trend which corresponded to the target 4% +/-1 percentage point, reaching 6.57% at the end of the year.

The prognosis for 2008 and 2009 are shown in table 4. According to the information from the table the inflation will continue to grow in the first semester of the present year, after which the disinflation process will come back.

Exceeding the inflation target for the next period is also due to the perpetuation of the negative effects of the reduce agricultural production but also of the growth of the import prices as a consequence of the depreciation of the leu from the last time but also of the significant increase of the administered prices, especially for energetic products.

Period	T1 2008	T2 2008	T3 2008	T4 2008	T1 2009	T2 2009	T3 2009	T4 2009
Target				3,8				3,5
Prognosis	8,3	8,1	7,7	5,9	5,1	4,3	3,8	3,9

Table 4. Prognosis of the inflation rate

5. Conclusions

The economic evolution of Romania in the last seven years was under the influence of the integration in the European Union, and was conditioned by the fulfilment of the criteria stipulated under the Maastricht Treaty.

In the pre-accession period the inflation had a strong descending trend, from 40,7% in 2000 to 4,87% in 2006. The tendency for the food products was permanently under the level of the inflationist tendency while for the non-food products and services was situated above the general level of inflation.

The strong disinflation process was carried out according to some programmed levels for each year. At the beginning of this period these levels were exceeded but as long as the moment of accession was getting close, the differences between the real rate of the inflation and the programmed one have been significantly reduces.

The prognoses for the period after the accession but also the real values show a stagnation of the descending tendency of the inflation rate. So, for 2007, although there was a 4% target, the Romanian economy registered an inflation rhythm of 6,57% exceeding even the variation interval of +/-1 percentage point.

It is predicted the comeback of the disinflation process for the period 2008-2009, although at the beginning of the year 2008 there will still be an ascending tendency for the inflation rhythm.

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A STATISTIC ANALYSIS ON ROMANIAN SEASIDE HYDRO TOURISM AND ITS IMPORTANCE WITHIN ROMANIAN HYDRO TOURISM

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Tourism represents one of the ways of spending spare time for rest, recreation, treatment and entertainment, and the specific aspect of Constanta County economy is touristic and spa capitalization of Romanian seaside. In order to analyze hydro tourism on Romanian seaside we have used statistic indicators within tourism as well as statistic methods such as chronological series, interdependent statistic series, regression and statistic correlation. The major objective of this research is to raise the bid of hydro tourism on the Romanian seaside, and at the same time to elaborate a complex statistic study on the seaside hydro tourism activity level with a view to evince the issues to be solved for hydro tourism development and re-establishment at the Black Sea area.

Key words: chronological series, interdependent statistic series, regression and statistic correlation.

1. The importance of hydro tourism on Romanian seaside as part of the entire hydro tourism of the country

Within worldwide tourism, hydro tourism owns a position of priority for the latest 20 years because of some factors contribution to this: an increase in the occurrence of the so-called "illnesses of modern civilization", an enhanced tendency to combine vacation with the need for active rest and reload of the vital capacities of human being, an increased concern for the senior age by means of health maintenance and ageing prevention and fighting, effort concentration on beauty and youth preservation.

Tourism represents one of the modalities of using spare time for rest, recreation, treatment and entertainment and one major aspect of Constanta economy is the possibility of hydro tourism capitalization of the Romanian seaside. Romanian seashore represents the most important touristic area by a concentration of almost a half of Romania's accommodation facilities and approximately 2/3 of hospitality available for international tourism. Black Sea shore in Romania has a complex structure that enhances its touristic value. Seaside resorts are well known for international tourism such as: Năvodari, Mamaia, Eforie Nord, Eforie Sud, Techirghiol, Costinesti, Olimp, Neptun, Jupiter, Cap Aurora, Venus, Saturn, Mangalia, with accommodation and treatment facilities and various entertainment possibilities and also a chance for rest and treatment even out of season for some of them.

Because of the natural environment, seaside touristic activity comes together with the hydro tourism activity. The presence of the cure factors determined construction of appropriate spaces for treatment and prevention of various health conditions. Thus, the Romanian seaside has 5 resorts out of 13 that are destined for rest and hydro treatment and recovery. Hydro resources, represented mainly by mineral or mineralized waters and therapeutic mud provide the necessary elements for a complex treatment (prophylactic, therapeutic, recovery treatment), emphasizing attractive valuable potential of seaside tourism.

2. Statistic representation of hydro tourism on the seaside by means of chronological series

The demand for hydro tourism is mainly the expression of a social need that is the need for good health. Touristic demand that is specific to this kind of tourism presents with some particularities generated by the fact that its manifestation and dynamics are determined by a series of demographic, psychological, organizational factors that play a role in the way that different segments of population express their absolute needs for touristic services and hydro tourism input, needs that are influenced by a series of objective factors (need for good health, for maintenance and reload of work capacity). The fact that really needs to be outlined in case of seaside hydro tourism is that touristic resorts have a highly seasonal activity.

Touristic activity out of season is low with only a small part of accommodation capacity occupied and tourists coming for specific treatment do not have many opportunities for fun and entertainment, resume for a dull spending of spare time.

Analysis of time evolution of different phenomena and social and economical processes requires data systematization under the shape of chronological series. The chronological series, also called dynamic series or time series, is made of a succession of terms that reflect the evolution of a statistic variable according to time variable expressed under the shape of time or moment intervals. Acknowledge of phenomena in their historic evolution leads to certain theory concerning the future evolution of these phenomena.

Statistic measurement of hydro tourism circulation on the seaside by means of chronological series has the purpose of setting its dimensions, fluctuations from one time to another, notice of evolution similarities, setting of evolution tendency of the phenomenon and seasonal tourism analysis. Collection and record of statistic data has been done by us personally, directly from the information sources, that is the treatment bases in Saturn resort belonging to Black Sea THR, Paradiso Hotel in Mangalia and SC Mangalia SA.

PARADISO Hotel is situated on the sea cliff of Mangalia town, only 25 meters from the beach and perpendicular to the shore line with 272 rooms that have a view to the sea. Formerly known as Mangalia-Siemens Hotel, today's Paradiso Hotel has been completely renovated and available to all those who choose to spend a vacation on the Black Sea shore or to take advantage of the best hydro and recovery treatments for rheumatic conditions and more other. The hotel has a modern treatment base indoors that contains such as: "Ana Aslan" geriatrics cabinet, reflexology and massage, sulfurous water pools, hydro-thermo therapy etc.

SC Balneoterapia Saturn SRL has three treatment bases since 2001 inside the Hora, Balada and Sirena Hotels on the account of rental agreement with the former SC Saturn SA, now SC THR Black Sea SA – CP Saturn. The existing arrangements in the treatment facilities provide the possibility of adequate treatment for rheumatic condition, post-traumatic, peripheral neurological, respiratory and other associate conditions. The three treatment bases are situated on the ground level and on the fourteen floor of the above mentioned hotels. The treatment bases are operated in ambulatory system. Patients are the tourists accommodated in one, two or three stars hotels that belong to SC THR Black Sea SA - CP Saturn.

The most representative statistic indicator that measures and characterizes touristic flow is the total number of tourists, as shown in table 1:

Total number of tourists for hydro treatment in seaside spa facilities

Table 1

Years	Abso	olute Indica	ators	Relative Indicators							
	Level	modif	solute ications Δ)	Dynamic Indicators (%) (I)		Increase rhythm (decrease) R		Absolute value 1% of the increase rhythm (decrease) A			
	y(t)	Δt/1	Δt/t-1	I t/l	I t/t-l	R t/l	R t/t-l	A t/l	A t/t-		
2001	19253	-	-	100	-	-	-	-	-		
2002	22276	3023	3023	115,7	115,7	15,7	15,7	192,53	192,53		
2003	22892	3639	616	118,9	102,8	18,9	2,8	192,53	220		
2004	22790	3537	-102	118,4	99,6	18,4	-0,4	192,53	255		
2005	20359	1106	-2431	105,7	89,3	5,7	-10,7	192,53	227,19		
2006	20109	856	-250	104,4	98,8	4,4	-1,2	192,53	208,33		
Total	127679	-	856	-	-	-	-	-	-		

Source: Data gathered and processed personally from Saturn and Mangalia SA treatment bases.

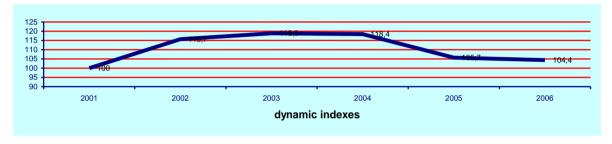
Medium Indicators

Calculated of absolute units (tourists per year)	Calculated of relative units
--	------------------------------

\overline{y}	$\overline{\Delta}$	Ī	\overline{R} %
21279,83	171,2	2,53	15,3

The total number of tourists that chose for hydro tourism on seaside in Saturn and Mangalia resorts has recorded an increase since 2001 up to 2004 in the period of 2001-2006, the highest increase being in 2003 that is 3639 tourists more than in 2001, with a fix base index of 118, 9%. However, in the years 2005 and 2006, even though the number of tourists has increased with 1106 tourists in 2005 (105,7%) in comparison to 2001, and with 856 tourists (104,4%) in 2006, there is still a decrease of this indicator during these years, that is 2431 less tourists in 2005 (89,3%) and 250 less tourists (98,8%) in 2006 against 2005.

Relative indicators show serial increase, reaching climax dynamics in 2003, that is of 118,9%. Since the medium dynamics index is higher than 100%, we acknowledge a progress of tourism in the balneary sector, in comparison to 2001, also because of investments made in the existing treatment bases (Mangalia Hotel, that is Paradiso Hotel today), but also the building of new modern hydro spas as the one in Saturn resort. Medium indicators show that all along the analyzed period of time (2001-2006), the total number of tourists has recorded a yearly increase of 21279,83 tourists/year, with an absolute medium increase of 171,2 tourists/year.



The evolution of fix base dynamic indexes for tourists recorded during 2001-2006 Fig.1

As concerns the number of foreign tourists that chose hydro treatment on Romanian seaside, within the treatment facilities belonging to SC Balneoterapia Saturn SRL and SC Mangalia SA, during 2001-2006, data is shown in table 2:

The number of foreign tourists for hydro treatment in the spas

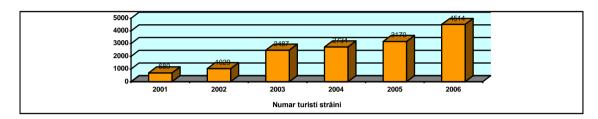
Table 2

	- 00	•							
Years	Abso	olute Indic	ators			Relative In	dicators		
	Level	modif	solute ications Δ)	Dynamic Indicators (%) (I)		Increase rhythm (decrease) R		Absolute value 1% of the increase rhythm (decrease) A	
	y(t)	Δt/1	Δt/t-1	I t/l	I t/t-l	R t/l	R t/t-l	A t/l	A t/t-
2001	689	-	-	100	-	-	-	-	-
2002	1029	340	340	149,3	149,3	49,3	49,3	6,89	6,89
2003	2487	1798	1458	361	241,7	260,95	141,7	6,89	10,29
2004	2734	2045	247	396,8	109,9	296,80	9,9	6,89	24,87
2005	3170	2481	436	460,1	115,9	360,08	15,9	6,89	27,34
2006	4514	3825	1344	655,2	142,4	555,15	42,4	6,89	31,69
Total	14623	-	_	-	-	-	_	-	

Source: Data gathered and processed personally from Saturn and Mangalia SA treatment bases

Calculated of absolute uni	ts (tourists per year)	Calculated of relative units				
\overline{y}	$\overline{\Delta}$	\overline{I} \overline{R} %				
2437.17	765	3.62	26.2			

There is a continuous increase of absolute indicators for foreign tourists during the analyzed period, with a maximum of 3825 more foreign tourists in 2006 against 2001. Relative indicators show the same increasing evolution, so that the fix base dynamic index in 2006 has a value of 655,2% against 2001, and the chain base index has a value of 142,4% in 2006 against 2005. Medium indicators show that, during the analyzed period, the foreign tourists have recorded a yearly average of 2437,17 tourists/year, with an absolute medium increase of 765 tourists/year, that is a significant progress for seaside hydro tourism.



The evolution of the number of foreign tourists during 2001-2006

Fig. 2

Just as hydro tourism in the country, seaside hydro tourism has financial state aid. The demand for hydro tourism is formed mainly from senior people that are provided with aid from CNPAS for treatment ticket costs (that are born by the Retirement House) and who may be regarded as loyal to hydro tourism, with more spare time and longer vacations.

3. Representation of hydro tourism on the Black Sea shore by means of interdependent statistic series. Regression and statistic correlation

The statistic analysis of the relationship ratio between phenomena is about measuring the relationship among two or more characteristics of the research program of mass social economic phenomena. This asks, firstly, for a relationship between the x characteristic, so-called factorial characteristic that is independent and the y characteristic, so-called dependent or resultant characteristic, and secondly, in the case such a relationship does exist, it shall be expressed by a simple correlative or synthetic indicator to show the manner that x, the factorial characteristic leads to y, the resultant characteristic under the aspect of nature, direction and link between the two of them.

Within the present study, in order to present a statistic analysis of seaside hydro tourism by means of interdependent statistic series, we have used analytic methods of measuring and interpretation of statistic links, that is the statistic analysis of the link between the number of tourists that came in Saturn resort for hydro tourism and the income obtained from hydro treatments, during 2001-2006 in SC Balneoterapia Saturn SRL. In order to achieve this statistic analysis we shall use data from Table 3:

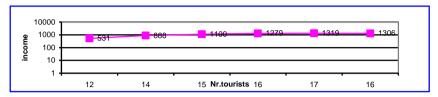
Evolution of tourists' number and income during 2001-2006
Sc Balneoterapia Saturn SRL Table 3

Years	Number of tourists (thousands of tourists) xi	Income out of treatment bases operation (thousands RON) yi
2001	12	531
2002	14	888
2003	15	1100
2004	16	1279

2005	17	1319
2006	16	1306
Total	90	6423

Souce: data provided by CP Saturn

In order to emphasize the correlation between the two variables we shall use the graphic method (see picture no. 3):



The link between the number of tourists and the amount of income Fig. 3

In picture 3, the link between the two variables is obvious, that is between the number of tourists that came to Saturn resort for hydro treatments (x_i) and the income from spa operation (y_i) is a direct linear link, thus the equation of the regression function is $y_x=a+bx_i$. A and b parameters of the linear function are

determined by solving the following system of ordinary equations:

$$na + b\sum x_i = \sum y_i$$

$$a\sum x_i + b\sum x_i^2 = \sum x_i y_i$$
To

solve it, we shall use data in Table 4.

Estimating income amount according to no. of tourists that came to Saturn during 2001-2006 Table 4

No. of tourists	Income amount	x_i^2	$x_i y_i$	y_i^2	Y_{X_I}	$(y_i - Y_{X_I})^2$	$(y_i - \overline{y})^2$	$(Y_{X_I} - \overline{y})^2$
(thousands)	(thousands RON)							,
A _i	y _i							
12	531	144	6372	281961	558	729	291600	263169
14	888	196	12432	788544	900	144	33489	29241
15	1100	225	16500	1210000	1071	841	841	0
16	1279	256	20464	1635841	1242	1369	43264	29241
17	1319	289	22423	1739761	1413	8836	61504	116964
16	1306	256	20896	1705636	1242	4096	55225	29241
90	6423	1366	99087	7361743	6426	16015	485923	467856

Source: data processed personally

By solving the equation system we have obtained the values of a and b parameters: a = -1494 and b = 171. Thus, the average equation for estimating the linear link between the number of tourists (x_i) and the amount of income (y_i) is: $Y_{X_I} = -1494 + 171 x_i$. Theoretic values of income (Y_{X_I}) shall be calculated by replacing each value of variable x_i in the regression function shown above (see column 6 in table 4). The regression function is just a statistic hypothesis that expresses regularity, tendency to express the link between the two characteristics, taking as variable the recorded factor only. In reality, the empiric values of the dependent variable are formed under the influence of all factors, including of the recorded factor. That is why more or less deviation may appear between the empiric values and the estimated ones, just as the influence of the other factors seen as random is more or less active.

In order to establish the intensity of the link between the two statistic characteristics there has to be calculated a synthetic correlative indicator, which is the correlation report and coefficient.

