MINISTERUL EDUCAŢIEI, CERCETĂRII ȘI INOVĂRII ANALELE UNIVERSITĂŢII DIN

ORADEA



ŞTIINŢE ECONOMICE TOM XVIII 2009

VOLUME IV

MANAGEMENT, MARKETING AND ECONOMIC INFORMATICS

ISSN - 1582 - 5450

HONORARY COMMITTEE

His Excellency – Mr Jonathan Scheele – Dr. H.C of the University of Oradea
Prof. Aurel Negucioiu, PhD - Dr. H.C of the University of Oradea
Aldo Poli – Dr. H.C of the University of Oradea
Franco Antiga - Dr. H.C of the University of Oradea
Prof. Gheorghe Gh. Ionescu, PhD - Dr. H.C of the University of Oradea
Prof. José Cifuentes – Honrubia, PhD – University of Alicante, Spain
Prof. Kormos Janos, PhD – University of Debrecen, Hungary;
Prof. Piero Mella, PhD – University of Pavia, Italy;
Prof. Giuseppe Paolone, PhD – "G. D'Annuzio" University, Chieti, Pescara, Italy;
Prof. Gheorghe Olah, PhD - University of Oradea
Prof. Constantin Rosca, PhD – Executive Manager AFER

SCIENTIFIC COMMITTEE

Prof. Marin Dinu, PhD – The Bucharest Academy of Economic Studies Prof. Emilian M. Dobrescu, PhD – Romanian Academy, Bucharest Prof. Elena Hlaciuc, PhD -"Stefan cel Mare" University, Suceava Prof. Ioan Mihut, PhD – "Dimitrie Cantemir" Christian University, Cluj Napoca Prof. Tatiana Moșteanu, PhD – The Bucharest Academy of Economic Studies Prof. Nicolae Al. Pop. PhD – The Bucharest Academy of Economic Studies Prof.univ.dr. Gabriela Prelipcean – "Stefan cel Mare" University, Suceava Prof. Petru Prunea, PhD - Technical University, Cluj Napoca Prof. Ovidiu Rujan, PhD – The Bucharest Academy of Economic Studies Prof. Alina Bădulescu, PhD - University of Oradea Prof. Mihai Berinde, PhD – University of Oradea; Prof. Elena Boneset, PhD – University of Oradea Prof. Gheorghe Tară, PhD – University of Oradea Senior Lecturer Maria Madela Abrudan, PhD - University of Oradea Senior Lecturer Olimpia Ban, PhD - University of Oradea Senior Lecturer Nicoleta Bugnar, PhD - University of Oradea Senior Lecturer Daniela Zăpodeanu, PhD - University of Oradea

EDITORIAL BOARD Academician Mircea Malita, Member of the Romanian Academy, Romania

Prof. Mircea Ciumara, PhD, National Institute for Economic Research, of the Romanian Academy, Romania Prof. Constantin Ciutacu, PhD, National Institute for Economic Research, of the Romanian Academy, Romania Prof. Valeriu Ioan-Franc, PhD, National Institute for Economic Research, of the Romanian Academy, Romania Prof. Ioan Popa, PhD, The Bucharest Academy of Economic Studies, Romania Prof. Luminita Chivu, PhD, National Institute for Economic Research, of the Romanian Academy, Romania Prof. Ahmet Aktas, PhD, University of Akdeniz, Alanya, Turkey Prof. Kormos Janos. PhD. University of Debrecen. Hungary Prof. Eszter Lang, PhD, University of Debrecen, Hungary Prof. Nicola Mattoscio, PhD, "G. D'Annuzio" University, Chieti, Pescara, Italy Prof. Piero Mella, PhD, University of Pavia, Italy Prof. Giuseppe Paolone, PhD, "G. D'Annuzio" University, Chieti, Pescara, Italy Prof. Egidio Rangone, PhD, "G. D'Annuzio" University, Chieti, Pescara, Italy Prof. Zoran Ivanović, PhD, University of Rijeka, Opatija, Croatia Prof. Nicolae Pop, PhD, The Bucharest Academy of Economic Studies, Romania Prof. Adriana Tomescu, PhD, University of Oradea, Romania Senior Lecturer Ioana Pop Cohut, PhD, University of Oradea, Romania

> Senior Lecturer Adriana Giurgiu, PhD, University of Oradea, Romania Lecturer Mirabela Pop, PhD, University of Oradea, Romania

SCIENTIFIC EDITORS

Prof.Anca Dodescu, PhD Prof.Nicolae Pop, PhD

EDITION PREPARED BY

Senior Lecturer Ioana Pop Cohuţ, PhD. Ec. Cătălin Zmole

TEHNOREDACTARE

Ec. Cosmin Ştir Ec. Cătălin Zmole Ing. Czego Zsolt

REDACTION ADDRESS

University of Oradea, Faculty of Economics University Street, no. 1 - 3 410087, Oradea – România

Phone: 040259/408.109 – Dean Faculty of Economics; Phone: 040259/408.247 – Journal of Faculty of Economics; Fax: 040259/408.409

Site University of Oradea: http://www.uoradea.ro Site Faculty of Economics: http://steconomice.uoradea.ro Site Journal of Faculty of Economics: http://steconomice.uoradea.ro/anale

THE ANNALS OF UNIVERSITY OF ORADEA ECONOMIC SCIENCE SERIES TOM XVIII, 2009

Volume I. Plenary Session. International Business and European Integration

Volume II. Economy, Business Administration and Economic Statistics

Volume III. Finances, Banks and Accountancy

Volume IV. Management, Marketing and Economic Informatics

TABLE OF CONTENTS – VOLUME IV

MANAGEMENT	23
TALENT MANAGEMENT - A STRATEGIC PRIORITY	24
Abrudan Maria-Madela	
CAREER MANAGEMENT PRACTICES OF THE PHARMACEUTICAL COMP. ROMANIA	30
Antoniu Maria Eliza	30
A FIVE DIMENSIONS APPROACH OF KNOWLEDGE MANAGEMENT: THE CRESOURCE, ENTITY, PROCESS AND CAPACITY VIEW	
Artenie Cristiana	37 37
Popescu Dan	37
QUALITY OF ROMANIAN MEDICAL SERVICES — WAYS TO MANAGING TIMPROVEMENT	50
Barbu Maria-Magdalena	50
MANAGEMENT OF MEDICAL SERVICES	
THE INFORMATIONAL TECHNOLOGY AND MANAGEMENT OF CONFLIC	
CHALLANGE IN THE CONDITION OF THE ECONOMIC CRISIS	
Bardas Petru	
Rotaru Simona	
Ghiță Mirela Claudia Cocoșilă Mihaela	
THE USE OF MISSION STATEMENT AND OBJECTIVES IN UNIVERSITIES Băcanu Bogdan	
LEAN HOSPITAL - CONCEPTUALIZATION AND INSTRUMENTATION	74
Bâtcă Viorel	
THE PARADIGM OF THE KNOWLEDGE ECONOMY – NEW LEADERSHIP, E	CO-TEAM
BUILDING AND SOCIAL RESPONSIBILITY	
Bocănete Paul	
Nistor Cristina	80
THE QUALITY IN REGIONAL DEVELOPMENT. INSURED FRAMEWORK FOR	
MANAGEMENT OF REGIONAL DEVELOPMENT	
Bologa Gabriela	
LEADERSHIP COMPETENCIES AND THEIR ROLE IN ORGANIZATIONS Bordean Ioan	
Tureac Cornelia	
LES METHODES DE MESURAGE DE LA DISCRIMINATION	95
Brînzea Victoria-Mihaela	
Oancea Olimpia	
SALES STAFF TRAINING - COMPLEX AND PERMANENT ACTIVITY O	F SALES
OPERATIONAL MANAGEMENT	
Brutu Mădălina	101
MANAGING SITUATIONS OF CRISIS USING NEGOTIATION OR MEDIATION	107

Bucur Iamandi Gheorghe Popescu Catalin	
MANAGING STRESS - THE KEY TO ORGANIZATIONAL WELLNESS	
THE ORGANIZATIONAL CHANGE AND THE EMPLOYEES REACTIONBucurean MirelaLupu Aurelia Oana	116
PERFORMANCE PARTICULARITIES WITHIN THE NATIONAL PUBLIC TELEV SERVICES Budacia Elisabeta Andreea	121 121 121
APPLICATION OF EMPLOYEE MOTIVATION THEORY TO THE WORKPLACE Budica Ilie Puiu Silvia Budica Bogdan Andrei	126
REGIONAL CUSTOMS DIRECTORATES MANAGEMENTCaba ŞtefanCăuş Vasile-Aurel	130
MANAGERIAL SKILLS OF AN E-LEARNING MANAGER Cardoş Vasile-Daniel Tiron-Tudor Adriana	134
THE MANAGERIAL STRATEGY IN THE HEALTHCARE INSTITUTIONS OF ROMANI. Celestin Constantin	140
ORGANIZATIONAL CULTURE IN ITS SPECIFIC ISSUES OF A MODERN COMPANY Ciucescu NicoletaFeraru Andreea	145
INFORMATION TECHNOLOGY FOR SUPPORTING ORGANIZATIONS IN THE STRA OF GLOBAL COMPETITIVENESS Consoli Domenico Bolcas Cristina Badea Badea Florica	150 150 150
EXTREME PROGRAMMING – AGILE METHOD USED IN PROJECT MANAGEMENT Cruceru Anca Fotache Liviu Christian	T 156 156
THE DASHBOARD AS A MANAGERIAL INSTRUMENT OF MEASURING PERFORM IN MEDICAL-SANITARY INSTITUTIONS	<i>161</i>
ROMANIAN HUMAN RESOURCES' POLICIES IN THE CONTEXT OF ECONOMIC (
Deaconu Alecxandrina Rașcă Lavinia	167
UNIVERSITY ENTREPRENEURSHIP - A CHANCE TO IMPROVE THE RELATION BETWEEN UNIVERSITIES AND BUSINESS IN THE KNOWLEDGE SOCIETY	<i>173</i>
THE DISCOUNT RATE POLICY IN ROMANIA IN THE 20TH CENTURY	179

Dobrescu M.Emilian Pociovălișteanu Diana	
COMMUNICATIONAL APPROACH IN THE ORGANIZATIONAL CHANGE	184
MANAGEMENT	
Dragoş Constantin Vasile	
SPECIFIC FEATURES OF THE RECRUITMENT AND SELECTION PROCESSES THE CASE OF BUCHAREST Dragusin Mariana Petrescu Raluca Mariana	190 190
AUDIT – GUARANTOR OF ETHICS IN THE MANAGEMENT OF PUBLIC INST	
Dumitrescu Adelina	
HUMAN RESOURCE STRATEGIES WITHIN THE BANKING SYSTEM IN ECRECESSION SITUATIONS Dumitru Alina Mihaela Văruicu Nicoleta	203 203
DIE EXTERNALISIERUNG DER HUMAN RESSOURCENFleşeriu AdamFleşeriu Cristina	207
MANAGEMENT, KNOWLEDGE AND VALUE WITHIN THE ROMANIAN R INSTITUTES FOR THE PAST 20 YEARS Fotache Liviu Christian Cruceru Anca	2 <i>13</i>
THE MANAGEMENT OF HEALTHCARE INSTITUTIONS IN ROMANIA IN THE OF THE EUROPEAN UNION DEVELOPMENTS	217 217
THE EVALUATION OF HUMAN RESOURCES PERFORMANCE AT S.C. ELECT. BAIA MAREGavrilescu Liviu	222
AN ANALYSIS OF THE INTER-HUMAN RELATIONS AT S.C. ROMTELECOM MARE	227
HUMAN FACTOR AND SUSTAINABLE DEVELOPMENT. Ghinea Valentina Mihaela. Orzea Ivona.	233
INFORMATION SYSTEM DEVELOPMENT: ARE MANAGERS AVOIDING THE	
Gorski Hortensia Dumitrescu Luigi Fuciu Mircea	239
THE USE OF FUZZY LOGIC IN THAT THE DECISION-MAKING PROCESS Grädinaru Doruleţ	
APPROACHES OF THE ENVIRONMENTAL MANAGEMENT OF INI PRODUCTIONGrădinaru Doruleț	250
THE LASTING EXCELLENCE OF THE INDUSTRIAL ENTERPRISESGrädinaru Puiu	

CONSIDERATIONS ON THE DECISION PROCESS WITHIN THE ENTERPRISES Grădinaru Puiu	
DEVELOPING PERFORMANCE INDICATORS FOR BUSINESS IMPROVEMENT Grigore Ana-Maria	269
Radu Cătălina	
THE STRATEGIC PERFORMANCE MANAGEMENT PROCESS	
Grigore Ana-Maria Bâgu Constantin	275
Radu Cătălina ENTREPRENEURSHIP AND FEMALE ENTREPRENEURSHIP IN MARAMUREȘ C	
Hahn Rada-Florina	
Sabou SimonaZima Liliana Adela	
PATRIARCHY IN THE SCHOOL: COVARIATES OF GENDER TRADITIONAL ADOLESCENCE	
Hatos Adrian	286
ROMANIAN HIGHER EDUCATION FINANCING IN A EUROPEAN CONTEXT	293
Iatagan Mariana	
THE USE OF 360-DEGREE FEEDBACK METHOD	299
Ilieş Liviu	
Crișan Emil	
Salanţă Irina	
WAREHOUSE PERFORMANCE MEASUREMENT – A CASE STUDY	
Turdean Ana-Maria	
Crișan Emil	
PERSPECTIVE AND STRATEGIES IN AUTOMOTIVE INDUSTRY	312
Isac Nicoleta	
Manole Victor	
CLUSTERS - BENEFITS AND RISKS ROMANIA'S CASE	316
Jeleriu Daniela - Claudia	
MANAGERIAL COMMUNICATION AND TIME MANAGEMENT - NECESS	
WEAPONS" IN ACHIEVING SUCCESS	
Jianu Elena	
EMPLOYEES MOTIVATION THEORIES DEVELOPED AT AN INTERNATIONAL LE Lefter Viorel	
Manolescu Aurel	
Marinas Cristian Virgil Puia Ramona Stefania	323
A SUCCESSFUL SALESMAN FEATURES: FROM NEEDED TALENTS TO A G.	
A SUCCESSFUL SALESMAN FEATURES: FROM NEEDED TALENTS TO A GAMODEL OF COMPETENCE	
Lukacs Edit	
David Sofia	
Nicolai Maria	328

PROTONEGOCIATIONS - SALES FORECAST AND COMPETITIVE ENVIRONALYSIS METHOD	333
ANALYSIS OF THE ALTERNATIVE INVESTMENTS AS BASES FOR THE BODECISION MAKINGLupu Felicia Adriana	338
INVESTMENT DECISIONS IN DISTRIBUTION FOR FOOD PRODUCTS COMPANA Lupu Felicia Adriana Lupu Adrian Gelu	343
PREPARING A DRAFT STRATEGY FOR THE DEVELOPMENT OF THE PRISON IN ROMANIA	348 348
THE AUDIT OF RECRUITMENT, SELECTION AND INTEGRATION OF THE RESOURCES	353
TRAINING AND DEVELOPMENT OF HUMAN RESOURCE AUDIT	
PARTICULARITIES OF THE HUMAN RESOURCES RECRUITMENT AND SEL PROCESS IN THE ROMANIAN COMPANIES	3 <i>61</i>
THE COMPETITIVENESS OF THE ROMANIAN TOURISM – A GHOST OR SUSTAREALITY? Mazilu Mirela Marinescu Roxana Cristina	366 366
LEASINGUL – MODERN FINANCING SOURCE Mărăcine Mihaela Simona Scărlătescu Iuliana Ducu Corina	372 372
FORMATION OF HUMAN RESOURCES – ELEMENT OF COMPETITIVENESS Morosan-Danila Lucia Boghean Florin Chasovschi Carmen	376 376
AGILE SOFTWARE DEVELOPMENT METHODOLOGIES: AN OVERVIEW (CURRENT STATE OF RESEARCH Năftănăilă Ionel	380
FINANCING, A MAJOR ISSUE IN ROMANIAN SMES COMPETITIVENESS	385 385 385
FORECASTING AND COMPETITIVE ADVANTAGES IN ROMANIAN SMES Nicolescu Ciprian	390 390 390

MARITIM				
	ENTATION OF SAFETY MANAGEMEN ristina			
	Gheorghe			
THE EST SHOPPIN Nistor Ra	IMATION OF BANKING SERVICE G METHODazvan Liviuelter Diana	ES QUALITY BY	USING THE	MYSTERY 400 400
Oargă Va	ANCHORS – A POSIBILITY OF KNOV alentinatefania-Raluca			405
RESEARC	EFLECTIONS AND COMPARISONS H IN EUROPE Florin Razvan			409
	ORTANCE OF TACIT KNOWLEDGE) ona			
SELF-REC Pãunescu	TS NECESSARY FOR COMPREHEND GULATION NATURAL SYSTEM 1 Ramona Alina			416
<i>DEVELOF</i> Pelau Co Vladoi A	ORS USED FOR THE PERFORMA. PMENTrina nca Daniela Monica			420 420 420
ECONOM Plumb Io Zamfir A	PRIVATE PARTNERSHIPS - SOLU IC CRISIS?			
ROMANIA Plumb Io Andronic	ATIVE STUDY ON HEALTH SYST			430 430 430
COMPANA Pop Sitar Toader R	SING MANAGEMENT OF SERVICES IES Corina Lita Anne-Marie			434 434 434
	SMENT CENTER, A NEW "FASHION ninita			
BUSINESS Popescu Grigore I	ON THE RELATIONSHIP BETWEE. S ENVIRONMENT. CASE STUDY: IBM Alina Irina Liliana Leonica	A ROMANIA R&D I	PARTNERSHIP.	S441 441 441
	S AND PROJECTION OF JOB OPEN R S.A. (COMPANY FOR RAILWAY TR			

Popescu Cătălin Cîrlănescu Zota Maria	
SPECIFIC FRAMEWORKS OF ORGANIZATION IN THE MEDICAL SECTOR SELECTION PROCEDURES ASSOCIATED WITH THE MEDICAL FIELD	451
TBE'S MODEL FOR LEADING A CLIENT ORIENTED ORGANIZATOANRoşca Remus Dorel	
SOCIAL EFFICIENCY OF SERVICES AND CONSUMERS` DEMANDSRusu CorinaPocol Adrian	461
STRATEGIC MANAGEMENT – CASE STUDY: THE WATER SUPPLY SYSTEM IN C BRITAINSabie (Abăluță) Oana	465
BUSINESS OPPORTUNITIES IN MARAMUREŞ COUNTY Sabou Simona Hahn Rada-Florina Rădulescu Corina	468 468
ANALYSIS OF THE PRODUCTION CAPACITY AND COSTS AT S.C. CATALI SHOES PITEŞTI Stănilă Georgiana Oana Brutu Mădălina Antoniu Eliza Isac Nicoleta	473 473 473
THE EFFECTIVENESS OF IMPLEMENTATION MECHANISMS FOR V MANAGEMENT STRATEGIC OBJECTIVES IN ITALY Stoian Marian Burcea Ştefan Gabriel	477 477
AN EFFICIENT COMMUNICATION WITH "PROCESS COMMUNICA MANAGEMENT"	481
CUSTOMER RELATIONSHIP MANAGEMENT (CRM) Todărița Elida Ranf Diana Elena	486
CHANGES AND TRENDS IN MANAGERIAL ROMANIAN PRACTICE Tohătan Anamaria	
HUMAN RESOURCE PLANNING AND THE SUCCESS OF THE ORGANIZATION Tureac Cornelia	499
LEVELS OF ETHICS THAT CHARACTERIZE THE MANAGERIAL REASONING Tutulea Anca	
SOME ACTUAL CONSIDERATIONS ABOUT CRISIS MANAGEMENT. Udrescu Margareta Ilie Constantin	509
THE CORRELATIVE APPROACH IN THE MANAGEMENT OF COMPANIES AND POINSTITUTIONS Văruicu Nicoleta Dumitru Alina Mihaela	514
Dunnuu Anna Minasia	,J14

ORGANIZATIONAL CONTEXT AND THE FORECAST OF HUMAN RESOURCES	517
Vărzaru Mihai	517
Stancu Ion	
Vărzaru Anca Antoaneta	517
LIFELONG LEARNING – PREREQUISITE TO SUSTAINABLE DEVELOPMENT ECONOMY AND KNOWLEDGE SOCIETY	
Zaharia Milena Rodica	521
Diaconu Mihaela	521
MANAGING RENEWABLE ENERGY IN THE EUROPEAN UNIONZamfir Andreea	
SERVICE QUALITY IN THE AUTOMOTIVE INDUSTRYZima Liliana Adela	<i>529</i> 529
MARKETING	
THE LIFE CYCLE OF SHOPPING CENTERS AND POSSIBLE REVITALIZA STRATEGIES	
Abrudan Ioana Nicoleta Dabija Dan Cristian	
COMMUNICATION ET RELATIONS PUBLIQUES DANS L'UNION EUROPÉENNE Amălăncei Brînduşa-Mariana	
Manole Victor	
Epuran Gheorghe	
THE USE OF READING NONVERBAL MESSAGES FROM CUSTOMERS	5.16
Barin Ioana	
REGULATION AND MARKETING TO CHILDREN	
Barin Ioana	
Prihoanca Diana	
MARKETING RESEARCH REGARDING FACULTY-CHOISE CRITERIA INFORMATION SOURCES UTILISED	555
Băcilă Mihai-Florin	
Pop Marius Dorel	
Ţîrcă Alexandra-Maria	
NATURAL RESOURCES AND COMPETITIVENESS OF THE TRAVEL AND TOU INDUSTRY IN CENTRAL AND EASTERN EUROPEAN COUNTRIES: AN EXPLORATION OF THE TRAVEL AND TOU	TORY
APPROACH	
Bălan DianaVegheş Călin	
<u> </u>	
THE ANALYSYS OF THE EVOLUTION AND TENDENCIES OF RETAIL MARK	,
WORLD WIDE AND IN ROMANIA	
THE EVALUATION OF ATTITUDES AND OPINIONS OF RETAIL COMPA	NIES
MANAGERS IN BRASOV REGARDING THE USE OF MARKETING INSTRUMENTS Bălășescu Simona	570
THE INFLUENCE IN ROMANIAN HOSPITALITY INDUSTRY OF SMALL MEDIUM-S	IZED
FIRMS AND THEIR SPECIFIC MEANS TO IMPROVE PERFORMANCE	
Băltescu Codruța Adina	
ADVERTISING IN TIMES OF CRISIS	
Belu Mihaela Gabriela	
- W-W-V-11 1/1111W1 P V1V1	

Cărăgin Andreea Raluca5	80
BUILDING A RELATIONSHIP WITH THE CUSTOMER: A CRM VERSUS A Q PERSPECTIVE	85 85
GUIDELINES REGARDING EFFICIENT COMMUNICATION WITHIN MODER ORGANIZATIONS	90
THE CLINICAL MANAGEMENT - THE SANITARY MARKETING CONVERGENCE AN COMPLEMENTARITY	94 94
CONSUMER BEHAVIOR AND ENTERPRISE AGILITY – A MODEL OF THE SURVEYE INDICATORS	99
EVALUATING ENTERPRISE AGILITY – AN EXPLORATORY RESEARCH ON CONSUMI BEHAVIOR INDICATORS	03
CHOOSING THE MEDIA CHANNELS ACCORDING TO THE IDENTIFIED MARKI SEGMENT 60 Botezat Elena 60 Sav Teodora 60	07 07
MARKETING FOR SMALL ENTREPRISES – CASE STUDY DAISY SARA LTD6Brandabur Raluca6Popescu Andrei6	12
QUALITATIVE RESEARCH ON THE NATIONAL PUBLIC TELEVISION IMPACT OF TODAY'S MARKET6Budacia Elisabeta Andreea6Perju Alexandra6Avram Emanuela Maria6	15 15 15
RIVALITE DES COMPETITEURS SUR LE MARCHE DE LA VILLE DE BUCAREST	20 20
THE USE OF THE MULTI-FACTORIAL GRID IN THE SELECTION OF THE ENTER STRATEGIES OF OMV AG IN THE ROMANIAN MARKET	23
STRATEGIES FOR HIGHER SATISFACTION OF THE ROMANIAN BANKIN CUSTOMERS	28
THE POSITION OF SC PETROM SA ON THE CENTRAL AND EAST EUROPEAN O MARKET	34 34 34
WHO IS THE HIGH-TECH CONSUMER OF OUR DAYS? 6 Dovleac Lavinia 6 Balasescu Marius 6	40

THE SIGNIFICANCE BY PUBLIC RELATIONS ACTIVITY TO THE LEVEL OF ORGANIZATIONS	
SIDE BANKING MARKET OF ROMANIA IN THE PERIOD OF ECONOMIC CRISIS 649 Duhalm Simona	
UNDERSTANDING THE CLIENTS – THE ESENCE OF DIGITAL MARKETING.652Dumitrescu Luigi652Gorski Hortensia652Fuciu Mircea652	
STUDY ON THE EVOLUTION AND TRENDS IN ONLINE ADVERTISING IN THE EUROPEAN UNION COUNTRIES	
ART COLLECTIONS – BETWEEN PASSION AND INVESTMENT	
CONTRADICTORY EVOLUTIONS OF MARKET ART IN NOWADAYS	
NEW TECHNOLOGIES AND MARKETING: SOME REASSESMENTS.667Epuran Gheorghe667Nichifor Bogdan667Zait Luminita667	
MARKET SEGMENTATION - FUNDAMENTAL STEP IN MARKETING STRATEGYDEVELOPMENT	
ANALYSIS OF MARKETING DATA – EVOLUTIONS OF TOPIC APPROACH	
ASSESING THE EFFICIENCY OF THE SOCIAL POLICY IMPLEMENTATION IN THE CONTEMPORARY ORGANIZATIONS	
STRATEGIES FOR INCREASING MARKETING FLEXIBILITY: AN APPLICATION OF THE SERVICE DOMINANT LOGIC	
ETHIK IM INTERNET-MARKETING. 689 Humelnicu-Severin Anamaria 689	
E-MARKETING IN DER "E-EVERYTHING" WELT. 692 Humelnicu-Severin Anamaria 692	
THE SATISFACTION OF THE PATIENTS — PANACEA OF THE MANAGEMENT ORIENTED TOWARDS THE MARKET OF THE SURGERY MEDICAL SERVICES	
THE MAIN CHARACTERISTICS OF SUPPLY AND DEMAND ON THE ROMANIANINSURANCE MARKET700Ioncică Maria700Petrescu Eva-Cristina700	

Ioncică Diana Petrescu Marian	
ROMANIAN ORGANIZATIONS AND EVALUATION OF ONLINE MARKETING RE	
Kánya Hajnalka	
Cuc Sunhilde	
MARKETING CHALLENGES CREATED BY THE MULTIMEDIA CONVERGENCE Lazoc Alina	
THE AIR TRANSPORT AND CONSUMER PROTECTION	
CONTEMPORARY MARKETING PRACTICES IN ROMANIA	
PRICING ISSUES ON MOBILE TELECOMMUNICATION MARKET Meghişan Georgeta-Mădălina Bodog Simona Bocean Claudiu	719 719
STRATEGIC PRICING ROLE IN SETTLING THE FIRM POSITION ON THE MARKE Micu Adrian Coita Dorin- Cristian	724
THE DISTRIBUTION STRATEGY ROLE AND THE PRICE POLICY ROLE IN SET	
THE FIRM POSITION ON THE MARKET	
Micu Adrian Susanu Irina Susanu	
Cristache Nicoleta	728
Belenesi Cosmin	728
SERVICE QUALITY ATTRIBUTES IN RETAIL BANKING SERVICES	732
Dinculescu Elena Silvia	
THE INFLUENCE OF MARKET TYPE AND DEMOGRAPHICS ON BRAND LOYA	
STUDY AMONG URBAN ROMANIAN CONSUMERS	
ASPECTS OF PERMISSION MARKETING	
Enache Elena	
Ţinteanu Bogdan	
THE TRADEMARK IMAGE OF THE SOCIALLY RESPONSIBLE COMMERCIAL CO	
Murzea Cristinel Mureşan Laura	746
GLOBAL PROMOTIONAL STRATEGIES. THE CASE OF BENNETON COMPANY Muşetescu Adina	
THE ROLE OF HYGIENE IN PUBLIC NOURISHMENT Neacşu Nicoleta Andreea	
THE ROLE OF DATA MINING TECHNIQUES IN RELATIONSHIP MARKETING	757
Neagoe Cristina	757
Dumitru Nicoleta-Rossela	
Negricea Costel- Iliuță	/5/