The correlation report is calculated by means of this formula:

$$R_{y/x} = \sqrt{1 - \frac{\sum (y_i - Y_{x_i})^2}{\sum (y_i - \overline{y})^2}} = \sqrt{1 - \frac{16015}{485923}} = 0.98$$

Consequently, the correlation link between the two analyzed variables is very tight because the correlation report has a high value of 0,98. By using the value of the determination report ($R_{v/x}^2$) we may state that,

among all factors that determined the amount of income, the number of tourists that came in the analyzed period, 2001-2006, has a contribution of 96,2%. In order to verify the linearity of the function that estimates the link between the two variables we shall calculate the correlation coefficient by using this formula:

$$r_{y/x} = \frac{n(\sum x_i y_i) - (\sum x_i)(\sum y_i)}{\sqrt{[n\sum x_i^2 - (\sum x_i)^2][n\sum y_i^2 - (\sum y_i)^2]}} = 0.98$$

Since the correlation coefficient and the correlation report have the same value (0,98) we can state that the link between the two variables is linear.

Raising the bid of Romanian hydro tourism should be a major objective for those involved in the organization and development of this form of tourism. A strategic capitalization of Romanian hydro tourism shall lead to its re-establishment on both intern and international market. The success of this action depends on determined commitment of the authorities at the macro and microeconomic level, and economic and social effects shall be representative not only to Romania but also to the other countries member of EU, whose member we are since 2007. Defining adequate strategies for Romanian hydro tourism should start from a good knowledge of hydro tourism potential, its present degree of capitalization, as well as the economic, social and political background that influence the evolution of Romanian tourism in general and hydro tourism in particular.

Taking into consideration particularities of tourism on the Black Sea shore, it is necessary to pass from an intensive short-term use of existing infrastructure, to extensive planned all through the year use of it. This would improve both the degree of infrastructure exploitation and the efficient capitalization of accommodation areas. The ever increasing level of expectation of tourists for a superior quality of tourism sets us to maximize the capitalization of the whole touristic potential of the seaside, to apply all known strategies in order to meet every tourist's preference, both Romanian and foreign.

If we are to take into consideration keen touristic competition in Europe or worldwide, then it is necessary to make efforts to provide our tourists with up-to-date pleasant and attractive facilities, to appeal especially to those with higher income and level of expectation, to inspire them to choose Romanian seaside.

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AUTOREGRESSIVE MODELS FOR ANALYSIS OF FOREIGN INVESTMENT IN ROMANIA

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On the base of significant fluctuations of the international financial markets, the international investment position of Romania has an increasing importance in assuring the financial stability. The Romanian National Bank reserves are increasing as a result of exchanging the minimum reserves into foreign currencies made by banks and of the privatization revenues. The international reserve has been negatively influenced by the payments made in the foreign debt service account and by the foreign payment forms redeemed by the Public Finance Ministry. This paper offers to analyze the evolution and impact of the foreign investments in any form whatsoever, on the Romanian economy with the help of autoregressive econometrical models. These models shall refer to all foreign investments elements: direct investments of non-residents, portfolio investment and other categories of foreign investments as well as bank deposits or external short-term, medium and long-term credits.

Keywords: econometric analysis, foreign investment, autoregressive models

Introduction

The international investment position of Romania is given by foreign currency inflow and outflow caused by governmental operations or private economic agents. An important piece of this external position represent the foreign investments in Romania. These are performed on some more elements that include direct investments of non-residents in Romania, portfolio investment and other foreign investments relating to deposits or foreign currency loans.

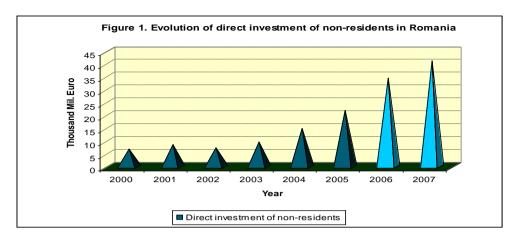
Direct investments of non-residents in Romania represent the fundamental element of foreign investments, materializing in establishments of firms with state or private capital of integral or partial external origin, in different participating interests and other foreign liabilities. The evolution of these investment categories is vital for maintaining the Romanian external financial equilibrium. The second element of foreign investments represents the portfolio investment of equity securities, of debt securities and of money market instruments. These investment categories are materialized on the stock market or on the financial-banking one. It represents volatile elements of foreign investments since they can be easily changed into liquidities and repatriated by external operators. Foreign investments can be accomplished based on other investments like foreign loans and credits on short or long terms, on the foreign currency and deposits or on other liabilities on short, medium or long term. All these elements provide the equilibrium to the Romanian cash and currency market.

Autoregressive models will be used in order to study the behavior of each element of foreign investments in Romania and to predict their future evolution, up to a degree of certainty. From an econometrical point of view, the term 'autoregressive' defines the measure in which an economical variable presents the property of self-correlation [1], meaning that its current level is significantly determined by its previous levels, corresponding to one or more periods of time behind.

Autoregressive model for analysis of foreign direct investments of non-residents in Romania

The analysis of the first component of foreign investments in Romania is accomplished based on a data sample pattern which refers to the evolution of foreign direct investments of non-residents in Romania during 2000-2007 ([5], [6]). These investments showed an increase in the period of analysis, having a significant share from the value of the current account default. Even without the sums of money obtained

from privatization, the financing based on foreign direct investments is on a slow rise than in previous years. The evolution of foreign direct investments of non-residents in Romania during 2000-2007 is presented in Figure 1:



Source of data: National Bank of Romania & Romanian National Institute of Statistics

In Figure 1 one can notice the emphasis of the rise tend starting with 2004, while in the last two years, 2006 and 2007, the rise is almost exponential. It can be uttered for certain that the Romania's EU integration has given an important boost to foreign investments, with no precedent case in the last half of century.

The autoregressive model assumes that the effect of the accelerated rise of foreign investments is not significantly caused by direct influence of some factorial variables but it is a retroactive one, induced by informational load of the studied variable. Basically, the autoregressive effect is materialized in a more or less striking way in which its registered levels of foreign investments in the previous periods of times influence the actual level, the deviation of influences in time having different values. Generally, the bigger the deviation, that is the displacing behind is now more emphasized, the weaker the influences. The problem that occurs is that of determining the moment in which these become insignificant in order to be left out of the model [2].

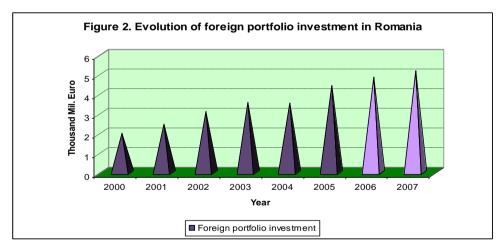
The increased volatility, and sometimes unpredictable, of the economic anticipations make these a significant, pseudo-adaptive category which means that the formation principle can be of snowball type, the propagation speed being very high and the direction of evolution contrary to the theory [3]. An important issue is that between different foreign investors category there is an important informational asymmetry, which equivalates with different forms of the functions that formally describe their anticipation mechanisms. Estimating on distinct periods of time can attenuate this asymmetry. Yet, two great categories of investors can be distinguished, namely: those who want to invest and get profit on long-term and speculative investors who go for advantages for a short period of time. Depending on the number of periods with which the analysis is deviated behind, there are more types of model, starting with the autoregressive model of first order – in which case the effect in time is analyzed on one past period of time – and models of superior order – two, three, etc. – in which case the effect in time is studied on k periods of time behind [4]. The autoregressive model of first order takes into consideration the linear influences of the previous level of direct foreign investments FDI_{t-1} on their current level FDI_t . Based on the analyzed data sample, the results of the autoregressive model of first order applied on direct foreign investments in Romania are shown in Table 1:

Dependent Variable: Foreign Direct Investment						
Method: Least Squares						
Model Equation: $FDI_t = \beta_l \cdot F$	DI_{t-I}					
Estimated Coefficient	Value	Std. Error	t-Statistic	Probability		
β_l	1,314389627	0,076063618	17,28013549	2,406E-06		
Multiple R	0,990102134	Mean dependent variable		18184,625		
R-Square	0,980302235	S.D. dependent variable		13234,813		
S.E. of regression	3542,620943	F-statistic		298,60308		
t critical	2,446911846	F critical		3,7870435		

The statistical parameters of the model show a strong autoregressive character of direct foreign investments because *Multiple R* and *R-Square* have values very close to 1. *t-Statistic* value is much above *t critical*, the same with *F-statistic* in report to *F critical*, which shows a model with a high degree of statistic significance. In such conditions, the estimated greater than one value of β_I (*Estimated Coefficient Value*) shows a strong rising trend of direct foreign investments in Romania (an average rise of 1,314 times from one year to another).

Autoregressive model for analysis of foreign portfolio investments in Romania

The second element of foreign investments in Romania is analyzed using the same data sample from 2000-2007 ([5], [6]). This category of investments had a rising trend during the analyzed period, too. Unlike the first category of foreign investments, the portfolio investments had a more linear trend, less abrupt. The evolution of foreign portfolio investments in Romania during 2000-2007 is shown in Figure 2:



Source of data: National Bank of Romania & Romanian National Institute of Statistics

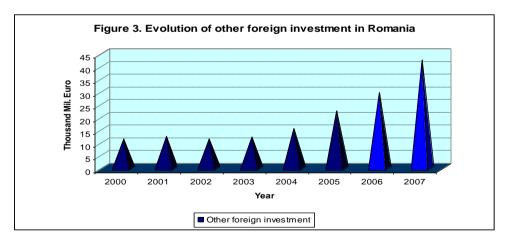
The foreign portfolio investments are the result of various categories of transactions, such as: purchase by the residents of a part of the shares in "lei" released by the World Bank on the Romanian Market; the purchase of shares of foreign banks by a part of the Romanian employees of the banks' branches; issuing bonds by the Romanian banks onto the foreign capital markets; the redeem of the bonds issued in a foreign currency by various companies; other transactions with financial instruments expressed in foreign currency on the internal capital market. The autoregressive model of first order takes into consideration the linear influences the precedent level of foreign portfolio investments FPI_{t-1} undertake over the present level of these FPI_t . On the base of the data pattern analyzed, the results of the autoregressive model of first order, applied to the foreign portfolio investments in Romania, are shown in Table 2:

Dependent Variable: Foreign Portfolio Investment Method: Least Squares Model Equation: $FPI_t = \beta_l \cdot FPI_{t-1}$												
								Estimated Coefficient	Value	Std. Error	t-Statistic	Probability
								eta_2	1,1191819	0,0361730	30,939621	7,569E-08
Multiple R	0,9968807	Mean dependent variable		3647,375								
R-Square	0,9937712	S.D. dependent variable		1129,374								
S.E. of regression	340,10079	F-statistic		957,260								
t critical	2,44691184	F critical		3,787043								

As in the case of direct foreign investments, the statistic parameters of the model show a strong autoregressive condition of the portfolio investments, that is because *Multiple R* and *R-square* have values very close to 1, and the value of *t-Statistic* is much over the *t critical*. Also, *F-statistic* is much higher than *F-critical*, which shows us a model of great statistic significance. We notice that the supra-unitary estimated coefficient value of β_2 (*Estimated Coefficient Value* is of 1,119) is a little bit lower than the value of β_1 , situation that shows us a trend to rise, a little bit milder than in the case of direct foreign investments. Anyways, the market of portfolio investments is fully developing, especially after the integration in the European Union.

Autoregressive model for analysis of other foreign investments in Romania

The third element of foreign investments is being analyzed based on the same data sample pattern during 2000-2007 ([5], [6]). It is made up of assets of the type of foreign loans and credits on short or long term, of cash and foreign currency deposits, or of other short, medium or long-term liabilities. This category of foreign investments also had a rising tendency during the period of time analyzed, with a significant acceleration in the last two years. The evolution of other foreign investments in Romania during 2000-2007 is shown in Figure 3:



Source of data: National Bank of Romania & Romanian National Institute of Statistics

The net foreign financing obtained from medium and long-term loans and credits has increased due to the increase of the volume of the credits undertaken by the bank sector, the public administration, and by other sectors. The net cash inflow from credits and loans on short term has also increased in a sustained pace. The foreign short-term debt had a strong increasing development, too. Its development needs attention from the perspective of financial stability for at least two reasons. The first reason is given by the fact that

the foreign debts' on short term dynamism is considerably superior to the cash flows that can be used in case of need, by the exports or the official fund of the Romanian National Bank; and the second reason is given by the very high degree of concentration of the foreign short term debt within the non-banking domain.

The autoregressive model of first order takes in consideration the linear influences the precedent level of other foreign investments OFI_{t-1} undergoes over the present level of these OFI_t . On the grounds of the analyzed data sample, the results of the autoregressive model of first order applied to other foreign investments in Romania are represented in Table 3:

Table 3.

Dependent Variable: Other Foreign Investment Method: Least Squares Model Equation: $OFI_t = \beta_3 \cdot OFI_{t-1}$												
								Estimated Coefficient	Value	Std. Error	t-Statistic	Probability
								eta_3	1,316009905	0,065905415	19,96816056	1,02387E-06
Multiple R	0,992559927	Mean dependent variable		19773,750								
R-Square	0,985175208	S.D. dependent variable		11220,907								
S.E. of regression	3094,205365	F-statistic		398,72743								
t critical	2,446911846	F critical		3,7870435								

The statistical parameters of the model show a strong autoregressive character of other foreign investments, as it is in the case of the other two components of the foreign investments in Romania. Multiple R and R-Square have values very close to 1, and the value of t-Statistic is a lot over t-critical; the same is F-statistic, if compared to F-critical. All these elements show us an autoregressive model with a high level of statistical significance. The supra-unitary estimated coefficient value β_3 shows a strong rising tendency for other foreign investments in Romania, similar to those noticed with the direct foreign investments (a medium rise of 1,316 times from one year to another, the most noticeable of all three components).

Conclusions

The autoregressive model which studies the development of the foreign investments in Romania on the grounds of the three fundamental components – direct investments, portfolio investments, and other investments – have shown a few essential characteristics of these macro-economical indicators. Firstly, the increase of all components, and so, of the whole system, was strictly increasing during the period of time of the research, the portfolio investments with a linear tendency, and the direct investments, and other foreign investments with accelerated rise in the past two years. Secondly, there is a autoregressive character, extremely powerful demonstrated by all the components, which shows the importance of the rational anticipations of the market operators.

One should take into account the fact that the activities the direct foreign investments aimed at in the past few years have been: industry, commerce, financial intermediation and insurance, telecommunication, company servicing, transport, and construction. The main investing countries were: Holland, Austria, Germany, France, Italy, United Kingdom of Great Britain and Northern Ireland, Greece, Cyprus, and United States of America. Compared to the total official fund, the size of foreign debts on short term has reached almost 60 per cent [5]. In the situation in which the export is relatively dependent on the imports, and an important part of the official reserve fund is made-up of the minimum compulsory fund of banks and of the country's income from privatizations, the growth pace of the foreign debts on short term experiences a significant attention. The degree of concentration of the exposure of the foreign debts on short term within non-financial companies has increased; but the number of the firms that generated such net cash flow debts is decreasing.

The perspective of a continuation of capital inflow is relatively favorable, that if the American market crisis does not expand. But the excess of cash flow on the international markets is still going, and the companies' performances in Romania, who were the beneficiaries of the infusion of foreign capital, are

substantial. These companies are more profitable and more productive than the rest of economy. The profitableness of the capitals also records a sustained and increased dynamism. The wage efficiency of the companies with foreign capital is in a continuous rising, over the national average of economy. On the other hand, it is necessary to undertake some coherent politics on a macro-economical level in order to maintain the favorable results mentioned above.

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ECONOMETRIC MODEL WITH CROSS-SECTIONAL, TIME SERIES, AND PANEL DATA

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In this paper is performed the ways to estimate parameters of a linear regression model for that models which use different type of data sets: cross-sectional data, time series data, and panel data.

Keywords: regression model, intercept, slope, marginal effect.

Estimation with straightforward OLS

Data sets may be of three types: cross-sectional data, time series data, and panel data.

Cross-sectional data sets are generated at one moment in time and the observations generally relate to households, individuals, enterprises, or geographical areas. It is usually very desirable that the sample should be drawn from a well-defined population using a statistically respectable sampling scheme, so that one may generalize from the results.

Time series data sets consist of repeated observations on a set of variables over an interval of time. Generally the interval between the observations is fixed, often being a year, a quarter, or a month, but in some cases, such as analysis using stock market prices, the frequency may be much greater.

Panel data sets have both cross-sectional and time series dimensions, being repeated observations over an interval of time on the same cross-section sample.

Consider the model:

$$Y = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_2 X_3 + u \tag{1}$$

This is linear model in parameters and it may be fitted using straightforward OLS, provided that the regression model assumptions are satisfied. However, the fact that it is nonlinear in variables has implications for the interpretation of the parameters. In the multiple regressions the slope coefficients may represent the separate, individual marginal effects of the variables on Y, holding the other variables constant. In this model, such an interpretation is not possible. In particular, it is not possible to interpret β_2 as the effect of X_2 on Y, holding X_3 and X_2 constant, because it is not possible to hold both X_3 and X_2 constant if X_3 changes.

To give a proper interpretation to the coefficients, we can rewrite the model as:

$$Y = \beta_1 + (\beta_2 + \beta_4 X_3) X_2 + \beta_3 X_3 + u \tag{2}$$

The coefficient of X_2 , $(\beta_2 + \beta_4 X_3)$, can now be interpreted as the marginal effect of X_2 on Y, holding X_3 constant. This representation makes explicit the fact that the marginal effect of X_2 depends on the value of X_3 . The interpretation of β_2 now becomes the marginal effect of X_2 on Y, when X_3 is equal to zero.

One may equally well rewrite the model as:

$$Y = \beta_1 + \beta_2 X_2 + X_3 (\beta_3 + \beta_4 X_2) + u \tag{3}$$

From this it may be seen that the marginal effect of X_3 on Y, holding X_2 constant, is $(\beta_3 + \beta_4 X_2)$ and that β_3 may be interpreted as the marginal effect of X_3 on Y, when X_2 is equal to zero.

If $X_3 = 0$ is a long way outside its range in the sample, the interpretation of the estimate of β_2 as an estimate of the marginal effect of X_2 when $X_3 = 0$ should be treated with caution. Sometimes the estimate will be completely implausible, in the same way as the estimate of the intercept in a regression is often implausible if given a literal interpretation. This can make it difficult to compare the estimates of the effects of X_2 and

 X_3 on Y in models excluding and including the interactive term. One way of mitigating the problem is to rescale X_3 and X_4 so that they are measured from their sample means:

$$X_{2}^{*} = X_{2} - \overline{X}_{2}$$

$$X_{3}^{*} = X_{3} - \overline{X}_{3}$$
(4)

We will obtain:

$$X_{2} = X_{2}^{*} + \overline{X}_{2}$$

$$X_{3} = X_{3}^{*} + \overline{X}_{3}$$
(5)

Substituting for X_2 and X_3 , the model becomes:

$$Y = \beta_{1} + \beta_{2} \left(X_{2}^{*} + \overline{X}_{2} \right) + \beta_{3} \left(X_{3}^{*} + \overline{X}_{3} \right) + \beta_{4} \left(X_{2}^{*} + \overline{X}_{2} \right) \left(X_{3}^{*} + \overline{X}_{3} \right) + u$$

$$Y = \beta_{1} + \beta_{2} X_{2}^{*} + \beta_{2} \overline{X}_{2} + \beta_{3} \overline{X}_{3}^{*} + \beta_{3} \overline{X}_{3} + \beta_{4} X_{2}^{*} X_{3}^{*} + \beta_{4} X_{2}^{*} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{2} X_{3}^{*} + \beta_{4} \overline{X}_{2} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{2}^{*} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{2}^{*} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{2}^{*} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^{*} + \beta_{4} \overline{X}_{3}^$$

If we make follow notations:

-
$$\alpha_1 = \beta_1 + \beta_2 \overline{X}_2 + \beta_3 \overline{X}_3 + \beta_4 \overline{X}_2 \overline{X}_3$$

- $\alpha_2 = \beta_2 + \beta_4 \overline{X}_3$
- $\alpha_3 = \beta_3 + \beta_4 \overline{X}_2$

we will obtain:

$$Y = \alpha_1 + \alpha_2 X_2^* + \alpha_3 X_3^* + \beta_4 X_2^* X_3^* + u \tag{7}$$

The point of doing this is that the coefficients of X_2 and X_3 now give the marginal effects of the variables when the other variable is held at its sample mean, which is to some extent a representative value. For example, rewriting the new equation as:

$$Y = \alpha_1 + X_2^* (\alpha_2 + \beta_4 X_3^*) + \alpha_3 X_3^* + u \tag{8}$$

it can be seen that α_2 gives the marginal effect of X_2^* , and hence X_2 , when $X_3^* = 0$, that is, when $X_3 = 0$ is at its sample mean. α_3 has a similar interpretation.

The first example is the econometric model of the consumption function:

$$C = \Box a + \Box \Box b Y + \Box \Box u \tag{9}$$

If we now have a data sample over time - this is called a time series - of data on C and Y, we would write this as:

$$Ct = a + \square \square bYt + \square \square ut; \ t=1,2,\dots,n$$
 (10)

Interpreting the intercept and the slope of a simple regression

The estimate of the intercept is usually of little interest. If the intercept was not in the model then the regression line would be forced to pass through the origin which might not be appropriate. Sometimes the intercept is interpreted as the value of the dependent variable when the explanatory is zero. Often this counterfactual does not make much sense. Slightly unusually, in this model the intercept does have an interpretation in relation to the average propensity to consume.

The estimate of the slope is more interesting. Precisely what it means depends on the model. The slope parameter in this model is the marginal propensity to consume.

As mentioned above the standard errors of the estimated parameters are estimates of the standard deviation of these estimates and are thus an indicator of their precision. The square of the standard errors gives an estimate of the variance of the estimated parameters.

It is important to remember that estimates in statistics are realizations of random variables. Random variables generally have a certain distribution and any good estimation method provides estimates with a known distribution.

Are these regression results any good?

It appears that these regression results entirely confirm Keynes' theory that consumption is a linear function of disposable income and that the slope parameter (the mpc) lies between zero and one. So far so good.

But are these regression results reliable? If they are, this is important information for policy makers and other agents in the economy. If not, they are likely to be misleading. It is crucial to ask these questions when considering regression results and a large part of Econometrics is devoted to answering these kinds of questions. At the moment, two ways of tackling this problem are suggested, both of them graphical.

- (i) The model ASSUMES that the relationship between consumption and disposable income is linear. Is this true? A scatter diagram of Ct against Yt provides one way of answering this question.
- (ii) Although we do not observe the random disturbances we can observe the regression residuals. These can be graphed over time. In the linear regression model, the disturbances are often assumed to be independent of each other.

Are the regression residuals also independent?

Production Function Example

An example of an econometric model of production using the Cobb-Douglas production function has the forme:

$$y = A + \alpha_1 k + \alpha_2 l + u \tag{11}$$

Where y = log(Y), $A = log(\alpha_0)$, k = log(K), l = log(L) and the random disturbance is now called u.

Equation (11) is an example of some estimates of a multiple regression. It is called multiple because there is more than one explanatory variable. As before we will not pay much attention to the estimate of the intercept. It is the estimates of the slopes which are much more important. Are these estimates the sort of estimates which we would expect?

To answer this question we have to consider the model which we are estimating. Recall that this is the Cobb-Douglas production function. For this production function, if the industry (or industries) concerned are competitive and pay both capital and labor inputs their marginal products, then the slope parameters ($\Box 1, \Box 2$) have the interpretation that they are the shares of total output paid to each factor. Thus we expect the slopes to be positive and less than one. Both the point estimates satisfy these requirements.

In both the examples given above, we began with point estimates and then used the standard errors of the estimated parameters and knowledge of their distribution to construct confidence intervals. We can also use the same information to test hypotheses about the parameters of interest.

In the consumption function case we might wish to test the hypothesis that b = 1. Thus:

$$H0: b > \Box 1$$

 $H1: b < 1$

In the production function example if we wished to test the hypothesis that $\alpha_1 = 1$, we could do so by testing the null against a two-sided alternative:

H0:
$$\alpha_1 = 1$$

H1: $\alpha_1 \neq 1$

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THE OPTIMUM DIMENSION OF COMPANY FOR MAXIMIZATION OF PROFIT USING THE REGRESSION METHOD

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In this paper we will try to present the possibility of optimum construction of a company and this means that level of the rate of turnover for witch is touching a maximum profit taking like a refer the relative level with a statistic method: regression.

Keyword: regression, rate of turnover, trend, maximum profit.

In a practical version the company is appreciate by the rate of turnover, the costs, the profit.

If we refer to an enterprise witch has like a principal object the production activity at realization of this production contribute factors like raw materials, semi-finished goods, energy, payment etc.

It is known the fact that any company is an organized economic unit witch has the role to process the natural means in products or services with a big degree of utility. On the other way, a firm features are: the factor of production market, the goods and services market but also an administrative and legal mechanism too, witch fixed a space for the developed activity.

In that way a firm has in her attention permanently especially a lot of activities like: the provisioning, the storing, the output, the sales and financial relations, each of they at them thorn supposing a multitude of characteristic issues (picture 1).

This aggregate issues on witch meet a firm suppose in a lot of cases the information's witch are like a result, options and decisions. After that the decisions involve the modification in all that means the quantum of the expenses and performances.

In this way exist two possibilities about decision making:

- On base of experience or intuition;
- On base of some of calculus: estimates, balance operations, optimizations, statistical and econometric approaches.

Picture 1. Activities of a firm

If on limit to calculus methods of statistic and econometric we must to tell that they can be a real utility to the manager for realization the some of purposes like:

- the permanent adaptation of the output to market's requirements witch are changed all the time
- the effect of the sale's promotion actions
- the best combination of the resources.

All this objects is finished in fact by obtaining a maximum average witch is the major objective of any company.

The requirements of market on changed all the time and modify all the time under the influence of a multitude of specific factors.

In this way is necessary like any company to orientate her output or her sales in correspondence with the evolution of the market's capacity been necessary in this mode to be known how much is possible a lot of aspects about the behavior of the market share, witch is the "consignee" of the product or the service; the

structural changes in the request's zone; the role of the factors witch influence the market. The processing of this dates can offer us the useful answers about the market' future.

On the other way it know the methods about determination of the trend and the seasonality witch may have like conclusion an adaptation in correspondence of the output for the product with the influence witch it offer under the growth or decrease of the output or sales.

It is true that is write very much in present and in the past about the substantiation and the application of the statistic method, but to microeconomics level the scale is small. It is very important like this methods of practical interest witch are written in the theory to be introduce in the concrete management activity of the company.

A method like this is the regression method too, with very good results in the optimum construction of the firm and this is possible with realization of the rate of turnover witch permit the touching of the maximum profit.

In this paper we will try to present the possibility of optimum construction of a company and this means that level of the rate of turnover for witch is touching a maximum profit taking like a refer the relative level with a statistic method: regression.

In a practical version the company is appreciate by the rate of turnover, the costs, the profit.

If we refer to an enterprise witch has like a principal object the production activity at realization of this production contribute factors like raw materials, semi-finished goods, energy, payment etc.

Each unit of product has a cost and this cost depend at the quantity used from each factor price:

$$COST = a_0 + a_1(p_1F_1) + ... + a_k(P_kF_k) + u$$

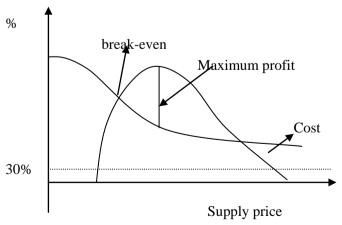
where:

- a_0, a_1, \dots, a_k fixed variables
- $p_0,p_1,...,p_k$ the price of the factors of production used in the realization of production
- \bullet F_0,F_1,\ldots,F_k the quantity of the factors of production used in the realization of production
- u residual variable.

With this relation if it know the price's evolution of each factor we can anticipate the unitary cost of production.

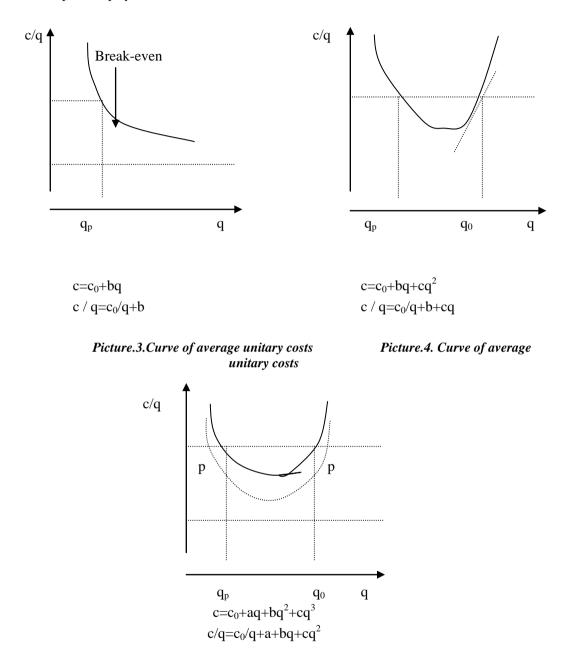
The unitary cost like global cost include in his content a fixed part "c₀" and a variable part "c_i" proportional with the production's level. In this way, a small level of production and a small level of rate of turnover is in correspondence with high costs and on the other way a growth of rate of turnover has like effect the reduction of the variable part of costs.

A situation like this is reflect at very well in picture no. 2.



Picture 2. Rate of turnover and the supply price

Adequate policy prices determination suppose the periodic comparing of the rate of turnover curve with the costs curve for the determination of the rate of turnover level in correspondence with a best profit's level. The most frequent curves of average unitary costs (obtained from reference of the global costs at achieved production -c/q) are displayed in Picture no. 3, 4, 5.



Picture. 5. Curve of average unitary costs

On the graph on see that in picture no. 4 and in picture no. 6 is displaying the second breakeven. This is very hard to obtain because it suppose a level of production too high. In all of three presented cases too, on see that on the term the cost has a typical form by "U" and this tell us the point were the company use her self the capacity on the best (the cost are minimum).

For example, we suppose that the relative cost level may be descript by function:

$$Y=a+bx+cx^2+dx^3$$

where:

y – the cost

x- the sales

With help of mathematic methods we will obtain the marginal trend: $\delta y / \delta x = a / x + b + cx + 3dx^2$ and medium trend: $y / x = a / x + b + cx + dx^2$

In to the last equation we see two components of the global cost:

- the fixed part of the cost, c_0 : $c_0=a / x+b$
- the variable part of the cost, $c_I : c_I = cx + dx^2$

If on put the condition like the partial derivative reference to "x" to be "0" we will obtain that level of the rate of turnover for witch the variable costs are minimum:

$$\delta c_i / \delta x = c + 2dx = 0$$

So: $x = (-c) / 2d$

In the other order for a rate of turnover x=(-c)/2d the level of profit of the firm is the best.

In this mode was analyzed the optimum dimensioning of one of the production company from Gorj department of Rumania. After what it was applied the methodology and was effected the calculations it was obtain the following relation:

$$y/x=1,217/x+1,1145-1,0197794x+0,0011557x^{2}$$

witch descript the medium trend of cost at this company.

In this way the extreme point of the sales is determinate like be:

This value of x=441,2mild lei represent the level of the direct selling for witch the variable cost is minimum when this evolution reference to sales following a function descript by relation:

$$y=a+bx+cx^2+dx^3$$
.

It is true that is write very much in present and in the past about the substantiation and the application of the statistic method, but to microeconomics level the scale is small. It is very important like this methods of practical interest witch are written in the theory to be introduce in the concrete management activity of the company.

A method like this is the regression method too, with very good results in the optimum construction of the firm and this is possible with realization of the rate of turnover witch permit the touching of the maximum profit.

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THE IMPACT OF CULTURAL-CREATIVE INDUSTRIES ON THE ECONOMIC GROWTH – A QUANTITATIVE APPROACH

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Culture is a powerful tool to communicate values and to promote objectives of public interest that are broader than wealth creation. The economy of culture entails both cultural and creative sectors. It has to be noted that, along with the development of the information and communication technology (ICT) sector, the contribution of culture to the economy has gradually been acknowledged, in particular with the development of the cultural industries. One way of measuring the economy of culture focuses on the value added to the economy. Also, we present several statistical indicators that quantify the dimension of the cultural-creative field, and identify an econometrical multiple model that reveals the relationship between some of them. In the article it is applied the analysis of variance method in order to identify the existence of significant differences between geographical and between linguistic-cultural European regions, according to the values of some of the statistical indicators.