	UM - SIZED ENTERPRISES
	IN SEASIDE TOURISM
	CONOMIC CRISIS ON THE BAKERY INDUSTRY
Brînzea Victoria-Mihaela	
ONLINE ADVERTISING – A STRAT	TEGIC TOOL FOR THE BUSINESS
Orzan Mihai	
	RGANIZATIONAL RESPONSE IN CRISIS CONTEXT.
	ED BY RECRUITMENT PORTALS - AN EXPLORATO
	MARKET
Petrescu Eva-Cristina	
Petrescu Eva-Cristina	
Petrescu Eva-Cristina Pop Nicolae Al THE MARKET STRATEGY IN THE	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING II Pop Ciprian-Marcel	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel	AUTOMOBILES DOMAIN DAUDITING EVENTS
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana	AUTOMOBILES DOMAIN D'AUDITING EVENTS
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana	AUTOMOBILES DOMAIN D'AUDITING EVENTS
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana Zaharie Monica Maria	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana Zaharie Monica Maria A HOLISTIC APPROACH OF RE	AUTOMOBILES DOMAIN DAUDITING EVENTS UNSIDE THE CUSTOMER'S MIND
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana Zaharie Monica Maria A HOLISTIC APPROACH OF RE NEW PRODUCTS CASE STUDY:	AUTOMOBILES DOMAIN D'AUDITING EVENTS UNSIDE THE CUSTOMER'S MIND LATIONSHIP MARKETING IN LAUNCHING LUX RESEARCH OF THE DEMAND FOR HOUSING
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana Zaharie Monica Maria A HOLISTIC APPROACH OF RE NEW PRODUCTS CASE STUDY: RESIDENTIAL COMPLEXES IN OR	AUTOMOBILES DOMAIN
Petrescu Eva-Cristina Pop Nicolae Al. THE MARKET STRATEGY IN THE Petrescu Nicolae-Daniel Petrescu Mariana Petrescu Anghel Popescu Andrei METHODS OF EVALUATING AND Pop Ciprian-Marcel Scridon Mircea Andrei Dabija Dan Cristian Todt Horst NEUROMARKETING – GETTING I Pop Ciprian-Marcel Radomir Lăcrămioara Maniu Andreea Ioana Zaharie Monica Maria A HOLISTIC APPROACH OF RE NEW PRODUCTS CASE STUDY: RESIDENTIAL COMPLEXES IN OR Pop Al.Nicolae Fotea Ş. Ioan	AUTOMOBILES DOMAIN

STUDY CONCERNING MICROBIOLOGICAL AND PHYSICAL-CHEM CHARACTERISTICS OF TRANSYLVANIA HONEY Popa Maria, Axinte Roxana, Varvara Simona Vica Mihaela, Glevitzky Mirel Tomescu Ada	813 813
POSITIONING, AN IGNORED CONCEPT? Popescu Andrei Brandabur Raluca Ecaterina Tatu Cristian Ionut Petrescu Nicolae Daniel	818 818
BACKGROUND COMMUNICATION STRATEGY TO PUBLIC COMPANIES	821
LEGAL RESTRICTIONS IN THE USAGE OF PROMOTION TECHNIQUES IN EUROPEAN PARLIAMENT ELECTIONS	826 826
PROMOTION STRATEGIES FOR HEALTH-CARE SERVICES	831
THE HORIZON OF DEVELOPINGTHE EGYPTIAN MARKETING TOURISM IN EU Radwan Alaa El Din Hussien	
THE QUALITY OF COMMERCIAL SERVICES – A BAROMETER OF THE COMPET ADVANTAGE OF THE DISTRIBUTION CHANNEL MEMBERS	839 839
STRATEGIES TO INCREASE COMPETITIVENESS OF BALNEARY TOURISM ROMANIAN BLACK SEA SIDE Secară Mirela Nenciu Daniela Constandache Mihaela	844 844
THE DEVELOPMENT OF A NEW POLITICIAN. FACT AND FICTION Tatu Cristian	847 847
TOURISM AND ECONOMIC DEVELOPMENT IN MOUNTAIN REGIONS AN ECON ASSESSMENT	852
SPECIFICITY ELEMENTS CONCERNING AGRO-ALIMENTARY PRODUCT AT LEVEL OF EUROPEAN UNION	855
DETERMINING THE PROFILE OF TOURISTS IN BRAŞOV STARTING FROM TOURISM AGENCIES	D BY859
SOCIAL NETWORKING: REASONS TO JOIN AND THINGS DONE BY THE ROMA CONSUMERS - AN EXPLORATORY ASSESSMENT	863

CHALLENGES AND OPPORTUNITIES FACED BY ENTREPRENEURIAL UNIV	
SOME LESSONS FROM ROMANIA AND LITHUANIAZaharia Razvan	
Grundey Dainora	
·	
LES COURTIERS EN INFORMATION – UNE NOUVELLE TENDANCE D. RESTRUCTURATION DES CHAÎNES DE DISTRIBUTION	
Zaiţ LuminiţaZaiţ Luminiţa	
ECONOMIC INFORMATICS	876
A COMPARATIVE STUDY OF THE EVOLUTION OF REAL INCOMES OF PENS	SIONERS
AND UNEMPLOYED USING GENETIC ALGORITHMS	
Balan Ionut	
Gradinaru Dorin	877
INFORMATION FLOW ASSURED BY IT&C CONTINUITY PLANNING	881
Băbeanu Delia	
Cozgarea Gabriel	
Pugna Irina Bogdana	
Gavrilă Alexandru Adrian	881
B2C E-COMMERCE WEBSITE	886
Boboila Cristea	
Savulea Dorel	886
AN ADAPTATIVE EVOLUTIONARY MODEL OF FINANCIAL INVESTORS	891
Boldea Bogdan Ion	
Boldea Costin-Radu	
Stanculescu Mircea	891
INFORMATION SYSTEM FOR MODELING ECONOMIC AND FIN	IANCIAL
PERFORMANCES	
Boldeanu Dana Maria	
NEW METHODS REGARDING THE ORGANISATION AND FUNCTIONALITY	OE THE
BUSINESS ENVIRONMENT IN THE VIRTUAL ECONOMY	
Botezatu Cornelia Paulina	
Botezatu Cezar	
Căruțașu George	
DATA WAREHOUSES SECURITY IMPLEMENTATION	
Burtescu Emil	
ASPECTS ABOUT SIMULATED MODEL TRUSTINESS	
Coculescu Cristina	
Stănică Justina Lavinia	
Despa Radu	
•	
TOWARD A DISTRIBUTED DATA MINING SYSTEM FOR TOURISM INDUSTRY Danubianu Mirela	
Socaciu Tiberiu	
Bărâlă Adina	
TRACEABILITY IN STOCK MANAGEMENT SYSTEMS	
Demian Horia	
LE DIGIPASS: UNE TECHNOLOGIE BREVETÉE PAR VASCO	
El Baaboua Florentina	
Titrade Cristina	
AUDI DEZILICE	925

Mihalcescu Cezar	925
THE NORMALIZATION OF FINANCIAL DATA EXCHANGE OVER THE INTERNADOPTING INTERNATIONAL STANDARD XBRL Florescu Vasile	. <i>929</i> 929
Tudor Cătălin Georgel	
THE ELECTRONIC SIGNATURE. Gramada Dragu Argentina	
THE EXPERT SYSTEMS – INSTRUMENT FOR OBTAINING ACCEPTABLE SOLUTION BUSINESS Iancu Eugenia Morariu Nicolae	. <i>937</i> 937 937
Gradinaru Dorin	
«E-SCIENTROCHAIR»- ONLINE DATABASE FOR MANAGEMENT AND ASSESSMENT THE RESEARCH RESOURCES OF THE UNIVERSITY BASIS UNIT – THE CHAIR	. <i>942</i> 942
Ionescu Iuliana Mariana Mihai Florin Stanciu Andrei	942
THE SHIFT TO IT GOVERNANCE – A GLOBAL APPROACH	
Ioniță Florin. Ursăcescu Minodora	948
WEB MINING IN E-COMMERCE	
Istrate Mihai	
MODERN APPROACES IN THE CONTEXT OF AMBIENT INTELLIGENCE	
Ivancenco Constanța Veronica Gheorghe Mirela	
Boldeanu Dana Maria	
USERS' EVALUATION OF TOURISM SITES	962
Coros Robert	
THE QUALITY ASSURANCE FOR THE OPEN SOURCE E-BUSINESS SOLUTIONS Lazarica Marinela	966
ONTOLOGIES REPRESENTATION AND MANAGEMENT, AS A SEMANTIC TOOL A	
ORGANIZATIONAL MEMORY CONSOLIDATION. Mangiuc Dragoş Marian.	
THE ROLE OF THE SEMANTIC WEB IN STRUCTURING ORGANIZATION KNOWLEDGE	
Mangiuc Dragoş Marian	975
IT SOLUTIONS FOR THE MANAGEMENT OF GEO-BUSINESS	980
Ilincuță Lucian - Dorel	
VULNERABILITY AND E-CRIMINALITY OF IT Mareş Valerica Mareş Marius Daniel	985
IMPROVING THE QUALITY OF THE DECISION MAKING BY USING BUSIN INTELLIGENCE SOLUTIONS	IESS

Maria Dan Ştefan	
A COLLABORATIVE PERSPECTIVE OF CRM	
A CLUSTERING OF DJA STOCKS - THE APPLICATION IN FINANCE OF A ME FIRST USED IN GENE TRAJECTORY STUDY	
Moldovan Darie	
Silaghi Gheorghe Cosmin	
RELATIONAL DATABASES - COMPLETE AND COMPLEX PROCESSING	Ţ
ACCOUNTING FINANCIAL DATA	
Morariu Nicolae	
Iancu Eugenia	1
INTERACTIVE SYSTEM FOR ON-LINE CONSULTING	1
Negoescu Gheorghe	
GENERAL INFORMATION AND MAIN CHARACTERISTICS REGARDING WEB SER	VIC
PROTOCOL SOAP AND REST	
Pîrnău Mironela	
THE ROLE OF BUSINESS INTELLIGENCE IN BUSINESS PERFORM	111
MANAGEMENT	
Pugna Irina Bogdana	
Albescu Felicia	
Babeanu Delia	
THE ENTERPRISE INFORMATION SYSTEM AND RISK MANAGEMENT	1
Răduț Carmen	
BUSINESS INTEGRATION	1
Răduț Carmen	
Codreanu Diana	
COMPUTER METHODS FOR ANALYSIS AND OPTIMIZATION OF EA	VEI
COMSUMPTIONS	
Rotaru Simona	
Bardas Petru	
Ghiță Mirela Claudia	
Cocoşilă Mihaela	
ALGORITHM FOR GENERALIZED GARMAN EQUATION IN OPTION PRICING	
FINANCIAL DERIVATIVES WITH STOCHASTIC VOLATILITY MODELS	
Socaciu Tiberiu	
Danubianu Mirela	
Naaji Antoanela	
SERVICE ORIENTED ARCHITECTURE SERVICE ORIENTED ARCHITECTU	
SERVICE ORIENTED ARCHITECTURE SERVICE ORIENTED ARCHITECTO L'ARCHITECTURE ORIENTÉE SERVICES	
Stănculea Liana Olimpia	
•	
USING ONLINE ASSESSMENT AS A TOOL FOR LEARNING	
Stănică Justina Lavinia	
Coculescu Cristina	
	ا
DEVELOPMENT AND IMPLEMENTATION A PLATFORM FOR E-LEARNING MULTIMEDIA TECHNOLOGY	W.
DEVELOPMENT AND IMPLEMENTATION A PLATFORM FOR E-LEARNING MULTIMEDIA TECHNOLOGYSerbănescu Luminita	W 1

BUSINESS INTELLIGENCE INSTRUMENTS FOR HR MONITORING	
Şerbănescu Luminița Rădulescu Magdalena	
E-LEARNING	
Titrade Cristina.	
El Baaboua Florentina	
Mihalcescu Cezar	
EXTENDED ENTERPRISE AND INFORMATION SYSTEMS GOVERNANCE I	N AN INTER-
ORGANIZATIONAL CONTEXT	1064
Tudor Cătălin Georgel	1064
Florescu Vasile	1064
STUDY REGARDING THE OBSTACLES WHICH ENCUMBER THE ONLI	'NE SELLING
INCREASE	1070
Ţarcă Naiana	
Popa Adela	1070
NEW TECHNIQUES APPLIED IN ECONOMICS. ARTIFICIAL NEURAL NETW	VORK 1074
Udrescu Margareta	
Ilie Constantin	1074
INFORMATICS SYSTEMS FOR FINANCIAL AUDIT AND REVISION	1079
Vătuiu Teodora	
Popeangă Vasile Nicolae	
THE E-LEARNING BENEFITS IN THE ROMANIAN BUSINESS ENVIRONMEN	VT1083
Vătuiu Teodora	
Popeangă Vasile Nicolae	1083
E-BANKING- MODERN BANKING SERVICES	1087
Vlad Miranda-Petronella	
FINANCIAL DEPENDENCE AND BALANCE - NEW CHALLENGES OF	THE DURING
SERVICE DECENTRALIZATION	
Petru Filip	
•	
THE ECONOMETRICS OF THE FORECASTING OF FINANCIAL RESOUR	
COMPONENT OF THE FINANCIAL MANAGEMENT	
Petru Filip	1096

MANAGEMENT

TALENT MANAGEMENT - A STRATEGIC PRIORITY

Abrudan Maria-Madela

University of Oradea, Faculty of Economics, 1 Universitatii Street, 410087, Oradea, Romania Email: mabrudan@uoradea.ro Telephone: 0259408796

Matei Mirabela-Constanța

University of Oradea, Faculty of Economics, 1 Universitatii Street, 410087, Oradea, Romania Email: mmatei@uoradea.ro Telephone: 0259408796

Companies facing the new economic world, dominated by demographic, macroeconomic, and technological changes need to see talent management as a business priority in order to survive. At the same time, the world economic crisis ads pressure over managers, forcing them to rethink the business and HR strategies.

The object of this paper is to emphasize the importance of developing a talent management strategy and aligning it to the business strategy of the organization. Many studies and researches in this area confirm the idea that employees working in companies that emphasize talent management practices are more engaged in obtaining high performances and are more satisfied with their jobs. At the same time, these companies have better financial outcome.

Keywords: talent management, human resources, strategy.

JEL: M12

The necessity for possessing specialized personnel increases simultaneously with the emphasized lack of those that have the abilities, experience and skills necessary for the good functioning of companies. Various researches in this area have shown that organizations that confer importance to talent management practices have employees that are more involved in reaching performance and more satisfied with their jobs. As well, these organizations have better financial results.

In the current global economic context, intense demographical, macro economical and technological changes add pressure over companies, which in order to survive and to be efficient have to transform talent management into a priority. Managers must invest a lot of time in creating strategies that attract, motivate and retain talent. Although, in the current economic conditions, employees are more reticent regarding risk, being less probable for them to change jobs, on a long term, challenges remain the same for the companies.

In order to attain an efficient talent management, companies must understand what talent is and what talent management effectively implies. A talented employee is not an exceptional endowed person, but, rather, a very appropriate person for the domain in which s/he works. Every employee, no matter the job, must be evaluated according to two dimensions: performance and potential. All employees that have high performances, or high potential or, the best case being high performances as well as high potential, should be considered talented.

Talent management at a macroeconomic level

The competition for talents became acute at a global scale and at every hierarchic level, not only at managerial level. Although, the unemployment rate stays high, talent deficit becomes more and more pronounced, considering it has a critical importance for the companies. But predictions regarding the ingravescence of this talent crisis are more and more pessimistic. It is forecasted that four industries: health, production, energy and the public sector will suffer or are already suffering because of the mass exodus of the employees towards other domains.¹

1 Vasile Irina, "Criza de talente", Revista Cariere, Number 115, Bucurest, 2008, pp. 44-47

On the workforce market a complex competition takes place. On one hand companies fight for hiring specialists, and on the other - for hiring key people, those people that possess a rare resource, namely "critical" talent. The latter form a distinct category of employees that fulfil the ideal combination of: ² necessary knowledge for the job; inborn abilities and developed abilities; ideal attitude towards the assumed role; maximum availability for effort.

Two of the global surveys performed by McKinsey Quarterly bring out the companies' concernment regarding human resources evolution³. According to the first survey conducted in 2006 on a sample of 10.000 respondents, the most important managerial preoccupation for the next years will be recruiting talented employees. The second survey, carried out in November 2007 on a sample of 1.300 managers underline the fact that almost a half of the respondents consider that the enhancement of the competition for talent is a certainty, and the more and more global nature of this competition will have a major impact on companies in the following five years. No other global tendency has ever been considered so important.

In 2007, The Boston Consulting Group, together with World Federation of Personnel Management Associations, completed an ample study in 17 countries of the world. The study, based on the participation of 4.741 respondents, pointed out the importance given to talent management in the key aspects of human resources management. As a result, talent management was ranked on the first place in the top of the most important aspects of HR by 9 of the 17 countries in which the study was carried out, 16 of these placing talent management between the four most important preoccupations of HR, as it is shown in the exhibit bellow.

Exhibit 1 – HR topics classification

HR topic	Canada		Argentina and Chile	Brazil	France	Germany	Italy	Russia					India		ore	ga	
Talent management	4	1	1	2	4	2	3	2	1	1	1	2	1	1	1		1
Leadership development	3	2	4							2	2	1	2	3	2	2	2
Managing work-life balance	2		2	1		5	2				3		3	5	3		
Managing demographics	1	3			3	1	5	4		4							3
Becoming a learning organization				4		3	4		3			4	5	2	5	3	
Managing globalization										3						1	
Enhancing employee commitment					2				2								
Improving performance management and rewards			5	3				3									
Transforming HR into a strategic partner	5	5	3	5				5	5		4	3		4	4	4	5
Managing change and cultural transformation		4				4	1				5						4
Managing corporate social responsibility					5			1									
Measuring HR and employee performance					1				4	5		5	4			5	

² Idem, loc.cit.

3 Matthew Guthridge, Asmus B. Komm, Emily Lawson, Making Talent a Strategic Priority, www.mckinseyquarterly.com, 2008, pp.49-50.



Source: The Boston Consulting Group, World Federation of Personnel Management Associations, *Creating People Advantage*, Boston, 2008, p.23.

The search for talented employees at global level will go through a rapid development. While the market becomes more flexible, the talented employees are more and more capable in moving there where the best opportunities are offered. Thus, one observe an aggravation without precedent of the fight for talent, a refinement of the employers' requests, an accession in complexity of the personnel specifications and even a "gap" between the market's offer and the employers' expectations. Because the talented employees are the first aimed at by the competitors, these can become the most instable employees of the company. In consequence, some companies extend their keeping strategies of the valuable employees.

Three external factors – the demographical change, globalization and the augmentation of the number of workers based on knowledge – force organizations to approach in a more serious manner talent management. These factors bind the argument of placing the planning of the workforce and talent management in the centre of the business strategy and for assigning to these practices a longer time of the superior management.

The determinant factor for the business world in the following years will be of a demographical nature. Companies confront themselves with demographic scenery dominated by withdrawal, of the so called, *baby boomers* and the lack of young workforce, especially in the developed countries. Although in the last years has been talked about the danger of overpopulating the planet, the reality is that we are assisting today at a growing under population in the developed countries, with all its economical implications.⁴

In the last decade, organizations have made many investments in implementing some administration systems for human resources, and the problems regarding talent have gained a greater importance. Although it is welcomed, this change is not enough; it is quite superficial, because many companies continue in treating talent management as a short term problem and not as an integrating part of the long term strategy that requires the attention of the top management and the distribution of substantial resources. In order to be efficient, talent management strategies must be included in the general strategy of the company.

For an efficient talent management strategy, managers must understand that the strategies in this domain cannot be focused only on the top performers. Also, managers need to understand the diverse motivations that determine employees of different ages, sexes, nationalities to hire themselves and remain in the company. In this sense, the specialists in the human resources department must develop their additional competences in order to elaborate and put into effect efficient solutions. In this manner only, talent management is going to be established in the centre of the company's general strategy.

The causes of the present crisis of talent are numerous. In addition to the demographic and technological ones there is also the most unpleasant factor: the educational standard which is in decline. While the developed countries confront themselves with the abatement of the birth rate and the increasing of the number of pensioners, developing countries produce a surplus of young talent. Although in developing countries the number of young graduates is twice as large as in the developed countries, this thing doesn't resolve the lack of highly qualified workforce problem in the developed countries. HR specialists of some multinational companies stated in a McKinsey Quarterly study that the most frequent problems regarding this segment of the workforce are: the weak knowledge of English, questionable educational qualifications and cultural problems, such as: the lack of team work experience, the lack of initiative and the abhorrence towards assuming the position of leader.⁵

_

⁴ Peter Drucker, Despre profesia de manager, Meteor Press, pp.7-8.

⁵ Matthew Guthridge, Asmus B. Komm, Emily Lawson, op.cit., p.51.

A special challenge comes from Generation Y – the population born after the 1980, of whose apprehension is influenced, among others, by the Internet, overcharging with information by too fervent parents. This generation presents some specific characteristics that contribute at the realization of a more difficult efficient management of the human resources. Human resources specialists claim that these employees demand much more flexibility, professional liberty, larger recompenses and a better equilibrium between the professional life and the private one. The perception of these employees over the professional career is different from that of the elderly employees. These see the professional career as a series of chapters of two – three years and they will easily change their job, so that the companies easily risk in losing these employees if they don't fulfil their expectations.

Together with the expansion on new international markets, companies confront themselves with another challenge – globalization. In order to gain success on the international markets, companies need managers that are willing and capable of working abroad. Also, they need talented men in the respective country, in order to posses an international thinking.

Workers based on knowledge, the talent source with the fastest accession in most organizations, have their own demands and characteristics. These employees are different because they generate up to three times more profit than the other employees, and their work requires minimum supervision. It is possible that labour productivity based on knowledge and the workers productivity based on knowledge, even though it's not the only competitive factor in world's economy, might become the decisive factor for many of the organizations in the developed countries. Workers based on knowledge have a higher mobility that the other labourers and, so, they are more difficult to "lead". These identify themselves with what they know and not with the organization of which they are a part of.

Talent management at organizations' level

Talent management responds to the challenge of recruiting and keeping the employees with high competences and providing them opportunities to achieve performance, excel and to promote in the company. Talent management process must be transparent; employees that don't understand this process will consider that they are not treated equally in comparison with the other employees.

According to the Boston Consulting Group study⁶, the most important activities in the talent's management domain in the following years are going to be the following:

- The development of some personalized career plans.
- The development of some re-compensation plans specific for the talented employees.
- The search for talented employees in the competitor companies.
- The set up of the Alumni networks.

- The relocation of businesses in order to have access to new sources of talented employees.

Companies begin to diminish the intensity of the search for talents in the local sources, orienting themselves towards a global search of talent. Although, in present, only a small percentage of 10% among the companies resort to displacement in order to have access at new sources of talent, as it is forecasted that until 2015 this percentage is going to reach 20% or even more in the case of some countries.

The most frequent activities in the talent management domain that the companies are realizing at the moment, in a proportion of 50% and which they are going to accomplish, until 2015, in a proportion of 70%, are: the development of some personalized career plans and the development of some re-compensation plans specific for the talented employees.

As a result of the companies' obsession for short term performance, in part, they are also making themselves guilty for the present crisis for talent. Managers approach talent in a reactive manner,

_

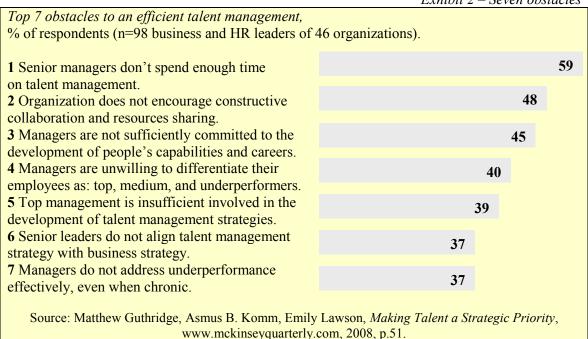
⁶ The Boston Consulting Group, World Federation of Personnel Management Associations, Creating People Advantage, Boston, 2008, p.45.

by hiring additional personnel only when a new product is launched. Short term orientation deviates management's attention from long term preoccupations, such as: identifying talent sources and career's development.

People's mind habits are real barriers in the way of achieving an efficient talent management, a human resources manager asserts. When companies make a priority out of talent, these often fall in another trap, meaning that they focus only on the human resources' systems and processes, fact that deviates the attention from the place where most obstacles can be found: people's mentality.⁷

There are numerous obstacles in the way of achieving an efficient talent management. McKinsey Quarterly⁸ realizes a ranking of the most important seven of these obstacles, presented in the exhibit below.





Another negative tendency of the last years is the diminution of the influence of the human resources department and the absence of talented individuals willing to work in this department. An analysis of the organizational structures effectuated by McKinsey Quarterly together with Saratoga Institute⁹ reveals the fact that, less than two thirds of the human resources managers relate directly to the president of the organization, and a recent survey realized by Great Britain indicates that human resources specialists earn up to 50% less that their homologues from other departments.¹⁰

Managers criticize human resources specialists for lacking business knowledge, observing that the majority is working, rather, in a narrow administrative vision, than addressing to the long term problems, such as: planning the workforce and elaborating a strategy that should respond to the company's necessity for talent. In order to consolidate the business competences of the human resources specialists and, at the same time, with the purpose of making the human

⁷ Matthew Guthridge, Asmus B. Komm, Emily Lawson, op.cit., p.53.

⁸ Ibidem, p. 51

⁹ Matthew Guthridge, Asmus B. Komm, Emily Lawson, op.cit., pp.53-54.

¹⁰ Ibid., loc.cit.

resource operation more credible, the Coca – Cola Company, for example, effectuate the high performances managers on positions inside the human resources department.

A Watson Wyatt and WorlatWork organizations study¹¹, conducted in May 2008, which is based on the answers of 1.389 organizations from 24 countries, brings out the fact that the exodus of the efficient employees can be prevented through an integrated approach of the compensations and talent management. According to this study, the companies that introduce such an approach have with approximately 20% fewer chances in facing problems in attracting and holding to the talented employees. These companies also have approximately 18% more chances to be profitable from a financial point of view.

In order to elaborate efficient strategies for talent management at all hierarchic levels, a special attention must be given to the segmentation of employees in target groups, depending on different values, ambitions and expectations. For example, Generation X's values, ambitions and expectations are different from those of Generation Y's, as those of middle aged women are different from those of elderly employees. These values, ambitions and expectations differ according to cultural environment, a more specific segmentation being necessary.

The benefits of the talent management practices cannot be ignored by the companies. Talent management doesn't contribute only in motivating employees and in obtaining a bigger profit, but also in the improvement of the respective company public image. A ranking of the most admired companies for their talent management practices, realized in 2008 in USA, is only one of the proofs of this thing. Among the most admired ten companies for their talent management practices are: BMW Company, Walt Disney, Fortune Brands, Starbucks, General Electric and Procter & Gamble.

Talent management encompasses many aspects of human resources management. While a company must be able to fulfil the administrative requirements in this domain, one must not let out of sight the fact that talent management refers to the development of individuals, at their training and at the creation of leaders.

Talent management must be a priority for each organization. In order for this objective to be accomplished, inside the organizations it is necessary to persist the conviction that people really matter, conviction that must be anchored in the organizational culture of the company, together with the managers' preoccupation for the development of the employees.

Bibliography

- 1. The Boston Consulting Group, World Federation of Personnel Management Associations, Creating People Advantage, Boston, 2008.
- 2. Matthew Guthridge, Asmus B. Komm, Emily Lawson, Making Talent a Strategic Priority, www.mckinseyquarterly.com, 2008.
- 3. Matthew Guthridge, Asmus B. Komm, Why Multinationals Struggle to Manage Talent, www.mckinseyquarterly.com, 2008.
- 4. Watson Wyatt, WorldatWork, Integrated Reward and Talent Management Yields Better Attraction and Retention Results, www.watsonwyatt.com, 2008.
- 5. Vasile Irina, "Criza de talente", Revista Cariere, Number 115, Bucarest, 2008.
- 6. Nicolae Miruna, "Goana după talente", Revista Cariere, Number 116, Bucarest, 2008.
- 7. Drucker Peter, Despre profesia de manager, Meteor Press, Bucarest, 1998.
- 8. Murphy Cait, 10 Most Admired for Managing Talent, http://money.cnn.com, 2008.

11 Watson Wyatt, WorldatWork, Integrated Reward and Talent Management Yields Better Attraction and Retention Results, www.watsonwyatt.com, 2008, pp.1-2.

CAREER MANAGEMENT PRACTICES OF THE PHARMACEUTICAL COMPANIES IN ROMANIA

Antoniu Maria Eliza

University of Pitesti Faculty of Economic Sciences Republic Blvd., No. 71, Pitesti, Arges elizantoniu@yahoo.com 0729.804.373

The current economic and social context, at both European and Romanian level, requires a reconsideration of the importance of specific human resource management of career at organizational level. Any organization interested in to develop and maintain itself on a global market, increasingly strong competitive, attaches a strategic importance of human resource management in general and of career management in particular. People are becoming more frequently regarded as an essential factor for obtaining and maintaining competitive advantage, therefore, the processes of recruitment, training, development and maintain its employees are given a great importance.

Key words: career path, Human Resources Management, practices, politics.

Code JEL: M51

1. Career management in Romania

Career management practices have taken on great importance at the level of organizations in the European Union and Romania. Entry on the Romanian market of the multinational companies, with consistent systems of human resources management, and the economic and social transformation process that Romania is involved in, led gradually to an awareness of the importance of sound management of human resources. More and more, necessary expenses of the design and implementation of an efficient management of human resources are seen as an investment; its results can be measured in terms of growth performance, improve organizational climate, increasing the stability of the staff and increase efficiency of work.

Employment in the pharmaceutical industry has been very dynamic in recent years because of the increasingly large and active business development. Pharmaceutical companies operating in the city have proved to be the most active employers in the past two years, they recruiting particularly specialists in sales and in new areas arising from the introduction of new standards of GMP (Good Manufacturing Practice) requirements in the European Union. Between 2006 and 2008 the companies focused on sales force development (increased number of *medical representatives - entry level*), diversification of the salary package (especially related to the performance) and the intensification of training and building capacity training.

A specific element of the human resource which is active in companies of pharmaceutical industry is the theoretical training, the industry requiring highly qualified workforce (physicians and pharmacists). For the jobs in sales, the pharmaceutical companies recruiting graduates of other specializations too, if they have communication skills and willingness to learn. Specialist crisis that manifested itself in recent years in the labor market in Romania (and Europe) has led to companies targeting the employees of area "entry level" with offers of posts, which on the European market, is addressed to people with a wider experience. Young people are also attracted from pharmaceutical companies' bids, mostly multinationals, because of: the salary package, their training, the clear procedures for management of human resources, development plans, European career perspective, the social recognition from membership in a known organization.

12 Magazine "Biz - review of new trends in business, No. 132/2006, p. 14 - 30.

2. Management practices on human resources

Managerial practices of the multinational pharmaceutical companies operating in Romania are deeply influenced by the origin country and the host country. Some companies place their own values of organizational culture and management practices in the countries where are active. The legislative framework, the cultural and institutional frame of the European countries influence the human resources strategies and policies of these companies. The company Pfizer13 is a multinational company operating in the U.S.A, Europe and in Romania, where self-distribution of medicines. On the Romanian market, this company has designed and implemented a coherent human resource management, with specific elements of its approach to the employees' career.

The recruitment process is systematized and included in the career management, the company aims to attract candidates willing to build a career, flexible and able to adapt to an organizational culture that emphasizes leadership and lifelong learning.

Career management requires a coherent set of activities of the department of human resources, as follows:

1. The recruitment:

- CVs of candidates shall be completed on-line through the feature "E-recruitment" in existing company's website.
- Selecting candidates who will participate in the interview is based on "role profile" analysis, that includes the specific requirements of the job: "hard profile" (knowledge, techniques or skills, education and experience) and "soft profile" (skills).
- The interview is done using the model "Competence based interview", which involves an exploration of personal qualities and abilities of each candidate and a presentation of the salary package and career prospects from the "career ladder" (each step of career involves an additional package of financial and non financial benefits and the package of training and development related);
- 2. Integration into the company assumes formalities employment, familiarity with the working environment and team that will work. Employee will have a trial period of 3 months, after which the assessment is what will lead to indefinite-term employment, or at dismissal. During this period the company provides a mandatory training for 1 3 weeks.
- 3. The policy of benefits and compensation:
- Financial benefits: basic salary and bonuses based on achieving (achieving 120% of the target requires a premium equal to 1 monthly salary, up to 6 salaries performance based), special holiday gift, bonus for marriage (500 euro), bonus for the birth of a child (250 euro), prize for exceptional performance (equivalent to a monthly salary), electrical and electronic products; weekends in the country or abroad.
- Non-financial benefits¹⁴: mobile phone and company car, which after 5 years of activity remains in possession of the employee, medical insurance for travel outside the country for employee and his family (since 2005), life insurance, free medical services through a contract with a private polyclinic;
- 4. The training and career development system:

The company invests 2500 euro / year / employee on training program that combines internal and external preparation programs, including internships training of MBA-type for senior managers (together with famous universities). The annual training is individualized depending on job requirements, the stage of career and the development' needs of the individual. Two times a year there are meetings to achive a full knowledge of the company's strategy (10 days) and training (10 days).

It was designed and implemented the "Career Ladder" by which employees are provide training required to make career. There are 4 stages of career development for each department (Sales,

¹³ www.pfizer.ro

¹⁴ Top 50 – Best companies to work for, Capital Weekly, 2005, 2006, 2007.

Marketing and Medical), for each ensuring appropriate training programs to new responsibilities and specific salary packages.

The company encourages both horizontally and vertically promotion by internal transfers. The promotion is carried out annually and it's based on the assessment of individual performance and the level of skills' development and it's strong focused on performance and not on seniority.

In conclusion, Pfizer can be appreciated as a company that presents professional challenges, where the management is competent and efficient and it's investing in professional development programs for employees.

The company **Hoffman La Roche** is one of the major companies of the industry, globally, that are becoming one of the most important in Central and Eastern Europe, Romania default. It is appreciated for a professional environment in which it can promote fast and for conducting various activities and on long term. This company is conducting advanced programs aimed at developing employees, consisting of:

- courses for the development of sales and marketing' skills;
- personal development courses: communication, presentation, negotiation;
- trainings abroad for young employees with development potential.

Package includes salary, in addition to salary, the following: telephone service, car, computer, ticket table; subsidy for medical services, financial support in special circumstances, leave for special events, prizes awarded based on individual performance.

The company develops a promote policy based on internal advancement and on each rung of the career are carried out programs aimed at training and professional development.

The career path may be this way in the company (See Fig. 1):

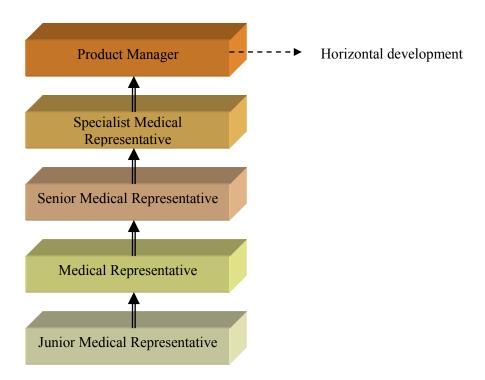


Fig. 1: The career path in Hoffman la Roche Company

KRKA¹⁵ Pharmaceutical Company is one of the most active on the Romanian pharmaceutical market, but also in Europe, on the generic drugs segment.

The ambition to gain more knowledge is a constant of all employees and company Krka contribute to this through education programs and special education programs, encouraging teamwork and creating good interpersonal relationships.

Human resources policy puts emphasis on personal development of employees and the accumulation of knowledge and it is applying a systematic plan for recruitment of new forces.

Thus, the company invests in developing skills and knowledge through programs that are conducted in its own training center. The courses aimed at developing managerial skills, language learning, providing information on technological progress and quality (for production personnel).

On average, each employee participates in four different forms of training which aggregates 30 hours, time allocated as follows:

- 92% for internal seminars;
- 6% for abroad seminars (Slovenia);
- 2% in other locations.

An essential element in career management is the formal and informal assessment (discussion between managers and employees) used to identify the objectives of employment, responsibilities and expectations of employees, related to professional and personal development. In order to ensure an effective communication with employees there is the site of the company KRKA-net, accessible to all employees, where they can learn about company news, vacancies etc.

The management of career began with *the recruitment and the selection* that takes place in the company's assessment center, using both internal staff and consultants. Since this stage, the new employees are familiar with job requirements and main responsibilities.

After recruitment, people employed in sales as medical representatives enter in *the first training program* that includes: the company presentation and its business code, its product portfolio presentation, the presentation of job descriptions (duties, responsibilities, targets). New employees will enter in a training course of 1 week that will train them on promoting drugs in pharmacies and doctors, there will be simulations of situations (as the stages of a doctors' visit) and "role-play". Probationary period lasts 3 months, range in which work is evaluated on the ground by the company's trainer, district manager or product manager), give a test for assessment of knowledge about products and to prepare a summary of the visits to the doctors. At the end of the period it is made an assessment of sales objectives, of the results and it is decided on the employment contract with unlimited period / waiver. Programs that company undertakes to develop professional skills of the sales force include taking advanced courses of sales that aimed at the developing of communication' skills and building training of management capacity (strategy, time management, marketing). The promotion policy of the company is focusing on the promotion of the employees (See *Fig. 2*).

Salary package has the following composition:

- The basic salary (for the medical representatives varies between 1000 2000 USD).
- Bonus sites to overcome objectives, as follows: 110% 10% bonus, 130% 30% bonus, 150% 1 salary in addition.
- Meal vouchers, car service, telephone, computer.
- Expenditure account (from 1500 USD): petrol, accommodation, protocol, stationery and office supplies, the company paid holidays (for management-level and higher).

 $^{15\} www.krka.si/2006/AR_2006_Sustainability_Report.pdf$

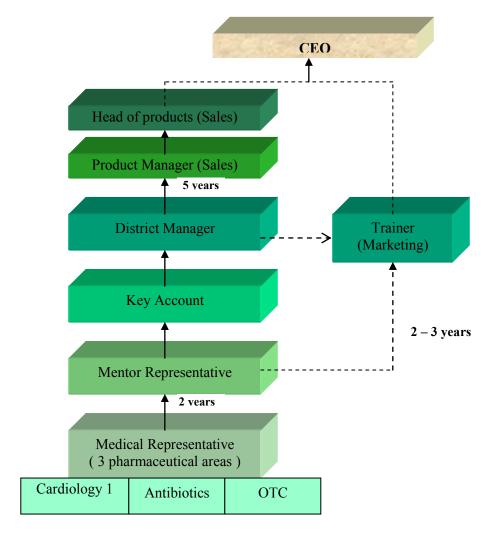
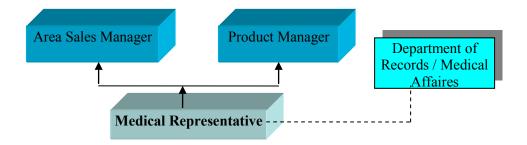


Fig. 2: The career path in KRKA Company

Terapia Ranbaxy16, the largest producer of generic drugs in Romania, has a self-specific career management to ensure the recruitment and professional development of the employees, related to business needs. The policy includes succession promote plans, the career plan and retention and staff development. Employees are promoted based on their performance and the requirements of the company. Each department of the company are entry level positions requiring specific skills, from which can evolve depending on skills and development potential of each employee. To be a medical representative, the career path may have come the following:

¹⁶ Guide of Pharma-web.ro



The policy of benefits and compensation:

- Financial benefits: basic salary and monthly bonuses based on achieving specific objectives, meal vouchers; prizes at holidays; special prizes during the day of the company;
- Non-Financial Benefits: car and mobile phone service (for the sales team and top-level managers), leave for personal events (marriage, transfer). The company has set an annual budget of 500,000 euros for the conduct of training and development and the major activities include: specialized training for field sales (selling skills, negotiation, etc.); training to develop managerial skills; participation in specific technical conferences for the pharmaceutical industry production personnel.

3. Conclusions

Analyzing the career management practices in Romania, particularly those of pharmaceutical companies, we have identified several common elements:

- Streamlining the recruitment and selection process in purposes of employment persons (especially in sales) other than those who are specialized studies of medicine and pharmacy, a situation which was due to shortage of skilled labor in the field.
- In most cases, the entry into the pharmaceutical companies is in the sales department, the post of medical representative. The advancement depends on organizational policy, but frequently is a result of attaining the forecasted sales objectives.
- Time required for advancement to another position is different within the companies (in terms of organizational policy, financial strength, level of development etc.). But the pace of advancement is more accelerated than in European countries with the economy strengthened, so for Pfizer it moves in 3 years on medical representative position and in 5 years can reach a managerial position, in KRKA after 2 years etc.
- Career counseling is usually done by the boss or line manager (presents the disadvantage of time consumption of the manager and / or lack of adequate preparation) and less often by specialists from the department of human resources or mentors. Some companies include this activity in the methodology for assessing performance or it's externalized.
- Pharmaceutical companies on the Romanian market are investing in developing skills and professional knowledge of the workers, taking training courses and training a prerequisite to obtaining a competitive workforce.
- Professional development programs aimed at all employees of the company, although most companies are still paid close attention to employees with high potential for development (specialists in various fields and middle / top managers).
- Salary packages have been updated regarding the financial and non-financial aspects to achieve a correlation with their position in the organization, with the needs and aspirations of individual and business opportunities.
- Bonus sites are also differentiated according to position within the company, the objective and the financial power of the company: Pfizer target 100% yet one salary; KRKA 150% target yet one salary, GlaxoSmithKline 120% target yet one salary.
- Conduct activities regarding the loyalty and retention of staff considering that is more costeffective the investment in training, employee training and development than their replacement

- Prevalence of conception and implementation of the succession plans with very important role in ensuring an adequate substitute for items that affect business management generally.

Refrences:

- 1. Guide of Pharma-web.ro;
- 2. Magazine "Biz review of new trends in business, No. 132/2006 and No. 104/2005, p. 14 30;
- 3. Magazine "Business Magazine", No. 226/2009, p. 10-11;
- 4. TOP 50 Best companies to work for, Capital Weekly, 2005, 2006, 2007;
- 5. www.pfizer.ro
- 6. www.krka.si/ro/2006/AR_2006_Sustainability_Report.pdf

A FIVE DIMENSIONS APPROACH OF KNOWLEDGE MANAGEMENT: THE CONCEPT, RESOURCE, ENTITY, PROCESS AND CAPACITY VIEW

Artenie Cristiana

Popescu Dan

Academy of Economic Studies from Bucharest, cristiana_artenie@hotmail.com

Chivu Iulia

Academy of Economic Studies from Bucharest, Faculty of Management, iulia@case.ro

Academy of Economic Studies from Bucharest, Faculty of Management, danpy@ase.ro

"Learning is a treasure that will follow its owner everywhere." Chinese Proverb

The rise of the service economy, the increasingly rapid flow of global information, and the growing recognition of the importance of intellectual capital and intellectual property rights are turning Knowledge into a key critical resource and a source of competitive advantage in the modern global economy and determine enterprises to develop a Knowledge Management framework, making from KM an evolutionary rather than a revolutionary development. Knowledge is bound to human beings and it is therefore impossible to digitalise. Once it is captured in an explicit form, it becomes information, which has no value by itself, in the absence of human interpretation. Knowledge workers generate outputs according to their internal structures as individuals rather than according to external rules or procedures. The present paper describes an approach of KM to HRM as a social creation emerging at the interface between people and information, structured on a five dimension view.

Key words: knowledge management, human resources management, knowledge workers, knowledge work analysis, explicit knowledge, tacit knowledge, inhibitors of knowledge management

1. Information in the Context of Knowledge

Improving the productivity of knowledge workers is one of the most important challenges for companies that face the transition from the industrial economy to an economy based on information and knowledge. (Drucker, 1999)

However, most Knowledge Management efforts have failed to address this problem and focused on information management instead. Information management is the collection and management of information from one or more sources and the distribution of that information to one or more audiences and much of the literature of KM continues to reflect a techno-centric focus, similar to that of information management, which in essence regards knowledge as an entity that can be captured, manipulated and leveraged. This is a limited perception that disregards the social characteristics of the employees and the realistic understanding of knowledge and its incorporation into the management of organizations, its awareness of a range of views on the concept, including perceptions of knowledge as an entity (and not simply as information), as a resource, as a capacity and as a process.

Therefore, the structure of the present paper is based on the *Concept, Resource, Entity, Process and Capacity View of the KM* and aims to present knowledge as a social creation emerging at the *interface between people* - engaged in communication, knowledge creation, sharing and learning - *and information*. From this operational perspective, KM can be described as the systematic processes by which an organization identifies, creates, captures, acquires, shares and leverages knowledge and is based on the *dintinguishment between the concepts of information and knowledge*.

"Most of the traditional Knowledge Management Systems rely on the assumption that knowledge can be assimilated to objects that can be identified, separated from their initial context, and handled in information systems." (Nabeth et al., 2002)

As knowledge is bound to human beings it is therefore impossible to digitalise. Once it obtaines an explicit form, it becomes information. Information by itself is not useful, as "information (...)

is simply the vehicle by which we attempt to provoke - or evoke - a human response. Information on its own is quite static and lifeless. It simply exists - on multimedia computer screens, in text books, magazines, movies, TV, CDs, reports, letters, emails, faxes, memos and so on - all waiting to be interpreted, all waiting to have meaning attached - by people." (Miller, 2002)

Information becomes useful when it is interpreted by people, what we will refere to as *knowledge workers*. Therefore, KM remains an abstract concept in the absence of understanding what knowledge workers do and how they use information and knowledge to create value, making possible for the issue of knowledge worker productivity to be addressed.

"When it comes to knowledge workers, we pretty much hire smart people and leave them alone. No quality measurements, no Six Sigma, no reengineering. We haven't formally examined the flow of work, we have no benchmarks, and there is no accountability for the cost and time these activities consume." (Davenport, 2003)

Thomas Davenport and Laurence Prusak offer the following pragmatic description of knowledge in organizations:

"Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers." (Davenport, Prusak, 1998) The differences between the two concepts are presented in Figure 1.

Figure 1: Distinguishment between Information and Knowledge (Sveiby, 1997, as cited in Miller, 2002)

Information Knowledge Static Dynamic

Independent of the individual Dependent on individuals

Explicit Tacit
Digital Analogue

Easy to Duplicate Must be re-created
Easy to broadcast Face-to-face mainly

No intrinsic meaning Meaning has to be personally assigned

2. Knowledge Management – A Concept developed from Existing Practices

Knowledge Management is a new concept that has grown and developed from existing practices following an integrated approach of the *knowledge-information-knowledge worker sequence*. Many enterprises downsize to adapt to more competitive environments. But unless they have captured the knowledge of their employees, downsizing can result in a loss of critical information. Similarly, as employees leave, organizations are likely to lose access to large quantities of critical knowledge. And as companies expand internationally, geographic barriers can affect knowledge exchange and prevent easy access to information. These kind of contextual situations determine enterprises to explore and develop methods for knowledge management.

Figure 2 - Factors that determined the appearance of KM

Loss of Corporate Memory Global Competition
Closer Relationships to Customers Pace of change

Saving Time on Problem Solving Stimulating Innovation and Creativity

Reducing Duplication of Effort Repetition of Mistakes

Our approach of KM to HRM is based on focussing on the needs of the individual knowledge worker rather than the industrial perspective, which is focussed on organisational goals and defines Knowledge Management as "the attempt by an organization to explicitly manage and control the knowledge of its workforce." (Alvesson and Karreman, 2001). As other authors also noticed, "the fatal flaw in thinking in terms of Knowledge Management is in adopting the perspective of the organization as the relevant beneficiary. Discussions of Knowledge Management start from the premise that the organization is not realizing full value from the knowledge of its employees. While likely true, this fails to address the much more important question from a knowledge worker's perspective of 'what's in it for me?". (McGee, 2003)

Knowledge management can be formally defined as managing knowledge resources, typically by using advanced information technology, "the explicit and systematic management of vital knowledge and its associated processes of creating, gathering, organizing, diffusion, use and exploitation. It requires turning personal knowledge into corporate knowledge that can be widely shared throughout an organization and appropriately applied."

As the discipline, Knowledge Management promotes an integrated approach to identifying, capturing, retrieving, sharing, and evaluating an enterprise's information assets. These information assets may include databases, documents, policies, and procedures as well as tacit expertise and experience resident in individual workers. The resource-based view of the firm suggests that organisations will need to be able combine distinctive, sustainable and superior assets, including sources of knowledge and information, with complementary competencies in leadership and human resource management and development to fully realise the value of their knowledge.

The specific outcomes of KM are: shared intelligence, improved performance, competitive advantage, higher levels of innovation.

3. The Resource View: The growing importance of KM and its implications for HRM. The Knowledge Workers

A term first used by Peter Drucker in his 1959 book, *Landmarks of Tomorrow: A Report on the New «Post-Modern» World*, the knowledge worker includes people working in the information technology fields, such as programmers, systems analysts, technical writers, academic professionals and researchers. In other words, a knowledge worker is anyone who works for a living at the tasks of developing or using knowledge. For example, a knowledge worker might be someone who works at any of the tasks of planning, acquiring, searching, analyzing, organizing, storing, programming, distributing, marketing, or otherwise contributing to the transformation and commerce of information and those who work at using the knowledge so produced.

If in the case of knowledge we encounter a wide range of theoretical acceptations in the specialized literature, *knowledge workers* can be simply defined as those employees whose work is primarily intellectual in nature and involves extensive and regular use of established bodies of formal, codified knowledge. From this perspective, knowledge workers:

- represent an occupational elite;
- are in the vanguard of the knowledge economy;
- their work contributes significantly to the performance of their employer.

The term is also frequently used to include people outside of information technology, such as lawyers, teachers, scientists of all kinds, and also students of all kinds.

- "Knowledge workers appear to be the ideal employee" (Alvesson, 2006), because:
- they find their work intrinsically interesting and fulfilling;
- working patterns represent the norms within the communities they are a part of it;
- they provide the organization with their efforts in return for good pay and working conditions;
- they have the sense of identity as a knowledge worker.

There are some factors that contribute to the *distinctiveness of knowledge workers*:

- high qualification;
- greater importance knowledge and expertise;
- highly tacit and difficult knowledge and skills;

- relatively scarce knowledge and simultaneously highly valued which provides them extensive opportunities to change job;
- distinctive norms and expectations;
- work tasks are highly specialized in nature, as they are focused on the process of knowledge creation, utilization and application.

These aspects determine organizations to consider managing knowledge worker in distinctive ways, motivating and retaining them through HR effective practices.

As it is believed that «without loyalty knowledge is lost», it was given a greater importance to the sense of organizational identity. Alvesson identifies two broad types of loyalty:

a. *instrumental* – *based loyalty*: the workers remain loyal to their employer for as long as they receive specific personal benefits. This kind of loyalty can be developed through pay and working condition.

b. *identification* – *based loyalty*: is based on the workers having a strong sense of identity as being member of the organization, and the workers identifies with the goals and objectives of their organization. There are three strategies for developing identification-based loyalty:

- institutionally based strategy: the organization develops a particular vision or set of values that the workers identifies with it;
- communitarian based strategy: workers develop a strong sense of being part of a cohesive team;
- socially integrative strategy combination of the two strategies.

Implications of KM for HR Development

As KM involves recognising, documenting and distributing knowledge to improve organizational performance, it is of particular significance to HRD in training needs analysis and the planning of training to improve performance and deliver strategic results. KM challenges HR over intellectual property, professional identity and unit boundaries; KM perspectives move HRD's goal away from developing individual capacity to creating, nurturing and renewing organisational resources and interactions. Instead of devising training courses, HRD practitioners may need to identify organised elements that learners can reference as needed, depending on the particular challenges faced.

Implication of KM for HRM sustainability

In today's economy, where so much importance is attributed to the search for sustainable resources and institutions, knowledge-based theory underpins much of the strategic thinking in organisations. In the knowledge-based view, this organisational knowledge is acknowledged as the most valuable organisational asset and the ability to manage knowledge strategically as the most significant source of competitive advantage (Barnes, 2002). Knowledge is both the key resource and a basis for sustainability, but knowledge and associated Knowledge Management practices must also be sustainable. In the wider search for sustainability, issues of context, of culture and appropriateness are of paramount importance. In the realm of context, the focus should be on community as well as on process. In this way, Knowledge Management can enhance the potential for knowledgeable practices that are "envisioned, pursued and disseminated, with other actors encountering these new practices and learning from them to develop their own local knowledge" (Cushman et al, 2002).

Implications of KM for the role of HRM in promoting Innovation and Creativity

Knowledge itself is not of any value to an organization unless these contextual aspects are clearly understood. Much of the knowledge, both tacit and explicit remains largely untapped in most organizations; without a thorough understanding of context, it will not be possible for HRM or KM to support the development of management and leadership capabilities to support innovation and creativity. Much work in HRM has focussed on identifying facilitators and inhibitors of innovation, such as people (e.g. effective leadership behaviours associated with particular innovation phases), structure (e.g. the impact of centralisation, formalisation, complexity, stratification, lateral communications, matrix structures, requisite variety, double-loop learning) and organizational size or resource availability. Other approaches have found that strategic type,

organizational climate and culture, and organizational environment are also important facilitators or inhibitors of innovation. For example, Taylor et al (2000) using a large-scale survey have shown that the significance of inter-firm networking for innovation differs markedly between industry sectors, and that high innovating organizations often seek long-term, secure relationships with employees. Organizations also seem to adopt very different strategies towards staff directly involved in innovation as compared with staff in general, with less use of flexible employment policies for this group. An alternative is to see innovation as more dynamic and fluid, allowing for groups, individuals and collaborative partners to differ in their perceptions and interpretations of events.

4. The Entity View. General Framework for Knowledge Work Analysis

In a long term view, KM represents a convergence of ideas promulgated over the past decade, including core competencies and resource-based theories of the firm, *info-mapping* and *information resource management*, the *balanced scorecard* and *intangible/intellectual assets*, the *learning organization* and communities-of-practice, total quality management and business process re-engineering, the networked organization and *the boundary less firm*.

KM requires a strategic focus on valuable knowledge, concentrating on knowledge that will contribute to the improvement of organizational performance. It involves a holistic view of information, combines internal and external information with coordination of planning and monitoring information and consolidates informal-soft and formal-hard information. KM also requires a strategic focus on valuable knowledge, concentrating on knowledge that will contribute to the improvement of organizational performance.

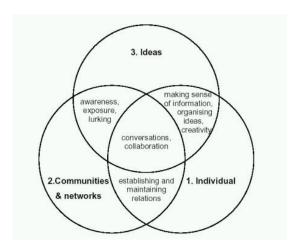


Figure 3: Framework for Knowledge Work Analysis (Efimova, 2004)

From this framework the following processes can be identified: organising personal information; making sense of information (personal); negotiating meaning (social); generating new ideas; establishing and maintaining a personal network; collaborating in communities.



Figure 4 – Knowledge Management and the Business Process Analysis Source: ARES Corporation¹¹

Knowledge creation, learning and renewal

Knowledge Management can be resumed as being a method for gathering information and making it available to others. Knowledge starts as *data* - raw facts and numbers. *Information* is data put into context and is readily captured in documents or in databases. When information is combined with experience and judgment it becomes *knowledge*.

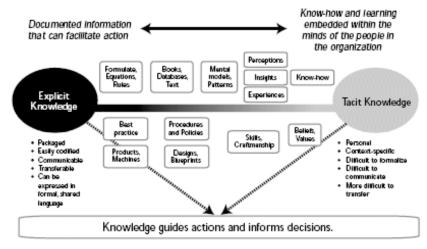
"Most of the traditional Knowledge Management Systems rely on the assumption that knowledge can be assimilated to objects that can be identified, separated from their initial context, and handled in information systems^{5"} (Nabeth et al., 2002)

A wide speed framework for thinking about knowledge proposes two main types of knowledge: *explicit* and *tacit* (as shown in Figure 5). In developing a general framework for understanding KM, we refer to perhaps the most influential framework for knowledge creation developed by Nonaka and Takeuchi (1995) in their studies of knowledge creation and use in Japanese companies. Nonaka and Takeuchi (1995, p.8) distinguish between two types of knowledge, explicit and tacit (Figure 5). Tacit knowledge is basically experiential, whilst explicit knowledge is expressed, and often seen as transferable in one way or another; it includes cognitive and technical elements.

Explicit knowledge is documented information that can facilitate action. It can be expressed in formal, shared language. In an organization, examples of explicit knowledge are strategies, methodologies, processes, patents, products, services, formulas, equations, rules, and best practices. Explicit knowledge is: packaged, easily codified, communicable, and transferable.

Tacit knowledge is know-how and learning embedded within the minds of the people in an organization. It involves perceptions and insights based on past experiences. Examples of tacit knowledge in an organizational context are skills and competencies, experiences, relationships within and outside the organization, individual beliefs and values, and ideas. Tacit knowledge is: personal, context-specific, difficult to formalize, difficult to communicate, more difficult to transfer.

Knowledge originates in individuals, but it is embodied in teams and organizations, as shown in Figure 5.



Source: Copyright 2000, PricewaterhouseCoopers LLP

Figure 5 – Tacit and Explicit Knowledge Source: PWC, 2000

Most business actions require the guidance of both explicit and tacit knowledge. Cognitive elements operate through mental models, working worldviews that develop through the creation and manipulation of mental analogies. Mental models (like schemata, paradigms, perspectives, beliefs and viewpoints), according to Nonaka and Takeuchi, help individuals perceive and define their world. The technical element of tacit knowledge includes concrete know-how, crafts, and skills. Explicit knowledge is about past events or objects "there and then", and is seen to be created sequentially by "digital" activity that is theory progressive. An alternative perspective on the distinction between explicit and tacit knowledge, to be developed later in this paper, is also presented in Figure 1. One difference is that the top row appears to be positivist in its orientation through its adherence to objectivity, whilst the bottom row is critical in nature.