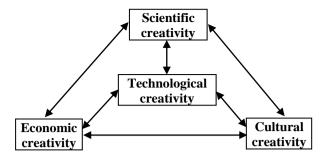
Keywords: economy of culture, cultural-creative sector, value-added, cultural employment, cultural consumption expenditure, households' cultural expenditure, publishing turnover in manufacturing.

Compared to other sectors of the economy, culture has an additional dimension – it not only creates wealth but it also contributes to social inclusion, better education, self-confidence and the pride of belonging to an historic community. The concept of "economy of culture" includes both cultural and creative sectors.

The "cultural sector" includes industrial and non-industrial sectors. Culture constitutes a final product of consumption, which is either non-reproducible and aimed at being consumed on the spot (a concert, an art fair, an exhibition) or aimed at mass reproduction, mass-dissemination and export (a book, a film, a sound recording). Cultural sectors include editing (books, newspapers, magazines, sound recording, etc.), film, video, radio, and television activities, performing arts, press, museums, archives, libraries, wholesale and retail of cultural goods, architectural activities.

The "creative sector" sees culture as a production process of other economic sectors and becomes a "creative" input in the production of non-cultural goods. Creativity, with its elements such as information, skills, and experiences - is an essential parameter in global competition and at local level.

In several studies "creativity" was defined as a cross-sector and multidisciplinary way, mixing elements of "artistic creativity", "economic innovation" as well as "technological innovation". The creativity may also be considered as a process of interactions and spill-over effects between different innovative processes, as shown by the figure bellow:



When analyzing the cultural and creative sector, several field and industries should be considered:

- The arts field referring to the visual arts (crafts, painting, sculpture, photography), performing arts (theatre, dance, circus) and heritage (museums, arts and antiques market, libraries, archaeological activities, archives);
- *The cultural industries* including film & video, radio & television broadcasting, video games, book & press publishing and music;
- *The creative sectors* including design (fashion design, interior design, graphic design), architecture and advertising.

Moreover, long-term structural changes give more importance to culture as a product of consumption. The demand for an ever greater number of diverse cultural products is indicative of post-modern consumer behavior: consumers seek to differentiate themselves by appropriating the signs and values that mark specific products. The increase in the level of education determines the increase of the demand for culture. Considering income availability, when basic needs are satisfied the richer the societies become, the more the need for the consumption immaterial products increases. Also, the increase in the availability of leisure time reinforces the demand for cultural activities. Creativity is a complex process of innovation, combining some or all of the following dimensions: ideas, skills, technology, management, production processes as well as culture. Therefore, the culture should not be analyzed as a source of final consumption (as in the case of films, books, music, cultural tourism, etc.) but as a source of intermediate consumption in the production process, most of the time the final products being functional (to the contrary of works of arts or to the output of cultural industries). When analyzing the cultural and creative sector, its territorial dimension has to be underlined, as main factor for the development of local economic competitiveness. However, in the context of the globalization, even though the creativity represents a response to some economic challenges of the global economy, it requires, at the same time, initiative and organization at a local level. As mentioned before, the creativity nurtures economic competitiveness and helps retaining skills and talent as well as corresponding jobs locally. The territorial dimension of creativity is reinforced by the nature of cultural products and works of art. At the core of a cultural product is its uniqueness, a combination of factors of production, tangible and intangible, that are very much dependent on the environment

The cultural and creative industries (CCI) are characterized by several common features which are also specificities of this sector:

- The products are often short lived with a high risk ratio of failures over success;
- The products are marketed for local audiences with different languages but competing with international products;
- The market is highly volatile, depending on fashion, trends and consumption uncertainties. Some sectors are strongly "hit driven" (cinema and music for instances);
- The sector has an important social role as a major and attractive communication tool.

The process of measuring the economy of culture is affected by numerous constraints:

At statistical levels, each national state developed its own system for collecting data.
 Most of the countries have an insufficient system to monitor the cultural sector, do not
 collect comprehensive data and given the different statistical systems, it results a lack of
 data harmonization and comparability in this field. At European level, efforts have made

to set up o common statistic system for the collection of data in this field, at EUROSTAT level.

- Some cultural organizations are often reluctant to participate in an exercise aimed at giving an economic value to the world of art and culture. For these organizations, art has no price and investment in art does not require economic justification. Moreover, the market may reject some artistic activities on the grounds that they are unprofitable hence the need for public support to redress market inefficiencies in the world of art.
- Other trade organizations express reluctance in being considered as part of the cultural
 sector, preferring to be granted the status of industry. These organizations are analyzing
 the returns on investment, in the form of impact studies. Culture is traditionally seen by
 public authorities (whether local or national) as a cost issue and not as an investment
 justified to tax payers by a proper business plan. In terms of private finance, cultural and
 creative projects, often suffer from financial problems.

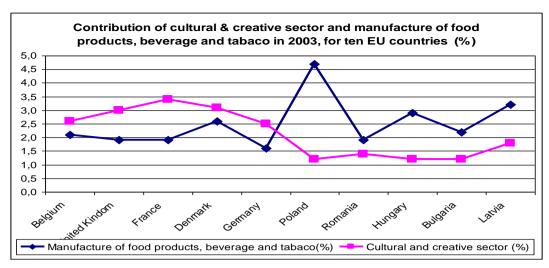
Measuring the economy of culture

a) Value-added approach

The process of measuring the economy of culture focused on the *value added to the economy* (i.e. the increase in wealth due to the cultural & creative sector). The methodology used provided with the turnover and value added to GDP, a comparison with other sectors of the economy and its contribution to economic growth.

The "value-added" approach is the increase in wealth resulting from the activities of the cultural & creative sector. The starting-point is the Gross Domestic Product (GDP) which measures the total annual output of goods and services produced by residents of a particular country in one year. It includes exports but excludes income from abroad. When this income is added to GDP, the result is Gross National Product (GNP). GNP and GDP measure the economy's output. The gross output of an industry measures the industry's value of sales in a particular year. However, gross output of an industry overestimates an industry's contribution to national income because it also includes the value of inputs produced by other industries. Gross Value Added is therefore usually taken to represent the true contribution that an industry makes to the national economy. Gross Value Added is therefore usually taken to represent the true contribution that an industry makes to the national economy. This is the value of gross outputs minus the value of inputs from other industries. This added value of a particular industry is equivalent to the total staff costs plus profits before tax. In order to determine the contribution of the European cultural & creative sector to the European and national economies in 2003, by using an alternative methodology, a study was developed. The analysis of the contribution of the cultural and creative sector with the manufacture of food products, beverage and tobacco in 2003 for 10 EU countries shows that the average contribution of the cultural and creative sector of the new Member States is of 1.36 % compared to the average contribution of the cultural and creative sector of the old Member States of 2.92%. It has to be noted as well the reverse relation between the two categories of countries, referring to the contribution of the cultural and creative sector and the manufacture of food products, beverage and tobacco.

During the last years, households have been spending more and more on culture. Recent studies showed that there is a new tendency where culture can be considered as a potential of growth. In Europe, EUROSTAT surveys show that household spending on "culture & recreation" regularly increased over the last years. The shares of household expenditure on "cultural & recreational products" rose by 0.6% between 1995 and 2004. This growth has been more important in the Eastern countries such as the Baltic States, and on average weaker in the Western countries. This phenomenon can be explained by the fact that household expenditure on "culture & recreation" is already high in Western countries.



Source: EUROSTAT and AMADEUS

b) Econometric model

In order to analyze the relationship between the variables characterizing the cultural-creative field in some European countries, we found out a multiple regression model. Based on this model it is possible to predict, to forecast a dependent variable, by developing a mathematical equation which involves the values of two independent variables. We identify as output variable the cultural consumption expenditure (CCE), and as input variables: the GDP per inhabitant (GDP/inh) and the share of cultural employment in total employment (CE%). The revealed multiple linear regression model has the following form:

$$CCE = f(GDP/inh, CE\%)$$

To define the relationship between the 3 variables we need to know the value of the coefficients of the model – the population parameters. After applying the least squares method, we found the following model:

$$CCE = -269.372 + 0.0277 \cdot GDP/inh + 187.5577 \cdot CE\%$$

If the GDP/inh increases by 1 PPS/inhabitant, then the cultural consumption expenditure of a household will increase by 0,0277 PPS, if other factors influence remain unchanged. If the share of cultural employment in total employment increase by 1%, then the cultural consumption expenditure of a household increases by 187.5577 PPS, under the condition that all other factors remain constant, that their influence doesn't change. The standard error of the estimate is 215.1787. The coefficient of determination indicates that 71,7% of the variation in the cultural consumption expenditure is explained by the influence of the two independent variables, while 28.3% remains unexplained. Bv applying the variance, in order to test the utility of the model, we found out that the model is significant, for a maximum probability level of 99,99967% (Fisher's calculated value is equal to 25,354, a large value which leads us to the conclusion that most of the variation of the dependent variable is explained by the regression equation and that the model is useful). Also, except the intercept (which was tested un-significant) the other two parameters in the equation were proved significant: the parameter of GDP/inh is significant with a maximum probability level 99,99977%, while the parameter of the cultural employment is significant with the maximum confidence level of 97,92%.

Cultural employment

Cultural employment is defined as "the total of active workers having either a cultural profession, or working with an economic unit within the cultural sector". In 2005 cultural employment, meaning both employment in cultural occupations in the whole economy and any employment in cultural economic activities, was estimated at **4.9 million people** in EU-27 and accounted for 2.4% of total employment. In EU-27 cultural employment as a proportion of total employment has remained unchanged since 2002, when the analysis was conducted for the first time using the specific statistical matrix crossing cultural

occupations and cultural sectors of the economy. This proportion ranges from 1.1% in Romania to 3.8% in the Netherlands.

The Task Force on Cultural Employment, reporting to the European Working Group on Cultural Statistics, emphasized one statistical source to use for cultural employment estimates: the EU Labor Force Survey. Use of this survey makes it possible to estimate cultural employment by crossing cultural activities classified by the NACE with cultural occupations classified by the ISCO.

is a quarterly household sample survey carried out in the Member States of the European Union, candidate countries and EFTA countries (except Liechtenstein).

Household cultural expenditure

Alongside the three main categories of household expenditure, namely on housing, food and transport, cultural spending comes under the heading of leisure and culture expenditure. In the individual EU countries, the share of cultural expenditure in household budgets at the end of the 1990s varied from 2.7% in Greece and Lithuania to 5.6% in Sweden and 5.8% in Denmark. Cultural expenditure reflects not only discrepancies in cultural practices, but also relative price differences. The effect of price differences can be limited by expressing mean household cultural expenditure in terms of "purchasing power standard" (PPS). The activities related to cultural expenditure were divided between printed matter (books, newspapers, periodicals and graphic arts goods: 31% of average household cultural spending in EU-15), picture, sound and computer use (24%), picture, sound and computer equipment (22%), attending cultural events (cinema, theatre, concerts, museums, galleries and others: 13%) and amateur activities (photography, music, etc.: 10%). Inter-country differences are partly associated with the level of computer equipment per household, theatre or cinema attendance and greater or lesser reading of books, newspapers and periodicals.

Data on households' expenditure can be analyzed taking into account the socio-economic situation of households. This information confirms the commonly held perception that cultural consumption is influenced by income. Nevertheless, it is interesting to see to which extent this impact can be observed in different countries. In some countries, cultural consumption grows steadily as income increases, while in others a big "jump" is observed for households with the highest income. The data presented are based on the 1999 EU Household Budget Surveys for the EU-15Member States. Data for the new MS are taken from the national HBS conducted at the beginning of the 2000s. The **Household Budget Surveys (HBS)** in the European Union are sample surveys of private households carried out regularly under the responsibility of the National Statistical Institutes (NSIs) in European countries. Several waves of the survey have been conducted so far in 1988, 1994, 1999-2000 and 2005. Essentially, they provide information about household expenditures on goods and services, going into considerable detail in the categories used: information on income, possession of consumer durables and cars; basic information on housing and many demographic and socioeconomic parameters. Unlike other European statistical domains, the HBS is voluntary and no EU regulation exists.

c) Testing the existence of significant differences

Another objective of the article is to test the existence of a significant difference between the geographical European regions, according to some cultural-creative indicators values. So we applied the analysis of variance by grouping the data referring to the share of publishing turnover in manufacturing, on geographical European regions. The result of of the Fisher's test show that there is a significant difference between the geographical European regions, according to the average share of publishing turnover in manufacturing (F test = 4,809), with a maximum probability level of 98,81%. The highest average share of publishing turnover in manufacturing was recorded in northern European countries (2,5%), followed by western countries (2,3%). Eastern European countries have the lowest average share of publishing turnover in manufacturing (1,06%). We used the same method to determine if there is a significant difference between the average cultural consumption expenditure, on linguistic-cultural European regions. The Fisher's test value (F=7,582) shows that this conclusion is guaranteed with up to 99,6% confidence level. Germanic countries spent in average 1273 PPS/household for cultural-consumption, in a year, followed by Latin-countries (765,5 PPS) and Slavic-countries (724,7 PPS).

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1280874	2	640436,8	7,582106	0,004427	3,591531
Within Groups	1435937	17	84466,88			
Total	2716811	19				

Some experts consider that the European Commission is ignoring the economic potential of cultural issues, focusing too much on standard industry policies and not enough on creative industries. According to a report, cultural industries - like the music, film and game industries - and creative industries - like design and architecture - contributed an estimated 2.6 percent to the Gross Domestic Product (GDP) of the EU in 2003.

In the same year, culture was also of the main attractors of tourism - and the tourism sector represents an additional 5.5% of GDP. "Give creativity the same political profile as innovation. Raise the profile of the creativity sector," he told an audience of members of the European Parliament's culture committee on Tuesday (20 November). The culture and creativity sectors had a estimated turnover of \in 654 billion in 2003, more than twice as much as the European car industry, and employed about six million people.

In addition, they outperform the rest of the economy, growing 12.3% faster than the overall economy between 1999 and 2003. But the creative sector only received 1.1 billion euro in funding from the EU, much less than the ϵ 56.6 billion spent by the EU on innovation, or the 308 billion made available for structural development.

The composition of the cultural industry – mostly small and medium-sized enterprises (SMEs) – and the lack of statistical data available about the industry make it difficult for policy makers to realize the true importance of the sector. To increase the economic gains from culture, it is recommended improving the financial capabilities of these SMEs and supporting entrepreneurs in developing new business models adapted to Internet. Statistical information on the creative sector should be gathered while cultural goods should be an integral part of trade agreement negotiations.

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THE EXTERNAL PAYMENTS' BALANCE AND THE ROMANIAN ECONOMIC GROWTH BETWEEN 1996 AND 2006

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The economic development involves, for a short time, a deficit of external payments balance (EPB). Studying the evolution of the EPB sold provides useful information regarding the economic development' degree (rate). An invariable deficit which has acceptable limits and correlated with an investment policy in production sectors could cause a long economic growth. Studying the relationship between the growth rate of GDP and the growth deficit of EPB for the 1996-2006 periods confirms this hypothesis.

Keywords: deficit of balance external payments, economic growth, transition, Romania

1. Introduction

External payments balance illustrates the summation of a country's economic transactions fluxing in its reports with the foreign countries, completed in a certain time period, usually a year. At the end of a year, EPB can be found in one of the following situations:

- a) Balance the surpluses and the deficits compensate each other;
- b) Surplus the surpluses exceed the deficits;
- c) Deficit the deficits exceed the surpluses.

The EPB is with surplus or in balance when the exports and debits' value is bigger or equal with the value of imports and/or credits. This specific situation characterizes the big oil exporters or developed countries that, in times of economic progress add a big surplus value to the raw material as a result of a high technological degree of the production process. An EPB with surplus or in balance can facilitate the economic growth of a country. The EPB's surplus it is usually oriented through the development of the national activity sectors.

The EPB is with deficit when the exports and debits' value is lower than the value of imports and/or credits. This specific situation characterizes the least developed, in course of development and in transition countries that don't contrive to produce competitive goods for the international economic market. An EPB with deficit causes foreign borrowings, witch can be least favorable for the economic development process.

The paper's objective is to analyze the relationship between the economic growth and the EPB's balance account in Romania, for the 1996-2006 period.