Figure 6: Typology of knowledge (Nonaka and Takeuchi, 1995)

Expression of knowledge type	Explicit Knowledge	Tacit Knowledge
Nonaka and Takeuchi	Objective Rationality (mind) Sequential (there and then) Drawn from theory (digital) Codified, formalty transmittable in systematic language. Relates to past	Subjective Experiential (body) Simultaneous (here and now) Practice retated (analogue) Personal, context specific, hard to formalise and communicate. Cognitive (mental models), technical (concrete know-how), vision of the future, mobilisation process
Alternative	Formal and transferable, deriving in part from context related information established into definable patterns. The context is therefore part of the patterns.	Informal, determined through contextual experience. It will be unique to the viewer having the experience. Not transferable, except through recreating the experiences that engendered the knowledge for others, and then the knowledge gained will be different.

Nonaka and Takeuchi (1995, p.8) offer a SECI model of knowledge creation illustrated in figure 7. At its core are conversion processes between tacit and explicit knowledge that result in a cycle of knowledge creation. Conversion involves four processes: socialisation, externalisation, combination, and internalisation, all of which convert between tacit and/or explicit knowledge. Socialisation is the process by which synthesised knowledge is created through the sharing of experiences between people as they develop shared mental models and technical skills. Since it is fundamentally experiential, it connects people through their tacit knowledge. Externalisation comes next, as tacit knowledge is made explicit. Here, the creation of conceptual knowledge occurs through knowledge articulation in a communication process that uses language in dialogue and collective reflection. The use of expressions of communication is often inadequate, inconsistent, or insufficient. They leave gaps between images and expression, while promoting reflection and interaction. This therefore triggers dialogue. The next process is combination, where explicit knowledge is transformed through its integration by adding, combining and categorising knowledge. This integration of knowledge is also seen as a systemising process. Finally, in the next process explicit knowledge is made tacit by its internalisation. This is a learning process, which occurs through the behavioural development of operational knowledge. It uses explicit knowledge, like manuals or story telling, where appropriate.

From /To **Tacit** Explicit **Tacit** Socialisation Externalisation Creates sympathised knowledge Creates *conceptual* knowledge through through the sharing of experiences, knowledge articulation using language. and the development of mental Dialogue and collective reflection needed. models and technical skills. Language unnecessary. **Explicit** Internalisation Combination Creates operational knowledge Creates systemic knowledge through the through learning by doing. Explicit systemising of ideas. May involve many knowledge like manuals or verbal media, and can lead to new knowledge stories helpful. through adding, combining & categorising.

Figure 7: The SECI cycle of knowledge creation (Nonaka and Takeuchi, 1995)

5. The Process View of Knowledge Management

Traditionally, organizations have rewarded their professionals and employees based on their individual performance and know-how. In many organizations, a major cultural shift would be required to change their employees' attitudes and behavior so that they willingly and consistently share their knowledge and insights. An effective way to motivate knowledge sharing is through the organizational reward and incentive mechanisms. Both McKinsey & Company and Coopers & Lybrand LLP (a management consulting and a professional services firm, respectively) use this mechanism to promote knowledge sharing among their consulting and professional staff. To make information resources productive, organizations should be converted to actionable knowledge, such a process introduces challenges relating to knowledge creation, capture, sharing, and maintenance. (Alavi, Leidner, 1999)

In their studies, Angus and Patel (1998) describe a four-process view of Knowledge Management that we have systematized into the figure 8:

Figure 8 – A Four Process View of the KM

Gathering	Data entry OCR and scanning Voice input	
	Pulling information from various sources	
	Searching for information to include	
Organizing	Cataloging	
	Indexing	
	Filtering	
	Linking	
Refining	ining Contextualizing	
	Collaborating	
	Compacting	
	Projecting	
	Mining	
Disseminating	Flow	
	Sharing	
	Alert	
	Push	

Also, the research made by Yahya and Goh (2002) suggest that a knowledge organisation requires a different management approach than the non-knowledge organisation. In terms of employee development, the focus should be placed on achieving quality, creativity, leadership, and problem solving skill. The design of a compensation and reward system should be on promoting group performance, knowledge sharing, and innovative thinking. The performance appraisal must be the base of evaluation of employee's knowledge management practices, and an input for directing knowledge management efforts.

Knowledge workers interpret information, generate outputs and solve problems according to their internal structures as individuals rather than according to external rules or procedures. By its human nature, each knowledge worker develops his own subjective configuration based on past experiences, the information he has absorbed and the particular context in which he has used his skills and abilities. Neglecting this aspect, corporate software programs aim to level or standardise the differences between individual workers. We suggests that should be provided to knowledge workers tools which enable diversification of individuals' outputs.

6. The Capacity View of Knowledge Management

"The best single lesson I ever learned was to maximize the intellect of the company. You need to gather the knowledge of individuals, share those ideas and celebrate the sharing. That, in the end, is how a company becomes great." (Jack Welch - former Chairman and CEO of General Electric, 1981-2001).

KM initiatives generally take several forms, but they usually involve selection of priority areas for initial effort in the attempt to make formal/explicit knowledge more visible and usable and private/tacit knowledge more explicit, public and useful. The key objective is to convert informal personal contextualized knowledge to formal systematic organizational knowledge, exemplified by creating databases of frequently asked questions (FAQs) searchable by both employees and customers, and lists of past mistakes and success in projects as guidelines for similar future undertakings. In addition to improving the visibility of knowledge, another aim is to develop its intensity, by creating a climate to encourage generation of ideas within workgroups, and generalization to other areas. At the same time, as organizations are concerned about information

overload, a further objective is to achieve a better balance between pushing and pulling it, by giving people just-in-time access to knowledge, allowing the need to know to be determined by the information user (not the owner).

Applications of Knowledge Management can be divided into the three broad categories:

- Knowledge databases and repositories (explicit knowledge) storing information and documents that can be shared and re-used, such as client presentations, competitor intelligence, customer data, marketing materials, meeting minutes, policy documents, price lists, product specifications, project proposals, research reports, training packs;
- Knowledge route maps and directories (tacit and explicit knowledge) containing document collections and datasets that can be consulted, for example, «yellow pages/expert locators» containing Curriculum Vitaes, competency profiles, research interests;
- Knowledge networks and discussions (tacit knowledge) providing opportunities for face-to-face contacts and electronic interaction, for example, establishing chat facilities/'talk rooms', learning groups and holding «best practice» sessions.

Examples can be found in all sectors of business and industry, especially among professional service organizations. The large accountancy and consultancy firms have led the way in launching formal Knowledge Management initiatives, closely followed by IT companies.

Determining effective knowledge strategies suitable for different types of organizations has emerged as an important topic in the knowledge management literature (Hansen, Nohria & Tierney 1999, Zack 1999, Earl 2001). The Hansen *et al.* model was developed from the analysis of consulting firms approaches to knowledge management, given the nature of the business of these organizations and distinguishes between two main KM strategies:

- *The Codification Strategy*, focused on capturing, storing and codification of knowledge in explicit forms so that it can be readily transferred and used by others within the organization and is linked to a business strategy of knowledge re-use. Information technology is used to support the storage of this knowledge. Codification can be viewed as a «people-documents approach». (Hansen *et al.* 1999)
- *The Personalization Strategy*, focused on person to person sharing of tacit knowledge, linked to a business strategy of knowledge creation. Personalization can be viewed as a «people-people approach». (Hansen *et al.* 1999)

7. Inhibitors of Knowledge Management Initiatives

The success of the Knowledge Management initiatives can be inhibited by the lack of willingness among staff from different function to share knowledge, due to a historical culture of interfunctional rivalry; and to the perception that software programs reduce the level of employee' autonomy and lead to greater levels of standardization.

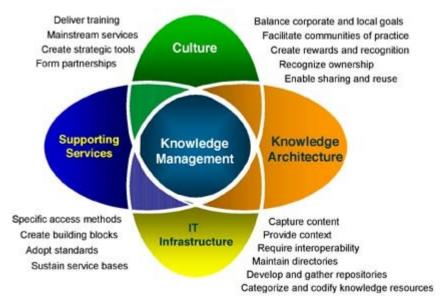


Figure 9 – Knowledge Management Integration Source: NASA¹³

There can be identified some factors that influence the willingness of workers to participate in KM initiatives:

A. Structural factors – which are beyond the control of organizational management:

- a) possession of knowledge significant source of power and status in organization;
- b) the nature of employment relationship results in the interest of workers and management not always being totally compatible;
 - c) potential for inter-personal/group conflict.
- B. Socio-cultural factors which are within the control of management:
- a) the existence of interpersonal trust and good working relations among coworkers;
- b) the existence of trust and good inter-personal relations between workers and their managers;
- c) proper recognition and reward for work efforts and use of individual knowledge.

Workers are most likely to be willing to participate in organizational Knowledge Management initiatives when the general organizational climate/culture is fair and positive. Based on these socio-cultural factors, the most common HRM policy areas that can be developed to support Knowledge Management initiatives are:

- training and development to encourage reflexivity, learning through experimentation and how to conduct critical dialogues with others;
- pay and reward system which recognizes the efforts of workers;
- performance appraisal.

Conclusions

"Today knowledge has power. It controls access to opportunity and advancement."- Peter Drucker

This paper has argued that the increasing importance of knowledge, and knowledge management, (KM), to organizations challenges the nature, role and boundaries of HRM in significant ways, not always as yet recognised by HRM theorists, researchers and practitioners. By presenting a five dimension approach of KM as a Concept, Resource, Entity, Process and Capacity, the present work suggests that tools which enable diversification of individuals' outputs should be

provided to knowledge workers. In addition to discussing the challenges posed to HRM in general, it has also been discussed the ways in which specific functional areas of HRM (employee resourcing, career management, HRD) can respond to these challenges, as well as discussing the implications of the knowledge worker in implementing KM. Tools that have been developed in KM focused on information management and do not support many of the key knowledge work processes. Neglecting the fact that each knowledge worker develops his own subjective configuration based on past experiences, the information he has absorbed and the particular context in which he has used his skills and abilities, corporate software programs aim to level or standardise the differences between individual workers.

References

- 1. Alvesson, M (2000). Social identity and the problem of loyalty in knowledge-intensive companies. Journal of Management Studies, 37, 2000 (8), p.6
- 2. Alavi, M., Leidner, D. (1999). Knowledge Management Systems: Emerging Views and Practices from the Field, the 32nd Hawaii International Conference on System Sciences
- 3. Angus, J., Patel, J. (1998). Knowledge Management: Great Concept...But What Is It?, InformationWeek, March 16, 1998
- 4. Davenport, T. (2003). A measurable proposal. CIO Magazine, June 2003. Available from http://www.cio.com/archive/060103/order.html [Accessed March 17th 2009]
- 5. Davenport, T.H., Prusak, L. (1998). Working knowledge: how organizations manage what they know. Boston, Ma: Harvard Business School Press, p.5
- 6. Drucker, P.F. (1999). Knowledge Worker Productivity: The Biggest Challenge, California Management Review, Vol.1, No. 2, pp.79-94
- 7. Drucker, P.F. (1959). Landmarks of Tomorrow: A Report on the New "Post-Modern" World, New York, Harper Colophon Books, p.86
- 8. Earl, M (2001). Knowledge management strategies: Toward a taxonomy, Journal of Management Information Systems, vol. 18, no. 1, pp. 215-233
- 9. Efimova, L. (2004). Discovering the iceberg of knowledge work: A weblog case. Paper submitted to OKLC 2004. Available from https://doc.telin.nl/dscgi/ds.py/Get/File-34786 [Accessed March 17th 2009]
- 10. Hansen, M.T., Nohria, N., Tierney, T. (1999). What's your strategy for managing knowledge? Harvard Business Review, vol. 77, no. 2, pp. 106-116
- 11. Histop, D. (2006). Knowledge Management Contemporary Human Resource Management, Prentice Hall, pp. 412-426
- 12. Iles, P., Yolles, M., Altman, Y. (2001). HRM and Knowledge Management: Responding to the Challenge, Research and Practice in Human Resource Management, 9(1), pp. 3-33
- 13. McGee, J. (2003). From managing knowledge to coaching knowledge workers. McGee's Musings. http://www.mcgeesmusings.net/2003/08/19.html#a3609 [Accessed March 17th 2009]
- 14. Miller, F.J. (2002). I = 0 (Information has no intrinsic meaning). Information Research, 8(1), paper no. 140. Available from http://InformationR.net/ir/8-1/paper140.html [Accessed March 17th 2009]
- 15. Nabeth, T., Angehrn, A., Roda, C. (2002). Towards Personalized, Socially Aware and Active Knowledge Management Systems. In: Challenges and Achievements in E-business and E-work, pp. 884-891. Available from http://www.calt.insead.edu/Publication/conference/2002-ebewtowards personalised [Accessed March 17th 2009]
- 16. Nonaka, I., & Takeuchi, H. (1995). The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation. Oxford University Press, New York.
- 17. Redman, T., Wilkinson, A. (2006), Contemporary human resource management: text and cases, 2nd Edition, Pearson Education, p. 418

- 18. Skyrme, D. (1997). Knowledge management: making sense of an oxymoron. Management Insight, 2nd series, no 2. Available from http://www.skyrme.com/insights/22km.htm [Accessed March 17th 2009]
- 19.Yahya, S., Goh, W.-K. (2002). Managing human resources toward achieving knowledge management, www.emeraldinside.com

QUALITY OF ROMANIAN MEDICAL SERVICES – WAYS TO MANAGING TOWARDS IMPROVEMENT

Barbu Maria-Magdalena

Academy of Economic Studies, Bucharest Faculty of Management Str. Floare Roşie, nr. 7, bl. 51, sc. C, apt. 114, cod postal 062261, sector 6, Bucureşti, România mariamagdalenapnb@gmail.com 0729600325

Health of people means everything since on it depends the well being of persons, families, companies, countries. All medical services should be accessible and offered at a very high level of quality which to allow and ensure future proper health status and people in good condition as active work force. If we do not do so we take the risk that the whole society and economy pay the price by having weak, not healthy work force, able to deliver only poor and medium results. This is the reason for which we should do our best to manage as good as possible for higher quality and continuous improvement. The paper presents Romanian payment and compensation system in comparison with some other countries' systems and ways to improving quality by assuring proper reward of medical personnel who help patients by offering consults, treatments, surgeries and put effort for people's health and overall "state economy's health".

Key words: Quality, Health Services, Motivation, Management, Active Life

The article's JEL code: L89.

Quality of Romanian and other European health systems

In Romania, the patient is paying medical services by the monthly contribution to the health insurance fund (from which the state pays the public physicians), paying other self-willing contributions but also by suffering of some possible in-hospital complications caused by the poor quality of the medical process itself. Into this last case, the patient is paying with his/her own health, and this is the deepest harm possible and the hardest to quantify. The patient is also the one who pays with his time for medical services of poor quality, be it the fact that he/she has to loose the time in order to find out that it's case to address to some other specialists (more competent, more willing/ more attentive), be it he/she has to wait for hours in order to get into the cabinet, even if a scheduling or even appointment has been previously done.

It's in the direction of improving the situation and also in the idea of diminishing such unpleasant cases the fact that the actual strategic planning of Health Ministry contains into the financial part the idea of paying salaries according to the type of individual work contract; paying the residents decently and helping physicians to have a second specialization.

Financing the residents at a higher level would motivate Romanian young physicians that nowadays are more tempted to go to the United Kingdom, Belgium, Italy or some other countries in order to get a decent salary of 1200 -1500 EUR per month and not 400-800 EUR as here.

The young residents are also unsatisfied by the way they are treated "or even totally neglected when it comes to rewards, because otherwise, when it comes about work we are the first to be asked to help but payment is always forgotten of is simply mocking from system side", as declared by Mihaela C., a young resident in Obstetrics-Gynecology within Spitalul Universitar Bucureşti.

What could really matter in the way of increasing the quality of medical services is rewarding personnel according to quantifiable quality criteria. In this idea, physicians and the rest of medical personnel would be motivated to offer not only qualitative medical services in order to obtain big incomes but also are interested for more activity and participation in different events. Using some performance indicators to reflect the quality of the medical interventions can help into this evaluation and should be a priority which could bring a true improvement. The most relevant performance indicators that could be used are: number of solved cases on medical specialties related groups and among them on diagnostic related groups, as reported to the

complexity of the medical intervention; number of nozocomial infections (contacted into the hospital); and time effectively waited by patients.

For sure that smaller rate of nozocomial infections will meet patient's expectations and patients will be glad to wait only some minutes or not wait at all. Successfully managing the quality indicator's aspects will positively influence relationship with patients and will also help in meeting their expectations.

A quality aspect is also the continuous availability of medical services (24 hours a day, 7 days a week). The problem here is that the low level of Romanian physicians' salaries makes it not possible for the moment to have the "non-stop" availability of the physicians belonging to the primary care system but this is desirable for the future. There are also studies analyzing what happens in case of substitution of selected services (example for hypertension and asthma) from secondary to primary care showed this shift to be more cost-effective. In other cases such as depression treatment, shifting from the primary care physicians towards the specialists meant more effective but more costly medical services.

American and Canadian approach

Whether primary care system should be enforced even more or not is a management question. In the medical system of the United States, gate-keeping exercised by primary care preventing direct patient access to specialist care led to patient dissatisfaction. The health insurance system in the United States works fine as long as the person is healthy. Only people who have medical affections have problems since each contributor pays twice as much as people in other wealthy countries and apart of them there are 16 % population (47 million people out of 281,43 million people) without insurance. Americans can go to the doctor, pay directly and then send the bill to the insurance company for reimbursement. In most of the cases, the insurance company sends a form letter rejecting the claim. From this point on, only very ambitious people fight and send back a letter to the insurance companies to ask for clarification and after more steps (physician has to fill in a special form and send it to the insurance company which to confirm to the contributor the ok for the reimbursement or if the respective affection is not covered for reimbursement) get the money back. This is what happens into the private healthcare system. In comparison, with the private insurance, the public Medicare plan has predictable costs and benefits. The person can go basically to any doctor, and Medicare reimburses the doctor directly, protecting him/her from paying upfront and if the claim is denied, the respective doctor is financially liable unless. Nowadays, the lack of transparency means insurance companies can take advantage out of the patients by denying their claims. In exchange, insurers should be forced to disclose the treatments they cover and under what circumstances, as well as their full plan of fees. They should be limited regarding the ability to change the terms of their coverage, and they should be public responsible for the conditions under which they deny claims.

The "pay with your time" aspect is valid in United States and Canada also. Even pregnant women that have scheduling are not taken for consultation right in time. They have to wait several minutes or even hours before entering to the physician's cabinet. The predominant pay model in physician reward system has traditionally been based on obtaining individual productivity. A recently released issue by the "American Center for Studying Health System Change" confirms once more the dominance of incentives based on productivity aspect (7 out of 10 doctors are paid in this way) but also notes an increase in compensation based in part on quality measures (about 24 % of physicians in 2007, raising with 4 percentage points as compared to 2005 level), which is the prove that there is a movement for improving healthcare quality and value.

Although the United States spends more per capita on health care than any other nation, numerous reports highlight deficiencies in the quality of care. Pay for performance is one approach under consideration as a way to garner greater value from the more than \$1.9 trillion spent annually on U.S. health care. A number of health plans and other private payers have initiated P4P programs, and the Centers for Medicare and Medicaid Services (CMS) has several

demonstration projects underway to investigate whether P4P can be incorporated into Medicare. Congress in December 2006 passed Medicare legislation to pay a 1.5 percent bonus to physicians who report on quality measures in 2007. As physician practices contain quality and value into their measurement and reward systems, it is important also that they begin to have a deeper look at compensation in a more strategic approach. The researched done by Minnesota Physician Magazine physicians have been asked to develop and implement better compensation programs which to reinforce their practices' missions, values and key objectives.

A very good aspect is the one that into the western part of the United States, California more precisely health plans offer bonuses for physicians with high scores on preventive care (for example administration of childhood immunizations). The six clinical preventive measures refer to screening for breast cancer, cervical cancer and coronary heart disease; gauge treatment for asthma and diabetes, and monitor the provision of childhood immunizations. The scorecard for payment of physicians taking into account these aspects will also weigh patient satisfaction and use of new information technologies.

Reward and payment processes link together many different parts and persons into the health care industry. Patients, physicians, health plans and insurers are all connected through various financial transactions. Founders of health care include public and private partners such as employers and the state authority into this domain that may offer direct subsidies to certain providers (for example to public hospitals) or for certain services (for example immunizations). Many companies offer into the salary package also health plans or insurances for the employer and his/her family. In some cases, purchasers and providers could also be directly linked through contracting approaches under which employer's contract directly with a provider group to benefit for care. The advantages of having a budgetary approach are that it provides an incentive to control costs and produce care efficiently and can also encourage innovation in cost-reducing technologies, lower-cost and investment in health promotion and disease prevention. The approach can also make costs more predictable for the founder. More than that, it can provide flexibility to providers regarding decision about how to spend the budgeted amount and coordinate care with other providers encompassed by the budget. Disadvantages include the potential for risk selection in order to avoid patients who might be high-cost users of medical care, and the possibility to provide insufficient or reduced quality of services to minimize costs and stay within budget. More than that, there exists also the possibility for conflicting incentives if physicians and hospitals are paid under separate risk pools, which could encourage a physician to admit a patient to the hospital (or refer the patient to a specialist) to reduce his or her own costs. Therefore equilibrium should be kept also between private and public health systems in order to obtain best results out of the system.

Also into the United States, there is possible to have e-mail consults with physicians. It is a preferred way for American people since it saves time (10 minutes to compose and send an email versus an hour or more to drive, wait, enter, consult and drive back); it saves gas and money, it saves physician's visit money; means less money spent from the Insurance funds. The problem appears for the physicians when totalizing revenues because overall, they are smaller. This is because adopting e-mail patient consults really drop physicians' earnings (and especially the primary care sector) if the patient visits are replaced by e-mail communication for more than 11% of the total number of patients. Still, a lot of physicians think that offering e-mail consults is advantageous from the marketing tools point of view, since most Americans with Internet knowledge desire this facility. Benefits that physicians could appreciate are: time saved over reduced phone calls, space gained for patients who really need to see the doctor; reduced revenue losses which would have been for scheduled patients that would finally not show up to the cabinet; and reduced malpractice threat with e-mail consults that are better documented communications than face-to-face visits.

The physician's reward system for this type of consults is charging patients for an upfront annual free for a "Direct Physician e-mail consult service", like the GreenField clinic at Portland, OR

does. Email communication with your physician, with or without a related face-to-face encounter. This is an appropriate way to communicate when you have just a little time, when you prefer written answers, when you want to share information with family. This is limited to 15 email consultations per year, which are defined as in-depth e-mail conversations with the physician, separate from the e-mail related to scheduling appointments, or e-mail conversations with the respective person's health coordinator. Another possibility is for patients to pay for each e-mail online - like Medem System does. The third option is negotiating with the insurance companies for reimbursing e-mail consults. Into the present, only few insurance companies compensate the e-mail consults. Physicians should price them at an adequate level so that it means also saving for patient.

Coming back to our national medical system, we should take into the account the fact that the appearance of the Romanian private medical system offered the patients the possibility to choose between this and the public one even though quality medical services can be offered in both public and private health system. Into the present, Romanian patient's perception is altered when making the comparison between public and private systems due to the fact that people tend to get away from everything that means "past" and public system has been dominant in the past. So be, even if both systems can offer qualitative services, into the mind of lots of people there is the idea that they can receive good medical services only at high prices and therefore only into the private system (clinics or cabinets). Another reason for which certain persons are willing to choose the private system is the fact that their status or image "requires" such a thing, they want to show that they belong to high class. But it is also about the way the two systems are managed. Until 2005, Romanian Health Ministry had only physicians as ministers. In 2005 was elected a person whose studies in management were indeed needed since this is a skill that should not miss for persons into this position. This change could also change, in time, the perception of Romanians regarding the public system. If this will be better managed by a "manager" in specialization than by a physician that has a management position, it will be for sure a gained point in people's mind and not only. In our country we have undertaken health care reforms, with a recent emphasis on decentralization, reform of health insurance schemes, and a more efficient use of health resources.

The main idea is that all medical services should be done at a highly qualitative level and accessible prices so that everything should be done for the best of community, having a social and not commercial goal. Otherwise we risk that the whole society "pays" the price by having work force with poor health status that can offer work at a not very high qualitative level, which cannot have a high productivity and cannot either have notable performances.

Another important idea is that everything has to be thought on a long run and not for short term. This thing is valid for the whole system as well as for each physician and hospital taken separately. On short term patients can choose to receive treatments in clinics or physicians that valuate the financial aspect in the way that they have very high prices for their services (consultations, interventions, treatments). This price level is more likely to be chosen by population interested into "image" as mentioned before, or just simple people that prefer to pay a high price thinking that quality level is directly proportional with price. The problem that appears here is a management one. High prices not sustained by long term strategies, long run plans and quality could mean a single aspect namely the commercial one that is valid only on short term. Because of this bad management, long run could mean that the patient will not come back because he suffered when instead he should have enjoyed the recovery, because the treatment or intervention had no positive effect of simply because maybe there is no one to come back anymore Complications, wrong or unsuccessful treatment or intervention could mean life itself. On the opposite side, long term approach and a good management means that reward of physicians is not only the outcome that they immediately obtain for the services they offered, but also future incomes of the patients that will become real "loyal customers", the health status of the respective patients and also ethic rewards.

As a new way of medical personnel rewarding we could adopt the American idea from the Radford Community Hospital of having in each medical unit a fund of money which to be given to the medical personnel if patients are pleased by the services or to be given to the patients if they are not pleased by the medical and complementary services provided into the respective medical environment. This could motivate the personnel in order to increase the quality of their work by increasing the interest and the dedication knowing that this effort will be highly appreciated.

Moral reward and better managing health system

In many cases the ethic rewards are even more valuable than the money since it means long term thanksgiving coming from patients. This thanksgiving could be direct (many thanks addressed to the physician, appraisals etc.), indirect (praying for health of the physicians that solved their problems) or multiplied (recommending the physician to some other persons, since the respective patient is very satisfied with the health services received from the physician that treated or surged him/her and therefore speaking favorable about the physician). Later on, the fact that also other patients (that heard good things about one physician) go to receive treatment or have a surgery done at the respective physician represents both a moral and material reward.

Sometimes, the quality of medical services cannot reflect the effort of only good willing physicians or of the contributors since the health system of our country cannot totally and in each case return the benefits they are entitled to receive according to the amounts the contributed with to the health fund. Not even compensated medicines or free ones cannot be the way of returning the amounts to the contributors every time because if the monthly maximum fund plan has been eliminated for all pharmacies, now the medicines distributors problem appeared they being unsatisfied by the exchange rate used for calculations and prices when making the expense account with National Health Insurance House, this having as a result stopping the delivery of medicines to the pharmacies and even complete lack of some essential drugs for diabetic affection or some other affections. The result was that two third of the medicines for which physicians have written compensated or free prescriptions have been taken by patients with money, proving once more that the system doesn't work proper. Here, the moral reward can come from the patients from the physician for a successful treatment but will not come from patients to the whole system because is not the case. Future management of the health system should solve this problem in order to allow fluidity and positive trends be something regular into the system and not only happening.

In order to solve the unpleasant and blockage situations similar to the ones mentioned above, National Health Insurance House has elaborated a law project according to which starting 1st of January 2009 physicians to be able to give prescriptions only within a certain amount of money, amount establish on a monthly basis and that cannot be overrun. The system is similar to the one that existed four years ago but this is a risky measure since the patients could be revolted because in this way they will face the situation when not in pharmacies but at physician the funds will be over one day so the maximum limit for compensated medicines other than for the ones comprised into the national health programs will be a floating problem from pharmacies into the cabinets now. Management in this case was thought more oriented on the financial side since physicians are not allowed to prescribe medicines over the maximum limit of the monthly fund per cabinet, not respecting these meaning penalties, but making economies meaning possibility to invest into medical devices for the cabinets. Therefore, changes have been, are done and will be more. They are the engine towards development, this being true also into the medical field. Anyhow, no matter how big is the attention and effort done for having a developed health system and adapted to population needs, there are a lot of controversies and a lot of intentions that sometimes are divergent but the overall idea should be to do everything it takes to assure that the system offers qualitative services both into the public and private medical system and no matter the way the medical personnel is paid or rewarded, be it even for the fact that once upon a time it was a vow

All medical services should have a good management and should be offered at a very high quality level and at very accessible prices (for the private system) or within the insurance plan (for public one) so that everything is done for the best of the whole people community and not according to the commercial interests. If we do not do so we take the risk that the whole society and economy pay the price by having weak and not healthy work force, able to deliver medium quality jobs.

As a conclusion, in order to obtain a system that can appropriately reward quality care, payment methods should provide: the possibility to align financial incentives with the implementation of care processes based on best practices in domain and the achievement of better patient outcomes (important improvements in quality are most likely to be obtained when providers are highly motivated and rewarded for carefully designing and fine-tuning care processes to achieve increasingly higher levels of environmental protection, health safety, effectiveness, patientcentered, timeliness, efficiency, and social equity); reduce fragmentation of care (payment methods should not put barrier to the ability of providers' regarding coordination of the care for patients across settings and along time); fair payment for good clinical management of the types of patients in evidence (physicians should be adequately compensated for taking good care of all types of patients; the risk of random incidence of disease in the population should reside with a larger risk pool, no matter it is about large groups of providers, health plans, or insurance companies); the opportunity for providers to share in the idea of quality improvement (rewards should be located close to the level at which the reengineering and process redesign needed to improve quality are likely to take place); the opportunity for patients to recognize quality differences in health care and direct their decisions accordingly (people need to have good information on quality and the ability to use that information as they see fit to meet their needs, even have access to the physician's grades as appreciated through the performance system).

References:

- 1. Barton, L.P- "Understanding the U.S. Health Services System", 3rd edition, Health Administration Press, Chicago, 2006;
- 2. Chicu, V., Curocichin, Gh., Friptuleac, Gr- Curs de promovare a sănătății. Chişinău, 2006, Davies, J.K.- Quality, Evidence and Effectiveness in Health Promotion, Taylor & Francis Publishing House, London, 2007;
- 3. Leebow, W., Scott, G-, "Service Quality Improvement: The Customer Satisfaction Strategy for Health Care", American Hospital Publishing, iUniverse, Nevada, 2007;
- 4. Moldoveanu, G., Dobrin, C- "Managementul calității în sectorul public", Editura ASE, București, 2003;
- 5. Plumb, I., Androniceanu, A., Abăluță, O.- "Managementul serviciilor publice" ed. a II-a, Editura ASE, București, 2005;
- 6. Thornicroft, G– "International Outcome Measures in Mental Health; Quality of Life, Needs, Service Satisfaction, Costs and Impact on Carers.", The Royal College of Psychiatrists, London, 2007.
- 7. Vlădescu C. (coord.)- "Sânâtate publicâ și management sanitar. Sisteme de sânâtate", Editura CPSS, București, 2004;
- 8. Watson, D., Broemling, A- "A result-based logic model for Primary Health Care. Laying an evidence-based foundation to guide performance measurement, monitoring and evaluation. University of British Columbia, Centre for Health Services and Policy Research, Columbia, 2004;
- 9. Wright, J., King, R-, We All Fall Down: Goldratt's Theory of Constraints for Healthcare Systems", North River Press, Great Barrington, Massachusetts, 2006;
- 10. Stan, S- "Serviciile și rolul lor în țările dezvoltate cu economie de piață", Editura A.S.E., București, 1998;
- 11. Starfield, B- "Primary care. Balancing health needs, services and technology." New York, Oxford University Press, 1998;

MANAGEMENT OF MEDICAL SERVICES

Barbu Maria-Magdalena

Academy of Economic Studies, Bucharest Faculty of Management Str. Floare Roşie, nr. 7, bl. 51, sc. C, apt. 114, cod postal 062261, sector 6, Bucureşti, România mariamagdalenapnb@gmail.com 0729600325

The offer of medical services depends on medical personnel and more than this, on the management in the medical field since any resource not managed well or not managed at all is only a lost one, regardless its value. Management is therefore the key, the "how to" method of obtaining the desired result. The same approach can be applied into our study in order to reach more productive medical services which to prove high quality to all patients. We need to use and to squeeze the entire force of management tools in order to reach our goal: accessible high qualitative medical services.

Key words: Quality, Medical Services, Management

The article's JEL code: L89.

First of all, every organization and therefore also a medical one needs a strategy. Moreover, this has to have a quality part. A regional or national hospital quality strategy is a long-term one, namely a program to increase patient and personnel safety and improve hospital quality. There can be specific strategies in each hospital and strategies to improve quality in many hospitals. A quality strategy differs from a quality tool in being an overall approach an organization takes over a period of time, rather than a specific method for a particular purpose. Thus, a program for external inspection of hospitals is a strategy. A particular method for carrying out inspections is referred to by quality specialists as a tool. It is possible to pilot-test a tool, but not a strategy. Benchmarking is both a tool and a strategy. WHO (World Health Organization) will even develop a separate policy synthesis of research into quality tools.

The power of medical management resides in setting a direction for the entire medical organization by having a consistent strategy, ensuring adhesion from personnel side and permanently improving the way their functions are executed.

Generally speaking, the types of strategies encountered during analyzing specialized literature are as following:

- Total quality management and continuous quality improvement: Total quality management is a set of principles and methods applied in many different ways, originating from organization-wide industrial quality programs. This strategy focuses on attention of personnel and on providing the best patient experience and outcomes. Quality tools are used by multidisciplinary teams of workers to make changes, and the approach is generally thought to require strong management leadership. It is based on a view that quality problems are more often due to poor organization than to individual faults. Continuous quality improvement is the same as Total quality management in most literature, although it sometimes refers to a concentration on multidisciplinary project teams analyzing work processes and using repeated cycles of testing small changes.
- Re-engineering: uses some of the Total Quality Management methods, but includes a more radical redesign of "production processes" which normally involves small-scale and incrementally tested changes.
- Increasing resources: increasing the financing, personnel, facilities or equipment used in a medical organization with the aim of treating more patients or treating the same number faster, better and at lower cost-per-person;
- Large-scale reorganization or financial reform: changing the structure of a hospital or health system so as to facilitate better decision-making or use of resources. Changes in financing methods are made as a way of improving quality;

- Strengthening management: improving quality by increasing management responsibilities, authority or competencies. It is sometimes used as part of other types of strategy. It is useful and can be applied only for medical units managed by professional managers in order to be possible to put more charge and work on them. In cases when manager of the medical organization is a physician as well things are more difficult since the persons is overloaded from the very beginning;
- Benchmarking: uses comparative information about quality with additional methods to help providers decide how to improve quality. There are specific methods for identifying, documenting and applying the best practices.

As we can see, more strategies have quality as focus. This is normal and is also a general tendency since competitiveness is higher and higher in medical field also, private medical services having an ascendant trend.

Regarding which strategy is best among the upper described ones, given the lack of evidence it is still considerable discussion about which strategies are or could be effective. One debate concerns "generic" versus "specific" strategies: would more resources carefully allocated do more to raise quality than a specific quality strategy? Many professionals think that increasing personnel, equipment and training is the best strategy. Quality adepts believe that "doing more of the same" can sometimes harm clients which in our case mean patients. They also think that applying quality methods systematically within a strategy is more cost-effective on the long run. This is the most fundamental debate in the field. The debate is especially acute in developing countries, where there is similarly poor and conflicting evidence of the results of different approaches. It is increasingly recognized that quality strategies in these countries supported by donors have not been sustained, exactly the way it happened some time ago into the high-income countries. There is debate about program costs and possible savings or benefits, but no research into the economics of different strategies.

There are more arguments for and against "police, punish and reward" approaches, and "inspire and develop" approaches. Many governments use both, causing problems for the agencies facing both ways: to apply sanctions and at the same time to encourage open sharing of quality performance information. Related to this is the issue of publicizing quality performance data. Critics argue that the data are misleading, easily misinterpreted and subject to falsification by providers and that internal, anonymous distribution are more likely to be effective with professionals. Others argue that public release of data will improve the quality, and that researchers and the state have no right to withhold data about poor quality that the public needs to protect itself and make informed choices.

But is it appropriate to apply "industrial" quality strategies to health care? It is well known that medical services represent a special "field", a sensitive and not very flexible one. Once the acceptance of the methods in healthcare grew, the problem now became how the industrial methods are best translated or adapted for this particular environment. Quality experts think that a strategy has to be tailored to specific circumstances, and debate about the point where adaptation looses the "active ingredient" and results in reduced effectiveness.

Therefore, all medical organizations managers should choose the best fitting strategy and obey to it. This means having plans, programs and actions driven into the strategy's direction. Everything should be done according to it in order to achieve the proposed goal.

In order to achieve the objectives of the strategy, managers of medical organization should keep an eye on performance and strategy adhesion from personnel side.

In recent years, performance monitoring has gained increasing attention as a tool for evaluating the delivery of personal health care services and for examining population-based activities addressing the health of the public. This attention to performance monitoring is related to several factors such as: concerns about ensuring the efficient and effective use of health care funds in providing high-quality care and achieving the best possible health outcomes. Also contributing are a wider recognition that the health of the population depends on many factors beyond medical

care and heightened concern about accountability for use of resources and whether desired results have been achieved.

Performance monitoring means a continuously community-based process of selecting indicators that can be used to measure the process and outcomes of a strategy formulated in order to improve the health of patients by collecting and analyzing data on those indicators, and making the results available to the entire community and especially to those segments of the community engaged in health improvement activities. Performance monitoring should promote health improvement in a context of shared responsibility and accountability for achieving desired outcomes. Many parties within a community share responsibility for health (e.g., consumers, health care providers, businesses, government agencies, public service groups); those with responsibility for accomplishing specific tasks are accountable to the community for their performance

All strategies often include risk management and a wide range of methods from other industries for collecting and analyzing adverse event or near miss reports with a view to prevention.

In all cases management is the key factor that should ensure that every employee follows the strategy settled, the plans and programs established. Medical personnel and administrative one working into medical organizations should be trained regarding the quality methods and the corresponding attitude needed. This attitude should be a real one and not a "theater", a "role playing" one. In this field real quality and positive attitude matters more than can be expressed and counted in words. Management should do everything needed to also stimulate employees in order to accept change at individual, team, organization and systems levels simultaneously, and point out the need for personnel to feel that they, too, as well as patients, benefit from improvements.

Every manager, be it in a public or a private medical unit should continuously seek for best examples in its field and take the parts that can be "borrowed" and match his/her specific context. An ambitious health strategy is that of the United Kingdom National Health System. Since 1998, this has involved generic strategies of restructuring and extra resources. Specific strategies include national guidelines and standards for clinical care, national inspection and public quality performance reporting, a law giving all medical organizations a "legal duty of quality" and requiring them to implement a quality improvement strategy, clinical governance quality management systems, and a national system for reporting and analyzing difficult events. No evidence of results or costs is reported and no research to gather such evidence is planned. Nearly all medical organizations in the United Kingdom have educational programs, local guidelines, improvement groups, and peer assessment methods, most of them using feedback of performance data.

Knowing that health encompasses physical and psychosocial well-being and not simply the absence of disease, management of medical units should know that their task is not an easy one. Because many factors influence health and well-being, understanding the nature and scope of these determining factors is an essential element in developing health improvement strategies and in determining what indicators may be appropriate elements of a performance monitoring effort. The workshop's opening presentation used the framework of the Health Field Model for examining the determinants of health

Quality means rapid access of the patients to the physician, corresponding consultation, proper treatment/intervention, post-treatment/intervention consultation, follow-up medication or diet, investigation on the problem among other family members if it is the case and other similar aspects that patients consider to be very very important. It's all about life after all!

In these conditions management should be all eyes and ears to every move and every action of the personnel. Not from authoritarian reasons but to have a basis for continuous improvement. After setting a direction by having a solid strategy, corresponding plans and programs management should assure that every employee knows this information and acts accordingly. Quality should be a key word in this area not only because it's a word that should characterize the

entire medical services field but because this is also what the managers would need if they would be patients. The same high quality of medical services would need the medical personnel if they were patients. Quality should be assured by management by hiring the best personnel in the field, by investing in best medical devices on the market and have a continuous improvement approach. A big emphasis should managers put on preventive programs. Growing recognition of the importance of addressing social determinants of health is causing a reexamination of the current focus of public health in Western Europe, Canada, Australia, New Zealand as well as the United States. One major task that managers should address is on making sure that their medical organizations invest the same kind of intense resources into keeping people healthier or helping them return to a state of health and low vulnerability as they do to disease care and end of life care.

Quality means also cutting down waiting lists. This is the main desire of the patients but also of the medical personnel at the same time. Waiting lists are no good for anyone. Patients become nervous as delay time increases and physicians feel pressured since they are making consultations "on row", the time is passing and the queue of patients seems endless.....Medical organization managers should ensure all necessary resources (medical stuff, administrative personnel, equipment, consumables, strong relations with stakeholders) and find a way to the best scheduling that can ensure diminishing of patients' waiting lists. This can be done based on the patients' files and on the market demand. Correlating number of patients and frequency of physician visiting with the number of medical personnel per specialties can bring managers in front of the optimum number of physicians needed for each unit. Ensuring consultation on basis of programming is another good thing that can bring more order and productivity for physicians plus patient satisfaction since waiting time will be close to zero. (appearing only when problems appear within some consults and time needed is longer than time scheduled).

Managers of medical institutions should do everything to prevent and minimize the adverse impact of the actual economic "hurricane" which could devastate the social sector, especially the health of people. Worldwide there have already been unhappy cases of suicide because of loss of job determined by the actual economic crisis. Therefore it is very timely that we explore the ways and means of ensuring that the health systems are protected to the greatest degree possible from the impact of this difficult period.

Before the current crisis, many low- and middle-income countries were roughly affected by increases in food and fuel costs, others prospered during the boom in commodity and oil prices. With a fall in demand, prices have fallen, to the advantage of net importers but at the same time to the detriment of those more dependent on export revenues.

In countries that have been affected by an economic recession, total expenditures for health decreased, but not consistently. Some governments have protected health spending or even increased it, but others have done the opposite. The management in this direction is therefore very important. What managers should take into account is that during a recession, private expenditure for medical services paid directly by patients usually tends to decline (in contrast to public spending), especially if same services are available at lower cost into the public system.

Reductions in total expenditure will have an impact on the structure of health expenditures. The tendency is for salaries to be maintained but for infrastructure and equipment to be financed from the savings category that will equal 0 for a period.

With more and more people working abroad, we can even take into discussion the money sent back into the origin country and spent on medical services. Still, how much is spent on health is uncertain, although one survey from Mexico reported that 57% of remitters said that covering health expenses was the primary purpose of the money sent home. In these conditions, a decline in remittance income may not be reflected in levels of population health.

The economies of many low-income and middle-income countries have benefited from the rapid growth of export industries in areas such as ready-made garments, food, flowers and business processing. Since crisis makes the demand decline, job losses will have direct consequences on

family income and therefore inability to pay for health care. Many of the human consequences of recession are often not visible from the very beginning. In this idea, unemployment may erode women's growing economic independence, which will have its own health consequences. Similarly, coping strategies may exacerbate vulnerability (through, for example, increased exposure to HIV). Reduced spending has impacts on health and education, and ultimately on the well-being of families and the development of the community as a whole.

Decreasing health spending, increased costs of treatment and reduced family income and/or insurance coverage will affect use of health services and their quality. The first effect is the decrease of demand addressed to the private care with a consequent transfer of demand to the public sector. Furthermore, if public services are also compromised, they may not be adequately equipped to cope, and overall quality may decline. This problem will affect all countries in which publicly-funded services are under pressure. Changes in utilization rates – broadly following this pattern – were documented during the 1997–1998 Asian financial crisis. A decline in the use of services by the poor people into these countries was obvious.

The current food crisis in particular has been estimated as being responsible for pushing more than 100 million people back into poverty. This will have negative effects for health and nutritional status. Shortages of food and consequent malnutrition predispose individuals to disease and thus act in vicious concert with the economic recession.

The good part is that leaders in developed and developing countries as well as international financial institutions have made strong public, political commitments to health and development. Health is an intrinsic good and an investment to reduce poverty.

In this context, when revenues and income are decreasing, health should not be forgotten at all. Health is an privilege to which people have a fundamental right, as well as making a significant contribution to economic growth, poverty reduction, social development and human security.

Medical organizations' managers should keep a permanent eye on the crisis effects. They should monitor the changes in employment, housing and income (because this is the first cause of illness); changes in behavior relevant to health, including changes in the use of health services (including mental healthcare) and changes in the behaviors of health workers themselves (including patterns of migration); and changes within the health sector, including the cost and availability of treatments.

Managers should also act especially related to causes and not effects. For example, in case of primary health care organizations the focus should be on the reasons that obstruct accessibility, equity and solidarity. The high rate of maternal mortality is a result of many factors including poor access to care, failure to prevent unwanted pregnancy and women's low status in some societies. All these factors should be aimed by managers and can be exacerbated even in recession times.

Primary health care gives direction to work on health systems, reinforcing the idea of solidarity through progress towards the goal of universal coverage. This is very important since the increasing pressures on public services and the need for ways of reducing exclusion. Pooling risk and resources protects people from huge expenditure and it also facilitates greater allocative efficiency and thus more effective resource use. Primary health care highlights the importance of the social, economic and environmental determinants of health, such as the impact of housing, education, employment and nutrition policy; import duties that affect access to essential medicines and technologies; the restriction on the movement of peoples or goods to prevent the spread of epidemics and the major role that clean water, clean air and access to proper sanitation play in protecting health and prevention.

Managers should consider participative approach in decision making since if the public, civil society and parliaments are involved, decisions on how to make health spending more effective are more likely to be rational and accepted than if they are left to bureaucracies alone.

Managers of medical organizations should use all of their knowledge in order to improve the situation but at the same time to take into account the peculiarities of this field. Every step

towards improvement should be taken only after profound analysis of the information collected and correlated with the context. Physicians should do their best and the same should do managers. For sure that management has the power to change the medical organization into the desired better direction but very important is to have a consultative approach in order to be sure that physicians' opinions have been listened and the solution will have personnel commitment on a long run.

The power of managers of medical organizations is bigger then the one of the regular companies but also more difficult to handle since, more than the fact that is a field with emphasis on interpersonal skills as all services are, medical units are responsible for the lives and health of the patients received. Therefore, managers should act by setting a clear direction, ensuring personnel devotion to it, permanently find out patients' opinion about the services they received into the respective medical organization and steer it towards improvement regarding higher quality and productivity. On short: striving to offer better services.

Managers of medical organizations should be the first to think about methods that can prevent injuries related to people's health in these difficult times. They should find ways to turn threats into opportunities, managing in such a manner that makes possible for the medical personnel to offer high quality and productivity to the "customer King", the patient. All these can be done starting from designing a strategy and ensuring adhesion from personnel side to it, meanwhile permanently improving the way the functions are executed and objectives followed and reached. Actual crisis situation should motivate medical organizations' managers to fight even more intense for finding solutions of keeping patients with problems addressing to the medical unit, encouraging preventive approach and the motivation of personnel for ensuring patients as healthier as possible. Management functions should be combined with adequate marketing plans, enhanced communication, public relations, benchmarking and open-mindset in order to be able to adapt and develop the medical organization to the challenges that appear and change everyday.

References:

- 1. Cengiz H., Barry R., Russell R., Murdick, R.- "Service Management and Operations" (2nd Edition), Prentice Hall, 2003;
- 2. Green, L.W., Kreuter, M.W. "Health Promotion Planning: An Educational and Environmental Approach." 2nd edition, Mayfield editor; Mountain View, California 1991;
- 3. Institute of Medicine "Medicare: A Strategy for Quality Assurance." Vol I. K.N. Lohr, ed. Washington, D.C.: National Academy Press, 1990;
- 4. http://www.medicalmanager.ro/ (Medical managers' platform);
- 5. Năstase, M. "Cultura organizațională și cultura managerială", București, Editura ASE, 2004;
- 6. Nicolescu, O., Verboncu, I. "Managementul Organizației", București, Editura Economică, 2008:
- 7. Riddle, D. I. "The Role of the Service Sector în Economic Development: Similarities and Differences by Development Category", New York, Praeger Publishers, 1995;
- 8. Review of International Comparative Management, No. 5, Volume 9, Editura ASE, București, 2008;
- 9. Review of International Comparative Management, No. 1, Volume 10, Editura ASE, Bucuresti, 2009;
- 10. Roybal, H., Baxendale, S.J., Gupta, M. "Using Activity-Based Costing and Theory of Constraints to Guide Continuous Improvement in Managed Care." Managed Care Quarterly 7 1-10/1999;
- 11. Stahl, T. et al. "Health in all policies. Prospects and potentials.", Ministry of Social Affairs and Health, Oslo, 2006;
- 12. Verboncu, I., Nicolescu, O., Popa, I., Năstase, M., "Strategy Culture Performances", București, Editura PRINTECH, 2008;
- 13. Wallace, R.,B., "Public Health and Preventive Medicine.15th ed." Appleton & Lange, Stamford, 2007;

THE INFORMATIONAL TECHNOLOGY AND MANAGEMENT OF CONFLICT A NEW CHALLANGE IN THE CONDITION OF THE ECONOMIC CRISIS

Bardas Petru

Spiru Haret University Faculty of Financial-Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4, bardastehnorob@yahoo.com, tel 0251598265

Rotaru Simona

Spiru Haret University Faculty of Financial-Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4, simona rotaru ro@yahoo.com, tel 0251598265

Ghită Mirela Claudia

Spiru Haret University Faculty of Financial-Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4,

mire ghita@yahoo.com, tel 0251598265

Cocoşilă Mihaela

Spiru Haret University Faculty of Financial-Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4, cocosila_mihaela@yahoo.com, tel 0251598265

The conflict in the organizations framework must be considered as the difference between structure and action; think that it must happened and it will happened. The organization being structured in concordats with the predominant culture, all its targets are important, and all its members works together to attain them.

An organization is a complex whole that not only includes simple systems producing goods, but also structures of realizing careers including political systems. In every organization there are different values, conflicts generated by priorities and aims, groups of interests and of influences, rivalries, collations and alliances that must be administrated, so that the conflicts are been solved in a efficiency way for the organization.

Keywords: The conflict, the organization efficiency, the competition for the short resources, the power and the influence between the individuals and the groups, the autonomy tentative, the conflictual cycle, the conflict management

Cod Jel: M14

1. INTRODUCTION

The conflict within the organization must be regarded as the difference between the structure and the action; what would have to happen and what happens. The organization being structured in accordance with the predominant culture, all its targets are important, its members co-operating for the achievement of these.

The information and communicational integration which is based on the antecedent tendencies, is concretized in the creation of the numerous virtual communities, regrouped on the certain fields or sectors, which permit to the user that he identify the products, the systems and the services which respond to the necessities of these. The predominant role in the information and communicational prefiguration belongs to the Internet Protocol (IP), which represents a veritable sector of reorientation and development of the information and communicational technology. It had and he has a big positive impact on the development of the information networks (WAN), of the networks from the enterprises (Intranet), of the networks from the enterprises (Extranet), of the metropolitan networks (MAN), of the local networks (LAN). Concomitantly, IP marks substantially the development of the networks computers, the development of the work stations, of the services for the group work, of the services for the massmedia, of the television networks through the cable and the development of the wireless connection.

The digital technologies have an universal influence, an influence so strong that the changes that they produced were compared with the industrial revolution. They do not increase only the

company productivity, even if this fact represents one of its effects. What is remarkable at the digital technologies is the way in which these change the markets and the peoples work models. The direct and indirect influences of the information technology in the organizations are suggestively rendered in the 1st. figure.

TI favours the increased productivity of the managers, the extension of the control (the employees number on the supervisor) and the reduction of the experts number (because of the experts systems). Related to this, the principal impact is represented by the flattening of the organizational hierarchies, namely, in many organizations, there will be less managerial levels and fewer managers. Also, the flattening of the hierarchies will result from a reduction of the total number of staff, as result of the increased productivity and of the possibility that the staff with the general training execute the activities which need the speciality (for example, using the expert systems).

The use of the information technology determines the shortening of the achievement time of the certain activities, it reduces the development cycle of the products, it makes the communication be faster, in other words it accelerates the rhythm of the companies activities and it increases their capacity to process the information. Also, TI modifies the temporal and spatial limits of the activity. Thus, through the use of the electronical mail and of the video or of the teleconferences, those who work at the project must not be in the same place or work in the same time.

The effects of the use of the information technology previously showed contribute at the rise of the companies flexibility. Basing on the designed and adequately achieved information systems, the organizations can increase their capacity to answer at the clients requirements, to the suppliers requirements and at the requirements of the environment at large.

The organizational flexibility

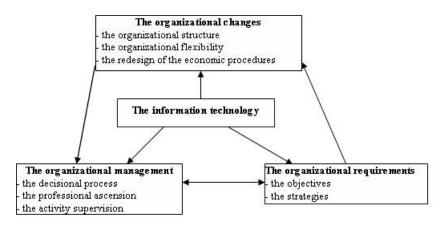


Figure 1 The influences of the information technology within the organization

Through the redesign of the economic processes (Business Process Reenginering - BPR) is obtained a restructuring of the work through the transformation of the activities with the help of the information technology. This redesign is defined as a fundamental rethought and a radical restyle of the activities for the substantial improvements, as well as concerning the cost, the qualitym, the service and the service (Hammer M, 1993). Thus, the redesign regards all the aspects related to the way in which the companies "make businesses", regarding the big changes of this, beyond the simple reduction of the costs or the automation of a process.

The experience demonstrates that TI can sustain both all the efforts of centralization and the efforts of decentralization of the decision process from the organization. The company which wants a centralization of the decision power can opt for a centralized data base, which can be updated from the work stations situated in the different places from the organization and related through the medium of a computers network, for the concentration of the information and for the

keeping of the control of these at the certain levels of management. On the contrary, a company which wants a decentralization of the decision power can appeal to the technology of the distributed systems and to the client/server architecture for offering to the employees situated on the inferior levels of management the necessary help for taking the decisions, permitting thus the supplementary delegation of the decisions¹⁷.

2. THE CAUSES OF THE CONFLICT

The certain reasons which creates a conflictual state in the organization, there are the certain groups with the objectives and with the different ideas, but dependent one of other, when the achievement of the charges depends of the behaviour of the other group. An example is represented by the divergences concerning the organization subdivision between the production compartment and the sales compartment. In the sales department there are concluded the sales contracts with the terms and unreal prices, which put the production compartment in a situation of not respecting the contract data. There can appear the tensions between the production department and the financial department, and between the different production departments. There can also appear the difficulties in the coordination of the disparate activities in the organizations, the coordination managers role being ambiguous, vague, looking for a "scapegoat" for the failures of the organization.

The competition for the short resources can take the form of the disputes between the functional services concerning the investments, the equipments, but they can refer to the position, the promotion career; in fact everything which refers to the person or the group of persons who follow their objectives and their personal dreams. The collective negotiations and the safety of the post-offices are placed in the same context.

The competition between the power and the influence, between the individuals and the groups generates the friction and the restriction of the activity. In the case of the groups the situation is more disastrous.

The autonomy tentatives

When a person is entered in an organization, her competences are established through the post file or through the signed contract. The established charges are usually unclear becoming the misunderstanding subjects between the superior and the subordinate; within the organization the autonomy has a significant factor in the achievement of the performance levels and in the satisfaction offered by the work.

Any change in the post file is greeted by the employee as a territorial violation being greeted with the resistance. Even if the incident at the first sight could be minor this through the organization folklore becomes symbolical as treatment method of the employees by the organization.

The personal problems

Although the majority of the conflicts appears because of the structural causes, we must not ignore the conflict state which has its origins from outside of the organization (the personal anxieties, the aggression, the frustration) and which find their volcano within the organization. In this case it is very difficult for the manager to resolve a such conflict, inclusively its diagnostic being very difficult.

3. THE CONFLICT MANAGEMENT

A study effectuated by the American Management Association reveals the fact that the managers from the superior and middle levels consume almost 2 hours from their time for the solution of the conflictual situations.

More experts consider that the conflict management as being as important as the other functions of the management.

¹⁷ Moldoveanu G-Analiza organizațională-Editura Economică, București 2000, pag153.

We can consider that a conflict is a signal of an inefficient directorate; the disability to know the people or the existent groups from the organization. In this case there must be found a dialogue tone for knowing the dreams of the group, which be in tone with the existent problems within the organization or the flexibilization of these, until their bringing at the same denominator. In the next place, we show some applicable methods within a organization:

- the creation of an atmosphere of collaboration and emulation within the organization;
- the receptivity at the cultural and structural problems;
- the competition control;
- the simulation of the change states for finding the reaction of the groups at the critical conflict situations;
- the application of a change policy in consonance with the external market and with the home market of the organization;
- the formation of a team attached to the managers policy, in which the principal change projects be debated.

The creation of an atmosphere of collaboration and emulation within the organization

In this situation we must start from the idea that in the organization there is a pluralist character, being the interest groups with the different dreams concerning the dominant culture. These conflicts can be regarded as the loyalty lack, the critical commentaries being discouraged in some organizations.

In the pluralist organizations the persons with other opinions will be considered as the partners of discussion and solutions proposals, which resolve the conflictual state, the political underground manoeuvres being discouraged. We mention that the organization is a political system in which the individuals try to obtain the power and the influence; but there is a big difference between the frank discussions and the manoeuvres of side scene. How much functional are the political activities in the achievement of the organization objectives, the personal and ethical problems cannot be avoided. It is considered that within the organization, the information control is "power instrument".

A pleading can be made concerning the necessity the distribution of the information only to the advised staff, which must have it.