The working method is the time series' econometric modeling. An econometric model will be created to explain the evolution of the Romanian EPB's balance account, for the 1996-2006 period. Also, a model will be created to explain the dependence of the EPB's balance account dynamics on the economic growth.

Statistical data

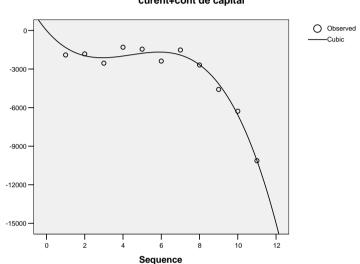
The EPB's balance account data for the 1996-2006 period include the current account and the capital account, expressed in mill. ECU for the 1996-1998 period, and mill. EURO for the 1999-2006 period. Although for this period both ECU and EURO were subjected to erosion, caused by inflation, its influence was relatively small, so the actualization wasn't all that necessary. Data subjected to analyze is EPB's balance account and the Romanian GDP, for the 1996-2006 time period. For the modeling of the relationship between the economic growth and the EPB's balance account was used the GDP's growth rate and the EPB's deficit growth rate.

2. The analyze of Romanian EPB's evolution, for the 1996-2006 period

By analyzing Figure 1 it can be observed that the EPB's deficit has an amplifying tendency, emphasized especially in the 2003-2006 period. The evolution of the Romanian EPB's balance account is related to the shape of a hyperbole or a geom. Parabola arch, which leads us to try the trend modeling by a inverse, quadratic or cubic function.

The analysis of the possibilities leads to a cubic trend for the Romanian EPB's balance account, as suggested in Figure 1. The disadvantage of this model is that it doesn't allow the underlying of major evolution changes in the future, it only allows the extension of a descending trend.

Figure 1. The Romanian EPB's balance account dynamics, in the 1996-2006 period



Soldul BPE RO mil. EURO de pe 1.1.1999/ mil ECU pana pe 31.12.1998. Cont curent+cont de capital

3. Modeling the Romanian EPB's dynamics with a cubic trend model

As shown in Figure 1, the evolution of the Romanian EPB's balance account can be estimated with a cubic model.

Estimation and validation of the model's parameters

The estimated cubic model is given by the following relation:

$$Y_t = a + b_1 X_t + b_2 X_t^2 + b_3 X_t^3$$

where a, b₁, b₂, b₃ are the parameters estimates of the regression model. Using the ordinary least squares method and the SPSS software, the following results has been obtained:

Table 1. Correlation coefficients

Unstandardized Standardized Coefficients Coeff icients Std. Error Beta В Case Sequence -1740,672 226,097 -7,699,000 -2,800 Case Sequence ** 2 445,573 61,326 6,369 7,266 ,000 Case Sequence ** 3 -33,718 3,965 -4,668 -8,504 ,000

Coefficients

The estimated model, without the constant, is: $Y_t = -1740,527 t + 445,573 t^2 - 33,718 t^3$. As shown in the table above, models' parameters are significant.

Correlation coefficients and model validation

The cubic model with no constant explains 98.6% (Adjusted R Square) of the variation of Romanian EPB's balance account for the 1996-2006 period. The ANOVA test, presented in Table 2, shows that the correlation coefficient is statistically significant, and so is the estimated regression model.

Table 2. Regression model's validation

AN OV Aa

	Sum of Squares	df	Mean Square	F	Sig.
Regression	193600975,722	3	64533658,57	255,546	,000
Residual	2020257, 278	8	252532,160		
Total	195621233,000	11			

a. The equation was estimated without the constant term.

Analyzing modeling errors

Table 3 shows the result of error distribution normality testing, as obtained in the trend modeling of the Romanian EPB's balance account's evolution by a cubic model. The results show that the model errors' distribution doesn't differ significantly from the normal distribution (sig. = 0,982).

Table 3. Model errors' distribution normality testing

One-Sample Kolmogorov-Smirnov Test

		Error for BPE_EUR MOD CUBIC ct=0
N		11
Normal Parameters a,b	Mean	-31,1862099
	Std. Deviation	448,28103921
Most Extreme	Absolute	,174
Diff erences	Positive	,174
	Negative	-,149
Kolmogorov -Smirnov Z		,578
Asy mp. Sig. (2-tailed)		,892

a. Test distribution is Normal.

In Table 4 are presented the results of the errors' independence testing, using Runs test. The test results show that the errors' independence hypothesis is accomplished. The results presented in Table 5 illustrate that the model errors also discharge the homoskedasticity hypothesis (Spearman ranks' correlation coefficient between the errors and the time variable was calculated and validated).

Table 4. Model errors' autocorrelation testing

Runs Test

	Error for BPE_EUR from CURVEFIT, MOD_ 4 CUBIC NOC
Test Value ^a	-15,70271
Cases < Test Value	5
Cases >= Test Value	6
Total Cases	11
Number of Runs	8
Z	,671
Asy mp. Sig. (2-tailed)	,502

a. Median

b. Calculated from data.

Table 5. Model errors' homoskedasticity testing

Correlations

			Ani	mod_er_ mod_cub
Spearman's rho	Ani	Correlation Coefficient	1,000	-,436
		Sig. (2-tailed)		,180
		N	11	11
	mod_er_mod_cub	Correlation Coefficient	-,436	1,000
		Sig. (2-tailed)	,180	
		N	11	11

Te obtained results allow us to conclude that the estimated model fulfills all the hypothesis of a classical regression model. Therefore, the model estimated with a cubic function explains statistically significant the variation of the Romanian EPB's balance account for the 1996-2006 period. Based on this model, prediction for the future periods can be made.

4. Modeling the relationship between the economic growth – EPB's balance account

The relationship between the economic growth and the EPB's balance account is presented in Figure 2. The model that explains the relationship between the two variables is a quadratic model and it has the parameter's estimates presented in Table 6.

Figure 2. Economic growth rate and EPB's balance account growth rate for the 1996-2006 period

rata_PIB Observed 0.40 -Quadratic 0 0.30 0.20 0.10 0.00 -0.10 -0.60 -0.20 0.00 0.20 0.60 0.80 -0.40 0.40 rata_Sold

Table 6. Regression coefficients

Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	В	Std. Error	Beta	t	Sig.
rata_Sold	.296	.059	1.191	5.030	.002
rata_Sold ** 2	520	.130	945	-3.994	.005
(Constant)	.189	.031		6.073	.001

The estimated model, as presented in the table above, is:

 $Rata_PIB = 0.189 + 0.296Rata_Sold - 0.52Rata_Sold^{2}$.

The tests made for the model errors shows that the model fulfills all the hypothesis from the econometric modeling (Tables 7-9).

Table 7. Errors' normality testing

One-Sample Kolmogorov-Smirnov Test

		Error for rata_PIB with rata_Sold from CURVEFIT, MOD_7 QUADRATIC
N		10
Normal Parameters a,b	Mean	.0000000
	Std. Deviation	.05137099
Most Extreme	Absolute	.205
Diff erences	Positive	.205
	Negativ e	151
Kolmogorov-Smirnov Z		.647
Asy mp. Sig. (2-tailed)		.797

a. Test distribution is Normal.

Table 8. Errors' independency testing

Runs Test

	Error for rata_PIB with rata_Sold from CURVEFIT, MOD_7 QUADRATIC
Test Value ^a	01955
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	6
Z	.000
Asy mp. Sig. (2-tailed)	1.000

a. Median

Table 9. Errors' homoskedasticity testing

Correlations

		t	abs_erori
t	Pearson Correlation	1	.180
	Sig. (2-tailed)		.619
	N	11	10
abs_erori	Pearson Correlation	.180	1
	Sig. (2-tailed)	.619	
	N	10	10

The obtained model shows that an EPB's balance account rate's growth leads to economic growth up to a certain level, after which an economic regress is recorded. For Romania, the ongoing growth of the EPB's deficit draws a fall into the economic growth, which can create, on long term, the appearance of major macroeconomic dysfunctions.

5. Conclusions

The estimated model for the EPB's balance account's dynamics can be used for predictions, with the reserve that, at a certain point, it is possible to appear political changes in Romania regarding the international economic transactions, which can cause ruptures in the EPB's balance account's evolution. These changes in the EPB's balance account's evolution can't be predicted, it can only be investigated later, applying some specific tests.

The relationship between GDP's growth rate (mill. EUR) and the EPB's deficit growth rate depend on the each economy's specificity, but, in general terms, we can talk about the economic growth of a country based on the growth of the EPB's deficit. This is the case for Romania. What makes the model specific for each economy is the way that the country comprehends to indebted it self.

b. Calculated from data.

- 1. If based on the growth of the country's indebt degree occur a growth of the weight of the productive sectors in the country's economy, these can generate a surplus value on economic level that will lead to economic growth. This strategy is a positive one and can be pointed up through ascending models: linear, exponential or growth models.
- 2. If based on the growth of the country's indebt degree occur a growth of the population's consumption, it will draw a national economy collapse in the near future. This strategy can be pointed up through quadratic models with a point of maximum, followed by a fall of the independent variable values. Unfortunately this is the Romania's case, and from the analysis it is showed very clearly that the debts created by the Romanian government was directed to consumption and not to investment in the productive sectors.

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ECONOMIC FREEDOM, GLOBALIZATION, CORRUPTION AND MACROECONOMIC RESULTS

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This paper aim was to determine the correlations between corruption, economic freedom globalization and macroeconomic development through its most representative measure GDP.

A total of 114 countries were included in this study, being simultaneously able to offer three main economic indices: Index of Economic Freedom (IEF), Index of Globalization (IG) and Index of Corruption Perceptions Index (CPI). Validated measures of associations scores (Pearson, Yule, etc) were calculated, as well as classical levels of correlations (Kendall, Spearman). All measures were significantly correlated with each other. Comparison was made between all this statistical instruments, and conclusions represent an interesting control of the liaisons between macro- economic results and the process of economic freedom, economic corruption, and globalization. Macroeconomic results decrease always with certain levels by economic dysfunction such as less of liberty in all economic activities, refusal of globalization and higher corruption perception.

Key Words: Index of Economic Freedom (IEF), Index of Globalization (IG), Index of Corruption Perceptions Index (CPI), statistical correlations.

Introduction

During the last few decades more than ever, macroeconomic dynamics, economic freedom, globalization level, corruption perceptions changes have become successively more intertwined. Among the major world relevant economical and statistical indices there are Index of Economic Freedom (IEF-defined as a series of 10 economic measurements created by the Wall Street Journal and The Heritage Foundation to measure the degree of economic freedom in the world's nations), Index of Globalization (IG-constructed by Axel Dreher from KOF Swiss Economic Institute, measures the three dimensions of globalization: economic, social and political) and Corruption Perceptions Index (CPI-published by Transparency International and ordering the countries according to the degree to which corruption is perceived to exist among public officials and politicians). All the values for these three statistical instruments are detailed in the appendix no 1 (available only for 114 countries of the world).

The highest form of economic freedom provides an absolute right of property ownership, fully realized freedoms of movement for labour, capital, and goods, and an absolute absence of coercion or constraint of economic liberty beyond the extent necessary for citizens to protect and maintain liberty itself (individuals are free to work, produce, consume, and invest in any way they please, and that freedom is both protected by the state and unconstrained by the state). IEF measures freedom for 10 specific factors (business, trade, fiscal, government size, monetary, investment, financial, property rights, corruption, labour), and average them equally into a total score, using a scale from 0 to 100, where 100 represents the maximum freedom. Being such a multidimensional phenomenon, globalization is not catalogued in any unique database, until '80. Contemporary statistics, using these significant composite and decomposable indices, is able to quantify globalization's distributions, sources and territorial impacts. Axel Dreher and its KOF Index of Globalization (KOF-IG), A.T Kearney and its Economic Globalization Indices like ATKFP-GI (A.T. Kearney/ Foreign Policy Magazine Globalization Index) or M-GI (Modified Globalization Index, as a result of the new ideas of Pim Martens and Daniel Zywietz, Rethinking Globalization, A Modified Globalization Index, available from http://www.ub.unimaas.nl/ucm/e-readers/. 2006), and Index of Globalization's constructed by the Centre for the Study of Globalization and Regionalization are important steps in this direction.

Even corruption itself can be and is being measured in many forms from gathering the informed views of relevant stakeholders, tracking countries' institutional features to careful audits of specific projects. Survey-based questions of corruption have also become increasingly specific, focused, and quantitative. Data from the following sources were included in the index: Country Policy and Institutional Assessment by the IDA and IBRD (World Bank), Economist Intelligence Unit, Freedom House Nations in Transit, International Institute for Management Development (Lausanne), Merchant International Group Limited (London), Political and Economic Risk Consultancy (Hong Kong), United Nations Commission for Africa, World Economic Forum (WEF), World Markets Research Centre (London). The Global Corruption Report offers an annual, systematic analysis of corruption, reporting on the state of corruption around the great majority of the countries, using only experts' opinions. The report and the specific index are produced by Transparency International and in 2007 were in the sixth year of publication. The 2007 survey covered 180 countries. A higher score means less (perceived) corruption. The results show seven out of every ten countries (and nine out of every ten developing countries) with an index of less than 5 points out of 10.

Material and method

The concept of correlation is based on Francis Galton and Carl Pearson's notion that there is a category beyond causation of which causation is only a limit. Correlation and associations are not causation. The method of correlation opened new ways for quantitative social science. The notion of causality as a simple explanatory principle of events was broadened to include the notion of association between events. Expectation was born that these quantified associations would be elaborated into homological networks, encompassing relationships between elements of complex systems. As the association between events becomes stronger, the probability that those events are also influenced by unknown factors lessens. The observed correlation or associations between two variables might be due to the action of a third, unobserved variable. But this paper tries only to validate some measures of association scores (Pearson, Yule, etc) as well as classical levels of correlations (Kendall and Spearman). All the three indices are significantly correlated with each other. The following six coefficients as measures of association are symmetric, it does not matter which variable is the independent variable and which is the dependent variable:

First Yule coefficient (Q)
$$Q = \frac{ad - bc}{ad + bc}$$
 (1)

Pearson coefficient (Qc)
$$Q_c = \frac{ad-bc}{\sqrt{(a+d)(a+c)(b+d)(c+d)}}$$
 (2)

Second Yule coefficient (Y)
$$Y = \frac{\sqrt{ad - \sqrt{bc}}}{\sqrt{ab} + \sqrt{bc}}$$
 (3)

Correlation coefficient
$$(r_d)$$

$$r_d = \sqrt{\frac{d^2}{}}$$
 (4)

Jaccard coefficient (J)
$$J = \frac{a}{a+b+c}$$
 (5)

Coincidence coefficient (IC)
$$IC = \frac{2a}{2a+b+c}$$
 (6)

Association refers to a wider variety of coefficients which measure strength of relationship, defined various ways. In common usage association refers to measures of strength of relationship in which at least one of the variables is a dichotomy, nominal, or ordinal. The results of the analysis based on the data from appendix no.1, for the six association measures are described and presented below, on the columns front:

Association (GDP	or / CPI	correlation or / IG or	type / IEF)	Yule Q	Pearson Qc	Yule Y	Correlation coefficient	Jaccard J	Coincidence coefficient
`	CPI=4,5								
	<4,5	>=4,5	Total						
GDP<10.000	54	2	56	0,979	0,565	0,813	0,752	0,783	0,878
GDP>=10.000	13	45	58						
Total	67	47	114						
	IG=59,29								
	<59,29	>=59,29	Total						
GDP<10.000	50	6	56	0,939	0,526	0,699	0,689	0,735	0,848
GDP>=10.000	12	46	58						
Total	62	52	114						
	IEF=62,02								
	<62,02	>=62,02	Total						
GDP<10.000	46	10	56	0,903	0,490	0,632	0,632	0,687	0,814
GDP>=10.000	11	47	58						
Total	57	57	114						
	CPI=4,5								
	<4,5	>=4,5	Total						
GDP<15.872	63	9	72	0,970	0,645	0,782	0,764	0,829	0,907
GDP>=15.872	4	38	42						
Total	67	47	114						
	IG=59,29								
	<59,29	>=59,29	Total						
GDP<15.872	57	15	72	0,931	0,570	0,683	0,651	0,740	0,851
GDP>=15.872	5	37	42						
Total	62	52	114						
	IEF=62,02								
	<62,02	>=62,02	Total						
GDP<15.872	53	19	72	0,927	0,550	0,675	0,618	0,697	0,822
GDP>=15.872	4	38	42						
Total	57	57	114						
	IG=59,29								
	<59,29	>=59,29	Total						
CPI<4,5	55	12	67	0,938	0,572	0,697	0,684	0,753	0,859
CPI>=4,5	6	41	47						
Total	61	53	114						

	IEF=62,02								
	<62,02	>=62,02	Total						
CPI<4,5	56	11	67	0,983	0,636	0,829	0,781	0,812	0,896
CPI>=4,5	2	45	47						
Total	58	56	114						

Table no. 1. Values of the Coefficients of Associations

Most coefficients of association vary from 0 (indicating no relationship) to 1 (indicating perfect relationship) or -1 (indicating perfect negative relationship). However, there are various types of perfect relationship and various types of no relationship.