The receptivity at the cultural and structural problems

We referred previously at the necessity that the structure and the culture of an organization can answer to the change, pointing some problems which appear when the structure is not adequate to the target and to the organization circumstances:

- the low motivational level, the adoption of the decisions delayed by the bad quality, the conflicts and the coordination lack. All these reflecting in the high administrative costs, the incapacity of answering to the conditions on the modification on the market.

We will examine at large the way how an organization from the sector of the constructions answer at the environment changes¹⁸.

The competition in the rise and the legislative changes bring the major changes in the managers role. In this situation it is necessary the improvement of the management concerning the global and strategical objectives with the impact on the organizational elements (the structures, the employed work force, the styles of managerial work).

The study about a constructions company identified the predominance of a culture of "Power" type, the traditional work in the enterprise and the administration, through the application of some operational procedures of work.

In the table No. 1 there are summarized the susceptible changes to affect the managerial systems in the organization;

18 Stanciu S., Ionescu M. A - Cultură și Comportament organizațional – Editura Comunicare.ro 2005,

Table No. 1. The modifications in the management system of the company of constructions-

montage

moma	50		
No. crt.	company management company of "X" construction	for a stable, controllable environment.	-
1.	The objectives	Social, organizational	Commercial for a short and long term
2. 3.	The key charges	The administration	The businesses development
3.	The promotion and the power	experience The internal promotion	The specialization, the improvement More the external recruiting
4.	The structure	Centralized, bureaucratic	Decentralized, flexible
5	The programming	For a short term, based on the tradition and on the experience	For a long term, based on research and on the organizational and operational procedures
6.	The elaboration of the decisions	The rules, the regulations	The increased personal initiative
7.	The relations	Individual and in accordance with the social state	The work in the team, based on the content of the activities and on the role of the members
8.	The evaluation systems	Proper, based on the effort, the loyalty and the critique of the errors	specialized companies based on the performance, the results, with a control system on the execution phase in <i>a integrated system of the quality</i>
9.	The personal attitude	company, of the function of the remuneration system	Loyal, with the personality orientated towards the development of the company
10.	The employment	After the more and less objective criteria, without the test on post	professional and psychological tests, with the employments on determined periods
11.	The work norms	The old tariffs, with a big subjectivity in the establishment	The re-updated norms, which permit the achievement of the productivity and the bordering in the costs

Table No. 2. The aspects of the actual culture and the aspects of the preferred culture in the

company of constructions-montage

compt	company of constructions-montage				
No. crt	The dominant convictions about	The existent culture	The preconized culture		
1.	The employees	The company of contructions- montage negotiate with the staff as their time would be at the disposition of the superior hierarchical person (power)	The company of contructions-montage negotiate with the staff as being the partners employed for the achievement of a common objective with the very precise indicators of costs and wages		
2.	The motivation	The achieved work is in accordance with the imperfect work contract, being imposed through the sanctions (Role)	The personal engagement and the satisfaction as the result of the work must be improved and motivated (Charge)		
3.	The decisions	The decisions are taken in virtue of the position in the hierarchy and on the post file (Role)	The decisions must be taken by the staff which has the training and the experience necessary for the respective problem (Charge)		
4.	The priorities	The staff must accord the maximum priority to the requirements of the chief	The company objectives and the responsibilities of work in regard to the priorities of the hierarchical chief must be emphasized		
		(Power)			

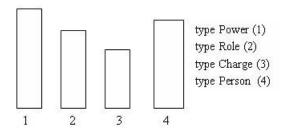


Figure 3. The existent real culture within the organization within the company of construction - montage.

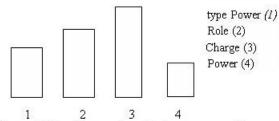


Figure 4. The culture preferred by the management team

4. CONCLUSIONS

The solution of the conflict can be achieved through:

- the fixation of common objectives in the conditions in which a major source of conflicts is represented by the following of the different objectives, the manager must try to propose the objectives equally accepted by the groups found in conflict;
- the improvement of the communication processes the existent communication barriers between the manager and the other members of the organization or between the members of the organization, must be reduced, the communication between the members of the organization must be stimulated through the intensification of the information exchanges between the departments;
- the integrative negotiation the essence of this process is that none of the parts must be obligated to renounce at the aspects that it consider them vital; the people must encouraged to find a creative solution in place of the compromise.

REFERENCES

- 1. Androniceanu A. Mangementul schimbarilor, Editura ALL Education, 1998.
- 2. Boboc Ion, Comportament organizational si managerial. Fundamente psihologice si politologice vol 2, Comportament managerial, Editura Economica, Bucuresti 2003.
- 3. De Visscher Pierre, Neculau Adrian, Dinamica grupurilor, Editura Polirom, Iasi 2001.
- 4. Drucker Peter F., The Practice of Management, Harper Collins, New York, 1993
- 5. Harison R. How to develop your organization, Harvard Business Review, 1985.
- 6. Martinet A. C. Diagnostic strategic, Economica, Paris 1982.
- 7. Moldoveanu G.- Sistemul informațional managerial al organizației, Editura Economica, Bucuresti, 2001
- 8. Nicolescu Ovidiu Strategii manageriale de firma, Editura Economica, Bucuresti, 2003.
- 9. Stoner J.A., Freeman R. E. Management, Prentice H, Intrenationals Editions, 1989 all.

THE USE OF MISSION STATEMENT AND OBJECTIVES IN UNIVERSITIES

Băcanu Bogdan

Transilvania University of Brasov, Faculty of Economic Sciences, str. Eroilor 9, e-mail: b.bacanu@unitbv.ro

The present study is an analysis of the mission statements and the objectives belonging to a significant sample of the Romanian public universities in 2009. The analysis focuses on the formal and main aspects, without aiming at identifying a relationship with the state or the performances of the respective organizations. The information was gathered by means of the official websites.

Key-words: mission statement, objectives, strategic plan, university, university charter

JEL Classification: I23, M19

1. Introduction

After 1990, the number of Romanian universities has increased rapidly, due to the significant changes within the socio-political and economical environment. A part of the existing universities divided on specialization criteria. In parallel, other newly constituted universities appeared, either established on the basis offered by small organizations of higher education which had been in stagnation or extinction before 1990, or founded using no previous basis. After almost two decades, in Romania there are more than 50 public universities and more than 100 certified universities, including publicly and privately-funded organizations.

The explosion in the number of the universities shows certain dramatic changes in the demand and offer of higher education and also significant changes regarding their competitive behavior and managerial mechanisms. The changes in the economic environment have induced an increase in the demand of enlarged university competences, which traditionally have been neglected during the communist period. This phenomenon materialized also in the growth of the number of students who aimed at different types of university degrees and training that had as a result the emergence of a great number of privately funded education institutions besides new public universities and the development of the existing ones. The interest taken within higher education has been enhanced by the reorganization of the Romanian economy and the general economic growth that Romania has experienced in the past two decades. Even in the terms of circumstances favorable to the demand, the rapid increase in the number of universities generated the essential conditions necessary for the development of a competitive environment related to the university offer. The changes associated with the socio-political and economic aspects of the society encouraged the appearance of many regulations which emphasized the competitive character of the offer.

The things that have happened in Romania for the past twenty years reflect a global tendency of increased competition amongst higher education institutions across various academic systems. In these conditions, the universities adopt behaviors similar to the companies which operate on free competitive markets, and apply some of their management tools. From the panoply of the strategic tools that a company uses, universities have chosen the strategic plan, the mission and objectives statement. As these tools, despite their usefulness, have implied also a considerable consumption of resources, a critical evaluation of these processes and their impact on the organizational performance becomes the purpose of this analysis. The evaluation from the point of view related to the effects on performance implies a great number of aspects that are debatable even at the level of the basic theory. As a consequence, the discussion about mission and objectives is focused only of the formal aspects, presuming the accomplishment of certain formal conditions would have positive consequences on the results.

2. Mission and objectives as management tools

The mission statement and the formalization of the strategic objectives related to a certain organization represent an instrumental dyad of management which seemed to gain popularity during the last decades. Even if there is no objective relation that implies the simultaneous and correlated utilization of both elements, the practice shows the managers' preference for such specific use. Due to their nature and role, the formalization of the mission is more transparent than the one dealing with the system of objectives. In general, that is why one can easier appreciate the quality belonging to the mission statement than the one belonging to the manner in which the system of objectives is materialized. One may suppose that, for the public organizations belonging to the university, there is an advanced transparency inclusive of its objectives.

In the case of profit-seeking organizations, the mission statement appears to be utilized by most of the companies surveyed, e.g. 90% of 500 companies surveyed by Bart and Baetz (1998), or 94% from the ones that use strategic tools in a study of Rigby (1994). The certifications related to the management of quality, and also the "democratization" of the companies in the sense of accountability growth referred to an increasing number of stakeholders that create an institutionalized pressure in order to carry out a mission statement.

The numerous studies that deal with the formal aspects related to the mission statements classify and place in hierarchical order the different elements included in the statement. A more reduced number of studies are focused on the relation between performance and mission statement. For instance, Collins and Porras (1995) suggest that the best performing firms have boast clear mission and objectives. On the other hand, there are also studies, as the one belonging to Bart (1997), which offers a different perspective of the topic. "The overall conclusion is that, in any sample of mission statements, the vast majority are not worth the paper they are written on and should not be taken with any degree of seriousness" Bart states after researching the topic in North America. It's obvious that the situation becomes more complex in the case of public organizations, due to issues such as institutional or organizational efficiency.

The use of the objectives in management was theorized by Drucker (1954, 1957) and applied further by Bacanu (2007). Drucker is also at the origin of the set of criteria that define a "well expressed" objective, a set known under the acronym SMART, meaning that objectives need to be specific, measurable, achievable, realistic and time-related). Even if in practice the management by objectives (MBO) diffused rapidly during the sixties and the seventies, certain studies, e.g. Schuster and Kindall (1974), showed that the method is applied correctly and with significant results only in 10 companies from the Top Fortune 500 even if it is estimated that more than 80% of the American companies were using at that moment. Finally, Drucker launches an interesting estimation dealing with the use of objectives in management. During the nineties, he estimates retrospectively that MBO is nothing but a simple tool, along with the others belonging to the panoply of the management techniques, and that its application depends on the existence of certain objectives, or, as the parent of MBO points out, in the most of the cases these objectives do not exist.

Presuming that the formalization of the mission and the accomplishment of certain objectives have positive results related to the organization performances, their use has extended even in the case of public organizations - universities included - especially in the English-speaking area of management within USA and Great Britain. However, there are no consistent studies to relate the use of these instruments to the top positions of the American and British universities.

Accepting that the relation mission-performance works also for the universities on the one hand, and being pressed by the emergence of a competitive environment for the university offer in Romania of 90's, on the other hand, the top officials that managed the policy of the Romanian higher education considered as a necessary measure to introduce certain regulations with direct effects on the discussed topic. Their idea was to motivate the public universities to explain the way they would act, in order to utilize the public resources allocated by the ministry of education.

The explanation presumed a mission statement and the definition of a certain set of objectives which would represent the basic elements of a strategic plan. In these terms, due to a ministry regulation, the public universities, which expected a budget allocation to support the educational process for a part of the students, were pressed to formalize a four to five years plan. On whose basis a so called "institutional contract" was signed between the ministry and the university as a provider of educational services.

This regulation was issued in 1998. It contains general recommendations dealing with the structure of the strategic plan. Between them, there are several elements related to the mission and to the objectives of the organization. For the mission statement a clear formulation is suggested, in order to emphasize the distinct characteristics of the university. The accomplishment of a prediction is discussed for its goals and objectives, dealing with the evolution of certain major components of the activity, with the specialization portfolio included. Detailed explanations dealing with the reason of this class are offered by Bratianu and Lefter (2001). In parallel with the administrative action, there was a series of programs related to the training of the universities top staff, programs developed by the Western partners and supported by PHARE founds.

Together with the accomplishment of these strategic plans the university charters were also updated in the matter of the organization mission. A great number of universities have periodically updated their own charter, but in 2009 it is difficult to clear out, using the methodology of this study, if the mission statement from this official document was updated too. However, several months after the appearance of the ministry disposition, all universities had a formalized strategic plan which took into account the mentioned formal suggestions. Due to the fact that no problems were pointed out in the process of negotiation related to the institutional contracts between the ministry and every public university, one can assume that the strategic plans which supported the negotiation were found acceptable, inclusive to the level of the mission statement and of the objectives.

The effects of the formalization related to the mission and to the objectives of the universities were significantly estimated according to the pattern of the structural studies dealing with the companies. In a different way, one cannot specify the possibility of knowing and assuming the mission and the objectives by the members of the university community, especially by the teaching staff. One cannot state anything about the positive change of the stakeholders' behavior or of the general performances of the university (but what is actually the relevant performance?). The things go the same in the case of more sophisticated elements, as the involvement in the activity of the organization, or the satisfaction of the staff related to the vision was assumed by the organization.

3. Methodology

From the list containing more than 100 of universities certified to provide educational services in Romania, a partial list was detached, containing only the public-funded universities having a civil or non-military character. This first selection is legitimate because for these universities there is an institutional conditioning, associated to the contract of public financing of the educational activity by the ministry of education. The military universities, as the private ones, deal with such institutional arrangements which are associated to certain market structures with monopoly characteristics or with competition characteristics having a poor regulation or being insufficiently matured.

From the first partial list containing more than 50 universities, 33 units were selected from 20 significant cities: Bukarest, Brasov, Ploiesti, Iasi, Cluj-Napoca, Timisoara, Oradea, Constanta, Tirgoviste, Pitesti, Baia-Mare, Galati, Sibiu, Craiova, Tirgu-Mures, Alba-Iulia, Resita, Bacau, Suceava, Arad, that practically cover the whole territory of the country. Even if several important universities were omitted, few small specialized universities, and the unique representatives of certain cities which distinguished themselves as university centers after 1990, there are sufficient

elements which suggest that the overall image offered by this sample can be identified with the overall image of the civil public universities.

The group of the surveyed universities shows relatively balanced characteristics related to the representativeness referred to some basic criteria of classification. From the group of universities, 14 have a universal structure and 19 have a specialized structure, e.g. medical sciences, engineering, economic sciences. A number of 15 universities represent on their own the city they are located in, the rest being a part from certain groups of two or more organizations belonging to a university city.

The research of the mission and of the objectives related to the chosen universities was done by accessing the official websites of universities. No written documents were collected, considering that in this manner a *de facto* evaluation of the transparency is made, related to the presentation of these elements.

The analysis dealing with elements of interest, visible mainly in the content of strategic plans and of the university charter, implied formal and contents elements referred to certain theoretic landmarks well-known in the "nowadays" management and frequently quoted in the Romanian space. In the matter of mission, the works belonging to Abel (1983) and David (1988), and in the matter of objectives the "landmark" is represented by the works of Drucker (1954, 1974).

4. Findings

The study of the mission statement belonging to the universities chosen for the respective sample suggest from the beginning a differentiated perception related to the role of these statements. A certain exposure of the mission on the front page of the official website or the possibility to access it due to a specific link or e-mail show that the respective university assumes that the statement has a marketing role and the straight explanation, in a clear form and using a literate and "commercial" expression represent the first attractive element for the potential students or for other stakeholders. Only 7 universities preferred this specific exposure, the rest bearing their mission "hidden" in their charter and/or in their strategic plan.

Most of the universities placed the mission in their charter in a "legal" form; in other words the form of one or more articles which seem to be wanted to generate certain consequences at the level of constitutive and functional regulation of the organization. The charter can be accessed on the site in the case of almost all the universities, but there are also few situations of "invisibility". A mission statement can be found also in the strategic plans offered. For the period 2007/08 – 2011/12 certain plans may be visualized in 20 cases. By comparing the mission in the plans with the one existing in the charter, one can estimate that more consistent differences appear in 7 cases, but certain slight expression differences appear in other cases. This situation may be the result of a certain "modernization" of expression at the level of the newer document. In several cases, missions are discussed in the same statement, or different missions can be identified for the research activity or for the faculties that compose the university.

The analysis of the conceptual contents, related to the missions statements, show that there is an express concern to declare a specific interest on the research activity. Being aware of the negative financial consequences induced by the ministry in the situation when a certain university declares itself as being interested only on the educational process, the form of declaration represents only an element of protection, without the possibility of reflecting in a realistic manner a state of facts or an intention that may be sustained.

The scientific area which bears a certain interest for the educational and research activity is underlined in the case of the specialized universities, for instance in the case of 15 universities from the whole of the ones that were researched. Even in the case of these universities, a differentiation related to the specialization, where the excellence is searched, doesn't seem as really obvious. For the universal structured universities and also for the polytechnic universities, a preeminence of certain scientific areas is not obvious. In these terms, there is no element of distinction for a medical university or for an agricultural sciences university belonging to the

respective category. The initial ministerial disposition aimed exactly at defining a certain distinctive feature associated to "the product". This distinctive feature becomes less visible when it is related to the geographic area or to characteristics belonging to the students. Only three universities associate their activity to a certain geographic area or to applicants who come from the respective area. The ambiguous expression is almost general, without emphasizing a potential "pole of attraction" for the teaching staff, for partners or for the students. If one reads only the formulation of the mission, it is unlikely to identify the university, excepting the named cases and a small number of other universities having a certain specialization or a unique position in Romania.

A discussion related to the principles or to the values exposed in the mission can be done only by corroborating them with other elements presented in the charter, or with the general objectives exposed in the charter, or in the strategic plan of the respective university. The comparative study of the concepts associated to the same label, as, for instance "the autonomy of the university", "student-centered education" or "academic freedom", shows a strange dispersion of the definitions inherently associated. The university X and the university Y understand a different thing when defining the academic freedom. The identification of values is more difficult when certain concepts are added, using formulations marked by stereotypes that empty the concepts from their meaning. "The development of the personality", "the competitive formation", etc. are discussed, but without revealing the real meaning of these collocations.

From the point of view related to the style of the mission, one can observe that most of the universities prefer a list-type presentation, which translates as avoiding the use of certain predicates with a clarifying role. Another part of the researched sample distinguishes itself due to a style that aims at being concise, but the utterances are abrupt, bombastic and without a logical relation between sentences. Only few exceptions use a "humane" style, which supposes to avoid a stereotype language.

The review of the objectives exposed in the strategic plans and also in several charters show a considerable difference from Drucker's recommendations. There is a relative superficial approach regarding the objectives in several cases, and an ambiguous time reference in others, associated in most of the situations to the term "permanent". So, the reference to the SMART characteristics is gratuitous. The pragmatic consequence is that every process of evaluation becomes useless, because the reference system is missing. In fact, the formulation of the objectives doesn't allow the coherent measurement in order to compare the results, which, as a matter of fact, are not specified.

The display of objectives is centered on collocations built on "the development", "the growth", "the consolidation", "the security", "the modernization", "the improvement", "the achievement", etc., terms having an ambiguous and equivocal character which determines the difficulty of any evaluation, more particularly as any specific quantitative or temporal element is missing. Paradoxically, in various operational plans the objectives do have SMART characteristics, especially in those associated to the investments in the infrastructure. One can infer that the formulation was deliberately chosen, in order to not turn into "negative" elements, neither for the ministry, nor for other stakeholders. Both the ambiguous character and the fact that the verbs suggest certain processes instead of the targets make the used expressions to be rather goals than objectives.

The manner of expressing the objectives and the missions generates significant similarities between them instead of a distinction able to differentiate between the idea and the implementation.

5. Conclusions

One can observe that for the researched universities the exercise of formulating the mission and the objectives is a formal one, induced by an administrative obligation, without a real maturation of a necessity imposed by the market. The formulations are quite similar across universities in the

sample that ahs been studied and they address administrative recommendations. They fail to feedback with suggestions that result from the practice and experience of the companies, or from the theoretic ones offered by contemporary strategic management. The management has only instrumental value and the marketing component becomes insignificant. It's obvious that the process of formulating the objectives and the mission involved only in few occasions the experts in the management theory, and the consultation of other persons interested with this matter was eventually accidental. When comparing the results achieved with the prescriptions of the mission or with what are desired to become the objectives of the organization, one cannot express negative estimations related to the management team.

The number of the public universities omitted by the study is less than the one of the used sample. Due to "the uniformity" observed, one may assume that it stays the same for the omitted organizations. However, their existence offer the advantage of a certain uncertainty related to the quality of the mission statement or the quality of formulating their objectives.

References

- 1. Abell, D.F. (1980) Defining the Business: The Starting Point of Strategic Management, Upper Saddle River, NJ, Prentice Hall
- 2. Băcanu, B. (2007), Tehnici de analiză în managementul strategic, Polirom, Iași
- 3. Bart, C.K. (1996) "The Impact of Mission Statements on Firm Innovativeness", *International Journal of Technology Management*, vol.11, no.3/4, pp.479-493
- 4. Bart, C.K. (1997) "Sex, Lies, and Mission Statements", *Business Horizon*, November-December, pp. 23-28
- 5. Bart, C.K., Baetz, M.C. (1998) "The Relationship between Mission Statements and Firm Performance: An Exploratory Study", *Journal of Management Studies*, vol.35, pp. 823-853
- 6. Bratianu, C., Lefter, V. (2001) Management strategic universitar, Rao, Bucuresti
- 7. Collins, J., Porras, J. (1995) "Building a Visionary Company" California Management Review, vol. 37, no.2, pp.80-100
- 8. David, F.R. (1989) "How Companies Define Their Mission", *Long Range Planning*, vol.22, no.1, pp.90-97
- 9. Drucker, P.F. (1954) The Practice of Management, New York, NY, Harper&Row
- 10. Drucker, P.F. (1974) *Management: Task, Responsabilities and Practices*, New York, NY, Harper&Row
- 11. Rigby, D. K. (1994) "Managing the Management Tools", *Planning-Review*, vol.22, no.5, September-October, pp.20-24
- 12. Schuster, F.E., Kindall, A. F. (1974) "Management by Objectives Where We Stand A Survey of the Fortune 500", *Human Resource Management*, Spring, pp.8-11

LEAN HOSPITAL - CONCEPTUALIZATION AND INSTRUMENTATION

Bâtcă Viorel

The University Titu Maiorescu, The Faculty of Dental Medicine, Str. Uranus nr. 5-7, Bl A7, Sc C, Et 2, Ap 7, Sector 5, Bucuresti, batcaviorel@yahoo.com, 0722.669.414.

Curpăn Alina Mihaela

The Academy of Economic Studies, The Faculty of Accounting, Informatics and Management Control Bucharest, Strada Piata Romana nr 6, Sector 1, Bucuresti, curpan_alina@yahoo.com, 0722.911.419.

Sanitary organizations function on a market with certain particularities, reason for which the public hospital must strive to elaborate and implement viable management systems, by relating to the private enterprise model. In order to answer the question: "what system to chose best for the hospital?", we have performed a literature review of known lean management system. And since, like any other enterprise that is modernizing, the hospital evolves from an archaic system, to a modern one, we propose to highlight the benefits of the Lean school of enterprise administration, which analyses performance, seen from two perspectives - productivity and quality – through continuous improvement and cutting down losses.

Key words: Lean hospital, value stream map (VSM), standard work, five S, mistake proofing, single minute exchange of die (SMED)

JEL classification: G23, I18, M10, P36

1. Lean – definition and history

The "Lean" enterprise management school is interested in the performance seen under the two aspects of productivity and quality, trying to reach this performance through continuous improvement and cutting down losses (muda in Japanese). Being originally a concept applied to production, "LEAN MANUFACTURING" is the name of the production systems that produces "more with less", also known as "Lean production" or "No waste production", meaning "minimum COSTS production". There are many definition of the concept of Lean manufacturing, such as (Drew, McCallum, & Roggenhofer, 2006):

"A production philosophy that reduces the time interval between the client's order and the product delivery, through minimizing the waste (non adding value work activities)".

"A team approach, meant to identify and eliminate waste, (non-value adding work), through the continuous improvement of the production flow, undertaken at the client's request, aiming towards perfection".

"A way of thinking and involving in view of completely eliminating waste, focused on the customer's success, made possible through the simplification and continuous improvement of all processes and relationships in a climate of mutual trust, respect and involvement of the employees".

Originally applied to "production", the concept of Lean management was invented in the 1970's by Toyota Company. Following the enthusiasm of the Japanese methods of the 70's and 80's, the Americans have later expanded the concept to the assembly of the enterprise, thus conferring it, a coherent theoretical frame. Therefore, the notion of *Lean* was first coined in *James P. Womack's* and *Daniel T. Jones' book The machine that changed the world*, 1990, which, even though sold in 400,000 copies, did not represent, as the authors claimed, but a "wide range of gathered benchmarks in a long journey around the world". The following year, 1991, was depression year in the USA, making a large number of enterprises review their fundamental strategy. As such, "The machine that changed the world" came back on the market with new solutions. What was the result? A growing number of managers started asking themselves: "How could we do likewise?" and "Which are the key principles that should guide our actions?". As a consequence, another book, "Lean Thinking" was edited by the same authors towards the end of

1996, in order to answer to what it was desired to be the five Lean principles: the exact specification of the added value expected by the client; the clear identification of the assembly of value-adding processes; the instauration of a continuous flow between the value-adding processes; ordering the activities, by resorting to the client; the constant improvement power of the previous elements.

The subsequent papers, "Team Toyota" (1996), by *Terry L. Bresser* and "The Toyota Way" (2004), written by *Jeffrey K. Liker* have made possible the clarification of the Lean concepts and practices, the understanding of the cognitive and social fundaments the systems responds to. Therefore, we can distinguish four levels of analysis of Lean thinking:

- 1. A redefinition of the value produced by the enterprise: the added-value of a product must be defined from the client's point of view; the enterprise must ensure an uninterrupted creation of value, all along the production line.
- **2.** A development of a characteristic production scheme: the enterprise produces goods according to the demands and not according to the local production capacities; the production lines are standardized in such a manner that they could facilitate the continuous improvement through eliminating the lines the don't add value; the enterprise maintains a rich partnership with the suppliers and it stimulates them to adopt its own production methods.
- **3.** A development of the original managerial attitudes: the managers and parties involved must find and eliminate the deep causes of the emerging problems; each employee is encouraged to reflect upon and propose the improvement of the productive system, demarche called *Kaisen*; the management must be conducted "on the field", because only the close experience of crisis situations enables the articulation of an efficient diagnosis (in Japanese genchi genbutsn); decisions are necessarily made consensually.
- **4. The formulation of a long term strategy:** the enterprise must favor the long term game, explaining the objective, or, at a global scale, inscribing it in the future, in a sustainable way; the enterprise must constantly seek performance.

Therefore, the *Lean* concept, coined in the autumn of **1996**, has had time to evolve into "*Lean enterprise*" or "*Lean management*". Nowadays, the *Lean school of management* is in an uninterrupted evolution, the interest for Lean rapidly expanding to administrative services - "**Lean Office**", to the outlining of the "**Lean development**" product and even to the informatics development.

2. Implementing the Lean management system in the surgery department

Step 1: examining the current managerial systems in order to identify the value-adding activities, from the patient's perspective. By *value* we define the end user's perception of the product or service provided by the supplier. In other words, *value is given by "what the client is willing to pay in order to satisfy their needs*". And if they were told which is the weight of useless operations reflected in the price, of the waiting time, or of correcting the detected unconformities, they would surely disagree to pay for this additional waste of resources. Value is thus a totally subjective, personal notion, difficult to quantify.

Our recommendation no.1:

(a) The patient regarded as "process" and "activities". The purpose consists in identifying all the critical processes along the "itinerary" of the patient through the section, from the moment he/she arrives at the hospital, is hospitalized, submitted to medical investigations, to surgical interventions, undergoes treatment and gets discharged - and critical processes emerging in identifying the impact this whole itinerary has on the diagnosis, communication and transport procedures, etc. What we are basically proposing is the following patient process for surgical interventions: coming to the hospital; being entrusted to a hospital employee - reception; preliminary consultations; hospitalization decision; filling in the hospitalization papers; bed assignment; receiving hospital clothes; programming the necessary medical exams; meals; programming the exams evaluation; diagnosis; surgical interventions decisions;

programming an intervention; (equipments, personnel, materials, OR); preparing the OR; intervention; anesthesia; post-op or Intensive Care (ICU); moving to a room; treatment; medical analyses; discharge papers; regular monitoring.

- **(b)** Identifying the health problems of the patients or potential patients: classifying the previous processes, according to the constituent activities (for instance classifying the surgical interventions based on sex, age, emergency, frequency, complexity, type of intervention (classic or laparoscopic) criteria).
- (c) The analysis of current processes in the department: the technical succession of the activities currently undertaken by the medical and non-medical staff of the unit; defining the activities in non-technical and technical terms; defining the Lean Hospital particular technique corresponding to each type of surgical intervention: SIPOC Map (Suppliers, Inputs, Process, Outputs, Customers) (S internal suppliers: anesthetist surgeon; I inputs: instruments and documents handed over by the internal suppliers; P process: all the logical activities that make a transformation, a surgical intervention; O outputs: documents, treatment, post-op medical exams; C clients: patients, medical personnel from other departments.
- **Step 2: Transposing the Value stream map (VSM) to the surgery department.** VSM or "Value flow cartography" is a method that makes possible the identification of the adding-value activities and the non-adding value activities in a manufacturing or transformation process, adding information flows (material flows, document flows, personnel flows). (Jones & Womack, 2003). Therefore, we cannot speak of VSM without introducing the notions of value, process and stream (flow).