The classical statistical coefficients (or simply the Spearman *rho* coefficient and Kendall *tau* coefficient) are non-parametric statistic quantitative measures of correlation based on ranking. Both are used to measure the degree of correspondence between two rankings and assessing the significance of this correspondence. In other words, it measures the strength of association of the variables.

Coefficients	PIB/CPI	PIB/IG	B/IG PIB/IEF		CPI/IG CPI/IEF	
rs - Spearman	0,850	0,834	0,765	0,813	0,862	0,697
rk - Kendall	0,634	0,609	0,576	0,610	0,668	0,510

Table no. 2. Values of the Spearman and Kendall coefficients

The levels are different, but in the same position, Spearman coefficient being above Kendall value.

Conclusions

Each study in the economics that have been performed within domain of indices discovers variability of statistical instruments. Statistics like this are by nature not imprecise but different only as the level of the measurements. Statistics from such a different family of indices are not necessarily comparable but when the conclusions are similar the research has been fulfilled.

- 1. All the three indices are less or more criticized. For instance, corruption perception index has sometimes been criticized as the perception of a selected few since it ignores the perception of wider population and focuses on perception of the experts. Furthermore, some have opined that the index analyzes a mere perception and the method followed in preparing the index could not measure institutional corruption...
- 2. We examined five domains of possible associations or correlations, but always the hierarchy was the same (table no 2, but must not forget that less or perceived corruption means a higher score).
- 3. Average value of each index is different in various continental or regional areas. In other words, the continental or regional average data cover the range 3.0 to 6.8 for CPI, the range 44.20 to 74.60 for IG, and 55.21 to 75.10 for IEF.

Countries	Continental or regional area	Average GDP / capita (PPP)	Average CPI	Average IG	Average IEF	
32	Africa	3481	3.0	44.20	55.21	
11	Central America	9082	3,5	49.82	63.29	
11	South America	8745	3.6	56.36	59.28	
7	Central Asia	10429	3.9	52.14	58.24	
10	Middle Orient	34700	4.3	57.35	60.70	
4	South Asia	18650	5.1	68.46	68.36	

33	Europe	28633	6.2	73.92	67.51
3	North America	32233	6.5	74.60	75.10
3	Oceania	22733	6.8	68.56	72.00
114	World	15872	4.5	58.9	61.9

Table no. 3. Average continental or regional values of the indices (CPI, IG, IEF)

- 4. All measures were significantly associated or correlated with each other. However, the strength of association or correlation varied greatly. Our data shows that variables of welfare described by macroeconomics results (e.g. GDP) are strongly dependent on less or perceived corruption, and only after that on globalization and economic freedom.
- 5. It has been shown, that contrary to the beliefs of its critics, globalization indeed promotes economic growth, but economic freedom and globalization do not have the same significance, even for the experts. Economic growth or development means less or perceived corruption, more than globalization and economic freedom. Statistical associations and correlations are major proofs of this conclusion.
- 6. The measure of the effects of economic freedom, globalization and corruption in macroeconomic results economically relevant. All these indexes are built as a framework for redefining one another, and for analyzing the relationships among economic, political, and social variables. In particular, all the three indices apply the methodology to analyze the effects of a defined process on economic growth. Thus all the three indices could be considered additional avenues for research, analysis, and decision making, in the international process of globalization, to enhance an insight into the functioning of the complex global system that is economic world.

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DATA BASE

	Country	PIB/ capita	СРІ	IG	IEF		Country	PIB/ capita	СРІ	IG	IEF
1	Albania	5500	2,9	42,01	62,42	58	South Korea	24600	5,1	64,82	67,18
2	Algeria	8100	3,0	45,50	55,03	59	Kuwait	55300	4,3	63,51	66,65
3	Argentina	13000	2,9	64,12	55,02	60	Latvia	17700	4,8	61,62	68,25
4	Australia	37500	8,6	80,91	81,05	61	Lithuania	16700	4,8	63,30	71,52
5	Austria	39000	8,1	91,60	70,14	62	Luxembourg	80800	8,4	74,18	75,27
6	Bahrain	34700	5,0	60,93	71,24	63	Madagascar	1000	3,2	37,45	61,10
7	Bangladesh	1400	2,0	36,01	48,02	64	Malawi	800	2,7	43,73	53,99
8	Barbados	19700	6,9	43,45	69,98	65	Malaysia	14400	5,1	75,81	64,48
9	Belgium	36500	7,1	91,96	72,36	66	Mali	1200	2,7	42,40	54,70
10	Belize	7800	3,0	47,29	63,19	67	Malta	23200	5,8	63,78	66,13
11	Benin	1500	2,7	41,73	54,95	68	Mauritius	11900	4,7	48,75	69,18
12	Bolivia	4400	2,9	49,11	54,38	69	Mexico	12500	3,5	55,49	66,29
13	Botswana	14700	5,4	46,80	68,51	70	Morocco	3800	3,5	52,93	57,19
14	Brazil	9700	3,5	59,60	56,09	71	Namibia	5200	4,5	53,79	63,15
15	Bulgaria	11800	4,1	65,51	62,00	72	Nepal	1100	2,5	35,27	55,12
16	Burundi	800	2,5	25,75	47,07	73	Netherlands	38600	9,0	89,15	74,92
17	Cameroon	2300	2,4	41,32	55,38	74	New Zealand	27300	9,4	73,46	81,04
18	Canada	38200	8,7	87,49	78,09	75	Nicaragua	3200	2,6	51,63	61,94
19	Central African Republic	700	2,0	26,79	50,31	76	Niger	700	2,6	34,28	53,12
20	Chad	1600	1,8	39,56	50,02	77	Nigeria	2200	2,2	52,97	55,99
21	Chile	14400	7,0	69,91	78,98	78	Norway	55600	8,7	77,75	68,36
22	China	5300	3,5	65,26	51,80	79	Oman	19100	4,7	51,67	66,07
23	Colombia	7200	3,8	52,30	59,65	80	Panama	9000	3,2	57,58	64,57
24	Congo	3700	2,1	38,78	44,38	81	Paraguay	4000	2,4	50,33	58,94
25	Costa Rica	13500	5,0	55,00	64,55	82	Peru	7600	3,5	57,12	62,50
26	Cote d'Ivoire	1800	2,1	45,44	55,95	83	Philippines	3300	2,5	59,00	56,91
27	Croatia	15500	4,1	69,30	53,92	84	Poland	16200	4,2	78,22	57,40
28	Cyprus	27100	5,3	62,48	71,74	85	Portugal	21800	6,5	83,06	64,49
29	Czech Republic	24400	5,2	84,46	67,76	86	Romania	11100	3,7	63,34	61,24
30	Denmark	37400	9,4	84,27	77,02	87	Russia	14600	2,3	69,91	52,46
31	Dominican Republic	9200	3,0	51,72	57,66	88	Rwanda	1000	2,8	29,25	52,40
32	Ecuador	7100	2,1	54,50	55,56	89	Saudi Arabia	20700	3,4	53,69	61,61
33	Egypt	5400	2,9	54,18	55,11	90	Senegal	1700	3,6	48,55	58,07
34	El Salvador	5200	4,0	58,03	69,80	91	Sierra Leone	800	2,1	33,27	47,61
35	Estonia	21800	6,5	72,11	77,96	92	Singapore	48900	9,3	82,14	87,22
36	Finland	35500	9,4	84,84	74,24	93	Slovak Republic	19800	4,9	72,58	68,43

37	France	33800	7,3	87,71	62,82	94	Slovenia	27300	6,6	68,82	60,17
38	Gabon	13800	3,3	49,20	54,20	95	South Africa	10600	5,1	62,45	63,41
39	Germany	34400	7,8	82,48	71,52	96	Spain	33700	6,7	82,52	69,93
40	Ghana	1400	3,7	56,01	57,31	97	Sri Lanka	4100	3,2	49,67	59,31
41	Greece	30500	4,6	74,94	58,25	98	Sweden	36900	9,3	89,89	69,01
42	Guatemala	5400	2,8	49,98	61,27	99	Syria	4300	2,4	39,09	48,11
43	Guinea Bissau	600	2,2	40,68	46,81	100	Tanzania	1100	3,2	43,22	56,81
44	Guyana	5300	2,6	47,38	54,32	101	Thailand	8000	3,3	56,87	64,81
45	Haiti	1900	1,6	28,61	51,38	102	Togo	900	2,3	42,23	49,73
46	Honduras	3300	2,5	53,99	60,43	103	Trinidad Tobago	21700	3,4	50,79	71,38
47	Hungary	19500	5,3	81,15	64,44	104	Tunisia	7500	4,2	51,81	59,57
48	Iceland	39400	9,2	67,75	76,75	105	Turkey	9400	4,1	63,45	58,24
49	India	2700	3,5	49,70	54,08	106	Uganda	1100	2,8	44,49	63,68
50	Indonesia	3400	2,3	51,31	53,92	107	Ukraine	6900	2,7	61,83	51,63
51	Iran	12300	2,5	35,19	44,09	108	United Arab Emirates	55200	5,7	70,39	62,83
52	Ireland	45600	7,5	83,09	82,59	109	United Kingdom	35300	8,4	89,29	80,00
53	Israel	28800	6,1	70,83	64,63	110	United States	46000	7,2	80,83	80,91
54	Italy	31000	5,2	80,61	62,69	111	Uruguay	10700	6,7	61,79	68,80
55	Japan	33800	7,5	64,22	72,20	112	Venezuela	12800	2,0	53,75	47,86
56	Jordan	4700	4,7	64,74	63,54	113	Zambia	1400	2,6	51,76	57,20
57	Kenya	1600	2,1	49,12	59,93	114	Zimbabwe	500	2,1	40,06	31,87

PERSPECTIVES OF THE YOUNG GRADUATES ON THE LABOUR MARKET

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Abstract: Young graduates face numerous problems when they leave the school to enter the labour market. The orientation and the option for a certain job is no longer done according to the youth's physical and intellectual skills or to the results obtained at certain disciplines during the academic years, but they are done at random, or they are oriented by the group of friends'option. One of the main causes of the youth's access problems on the labour market is their insufficient training level. When they enter a faculty they neglect their professional training and choose to have a job on the labour market, often being blocked in a temporary and badly paid job. Romania presently holds a top position regarding the number of the unemployed youth recorder in the EU's statistics, even though the migration of the well-trained labour force has increased.

Key words: youths, professional training, unemployment, occupancy, labour market

Professional training, the increase of the general eligibility level, the acquirement of theoretical and practical skills, the adjustment to the new informational technologies and the integration into a complex and diversified Europe are done during school time and throughout one's active life. The initial education of the labour force is very important because it represents the procurement of productive competencies that will be put into practice during one's active life.

The demographic changes from the latest years have had a significant impact on the labour market, changing the education- occupancy-unemployment-inactivity relation. From this point of view, the professional training policies should be adequate to a decreasing and old population, from which more than 40% come from the subsistence agriculture field and have a reduced professional and territory mobility. Although these policies are oriented towards groups of people in need and try to offer more opportunities and mobility on the labour market, they managed to temporary and partially solve the problems faced by the labour market because they lack the necessary consistency and sustainability ³²⁷.

When we discuss young graduates' perspectives on the labour market, we refer both to highschool and university graduates. Most of the highschool graduates are interested in the educational services the public and private faculties provide, delaying their entrance on the labour market. In contrast, university graduates that are targeted by the work force's offers face countless problems being candidates of professional failure. From this perspective, at the end of 2007, about 360.000 people with studies ranging from elementary to post- highschool were registered at ANOFM. (National Employment Agency.)

Young highschool graduates are being disappointed by the fact that school prepares them not even for life, that the qualifications for occupying a workplace are poor; they are not even able to make their own curriculum vitae or know where to start looking for a job or to whom to address to. Thus, after 12 years of studying they are in the position where they have to re-orientate their professional career in dependence of the permanent changes on the labour market, which means they are forced to choose a new job. All these

953

³²⁷ Aurel Manolescu, Gabriela Tudose – Aspects of the transition from school to work, Mediaprint Publishing House, Bucharest, 2006, page123

facts are evidence for the fact that the qualifications obtained by the highschool graduates are not interrelated with the requests of the labour market, and that these graduates have not been well oriented according to their skills and professional interest. Why? Because nobody is interested to check (and get involved) if what is written on the paper has a correspondent in real life, or if it is functional and with what results. Although, at national and highschool level there are, at least on paper, professional orientation consulting rooms, they do not function.

ANOFM (in English NEA), through professional counselors at the territory employment agencies, try to find a compromising solution between the employers' demands and the jobseekers' wishes. Thus, from one million people that are annually recorded in the NEA's database, 50,000 are sent to training courses because the employer needs skilled workforce; moreover, any person can benefit of free-of-charge professional counseling services and support.

The board of the National Council for Adult Vocational Training (in Romanian CNFPA) recommends to all those interested in having a training course, to choose an authorized one. (see Table 1). These programs should reflect the need of the workforce on the market and should allow the jobseekers to re-orient more exactly. But most of the NCAVT's authorized programs from the last four years illustrate less the beneficiaries' needs and more the way the vacant positions are regulated. Thus, the regulations imposed by the law with respect to the necessary qualifications in order to be hired in a specific domain have stimulated the training providers to reorient towards specific programs.

Qualifications	Number of programs			
Security agent	313			
Waiter, shop assistant in the food field	248			
Commercial worker	227			
Cook	212			
Work protection inspector	167			
Human resources inspector	163			
Data-processing operator	149			
Bricklayer, stone-worker, plasterer	148			
Common competencies-Communication in English	118			
Carpenter - joiner – parquetry worker	114			

Source: NCAVT, Capital Magazine, 21 February 2008, page 37

Table 1 Programs authorized by NCAVT

The jobs authorized by NCAVT are not appealing to the highschool graduates, most of them having no criteria that could allow them to make an evaluation and a selection; moreover, they don't know which qualification training course could lead them to a better workplace. In order to facilitate the connection with the labour force it is estimated that on the next months NCAVT will launch a national portal for professional counseling. Anybody who has access to the internet will be able to find, in real time, information about vacancies and professional training opportunities; they will also receive basic online professional guidance ³²⁸.

The condition of the young university graduates is less tragic than that of the highschool graduates, but even they have to face numerous problems when occupying a desirable workplace according to their professional skills.

If we look from the point of view of the higher education relevance at the demands of the labour market we can mention some difficulties the young graduates face: the system is not interrelated with the needs of a dynamic market; the existence of a big number of students at profiles that are no longer requested on the marked or at others where the schooling figures are oversized in comparison to the demand; the teaching

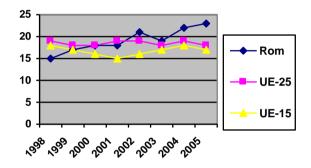
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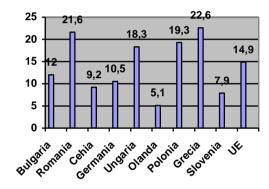
³²⁸ Capital Magazine, 21 February 2008, article "Highschool graduates, candidates at professional failure", page 37

method and the content of the curriculum are updated at the present European standards; a graduate might have solid theoretic knowledge and lack the practical ones; the absence of systematic studies and analysis regarding the interrelation between the university curriculum offer and the demands of the labour market; inconsistencies in developing strategies to strengthen the partnership with the economic and social environment, etc.

The employers' demands, the graduates' claims and the authorities' lack of interest doom the fresh university graduates to receive the minimum dole offered by the state instead of having a decent salary. The young Romanian graduates are condemned at unemployment due to three major factors: 1) the governors that are not sufficiently interested in this "target-audience"; 2) the employers that claim from the students to accumulate experience from the theoretical course – most of the times outdated. 3) the students exaggerated requests regarding the salary and the position- asked in the first year of work.

Romania holds a top position regarding the number of unemployed youth according to the EU's statistics. Our country ranked, in the third trimester of 2007, on the second place amongst the EU's member states regarding rate of unemployment for people aged between 15-24, which represents 21.6% according to Eurostat (European Union Statistical Information Service), which means 6.7% percentage points more than the average in the European Union (14,9%). The first place is held by Greece-22, 6%, and at the bottom we have Holland -5, 1%, Slovenia 7, 9%, Czech Republic 9, 2%, etc (see graph 1 and Graph 2).





Source: Eurostat

Graph 1. Youth Unemployment in Romania is higher than in EU.

Source: Eurostat

Graph 2. Unemployment average rate for youths under 25 years old

Another factor that might amplify unemployment amongst youth is the Government's imposition of a high level of the minimum wage on economy. The increase of the minimum wage for high education graduates was announced as a success of the negotiations held between the unions and patronages. In Bucharest and for some graduates categories success is illusionary; firms already pay salary packages that exceed the 880 lei gross (about 650 lei net) mentioned in the collective labour contract signed in December 2007. But in Romania there are categories of graduates and also regions where the increase of this salary is very difficult.

Stipulations regarding the minimum wage, in reality, do not refer to the occupancy of the labour force but to its non-occupancy. They don't force any employer to hire an employee at the minimum salary level, but they oblige him not to hire at certain levels, situated below the one fixed by law or by the collective labour contract. In Romania there are, actually, two minimum wages: the one established by the Government and the one established by the unions and patronages. Also, the respective stipulations flagrantly breach the employer's and employee's right to sign a contract. They compel the young inexperienced graduate not to accept the job, even though he would like to receive a salary that is below the minimum wage. If the employer wants to maintain the production level, as the time passes by, he will replace the unskilled and inexperienced workers, which have unexpectedly become expensive, with fewer workers that are more

qualified, with much experience and with much sophisticated machinery so that his total productivity remains constant. The first sacrificed will be those less skilled, especially youth who lack experience. 329.

Although unions are aware that the minimum wage leads to unemployment, they still support this intercession. Why? The strategy is to determine the passing of a law or to sign a contract that will make the salary of the new comers on the labour market so big that they won't be hired no matter how outrageous the unions'salary requests would be.

After the EU's integration, another factor that has determined the increase of the youth unemployment rate is the border opening and the migration of the well-prepared workforce. Even though in the last three years 300,000 workplaces have been created due to economic growth, hundreds of Romanians left to work abroad determining radical changes on the labour market. According to a study made by the Ministry of Labour, Family and Equal Opportunities, one of four persons has taken into consideration the possibility of working abroad in the last three years and only 21% of the young generation thinks they can have a future in Romania. Although labour force migration represents a chance for many young people, from the point of view of bigger income, study continuity, knowledge, competencies and skills acquired, it also represents a risk factor which could generate losses of human capital and development, because those who emigrate have a high educational level.

Of course we ask ourselves why the young generation leaves. They leave for a better life because one's country is not where you were born but where it is good for you and we believe that it is natural for the human beings to look for a country that could offer them a certain standard of living according to their abilities, professional and intellectual skills and where their merits and contributions to the social and economic development of humanities are recognized.

Migration means that risks are being assumed and show that people who migrate are the most dynamic and boldest members of the society; most of them are youth, therefore age is the most important parameter of the migration intention, then people who come from low-budget families tend to temporary migrate to work while the desire to migrate to continue his/her studies is more evident for people who come from high-budget families. The distance between one's expectancies and the reality concerning the revenue determines an increase in people's intention to migrate definitely or with an education purpose (the urban environment and the youth).³³⁰

What should be done? We believe that the decisional factors should get involved so that the young graduates won't migrate and the work force be more flexible and adjusted to the requirements of the labour market. One main responsible factor is the young graduates themselves that allow to be influenced by others or by their group of friends .many youths don't have a clear life plan but a vague or limited one; others are very rigid with no plan at all. Professional orientation is very important and should be done in accordance with the youth's physical and intellectual abilities, with grade records, health, etc. if the young generation is well counseled and they passionately choose a profession, then their work results will have an immediate outcome and nobody will consider work a burden. It's true that in relation with the market, youths display different behaviours: some are inactive and had or haven't had a workplace; others are dynamic, changing many jobs, even the profession, while others fail to integrate themselves onto the labor market.

But today's youth can identify more easily the opportunities on the market and sometimes they succeed in capitalizing them successfully. Many students and even graduates work in the fields of activity that have no connection to their studies; on one side this can be benefic because it reviews the slow answers of the education system to the rapid changes on the labour market but on the other side a speculative behaviour of the youth may appear, which implies frequent change of jobs and salary increases higher than their competencies or productivity³³¹.

³³⁰ Eva Militaru – "Migration of the Romanian youth", Mediaprint Publishing House, Bucharest, 2007,page

³²⁹ MMFES, Directorate for programs and workforce strategies, National Observer for the Occupancy and Professional Training for the Workforce

³³¹ Daniel Enescu –general manager at Daedalus Consulting, Capitalul newspaper, 28.02.2008, page13, articole "The employed youth trade royalty on salary increase".

According to a study³³², youths have diminished their professional involvement which have triggered a big fluctuation in this category of employees. The average staff fluctuation for the 19-28 group of age is 45%-more over the percentage in the East market. Another survey done by Bestjobs indicates that 67, 76% Romanians intend, for 2008, to change their workplace. One of the reasons is the salary, 56, 46% think that they are low paid for their work.

According to the psychologist³³³ experts "youth workplace fluctuation is determined by the upward mobility, by climbing the hierarchical ladder and not by solving a frustration or some dissatisfaction." There is a growing interest of the young professionals of the IT (information technology 21,1%); project management (14,4%), finance/accounting (11,7%), marketing (11,3), research/development (11,2%), projecting/design/creation (8,1%), human resources (7,3%), sales (7,2%), training/education (1,7%), others(6%)³³⁴.."

Human resources specialists talk about a pressure created by the crises of talented people on the Romanian market. Stephen Morez, general manager at Hudson Romania states "even though there are more openings offered by the big companies that came to Romania, there are not enough skilled people to occupying them." Because of that, some managers started to introduce some specific instruments for managing gifted people so that to avoid the loss of those exceptional before they had developed to their full potential. Moreover, the employers have to position themselves on the market, to define their image duties through clear measures of improving the internal human resources process; they have to improve the internal human resources process, their organizational culture and change their leadership style. The deep crisis of the young and qualified workforce have influenced the employers' attitude towards people under 25; the management of the companies is more permissive and flexible in attracting young workforce; they try not to require previous experience and they don't emphasize so much the references.

Also the state offers facilities to the companies that hire highschool graduates, students or university graduates. Employers that hire pupils and students during the holidays benefit of a monthly financial incentive of 50% of the gross minimum wage per country for each student³³⁵. According to article 80 from 72/2007 Law, the employers that hire, for un undetermined period of time, graduates of universities are exonerated for a period of 12 calendar months from payment for the unemployment insurance budget and receive monthly per graduate:

- 1 gross minimum wage per country, from the date of hiring for graduates of secondary schools or vocational schools.
- 1.2 gross minimum wages per country, from the date of hiring for graduates of Upper secondary schools and post-highschool
- 1.5 gross minimum wages per country, from the date of hiring for university graduates

Another factor responsible for the preset situation is the educational system's minimized contribution to the professional development of the youth; the fact thatit hardly adapts to the market needs thus, causing an decrease in demands for any form of education, i.e. school abandon or migration to more performant educational systems.

What should be done?

- Application of measures that should stimulate new competencies updated to the new requirements of the labour market. A competitive economy implies competition.
- The quality of the workforce might become the key to economic development and progress if the diploma dictatorship will be removed in order to put the equality sign between a degree and one's ability to perform.
- The work motivation of the Romanian youth in order to increase the economic efficiency is both complex and important. Thus, it is crucial to be aware of the Romanian youth's

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³³² Study made by Daedalus Consulting in partnership with Catalyst Recruitment Services, on a sample of people between the age of 19 and 28, students and graduates of higher education.

³³³ Aura Liiceanu, psychologist

³³⁴ Daedalus Consulting/Catalyst Recruitment Services

^{335 72/2007} Law and its application norms

attitude towards an active life; moreover, both professors and employers will know how to offer guidance to the youth and teach them how to combine education commitments with work commitments.

- Improving the occupancy services by using advanced informational technologies;
- The functionality of the professional training consulting rooms starting elementary school, high school, university and ending with the existing local and national Employment Agency
- Development of active measures regarding the employment and of good awareness; mediatization of the active measures; reduction of bureaucratic procedures, i.e. formalities simplification in order to benefit from all these active measures; quality increase of the professional training courses;
- Involvement of the employers and important social partners in the university education planning, etc.

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CHAOS MODELS IN ECONOMICS

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Abstract – The paper discusses the main ideas of the chaos theory and presents mainly the importance of the nonlinearities in the mathematical models. Chaos and order are apparently two opposite terms. The fact that in chaos can be found a certain precise symmetry (Feigenbaum numbers) is even more surprising. As an illustration of the ubiquity of chaos, two models among many other existing models that have chaotic features are presented here: the nonlinear feedback profit model and one model for the simulation of the exchange rate.

Keywords: chaos, nonlinear systems, complex behavior, bifurcation diagram

Introduction

One of the axioms of the modern science asserts that if an accurate description of a physical system can be identified then the possibility of a deeper understanding of the system and the prediction of the system evolution is possible.

These assertions are not always correct. For instance, if one applies the laws of motion stated by Newton, then there is possible to predict exactly the orbit of the Moon around the Earth if the influence of other planets is not considered. These predictions were verified and proved to be accurate. If the third planet is included, the mathematical model of the interaction of the two bodies becomes "the three bodies problem", solved by Newton but for a limited set of cases and unsolved for the general case. Today by means of a computer, "the tree bodies problem" can be solved, but one can observe that the prediction of the orbit of the third planet is often impossible.

A large number of real systems have a nonlinear behavior despite the idealized linear behavior used in modeling. The development of a new way of dealing with nonlinear systems is obvious. This "new way of dealing" exists already despite the fact that the study of the nonlinearity is still at the beginning.

Some changes in nonlinear systems can lead to a complex and erratic behavior called chaos. The nonlinearity is one of the conditions needed by a system in order to develop chaos. The term chaos is used to describe the behavior of a system that is aperiodic and apparently random.

S. H. Strogatz defines chaos as an aperiodic long time behavior developed by a deterministic system highly sensitive on initial condition. [1] Behind this apparently random behavior lies the deterministic character determined by the equations describing the system. Most of the systems that are used as examples to explain the concepts of chaos theory are deterministic.

There are two types of chaos: deterministic and nondeterministic. The deterministic chaos represents the chaotic motion of the nonlinear systems whose dynamic laws determines uniquely the evolution of the system's state based on the previous evolution.

The deterministic chaos represents only one particular case of what is called nondeterministic chaos that exhibits a superexponential divergence of the trajectories. In this case the equations describing the evolution of the system are not known. The both ways of chaos manifestations are short-term predictable but long term unpredictable.

The chaos and the concepts related to the dynamics of the systems and the their modeling using differential equations is named the chaos theory and is tightly related with the notion of nonlinearity [4]. The nonlinearity implies the loss of the causality correlation between the perturbation and effect propagated in time. The study of the nonlinearity is named nonlinear dynamics — a captivating domain using a mathematical apparatus still under development.

Despite the fact that the ideas leading to the emergence of the chaos theory existed before longtime, Lorenz (1963) created a mathematical model of the convection currents circulation in atmosphere and observed that when the systems begins with initial conditions slightly changed from the previous ones, the results are completely different. This phenomenon will lie at the basis of a very popular paradigm of chaos named

"the butterfly effect", that states that if the flapping of a butterfly slightly modifies the atmospherically conditions in the Amazonian jungle, this fact can have an impact, at the end of a complex cause – effect chain in setting off a tornado in Texas.

The butterfly effect paradigm contains the essence of the phenomenon characterizing the chaos: first, the sensitive dependence on initial conditions and second – the fact that to predict the future state of a chaotic system, the current state need to be known with infinite prediction.

The manifestation of chaos can be found everywhere in the real world, for instance: the propagation of the avalanches, epidemics spreading, climate evolution, heart beats, lasers, electronic circuits, etc.

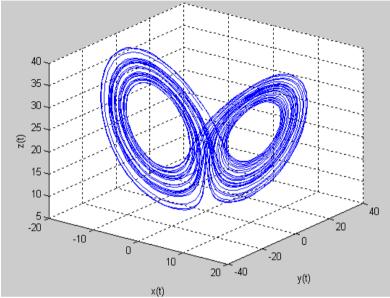


Figure 1. Lorentz attractor – the "butterfly" of chaos theory.

A legitimate question is that the chaos is the rule or the exception from the rule. Taking into account that most of the systems of the real world are nonlinear (the basic condition for the emergence of chaos), seems that chaos could be one of the not so obvious features of the nature.

The importance of studying chaos is that chaos offers an alternate method that explains the apparently random behavior of the complex systems. The chaos plus the specific mathematical tools is a framework of studying different models from different fields, models that can be reduced to elementary models with known chaotic behavior for some values of the parameters.

The way to chaos begins with the phenomenon of period doubling. The period doubling evolves in 2, 4, 8, 16 and so on periods and the system evolution can abruptly fall into chaotic regime.

In the case of unimodal function there is an interesting symmetry in the parameter values for what the period doubling occurs.

If A_1 is the value of the control parameter for what the first period doubling occurs and A_n is the value for what the n^{th} period doubling occurs, then:

$$\delta = \lim_{n \to \infty} \frac{A_n - A_{n-1}}{A_{n+1} - A_n} = 4.66920 \tag{1}$$

where δ is the Feigenbaum number valable for all unimodal functions.[5]

Nonlinear Models

A. Chaos in exchange rates

For the simulation of the volatile behavior of the exchange rates were created models that treat the exchange rates as being prices of the financial assessments traded on efficient markets. The current exchange rate contains the currently available information and the changes observed reflect the effect of the new events that are unpredictable by definition.

The theory states that an accurate a priori prediction of the exchange rate evolution is impossible to be made but the subsequent explanation of the changes is possible. In order to eliminate these difficulties, the chaos theory and the nonlinear models are extensively used. The first researches have been carried out starting from 1980.

In the majority of situations these models are highly nonlinear and result in a wide range of dynamic behavior, including chaotic dynamics. There is a dispute over the manifestation of chaotic dynamics in exchange rates. There are many studies that are positive to the chaotic dynamics (Federici 2001, Westerhoff, Darvas 1998, Hommes 2005, Vandrocicz 2006) and also a number of studies that are rejecting the chaos in exchange rate (Brooks, Serletis).

The chaos theory demonstrates that even the simplest dynamical systems can exhibit at some point a very complex behavior. If the exchange rates variation is caused due to the chaotic nature of the system, this should lead to the fact that the smallest influences should have the effect of a nonlinearity over the exchange rates – exactly what happens in reality.

The first model presented demonstrates the fact that even the simplest models can exhibit chaotic behavior. [3]

The demand of foreign currency is determined as percentage of the deviation of current exchange rate towards the expected one.[2]

$$S_{t} = \alpha \left(\frac{e^{e}}{e_{t}} - 1 \right), \alpha \ge 0$$
 (2)

where

e_t is the domestic price of the foreign currency

e^e is the future estimated exchange rate

 α is the sensitivity parameter

The trade balance (T_i) is a linear function depending on the current exchange rates and the corresponding exchange rate for the last period, written as deviation from the expected values and is given by the equation:

The expected exchange rate represents the stable state at which the speculators on the market do not wish to sell nor buy.

$$T_{t} = \beta(e_{t} - e^{e}) + \gamma(e_{t-1} - e^{e})\beta, \gamma > 0$$
 (3)

The clearing of the exchange markets writes as:

$$\Delta S_{t} = T_{t} \tag{4}$$

After replacing equations (2) and (1) in (4), equation (4) becomes:

$$\beta e_{t-1} e_t^2 - [(\beta + \gamma) e^* e_{t-1} - \gamma e_{t-1}^2 - a e^*] e_t - \alpha e^* e_{t-1} = 0$$
 (5)

The equation 5 has two roots, the positive one being considered for obvious reasons. The resulting nonlinear equation is:

$$e_{t} = \frac{\left[(\beta + \gamma)e^{*}e_{t-1} - \gamma e_{t-1}^{2} - ae^{*} \right]}{2\beta e_{t-1}} + \frac{\sqrt{\left[(\beta + \gamma)e^{*}e_{t-1} - \gamma e_{t-1}^{2} - ae^{*} \right]^{2} + 4*\beta e_{t-1} *\alpha * e_{t-1}}}{2\beta e_{t-1}}$$
(6)

for $\alpha = \beta = 4$ and $\gamma = 26$.