Wherever there is a **service** provided to a client, there is **value stream**. In order to offer a product or a service, a **production process** is usually undertaken, which includes the *succession of the necessary operations and production activities*. The value stream refers here to the all the subsequent operations and activities that must be carried out in the adequate order in order to create value for the customer.

Our recommendation no. 2:

- (a) Defining, understanding and determining the key information in the VSM vocabulary and their transposition to the surgery department: tak time (the rapport between the patients' demands and the capacities of the section); cycle time (total hospitalization time for each activity according to the types of the interventions; for instance: pre-op stage time assigned for analysis, for evaluation, for diagnosis; etc. the operating stage surgical preparation time personal hygiene, anesthesia time, surgical intervention time, etc; post-op stage: intensive care time, recovery time, medical exams time etc); flow (the flow of patient in the operating block and the waiting time dead time); push (planning the patient flow in the operating block, in view of avoiding errors); changeover time (time designated to preparing the operating block between the surgical interventions).
- **(b)** The measurement and evaluation of the current VSM represent a photograph of the current moment that lets us know what happens, when it happens and why. The purpose consists in the analysis of each type of surgical intervention in terms of time and technical and non-technical activities.
- (c) Identifying the performance indexes on VSM for each type of surgical intervention: Operator cycle time (the total number of individual medical and non-medical activities for each type of surgical interventions); Activity Ratio (the percentage of time in which the medical and non-medical activities are actually carried out); Surgical occurrences a year for each type of interventions; The available number of working hours per year for the medical and non-medical personnel; The necessary medical and non-medical staff, Takt time, cycle time; the number of medical and non-medical accidents; the number of medical and non-medical errors; the number of waiting hours; the level of materials stocks.

(d) Re-projecting VSM (future VSM), taking into consideration the resulting performance indexes.

Step 3: Implementing the Standard Work and 5S in the surgery department.

As **Henry Ford** stated, "Standardizing a method means choosing among the many methods the best one and applying it all the time. Standardizing doesn't mean anything else that standardizing for the better".

The 5S represents a useful instrument in the organization of the working places, its name originating in the five Japanese words that start with the letter S: Seiri, Seiton, Sieso, Seiketsu, and Shitsuke. In other words, 5S is a program structured in order to obtain in a systematic manner organization, cleanness and standardization at the working place, contributing thus to the improvement of productivity and the reduction of quality and work safety related problems. The process of the 5S includes: (Tery, 2003).

- (a) Seiri (Sorting). The first step of the process refers to releasing the space at the work place and eliminating all the unnecessary materials and objects.
- **(b) Seiton** (Orderliness). The second step of the process deals with efficiency and the reduction of the time necessary for getting access to the equipments and for accomplishing the working tasks. This step consists in depositing the handy elements in a pre-established location and in a logical order, so as to facilitate their utilization, to make them easily accessible and brought back to their place as fast as possible.
- (c) Seiso (Cleanliness). The third stage of the 5S process consists in cleaning the working place (floors, machines, lockers), making them "shine". Everyone, from manager to operator, must participate to the cleaning process. All the spaces that constitute a working place must be cleaned, with no exceptions, because any abatement from the order established by the second S may be immediately noticed.
- (d) Seiketsu (Standardization). This fourth step of the process consists in the establishment of the standards (rules, customs and standard procedures) that the personnel must report to in measuring and maintaining the degree of order and cleanliness.
- (e) Shitsuke (Discipline). The last step of the process implies discipline and the respect for the 4 previous Ss. It requires the will of the entire staff to maintain order and to put in practice the first 4 S as a way of working.

Our recommendation no. 3:

- (a) In the surgical line of services, a special importance is held by the demarches regarding: the definition of some precise standards for each task assigned to and performed by the employees from the medical and the administrative-operational sectors; the appropriation of these standards by the employees; attention is also paid to verifying to what extent they know the expected results; another matter of interest is represented by the registering in the procedure and quality protocols of the required changes in the standards plan and by the standardization of the behavioral codes.
- **(b)** The elaboration of the following standardization mechanisms: the guide concerning the surgical protocol; the protocol for preventing the infections of surgical incisions; the specific guide of the linen circuit in the hospital; the protocol for daily cleaning in the hospital, for cleaning the hospital rooms, and other locations (it establishes the concrete work spaces, the time of beginning the actions in every sector, the employed solutions, the work techniques, the work stages, precautions and situational warnings).
- (c) Establishing the protocol for sanitary personnel competences in preventing and controlling nozocomial infections; the protocol used in view of preparing the sterilization of the surgical instruments; the protocol for collecting and weighing wastes.
- (d) Establishing the protocol of aseptic technique in the operating block, which comprises: general principle, the specific dress code in the operating room, walking around in the operating

block, washing the hands, hands antisepsis, wearing gloves, compulsory decontamination, collecting linen, solid waste, the responsibility of doctors, nurses, interns.

Step 4: Implementing Pola Yole (Mistake Proofing) in the surgery department.

Poka Yoke is a **quality ensuring technique** developed by **Shigeo Shingo (the 60's)** in the Japanese companies. The term "**poka yoke**" in Japanese means inadvertent mistakes ("*poka*") prevention ("*yoke*"). Poka Yoke is the path to detect, in a simple, robust and easy way the faults and errors in the company. The essential idea of "Poka Yoke" is process projection, with the helping devices, in such a way that mistakes are impossible to commit or easily detected and corrected. Mistakes are by hundreds in an organization but most of the times they engender the flaws "endured" by the customers.

Our recommendation no. 4:

- (a) Identifying the failed surgeries, classifying them after the type of intervention, after the gender and age: the moment of the intervention, seen from the perspective of the disease evolution degree; the treatment applied prior to hospitalization; the pre-op period (medical exams and the time for results release); establishing priorities in using the OR; the technical equipment of the operating block; the professional training of the surgical team; post-op treatment; bureaucracy; others.
- **(b)** Eliminating the obsolete procedures, the old instruments, of the defective materials and medicines; avoiding human errors through constantly qualifying the staff.

Step 5: Implementing Quick Changeover (SMED - Single Minute Exchange of Die) in the surgery department. SMED = Single Minute Exchange of Die is a concept developed by Toyota Motor Corporation, starting with the 50's, and described by Shigeo Shingo in the book "A Revolution in Manufacturing: the SMED System", 1985, The Productivity Press, USA that was published in a highly competitive industrial univers, in which the Japanese economy has proved its pivotal role in the changes of the series of product and in the global industrial flexibility. The SMED dynamics enables the acceleration of the production, producing anything and anytime. In industry, the SMED method is known under the name of changeover time, meaning: the time spent until finishing the last piece of a lot and producing the first fine piece of the next lot, or the necessary time for a post or work system in order to pass from one type of product to another.

The SMED objectives: reducing the changeover time, minimizing the volume of work necessary to attain an anterior objective, the target being: "no change shall take more than 10 minutes".

Our recommendation no. 5:

- (a) A hospitalization planning: it must set the hospitalization data of the patients for a surgical intervention. The planning horizon is of a few months, depending on the health system had in mind and the treated pathologies.
- **(b)** A construction of the surgical program on a time table noted with T days. We are talking about establishing the surgical interventions that have to be performed during each day on the time table, according to the resources to be employed. Planning the hospitalizations provides the patient a date that risks becoming rather inexact because of the perturbations, which can occur in the operating block (emergencies, annulments, complications, inexact operating time estimations). Consequently, we propose to *adopt a process of hospitalization date confirmation, by constructing the time table of the surgery schedule, for T days*.
- **(c)** Setting the surgery schedule on a daily basis: the objective is to update the previously settled surgery schedule for a T period of time, taking into consideration the various problems that can occur, due to emergencies.

(d) A real time governing of the operating block: this deals with the decisions of the person in charge of the operating block when an incident occurs.

3. Conclusions

Adapting Lean management to the hospital environment brings forth a **flawless methodology** that:

- Enables the description of the institution in the context or providing the means and analysis methods of the environment, of the internal and external opinions.
- Makes possible the description of the main development axis, of the objectives associated with each level of responsibility by using the method of collecting the facts referring to the activity and the means furnished by the list of internal and external opportunities.
- Facilitates the pursuit, on all levels, of the continuous improvement processes, relying on the knowledge and experience of the professionals, which ease the daily tasks.
- Enables the hierarchization of realist objectives, associating them with the objectives of the human resources, and easing the analysis of the costs adherent to these resources.

By proposing a systematic auto-evaluative system, (VSM), Lean Management **introduces an auto-evaluation culture** inscribed in a project of the institution, in a contract based on objectives and means in its internal abatement.

By finally relying on a strong management system, Lean management enables the directing of all energies towards a shared vision of the future.

The conditions for the success of Lean Management can be outlined only in an endeavor to volunteeringly build a system meant to improve the performance of a healthcare institution, oriented not only towards the satisfaction of their patients, but also towards the satisfaction of the entire staff. Not any change is necessarily an improvement, but any improvement is a change. Therefore, we have to clearly explain which the targets are, what we expect and what we can change within the system: this is the responsibility of the of the administrative team, of the managers, and of the people involved.

REFERENCES:

- 1. Armean, P., (2004), Managementul calității serviciilor de sănătate. București: CNI Coresi.
- 2. Drew, J., McCallum, B., & Roggenhofer, S. (2004). *Objectif Lean: Réussir l'entreprise au plus juste: enjeux techniques et culturels.* Paris: Editions d'Organisation.
- 3. Hohmann, C. (2007). Guide pratique des 5S pour les managers et les encadrants. Paris: Editions d'Organisation.
- 4. Opincaru, C., Gălețscu, E., & Imbri, E. (2004). *Managementul calității serviciilor în unitățile sanitare*. București: CNI Coresi.
- 5. Tery, P., (2003). Le 5 S socle de l'efficacité industrielle Mode d'emploi. Paris: Afnor.

THE PARADIGM OF THE KNOWLEDGE ECONOMY – NEW LEADERSHIP, ECO-TEAM BUILDING AND SOCIAL RESPONSIBILITY

Bocănete Paul

Universitatea Tomis, Constanța, Facultatea de Studii Economice si Administrative, Str. Petru Vulcan nr.100, cod 900628, Constanta, *fundatia_gaudeamus@yahoo.com*, +40.722.238.301

Nistor Cristina

Universitatea Maritimă Constanța, Facultatea Navigație și Transport Naval, Str. Mircea cel Batran nr.104, Constanța, 900663, nistor.cristina@gmail.com, +40.726.903.396; +40.241. 664.740 - int. 138

In the knowledge economy, leadership means more than communicating a vision and mission to the team members. In the knowledge economy there are new type of leaders and new leadership styles. Eco-leaders admit the complexity of human-environment relations and take into consideration social responsibility principles. Eco-leaders take decisions based on the durable development of the society and search for ethical ways for both human and community development. A social responsible company is that company which believes that its strength is based on its ties with suppliers and customers as well as on its commitments to its employees and the local community in which it resides.

Keywords: knowledge economy, leadership, eco-team building, social responsibility

JEL: A13; M12; M14

1. Introduction

Many work papers have been written on the subject of knowledge economy and leadership. In the context of the knowledge economy, leadership is more than having a vision and mission and communicating them to the team. It means also permanent communication, good hiring, proper training and compensation plans that motivate employees and other factors.

Leaders acknowledge that money is not the main motivating factor. The factors that rank higher are recognition, appreciation, respect, enjoyable work environment and the opportunity for professional development. Sometimes it is difficult to find time to address all the issues and the team members examine his or her behavior closely. The leader's behavior determines whether he believes in the things he says, whether he is dedicated to his team's success, whether he desires for them to grow in their jobs and whether he wants them to take on more responsibility and be more accountable. If leaders fail to recognize and demonstrate appreciation for their team members, their leadership is undermined, regardless of the level of desire or skills training.

2. The Approach of the New Leadership and Durable Development

There are a number of different styles of leadership and management that are based on different assumptions and theories. The style that individuals use is based on a combination of their <u>beliefs</u>, <u>values</u> and <u>preferences</u>, as well as the organizational <u>culture</u> and norms. Apart of the well known type of Charismatic Leadership there are several new styles of leadership like <u>Participative Leadership</u>, <u>Situational leadership</u>, <u>Transactional Leadership</u>, <u>Transformational Leadership</u>, <u>Quiet Leadership</u>, <u>Servant Leadership</u> and the last but not the least, the Eco-leader. Charismatic Leadership is the leadership based on the leader's ability to communicate and behave in ways that reach the emotions of the followers, inspire and motivate. For example, more and more followers perceive Barack Obama as an example of charismatic leader.

Participative Leadership is a style of <u>leadership</u> in which the <u>leader</u> involves <u>subordinates</u> in <u>goal setting</u>, <u>problem solving</u>, <u>team building</u> etc., but retains the final <u>decision making authority</u>. means involving the team in making some, but not all, key decisions. There is simply no better way to make people feel valued than to ask them, genuinely, for their advice and delegation is the key means of getting work done through others.

The Situational Leadership model was created by Ken Blanchard and Paul Hersey and is probably the most used formal model of leadership today due to its intuitiveness. The basic premise is that effective leadership requires leadership flexibility since different situations require different leadership approaches and tactics.

Transactional leadership is a term used to classify a group <u>leadership</u> theories that inquire the interactions between leaders and followers. A transactional leader focuses more on a series of "transactions". This person is interested in looking out for oneself, having exchange benefits with their subordinates and clarify a sense of duty with rewards and punishments to reach goals. The core of transactional leadership lies in the notion that the leader, who holds power and control over his or her employees or followers, provides incentives for followers to do what the leader wants. If an employee does not what is desired, a punishment or with holding of the reward will occur.

Transformational leadership is a <u>leadership</u> style that creates voluble and positive change in the followers. A transformational leader focuses on "transforming" others to help each other, to look out for each other, be encouraging, harmonious, and look out for the organization as a whole. The transformational leader enhances the motivation, moral and performance of the followers.

Quiet Leadership is a leadership style that applies modesty, restraint and tenacity to solve particularly difficult problems. Quiet leaders are masters at bringing out the best performance in others by improving the thinking of people around them, literally improving the way their brains process information, without telling anyone what to do. The approach of quiet leaders is the antithesis of the classic charismatic (and often transformational) leaders in that they base their success not on ego and force of character but on their thoughts and actions. Although they are strongly task-focused, they are neither bullies nor unnecessarily unkind and may persuade people through rational argument and a form of benevolent Transactional Leadership.

Servant leadership is one of the most popular leadership models around today. The concept was developed by Robert K. Greenleaf in 1970. The servant leader serves the people he/she leads which implies that they are an end in themselves rather than a means to an organizational purpose or bottom line. Servant leaders **devote themselves to serving the needs of organization members**, focus on meeting the needs of those they lead, develop employees to bring out the best in them, coach others and encourage their self expression, facilitate personal growth in all who work with them and listen and build a sense of community. Servant leaders are felt to be effective because the needs of followers are so looked after that they reach their full potential, hence perform at their best. Such a leadership style is the opposite to domineering leadership and makes those in charge think harder about how to respect, value and motivate people reporting to them.

Finally, Eco-leaders are those leaders who have specific objectives of adapting to the enterprise context the information regarding environment. Eco-leaders are leaders that take decisions of eco-leadership and eco-management regarding the use of the ecological packs, eco-ticketing, production of ecological products and their utilization in production, financing the environment projects, acquiring friendly-environment technologies and development of knowledge of utilization of these technologies. In general, eco-leaders redesign the communication with their followers accordingly with sustainable development.

Eco-leaders are those persons who consider that in today's society, a business must maintain ethical principles in order to be successful. They make programs in order for the employees to feel directly enhanced their benefits given by the corporation, like better health care or a better pension program. Eco-leaders precepts that employees are stakeholders in the business, and there should be taken in consideration the environment within the employees work and the employees families live. Eco-leaders feel that both the employees and the environment are valuable assets for the corporation. When employees feel they are being treated as such, productivity increases. Perhaps the biggest challenge for humanity in this century is to build a sustainable society. In the

knowledge economy context, society is demanding that business and industry behave responsibly, in an ethic manner and contribute to the development of a sustainable society.

People want to make sure that companies adopt and implement ethical codes of conduct, avoid corruption, provide job security, support the needs and concerns of their employees and neighbors, and protect the natural environment. Society expects that companies and organizations generate a variety of stakeholders' benefits. Therefore, a number of companies undertook this challenge and started to change their organizational strategy and vision and developed their business principles incorporating the aspects of sustainability and durable development. A key question on this process is to find out how can societies and companies take the appropriate measures and provide incentives in order to promote responsible leadership within the firm and develop tools to assess sustainability performance within the private sector.

3. Eco – Team Building

Some people define a team as being "a whole that is greater than the sum of its' parts". But this just a feature of *good* teams where members are working well together. Some authors define a team as being the people who report to the same boss. This can be misleading. In a well-designed organisational structure, people reporting to one boss do often form teams but when designing organisational hierarchies there are often compromises made because of pay structures or the need to have traditional reporting lines.

A team is a group of people working together towards a common goal.

Team building is the process of gathering the right people and getting them to work together for the benefit of a project. Getting a group of people together does not make a "team." A team develops products that are the result of the team's collective effort and involves synergy. Synergy is the property where the whole is greater than the sum of its parts and leader is the person who makes assure that the team is in cohesion.

There are three main components in any team's work: the goal, methodology and resources.

- 1. Goal: Result-oriented tasks or content aspect (e.g. team goals and objectives). These are usually developed through interaction with team members;
- 2. Methodology: Process aspect, which includes the team's interactions and how members work together (e.g. leadership, team roles, etc.) Teams, especially technical teams, frequently struggle more with process issues than with task issues;
- 3. Resources: Time, budget, computer facility, educational tools and administrative support.

A team leader has to assign clear tasks to each member, regularly review and monitor progress of work, ensure that the team meets deadlines, discuss and agree on the timetable for major activities with the team, motivate team members and resolve conflicts. He also has to give guidance when needed. He helps members to overcome barriers and regularly assess team performance.

During eco team-building sessions, eco-managers join the team-building activities with echologic activities. The term "Eco –team building" was developed in 2008 by the European Centre for Social Responsibility. The object of eco - team building is to use environmentally safe and friendly adventure based experiences to put in cohesion the human capital structure of an organisation.

4. Social Responsible Companies in the Knowledge Economy

In a global economy, increasingly organizations have a responsibility to facilitate and promote corporate social responsibility. Long-term sustainability demands that organizations redesign their business goals and objectives from solely focusing on making a profit to corporate citizenship and responsible company. Today, the impact of corporate social responsibility is beginning to be seen in the knowledge society.

A social responsible company is that company which believes that its strength is based on its ties with suppliers and customers as well as on its commitments to its employees and the local community in which it resides. Every company that desire to obtain success must have a work philosophy based on ethics and should pay a close attention to the personal and professional

development of employees, to promote safety, to maintain a transparent relationships with business partners, to be actively involved in community life and to minimize or eliminate the impact of operations on the environment.

Until the mid of 2008, a constant growth of international trade and globalization made consumers and society to be more aware to social and environmental needs. Companies must develop several activities of social responsibility like giving a special attention to the employees needs and to safety, a prompt response to clients' complaints or providing quality services with minimum impact for the environment. During the financial crisis, many companies still measure business success using the traditional bottom line, which is profitability. But due to the dynamic changes in economy and society, globalization issues, crisis and climate change, profit is no longer essential for the survival of a maritime company. Businesses must take into consideration other two bottom lines like environment and social capital.

Social responsibility is a relatively new concept that more and more modern organizations try to implement in the structure and practice of the management system. The World Business Council for Sustainable Development defines corporate social responsibility as the business commitment and contribution to the quality of life of employees, their families and the local community and society overall to support sustainable economic development. Social responsibility is characterized by the following specific elements: the establishment of an integrity frame based on a set of corporate values in the relationships with different public categories; the promotion of fundamental rights of people; the induction of social features to products, technologies and activities; the realization of ecological performances; moral integration; the contribution to community development.

Human resources leaders can influence three primary standards of corporate social responsibility: ethics, employment practices and community involvement that relate either directly or indirectly to employees, customers and the local community.

Some of the advantages of a company that develop social responsibility activities is the improvement of the image and reputation, better brand loyalty, increased ability to attract and retain seafarers workers or better work productivity.

Bibliography

- 1.Cristache Nicoleta, Comunication and Social Responsibility in Romanian Business Environment, Analele Universității Oradea, tom XVI, vol I, p.894-896, 2007.
- 2. Francisco Szekely, Responsible Leadership and Corporate Social Responsibility, European School of Management and Technology, Berlin, 2005.
- 3. Năftănăilă Ion, Nistor Cristina, Eco-Leadership The new type of Leadership in the Knowledge-Based Economy, "Change Leadership in Romania's New Economy", Suplimentul Revistei "Economie Teoretică și Aplicată", mai 2008, pp.141-148.
- 4. Nancy R. Lockwood, Corporate social responsibility: HR's leadership role, HR Magazine, Decembrie, 2004.

THE QUALITY IN REGIONAL DEVELOPMENT. INSURED FRAMEWORK FOR QUALITY MANAGEMENT OF REGIONAL DEVELOPMENT

Bologa Gabriela

Univeristatea Agora Facultatea de Drept și Științe Economice Piața Tineretului nr.8 email: gabi fiat@yahoo.com tel. 0724.214.533

Judeu Viorina - Maria

Univeristatea Agora Facultatea de Drept și Științe Economice Piața Tineretului nr.8 email: viorina@univagora.ro tel. 0722.762.939

One can appreciate that concern for quality, occurring in very old times, were accelerated in the twentieth century, during which there was spectacular actions and evolution of concepts of quality. Services is one of the most dynamic areas of modern economy is. Redefinition of goods in accordance with specific market economy, as who sells and buys, and a fast-field services, not only permits but requires the extension of quality problems in the area of services, and, in regional development. INSURED within a third party can help to assess situations, develop strategies, evaluate programs, measures and actions ex ante, to monitor and support the programs and actions, to evaluate programs and actions ex post to transfer the experience gained in a in a context different.

Key words: regional development, quality, INSURED framework, sustainable development.

The concept of quality in regional development

Quality according to Law¹⁹, is defined by all the explicit and implicit requirements of a product / service to ensure full achievement of the goal was created and marketed.

Quality, in accordance with the International Organization for Standardization, is defined by all the properties and characteristics of a product/service that gives the property to meet the needs expressed and implied.

These definitions of quality can be considered and if a region where we have to ensure that the region through the economic and social development and a cultural standard of living of the inhabitants of the region, so we have the quality of life in the region.

The concept of quality comes from the Latin ,qualis' (way, way to be) and expresses the characteristics of an essential item or service that you are clearly separated from all other similar products or services, which respectively use the same destination.

If we have to regional development, economic, quality is based on a series of principles, as follows:

- according to the requirements
- appropriate for use
- systematic approach to excellence.
- meeting the requirements of society: the protection of life, human health and the environment, proper valuation of natural resources, energy conservation, sustainable development of human life, human health and the environment, proper valuation of natural resources, energy conservation, sustainable development.

Quality in regional development is ultimately defined by man and is close to the project development meeting the requirements and expectations of society, so this is very clearly outlined in the regional.

Since quality is defined by man, may seem to be completely subjective. However, many aspects of quality can be expressed objectively. If you want to get good results in quality management

. .

¹⁹ www.cdep.ro/pls/legis/legis_pck.htp

and regional development, should measure. If you do not collect metrics will be difficult to improve processes through quality management initiatives in the regional development.

One of the purposes of quality management is to detect errors and faults of the project as early as possible, so the regional plan, it is considering a development supported by a regular control in order to achieve the desired results. So, a good quality management process in regional development will require several hours of effort and a higher cost at the outset.

However, the advantages gained will be large, as project development progresses. It is much easier to find problems during the requirements analysis phase, rather than cure works to solve problems at the end of a project.

In business practice, to define quality using a series of terms that we believe that can be used in quality and territorial development:

- quality of design (design quality) is the extent to which certain parts of the region ensure that the beneficiaries and can use.
- quality delivered, representing the effective level of quality at every level and in any area.

As economic and social development, as demand growth and diversification of production, the notion of quality, regardless of how it is viewed, has evolved and diversified, is talking about:

- ,Potential capacity', representing the design as the regional because of the drafting of the development of regions;
- ,Partial quality', representing the ratio between the obtained and quality required;
- The quality achieved, as that resulting from inspections
- ,Quality assured', quality resulting from a program unit containing all the activities of quality control (prevention, measurement and corrective action)
- ,Total quality', which integrates the utility, economy, aesthetics, etc.

For success in developing a region, in terms of quality here believe that we should fulfill the following requirements:

- To satisfy a requirement, a utility or a well-defined purpose.
- To meet people's expectations.
- To comply with standards and specifications.
- Measures to comply with legal and other requirements of society.
- Be competitively priced.
- A cost that brings profit.

General and specific quality of services in regional development

Services is one of the most dynamic areas of modern economy is. Redefinition of goods in accordance with specific market economy, as who sells and buys, and a fast-field services, not only permits but requires the extension of quality problems in the area of services, and, in regional development.

Studying the similarities between products and services can be said that:

- -The means of corresponding needs at least as numerous as the needs for material goods, but with a more complex and heterogeneous.
- -Affirmation of environmental issues highlights elements bearing area with services that are specific to the study and goods.
- -Major and increasing interest for consumer protection has light that services shall, in addition to tangible common goods, and the need to approach particular, very different.
- -Advertising research service functions by anchoring in areas of concern formalities at least as complex as those required in the case of goods.
 - -Service as good, is the result of an anthropic approach, aimed.
 - -Both service and tangible product, are known for certain needs.

Elements of the definition of services in particular states: immaterial nature of services, targeting to a strict benefit first understood as an opportunity for customer satisfaction and secondly, as a profitable activity for the provider.

Regarding the factors that determine and affect the quality of services should be noted that if the products are the material factors that prevail at the service:

- factors aimed at fund-conceptual perceptive of those involved in delivering services and the provider and recipient;
- the specific provision of the service opportunity;
- technical factors involved.

Fund-perceptional concept of providers and recipients is dependent on and defined by specific characteristics anthropic environment, which are: professional competence, education level, availability of the provider to work as stand-by, flexibility and spirit of public relations.

Conditions of opportunity are also a feature of the high quality services in regional development and relate to the adequacy of the service, appropriateness interesând at least 3 ways:

- time:
- space;
- as a way of performance.

To an extent far greater than the products, services that are interested in performance should be achieved in time and place as the most appropriate recipient.

INSURED framework for quality management of regional development

Administration practitioners, political and business tools require understandable, what is based on data available - because the state and estimating the level of development of human capital (social, cultural), produced by humans (economic, technological) and natural (the natural resources) is made difficult, expensive and slow.

The intuitive approach appears when trying to determine how problems are perceived, how to make processes such as book development policies, as innovators and they interact to provide better solutions, how to distinguish the actions of most innovative actions, such integrates innovative actions in policy development.

Also, in an attempt to use the four components of systemic diversity, subsidiary and partnership network use as elements in a decision, you will need to organize both the relations between them and their expression in social interaction that they reflect. As they digest more, the risk to ignore the local and specific cultural and become rigid in thinking.

Regional development policies can not be estimated on the basis of what they are, but depending on the result. Management framework requires an addition in terms of a qualitative approach to specific local factors that may be difficult or impossible to quantify.

The INSURED structure²⁰ is built on the basis of orientation, and growth potential, what components will be explained below.

In terms of orientation, sustainability is an idea with a view to maintaining the many components of time, each component having a value methodology - representing a certain kind of activities and phenomena.

The potential of a region to act appropriately in direction is essential for a sustainable local development and development policies should only improve this potential, not to create.

Sustainable development requires innovation and learning processes. An effective strategy requires a focus on the factors determining this and the key elements of transformation, the dynamic is thus the basic elements of the strategy necessary to enable it to operate.

Although one can imagine various situations - designing a policy to support the government - or estimating program effectiveness within a firm of consulting - or simply at a company that takes an investment decision based on this program - to bring the a common denominator of these types of approaches is a necessary framework for regional management of sustainable

20 The INSURED Project - Final Report, Institut fur Regionale Studien in Europa Schleicher-Tappeser KG, 1999 EURES

development that allows the investigation of these issues and what suggestions can be provided reference to similar decisions in some cases while analyzing the situation from different points of view

INSURED within a third party can help to assess situations, develop strategies, evaluate programs, measures and actions ex ante, to monitor and support the programs and actions, to evaluate programs and actions ex post to transfer the experience gained in a in a context different. **The guidance includes the environment** (which requires the preservation of wealth and potential environment and maintain ecological functioning of the system including additions made by humans) **the economic** (including human needs, improve living standards and efficiency of resource use) **and the Social - cultural** (conservation and development of human potential - habits, customs, culture, institutions - are essential for the proper functioning of society).