The graphical representation of the solution e_t show that the graph presents a peak value of 2.76 and a minimum value of 0.091. Any other value from outside the interval represented by these two values is attracted. The evolution of the system with the specified parameters is chaotic because satisfies the Ly-Yorke condition [3].

The Figure 2 illustrates the evolution of the system for two initial slightly different values: 0.2 and 0.2005 (the dotted line). The values of the two time series are identical for a short period of time (the first 10 iterations) and then the trajectories of the systems are diverging.

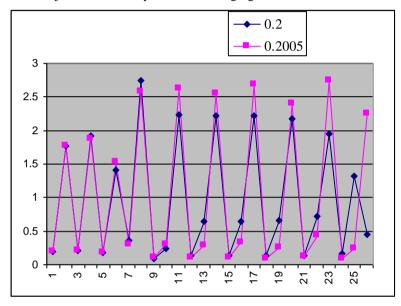
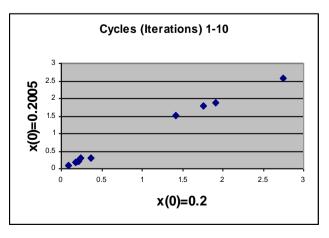
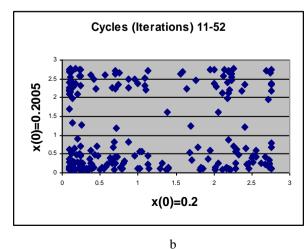


Figure 2. The influence of the initial conditions.

The scatterplots for the two time series are provided to demonstrate the independence of the two time series after 10 iterations. The scatterplots presented in Figure 3 and Figure 4 one of the fingerprints of chaos: the distance between two trajectories starting from nearby points in the state space diverge over time.



a



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Figure 3a. The scatterplot for the first 10 iterations and b) the scatterplot for the last 41 iterations.

When the sensitivity parameter is varied, the same effects can be observed. Figure 4 presents the trajectories of the system for two very near values of α .

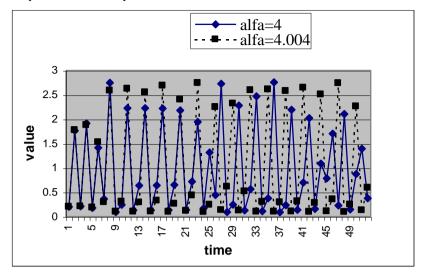


Figure 4. The influence of changing sensitivity parameter.

The apparently irrelevant changes can affect the longtime behavior of the exchange rate modeled using the Ellis model and some of these small shocks can determine the system to fall into the chaotic regime.

B. The model of the nonlinear feedback mechanism of the profit

The current spending of a firm can influence the value of the profit obtained at the end of the reference period. The profit will influence the spending over the next period. The dependence between the previous value of the profit and the current value is nonlinear because an increase of the spending does not reflect in an increase of the profit. The law of the decrease of the efficaciousness asserts that a certain mean value reaches minimum or maximum value when its magnitude equals the marginal value. One can invest in a certain production capability but this doesn't guarantee an unlimited increase of the production but the increase up to a certain point. Beyond that point the increase of the investment does not generates a corresponding increase of the production.

The dependence between the current profit and the previous profit can be modeled by using the equation:

$$\Pi_{t+1} = A\Pi_t - B\Pi_t^2 \tag{6}$$

The maximum profit Π_{\max} .is supposed that it can be determined.

Dividing the equation (6) with $\Pi_{\rm max}$ the following result is obtained:

$$\frac{\Pi_{t+1}}{\Pi_{max}} = A \frac{\Pi_t}{\Pi^{max}} - B \left(\frac{\Pi_t}{\Pi^{max}}\right)^2 \Pi^{max}$$
 (7)

Let $\pi_t = \frac{\prod_t}{\prod_{max}}$ and the equation (7) becomes:

$$\pi_{t+1} = A\pi_t - B\pi_t \Pi^{\text{max}} \tag{8}$$

If we take $\Pi^{\text{max}} = \frac{A}{B}$ the equation above becomes the logistic equation:

$$\pi_{t+1} = A\pi_t - A\pi_t^2 = A(1 - \pi_t)\pi_t \tag{9}$$

The logistic map exhibits the same dependence on the initial condition: the slightest change of the initial condition causes a completely different evolution.

The complex behavior of the apparently simple functions can be observed using the bifurcation diagram. The bifurcation diagram (Figure 5) is an excellent tool allowing analyzing the behavior of a function by varying a control parameter (in the case of logistic function, the control parameter is A).

The logistic function is known to have a chaotic behavior with small isles of periodicity for a value of the parameter A greater that 3.57. For $A \in [3.57, 4]$ there are small areas of periodicity, the white stripes that can be observed in the figure. For A > 4 the behavior is completely chaotic.

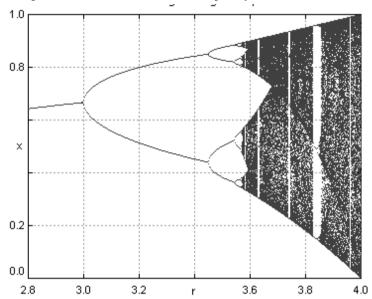


Figure 5. The bifurcation diagram for the logistic function

Conclusions

Chaos is can be found almost everywhere in the nature. Chaos theory and fractals are currently applied in the study of the natural phenomenon.

An essential condition needed in order that chaos to emerge is to have nonlinear systems. In fact very few of all models are purely linear, the vast majority of the systems are nonlinear.

The paper emphasizes two of the features of the chaotic systems: dependence to initial conditions and the divergence of nearby trajectories.

Two of the models used in economy that could exhibit chaos are described and discussed.

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STATISTICAL STUDY CONCERNING THE URBAN TOBACCO'S CONSUM, PREMISES OF THE CONSUMERS' BEHAVIOUR CHANGES

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While tobacco became more and more popular, there were always voices against it being considered immoral and harmful. However the intent of restraining his using has only made it more valuable and encouraged smuggling. Smoking is a risk factor for excitement state at young infants. Being a subject of actuality and of national interest, the authors have performed a study among the citizens of Bucharest, in order to sketch of the typical smoker profile. Smoking teenagers have to seek for medical care more often than non-smokers. As a final conclusion of this study we have to mention the fact that through a better campaign against smoking, sustained by the authorities, the number of smokers and smoking harmful effects could be significantly reduced.

Tobacco, consume, survey, sampling, probability, representatively, assortment

Tobacco introduction notion

Tobacco smoke contains over 4000 chemicals, the vast majority of which are present either naturally in the tobacco and transfer into smoke, or are formed when the tobacco is burnt. Hundreds of them are toxic and 30 are carcinogenic. Nicotine has various effects on the body. In small doses nicotine serves as a nerve stimulant, entering the bloodstream and promoting the flow of adrenaline, a stimulating hormone. It speeds up the heartbeat and may cause it to become irregular. It also raises the blood pressure and reduces the appetite, and it may cause nausea and vomiting.

While tobacco became more and more popular, there were always voices against it being considered immoral and harmful. However the intent of restraining his using has only made it more valuable and encouraged smuggling. After being harvested and processed nicotine becomes a product available in a wide range of items: cigars, cigarettes and tobacco. The occurrence of lung chronic diseases is strictly related to the smoking habits. Smoking is a risk factor for excitement state at young infants.

Being a subject of actuality and of national interest, the authors have performed a study among the citizens of Bucharest, in order to sketch of the typical smoker profile. Smoking teenagers have to seek for medical care more often than non-smokers. The consumers have been questioned with the purpose of answering to the following questions:

Who are the clients?

How the consumers take-in the most important tobacco producers' offers?

Which is the favorite brand of the Bucharest smokers?

The study subject

In order to sketch the profile of the Romanian smoker we resume at persons that use tobacco asking about their favorite brands taking into consideration the following differentiation criteria: age, gender, education, occupation, income, and family state.

Target population

Target population consisted of people between 18 and 55 years from Bucharest. Considering that young people use tobacco starting with early ages, the target population was selected from persons over 18 years old who graduated at least 8 classes and smoke minimum 5 cigarettes daily.

Data gathering

The data have been gathered between 26.12.2006 - 02.12.2007, 300 subjects being interviewed.

Data processing and analyzing

The smoker profile

Out of the entire subjects were females 56%, so more than half of the smokers are females. Another conclusion drawn was that more than a half of the users have been smoking for more than 5 years and 39 % represents peoples that have been smoking for at least 1 year but no longer than 5.

It have also been noticed that 65% smoke an average of 20-30 cigarettes a day, around 50% of them prefer "Lights" and one third "Full Flavour". "Menthol" and "Ultra Lights" own together 15 %.

Male subjects: smokes in a percentage of two thirds "Full Flavour" and just one third "Lights". The rest of them prefer "Menthol" or "Ultra Lights".

Female subjects: 60% of them prefer light cigarettes, followed by "Full Flavour" with 15% and menthol cigarettes with 10% of market share. Ultra and Super Lights flavours are desired by 6% and respectively 7% of them.

Beginners (less than a year experience): two third of them prefer "Lights". "Super lights" and "Menthol" are liked by 12%. The last being "Full Flavour" with 3 %.

Youths (between 18-25 years old): about 75 % care for light cigarettes. Most of them start smoking 1 to 5 years ago. Second place is held by full flavour cigarettes with 17% (see figure 1).

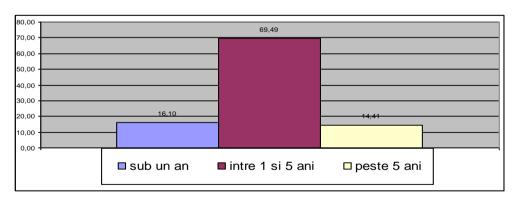


Figure 1. Sample structure depending on the smoking experience

High-school graduates (50 % of the whole subjects) choose especially light cigarettes (60%). In favor of "Full Flavour" were 27% (see Figure 2).

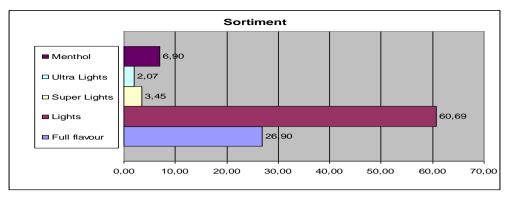


Figure 2. High-school graduates preferences concerning flavours

Also 50% of university graduates smokes "full flavour" and their favorite brand is Viceroy (30 %), the rest of 16% is held by other brands, except "Pall Mall" with 4% (see Figure 3).

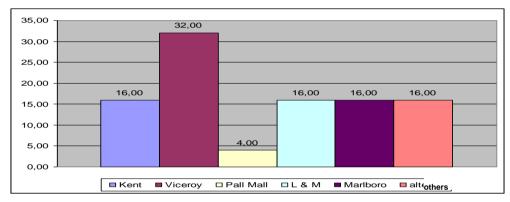


Figure 3. University graduates preferences concerning brands

Regarding the flavors, 42% prefer "Lights" and 37% "Full Flavour".

The final top shows that the leading brand is Kent with a quarter of the market, being followed by Viceroy with 20 % and Pall Mall with 16 %.

Males care for Viceroy due to the price and habit. Secondly being L&M and Marlboro each of them with 20 % market share (see Figure 4).

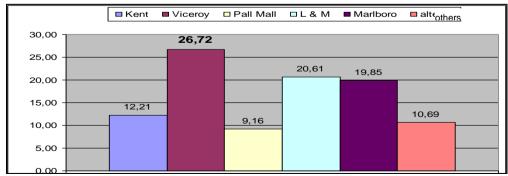


Figure 4. Males' preferences regarding brands

Females choose more refined cigarettes, the leading brand being Kent, preferred by a third of them. The runner up is Pall Mall with over 20 % from preferences.

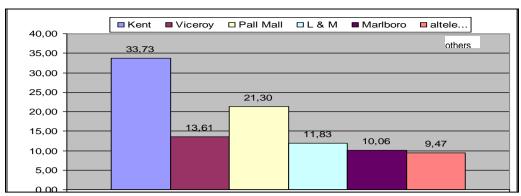


Figure 5. Female preferences about brands

Youths care more of quality rather than price, so they smoke Kent (35%) and Pall Mall (30%). Due to the lower quality, Viceroy has only 7 %. Third place is held by Marlboro with 16 % followed by L&M with 8%.

The conclusions are:

- 69% from the whole population consider quality whereas 25% consider low prices in choosing the brand. Only 6% are influenced by friend in their choice.
- 91% tried another brand before the present one.
- Regardless of the price and considering only the quality their choice (for 35%), would be Kent and Marlboro, being followed by Davidoff with 27%.
- If they would have to change the brand, the hierarchy will be: Marlboro, Kent, then with 20 % Pall Mall, 9% L&M, and Viceroy with 5%.
- Taking 10 cigarettes-packs as criteria, 42% of the females choose Pall Mall and around 42% of the males care of Marlboro.
- Females use to buy 10-packs only they can't find 20-packs or they can't find their brand, whereas 30% of the males buy 10-packs because they can't afford a 20-pack.

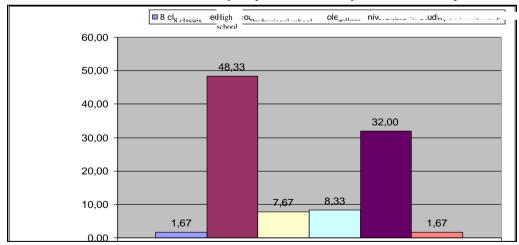


Figure 6. The sample structure after the level of education

- Also, females smoke about 75% from the enriched flavour cigarettes.
- The smokers from Bucharest are peoples from all ages and levels of education and social status. There is no tendency at poor people to smoke more. Only 10 % is held by the ones with incomes less than 250 RON.
- From the 300 interviewed subjects almost a half is high-school graduates and over a third are university graduates.

It is notable that a third of the smokers are the only smokers in their families and the missing of a second smoker greatly reduce the number of smoked cigarettes or even quitting.

Also 30% of the subjects are afraid of lung cancer caused by smoking. The second fear, for about 22 % of them, is stinky breathe. The lack of physical resistance is the third concern reason with 18%. On the fourth place is teeth yellowing and heavy breathe for about 10%. While the visual acuity is considered important for 4 %.(see Figure 7).

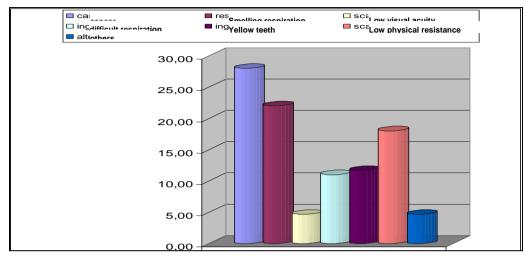


Figure 7. Answering structure depending on the smoking harmful effects

After the data processing and interpretation, the following conclusions have been drawn:

More than a half of all smokers begin to smoke before the age of 14 and 90 % before the age of 19. Smoking teenagers have to seek for medical care more often than non-smokers.

A person that smokes one pack per day lives 7 years than a non-smoker.

As a final conclusion of this study we have to mention the fact that through a better campaign against smoking, sustained by the authorities, the number of smokers and smoking harmful effects could be significantly reduced. While tobacco became more and more popular, there were always voices against it being considered immoral and harmful. However the intent of restraining his using has only made it more valuable and encouraged smuggling.

After being harvested and processed nicotine becomes a product available in a wide range of items: cigars, cigarettes and tobacco. The known health risks associated with cigarette smoking, such as damage to the lungs and lung cancer, are thought to be caused by other components of cigarettes such as tars and other by-products of smoking, and by the irritating effects of smoke on the lung tissue. Addiction to smoking is caused by nicotine itself. Stopping smoking produces withdrawal symptoms within 24 to 48 hours, which commonly include irritability, headaches, and anxiety, in addition to the strong desire to smoke.

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