The equal distribution of opportunities, **spatial equity** (between regions - for example claimed objective of EU structural funds) **and time equity** (between the generations - in order to increase the total opportunities), **the subsidiary** (all system functions can be fulfilled at the base and the support of its decision to a higher level may occur only if this improves the operation and if it diminishes the autonomy of the basic level - a good example of this is the autonomy in a local body such as the EU superstate), **partnership** (referred to the essentiality of the relations horizontal non-hierarchical - during which you can exchange ideas, information, to organize mutual support - all in a competitive networks - such as flexibility and orientation towards the needs of members are fundamental to the survival characteristics of a network).

Participation is another component of orientation, meaning that all third parties dealing with a problem should have the opportunity of participating in a solution in the sense of seeking suitable alternative solutions and avoid conflicts.

Participation requires time and motivation and strengthens the responsibility, however risky decisions as to contradict the opinion of experts. Perception is part of another group of factors, the potential, and describes the variety of different approaches to the problem, thus improving the adaptability of the opening by third parties and accepting competitive cooperative that facilitates the emergence of new models of governance and autonomy.

Another component **is the self evaluation potential and creativity** (especially in an entrepreneurial culture that emphasizes accountability to the community, which in turn emphasizes the potential regional) and ability to cope with complexity and anticipate change (existence of several alternative support for individuals is essential).

The other points of view and new solutions within the meaning of co-habitation different cultures and mutual learning), discovery (specificity and local knowledge in order to use maximum capacity of people and talent) and fractal distribution of power, given as a strict separation of powers can cause communication problems, compulsive or excessive centralization - noted a system of governance at multiple levels where each level has a particular set of responsibilities - in the sense of addressing each type of problems to a level - but at a different magnitude.

Among the important²¹ aspects of the fractal distribution include: early involvement of the various administrative levels, the ability of simultaneous analysis of the problem at several levels and links to multiple top-down and bottom-up between levels. Responsibility for own development can occur only if it supports decision-making authority - whether in the sense of taking initiative, change the structure and determine a margin of autonomous action at local level. Also includes the potential dependence of resources (which reinforces the identity of its own, eliminate problems and improve the sharing of governance, local - each region had to use the resources and cultural heritage in an independent manner) and taking into account a system of common values - be they environmental, cultural or socio-economic interdependencies - that

²¹ http://europa.eu.int/eur-lex/en/lif/dat/1985/en_385L0374.htm

helps to resolve conflicts and find common goals (a good example being the common interest of communities in protecting the environment).

Another component of the potential is related to local cohesion, trust and mutual support are essential for the dynamics of entrepreneurial risk because of the absorption and facilitate joint action and equal opportunities - including mutual learning, acceptance, autonomy and responsibilities negotiated.

The ability to create common vision and make it part of the potential, at a community that is essential for the coherence and self-seeking and ability to think long term, a multidisciplinary approach and the development of alternative solutions..

Integrating social and technical skills in process innovation can improve the success of innovation and eliminate barriers in the way of their spread. Also, access to information and promoting dialogue and ensuring transparency and control of opportunistic behavior is necessary for ensuring a fair and consistent decision making. Multiplicity of interactions²² - given the diversity and number of opportunities existing in a community, and encouragement of the local initiatives in order of appearance creativity - creating the potential for changing communities.

May contain dynamic and move towards providing quality services to third parties (taking into account the interests, needs and capabilities, through analysis, feedback and transparency, in order to interested in making, to improve and modify the definition of objectives and evaluate the results of the work) and self - the ability of communities to influence one's future and give the margin potential, using the means of internal and external intervention that it is available.

Bibliography

- 1. Crosby, P., Quality is free, Economica, 1993
- 2. Ruggero Schleicher-Tappeser (EURES), Robert Lukesch (OAR), Filippo Strati (SRS), Gerry
- P. Sweeney (SICA), Alain Thierstein (SIASR), Instruments for Snstainable Regional Development, 1997
- 3. Verboncu, I., Zalman, M.,- Management and performance, Editura Universitară, Bucuresti, 2005.
- 4. ***The INSURED Project Final Report, Institut fur Regionale Studien in Europa Schleicher-Tappeser KG, 1999 EURES
- 5. ***www.cdep.ro/pls/legis/legis pck.htp

6. ***http://europa.eu.int/eur-lex/en/lif/dat/1985/en 385L0374.htm

²² Ruggero Schleicher-Tappeser (EURES), Robert Lukesch (OAR), Filippo Strati (SRS), Gerry P. Sweeney (SICA), Alain Thierstein (SIASR), Instruments for Snstainable Regional Development, p.252

LEADERSHIP COMPETENCIES AND THEIR ROLE IN ORGANIZATIONS

Bordean Ioan

Danubius University of Galați Faculty of Communication Galați, Bvd. Galati, no.3 E-mail: ioanbordean@yahoo.com Telefon: 0733180147

Tureac Cornelia

Danubius University of Galați Faculty of Economics Galați, Bvd. Galati, no.3 E-mail: cornelia tureac@yahoo.com Telefon: 0733180173

The organizations success of the XXI century depends to a great extent on the existence of imaginative leaders, creative, centered on change, perseverance, attentive in the environment changes and able to encourage and to lead team work, brave, taking their risks and their successes with the team. To influence the others, a leader must have certain basic competences consolidated through experience and learning from mistakes. Among the main features of the leader are: curiosity and desire for information, the ability to communicate, intelligence, clear and strong values, high level of personal energy, ability and desire to constantly develop, vision, good memory, the ingenuity in making the others to feel good.

Keywords: skills, vision, team, assessment, learning, training, strategy.

JEL Classification: M12 Personnel Management; M19 Other

Introduction

"The real leaders impress us. They wake up passions and stimulate all the best in us. If we try to explain why are so efficient, we talk about strategy, vision or tumble ideas. But the reality is at another fundamental level: the real leaders are calling at emotions"²³. Whatever of what the leaders are proposing themselves, to create strategies or to mobilize the teams to actions, their success depends on how they act. If the leaders fail in the task of emotions channeling in the right direction, nothing in what they are doing doesn't work as well as it could have or should have. To influence the others, the leaders need a proper set of competences, which to guide their actions. Although skills are always different from one leader to another, the existence of a basis set from which to develop, the rest increases the chances of success as a leader." These competences may be seen as being the internal instruments to motivate the employees, for targeting systems and of the processes and for business guidance for common purposes, which will make the organization value to grow."²⁴

Trough the research done, studying the works of specialists in the field, making comparisons between different approaches and making case studies to several organizations, SC TRANSGAL SA Galati, SC FAM SA Galati, SC D. NICU SRL Galati, SC BONAROMA SRL Galati, and SC ANCATERRA SRL Bucharest we proposed to find out what are the most important competences that should have or should acquire a manager like, in addition to the formal authority derived form its position in the organization to be an effective leader.

Leadership competencies and their role in organizations

The basic competences are forming the leadership foundation. Through the competences of leadership is separated the leaders by superiors through sedimentation of the knowledge and of the necessary skills for leading the organizations towards top domain in which is working. Without these competences, the leader has an insecure base of startup. The engine of this professional competences is represented by experience and learning from experience. A person can fully master the basic skills and those of leadership, but a medium leader becomes a good

²³ Goleman, D., Boyatzis, R., Mckee, A., 2005, The emotional intelligence in leadership, Ed. Curtea Veche, Bucharest, p. 21

²⁴ Neculau, A., 1996, Leaders in the dynamic of the group, Ed. Science and Encyclopedic, Bucharest, p. 54

leader only trough experimentation and mistake, by deep analysis of these experiences. Each organization needs a different range of professional competences for each management positions in part.

The leadership competencies are listed briefly in the following:

- **1. Leadership skills.** Present those qualities that the people gladly follow. Provide a feeling of confidence. Rounds up the troops and raises the morale in heavy times.
- **2. Vision.** Make the effort to increase the productivity in the areas with acute need of improvement. Creates and sets goals (visions). Feels the environment and uses its personal power to influence the subordinates and the equals. Create a feeling of involvement trough influencing the team in the sense of setting goals and engaging in the process.
- **3.** Creation and leading the teams. Develop competitive teams by creating a spirit of cooperation and of cohesion for achieving the objectives.
- **4. Stimulating of the resolving the conflicts (win - win).** Effectively treats the disagreements and conflicts. Resolve the disputes by focusing on solving problems, without bringing indignity to the individuals. Provide support and expertise to other leaders on issues of human resource management. Evaluate the feasibility of the different mechanisms of resolving the conflicts.
- **5.** Assessing the situations quickly and correctly. It assumes duties when the situation requires it. Make the things to happen correctly and on time.
- **6.** Helping and forming the equals and subordinates. Recognizes that any incident is a chance to learn something (treats the mistakes as an event from which could be learned). Provides a feedback referring to the performances, coaching and professional development for teams and individually, for the purpose of maximizing the chances of success.
- 7. Implementing the strategies of involvement of the employees. Develops a sense of ownership by involving the employees in the decision making processes and of planning. Provides the necessary means for that the employees to have success and to maintain in the same time the welfare of the entire organization. Creates and develops the necessary processes to involve the employees in achieving the organization objectives. It creates to the employees the feeling of authority, giving them the power to perform the tasks efficiently and timely.

Leader abilities

"Good leaders are those taken and those not born. Good leaders are developed trough a continuous process of self-knowledge, education, training, experimentation."²⁵

The leadership skills doesn't come naturally, but are required trough work and permanent study. The best leaders are those who work and studies continuously, to improve their leadership skills.

"The leadership is a complex process by which a person influences the others in the sense of effectuating a mission, a task or objective, and directs the organization so that it becomes more connected and coherent. A person carries out this process trough putting in application the attributes which defines him as a leader (persuasion, values, character, ethics, skills and knowledge)" Regardless of the position of manager, supervisor, coordinator, etc. which gives the necessary authority to fulfill some tasks and objectives in organization, this authority doesn't' create leaders but chiefs. The leader make people want to reach high goals and objectives, while, on the other hand the bosses tell to people to perform a task or an objective.

The base of quality leadership is a impeccable character and work in the interest of the organization. In the eyes of those ruled, "leadership" means everything is done for the organization objectives and their welfare. A respected leader concentrates on what is (beliefs and character), what he knows (job, tasks, nature) and what he does (implements, motivates, orients). The people want to be directed by those that respects them and who haves a sharp sense of direction. To gain respect, they must be correct. The sense of direction it develops trough expressing a clear vision for the future.

²⁵ Nicolescu, O., 2004, The managers and management of human resources, Ed. economic, Bucharest, p. 375

²⁶ Koestenbaum, P., 2006, The leader. Hidden face of excellence, Ed. Curtea Veche, Bucharest, p. 35

A person has the potential to influence others trough the exercise of five types of power²⁷:

- a) coercive power is based on fear. The employees of such a manager aren't involved and they are having the inclination to resist.
- b) reward power presumes obtaining of cooperation trough the ability of distributing rewards that others appreciate them as values.
- c) legitimate power is the one that a person receives as a result of the position that occupies in the formal hierarchy of an organization. According to this position and the responsibilities of the job that the employee is taken, this person haves the right to expect from the employee to respond to certain legitimate requests.
- d) expert power is given by the influence that exercises over others based on experience, skills, education and special knowledge. The expert power is extremely important when it is made in relation to how the employee performs its activity.
- e) the reference power is the influence based on the fact that an individual possesses resources or personal feature interesting , and the people likes the person.

The power doesn't require compatibility regarding the goal attained; on the contrary, it is based on intimidation, while the leadership requires congruence in the sense of a common goal. The power maximizes the importance of lateral and superior influences, while the leadership focuses on the inferior influences. The power focuses on tactics of winning submission, while the leadership follows obtaining of the answers and solutions.

The successful leaders take direct responsibility for training other leaders. "The successful leaders have ideas that they can articulate well, being able to learn other how to transform a firm into an organization that to record successes on the market, how to prepare at their turn other leaders. They have values well structured of the types of behavior that will lead both to the success of the firm and at the personal success. They generate and transmit in deliberate way energy to those who teaches. Also they manifest intelligence and encourage the others to show the ability to face the reality and to take rough decisions." ²⁸

Vision

The quality organizations have a clearly vision on the place that they will be in the future. The leaders must the team to trust in them and to be committed to the vision of the entire collective. Being hones and fair in everything they do, the leaders will be able to win the confidence. to win at their vision, they need energy and of a positive attitude, that is contagious. "The people want a strong vision of the place were they are going. Nobody wants to suffocate in a company in which I like a street that gets nowhere or in a company that goes in the wrong direction. The people want to work alongside a winner. And the team members are those who go to the determined goal."²⁹

The implementation process of a vision follows 6 well determined steps.

1. Creating the vision. The first step in setting the goals and priorities is identifying the way in which the leader wants to show the organization in a certain moment from the future, meaning to establish a vision. The upper echelon leaders are determining the vision for the entire organization, while the other of low level are making just for the team that they have subordinated. Regardless of the leader type, the vision will support the goals of the entire organization. The mission of the organization is crucial in determining the vision, which must coincide with the "complete image". The term "vision" suggests a mental picture of how the organization will look into the future, implying a foremost horizon in time. This temporal horizon tends to be in a moment located at medium or high distance from present, going until 10, 20 or

²⁷ Blaine L., 2001, The power principle, Ed. Alfa, Bucharest, p. 38

²⁸ Richy N., M., 2000, The leader or the arte to lead, Ed. Teora, Bucharest, p. 8

²⁹ Nicolescu, O., 2004, The managers and management of human resources, Ed. Economic, Bucharest, p. 375

even 50 years. The concept of vision has become a very popular term in the academic environments, politic, of defense and of business, fact that brought very different definitions.

- **2. Establishing the purpose.** The second step is establishing the goal, which is made with active participation of the team. The goals are defined in terms that can't be measured but are more concentrated then the vision; for example "the company must lower the costs of the transport" This second steps determines the vision framework.
- **3. Determining the objectives.** The objectives are developed starting from goals, trough active participation of the team. The objectives are defined in precise terms, measurable, such as "until the second semester the commercial service will realize a study regarding the possibility of shortening of the flow of raw materials, semi finished, pieces and finite products within the company"
- **4. Tasks delegation.** The fourth step is tasks determination that must be completed for achieving the objectives and of the persons that must fulfill them. The tasks are concrete and measurable events that must take place. For example: "The coordinator of the study will determine the detailed costs for each phase of the internal circulation."
- **5. Determining the terms and the priorities of tasks.** Some tasks must be completed before others, so establishing the priorities will help the team to determine the order and terms until they will be fulfilled. For example: "the costs for the internal transport will be obtained until 15 May."
- **6. Follow-up**. The final step is the follow-up which is made by checking if the team does the right thing. The involvement of the leader in this way shows to the others that the determined priorities above worth the effort and demonstrates employing the leader in the direction of performing with success the tasks.

Creativity

The important role of the human resources in the organization is due, among other things, a feature which only holds a human being –creativity. The famous American sociologist, Abraham Maslow, said that "Life is a mixture of routine and personal creativity."

The creativity is necessary whenever must be innovated or introduced a original change in a situation. The need to create can be determined by the existence of a malfunction (exists a real problem), but also the desire to progress.

There are three major families of applications to the creativity: a) creating, invention, innovation; b) solving problems, c) optimizing of what exists. Stimulating of creativity becomes the solving problem of the crisis, by implementing the changes, the response at the remaining behind of some countries over other, some from other companies.

The creativity starts always from the existent knowledge, valuing or criticizing them. At the organization level, the creation work is less of individual type, most often she is performed in groups, circles, collectives proving the superiority over individual creativity in many areas, particularly in the management.,

One of the deployment conditions of a creative activities, effective is the realization of a good communication. A ineffectual communication and superfluous is demobilizing and boring. The efficient innovator is so, trough definition, a first order communicator. The efficient communicator makes appeal without termination at the individual resources of creativity and collective for freeing the energies of all and focusing towards the common success objectives. Before developing a communication strategy is essential the approaching of creativity to explore the expectations, aspirations and representations (mental lists) of the present parties: the management and the staff.

The creativity is part of the objectives of improving the practice and method. To benefit fully from the methods of creativity, there are two conditions: to be creative by nature (in natural way) and to master (to know and to apply) the methods. The leader, as exposed person to the social and economic activities is being differenced by the people around him depending on the nature of

activity that it develops trough concrete situations. True leaders must be creative in any situation within any activity and in order to achieve any objectives.

Creating and leading the teams

- "The leadership is the privilege to improve the lives and performances of others, to form new leaders and to orient them towards a common purpose. An effective leader and which to inspire confidence must consolidate a special relation with the people around him, based on respect and fairness. And the best results can obtain by knowing better the team and its proper capacity of coordination." The leaders mustn't imagine as managers or supervisors but as "team leaders". A team is a group of people who have gathered to work towards attaining a common goal or perform a task for which they are all responsible. A group of people is not a team" A team is a group of people with a high degree of interdependence, group engaged in the process of achieving a goal or to perform a task not just a group that respects the administrative rules. By definition, a group is formed by a number of individuals that something unites them. The team members doesn't just in all matters of common tasks and goals, they share among themselves what traditionally is called "management functions" A team brings thee major benefits to the organization:
- Maximize the human resource of the organization. Each team member is trained, helped and led by the other team members. A success or a failure is felt by all members, not just by an individual. The failures aren't falling on an individual, argument for which is why people find the courage to assume risks. The successes are shared by all the team members, which helps to obtain bigger successes and more important.
- Has net results, whatever the situation will be, and this is due to the effect of synergy of the team a team always exceeds in performance a group of individuals.
- There is a continuous improvement. Nobody knows better that the team the work that must be done, tasks, and goals that must be achieved. When are gathering in team, they aren't afraid to show all that they can do. The personal reasons are forgotten and lets place to the motive of the team comes out to light.

Most teams are formed in situations that require resolving. The leaders are having the duty to bring in the team a few elements that all the members will learn and will demonstrate that these are efficient. These elements are: the common purpose, learning, productive participation of all the members, communication, trusting, sense of belonging, diversity, creativity and assuming the risk, evaluation, compatibility with changing, participative leadership.

The leaders want to have in their team a variety of styles of members: contributors, collaborators, communicators, challengers. The contributors are oriented towards the task to fulfill and they like to bring in team information and technical data. They push the team to establish highest standards. Although are trusted persons, sometimes are getting to much in details and they lose sight of the full image. They are responsible persons, influents, efficient, organized on which you can rely. The collaborators are oriented towards the target that must be achieved, they see the vision, mission and the goal of the team. "They are flexible persons, open to new ideas, willing to knuckle down to work and to do more than writes in the job description" They also, are happy to share with the others members of the team the success. They always see a complete picture of a new situation and sometimes don't give enough attention to the basic tasks of the team or individual needs. They always look forward, going towards goal, are caring, flexible and full of imagination. The communicators are oriented towards the process itself, they know to listen and to facilitate the involvement, resolving conflicts, reaching the consensus, feedback,

31 West, M., A., 2005, Working in team, Ed. Polirom, Bucharest, p. 44

^{30 .} www.qualians.com

³² Nicolescu, O., 2004, The managers and management of human resources, Ed. economic, Bucharest, p. 375

³³ Manolescu, A., 1998, Human resources management, Ed. Rai, Bucharest, p. 42

creating an informal atmosphere, relaxed. The challengers are always adventurers that always put into question the goals, methods, team ethic. Have the impulse to not be agree with the leader and with its superiors and encourages the team to assume well thought risks. Many persons appreciate the value of honesty and opening this type of teammates, but sometimes they don't realize that they must stop, or becoming stubborn and try to push the team too far. They are honest, sincere, principled and moral.

The people form the inside and the ones out form the team expects from the leaders to coordinate the contacts and the team relations with the rest of the organization.

Conclusions

To influence others, the leaders need some competencies, which to guide the actions, these being the internal instruments for motivating the employees, for directing the systems and the processes and to guide the business towards common purposes, which will make the value of the organization to grow.

The basic competencies form the foundation of the leadership. A person, who masters the basic competencies of the leadership, can become a good leader only by experimentation and mistake, trough deep analysis of these experiences and trough applying the lessons learned from them. Studying the basic competencies that the leaders must have is important for that the managers of the organizations to be able to mobilize the human resources, to create a true team spirit at which they will even be share, to channel the employees energies and to increase their involvement in taking decisions and in effective realization of the objectives, thus becoming effective leaders, not only by the formal power given by the organizational position, but especially, trough the informal given by preparation and by practicing of a effective leadership. In the future, taking into account by the rapid changes that are permanently occurring in the contemporary society, continuous studying of the theme, developed and adapted to new conditions from the ambient environment of the organizations.

Bibliography

- 1. Andreas, S., Faulkner, C., 2006– NPL and success, Ed. Curtea Veche, Bucharest.
- 2. Blaine L., 2001, The power principle, Ed. Alfa, Bucharest.
- 3. Bordean, I., 2009, Management, Ed Academic Foundations "Danubius" Galati.
- 4. Chelcea, S., Marginean, I., Stefanescu, S., Zamfir, C., Zlate, M., 1980, The development of human enterprise, Ed. Academy.
- 5. Goleman, D., Boyatzis, R., Mckee, A., 2005, The emotional intelligence in leadership, Ed. Curtea Veche, Bucharest.
- 6. Lefter, V., 2007, The fundamentals of Human Resources Management, Ed. Economic, Bucharest
- 7. Koestenbaum, P., 2006, The leader. Hidden face of excellence, Ed. Curtea Veche, Bucharest.
- 8. Manolescu, A., 1998, Human Resources Management, Ed. Rai, Bucharest.
- 9. Neculau, A., 1996, Leaders in the dynamic of the group, Ed. Science and Encyclopedic, Bucharest.
- 10. Nicolescu, O., 2004, The managers and management of human resources, Ed. Economic, Bucharest.
- 11. Richy N., M., 2000, The leader or the arte to lead, Ed. Teora, Bucharest.
- 12. Tureac, C., 2008, Strategic management, Didactic and Pedagogical Publishing, Bucharest
- 13. West M., A., 2005, Working in team, Ed. Polirom, Bucharest.
- 14. www.qualians.com

LES METHODES DE MESURAGE DE LA DISCRIMINATION

Brînzea Victoria-Mihaela

Université de Pitesti Faculté de Sciences Economiques Le Boulevard de la République, Nr. 71, Pitesti, Arges mihaelabranzea@yahoo.com 0723.789.726

Oancea Olimpia

Université de Pitesti Faculté de Sciences Economiques Le Boulevard de la République, Nr. 71, Pitesti, Arges olimpiaoancea(a)yahoo.com 0742.736.898

Each day, on the territory of the European Union, the citizens are prevented from fully living a professional and social life because of the damages related to discrimination. The economic approach is intended to be integrated, offering at the same time, its own definition of the phenomenon and a specific manner to interpret it. The methods of measurement of discrimination can be of several types and can relate to several levels. Although the purely econometric methods, which have been refined over the years, generally pose problems of positive economy, the auditing methods have more operational ambitions.

Mots-clés: discrimination, discrimination à rebours, méthodes d'audits.

Code JEL: M12, M14, M19

1. L'approche économique de la discrimination

L'approche économique est destinée à être intégré, en proposant dans le même temps, sa propre définition du phénomène et une manière spécifique de l'interpréter.

1.1. Les méthodes de discrimination: la discrimination sur le marché et la pré discrimination

En économie, on parle de la discrimination lorsque certains individus qui ont une caractéristique particulière sont défavorisés, indépendamment de leurs caractéristiques productives. Les études empiriques montrent que, souvent, les travailleurs sont victimes de cette discrimination en raison de l'appartenance ethnique ou du sexe, mais nous pouvons parler de discrimination aussi quand une personne se sent moins bien traitée qu'une autre, qui est égal sur le plan productif, en raison de son origine, son âge, sa religion, ses choix politiques.

La définition économique de la discrimination est établie en termes de conséquences et de résultats et non pas par les intentions. La discrimination implique une matérialité et elle doit avoir des conséquences mesurables sur le marché du travail sous forme de rémunération, de développement de carrière et du niveau de chômage. L'accent mis sur les caractéristiques économiques pour définir la discrimination conduit à une autre distinction: la discrimination avant de pénétrer le marché - la pré discrimination – et la discrimination sur le marché.

La pré discrimination apparaît quand les chances de développement personnel d'un individu ne dépends pas de ses compétences; peut on donc parler de l'inégalité des chances, qui est due à l'environnement social dans lequel chaque individu est formé.

La discrimination sur le marché peut prendre la forme d'une rémunération plus basse, d'un refus d'emploi ou d'une surqualification pour un poste.

Bien sûr, il est difficile de distinguer entre les deux types de discrimination parce qu'il ça peut apparaître des interactions. Par exemple, on peut croire qu'un individu qui prévoit qu'il sera l'objet d'une discrimination sur le marché peut ne pas être motivés à investir dans l'éducation.

Tableau 1. Termes-clés dans la définition de la discrimination

Définition de la discrimination	Précisassions		les types de discrimination
Action	Perspectiveă sur la discrimination	Comme une action avec des objectifs, des moyens, de la motivation	
		Comme simple comportement; Phénomènes de discrimination	
Promotion des inégalités de chance	Niveau de discrimination	Intention, discours ou comportements	
	Mécanisme de discrimination	La diminution des possibilités pour les groupes considérés comme inférieurs	En utilisant les mécanismes de ségrégation, d'exclusion sociale, la sous-évaluation de la main-d'oeuvre, la
		Or, en améliorant les possibilités pour les groupes défavorisés	violation de la dignité La discrimination positive
Associées avec l'appartenance au group	Le critère de discrimination	Caractéristiques de l'état: culturelle: ethnie, race, religion; biologique: sexe, âge, handicap; social: migrant, pauvre;	discrimination ethnique, raciale discrimination religieuse
+		Options culturelles: sexuelle, idéologiques	
Fondée sur les préjugés, les idéologie ou les intérêts	Le fondement de la discrimination	Les stéréotypes et les préjugés Institutions codifiant	
		la discrimination	discrimination institutionnalisée discrimination par la segmentation du marché du travail
Avec des formes spécifiques du domaine de l'interaction sociale	Le domaine de la discrimination		discrimination économique, sociale, politique, résidentielle, etc.

2. Le mesurage la discrimination sur le marché: des méthodes et des procédures

Les méthodes de mesure de la discrimination peuvent être de plusieurs types et peuvent concerner plusieurs niveaux. Bien que les méthodes purement économétriques, qui ont été perfectionnés au fil des années, posent généralement des problèmes d'économie positive, les méthodes d'audit ont des ambitions plus opérationnelles.

Tableau 2. Le paradigme analytique de la discrimination

Description	Les acteurs discrimination	de la	Qui discrimine	Acteur institutionnel/non institutionnel
			Qui est discriminé	Personne/groupe
	La relation de discrimination	Contenu	Quel est le contenu de la discrimination	Quels sont les droits de l'homme et les libertés touchés par la discrimination
		Forme	Comment faire pour produire des formes de discrimination, par quels mécanismes	Directement/indirectement La ségrégation/l'exclusion La restriction des droits/des libertés
		Contenu et forme	L'utilisation des moyens violents pour la violation des droits fondamentaux	L'extrémisme
		Fréquence de manifestation	Discrimination aléatoire, rare	Discrimination conjoncturelle
			Discrimination systématique	L'oppression sociale
Explication	Le contexte ou discrimination	la situation de	La nature des relations entre le discriminé et celui qui le discrimine	Relations de sous/sur commande Relations formelles/informelles Relations type patron-client
			Le cadre institutionnel - fonction pour favoriser/défavoriser la discrimination	Le secteur public-privé
			Le cadre communautaire- régional de la discrimination L'évent/le processus qui a	Les modèles de socialisation au niveau communautaire/régional
	La motivation	on de la	favorisé la discrimination Le préjuger-le stéréotype-	
	discrimination	on ut la	l'idéologie-l'intérêt	
Evaluation	Les conséquenc	es	Pour le discriminé Pour celui qui discrimine	Mesurables-non mesurables Directes - indirectes Intentionnelles— non intentionnelles
	La décision sur		L'inclusion ou la non inclusion dans la catégorie des discriminations Le degré de discrimination	
			associée au fait	

2.1. Les méthodes économétriques de détection de la discrimination salariale

En Europe, comme aux États-Unis, les femmes sont moins payées que les hommes. Les écarts de salaires varient entre 10 % et 32 %, en France, les mêmes écarts étant de l'ordre de 23 %. L'approche économétrique est une méthode de mesure indirecte de la discrimination salariale qui part de l'analyse des différents déterminants du salaire, en introduisant dans la fonction du salaire, d'une part, des variables explicatives mesurant les caractéristiques individuelles (niveau d'études, expérience professionnelle, ancienneté, etc.) et, d'autre part, des variables indicatrices (le sexe et/ou l'origine ethnique du salarié).

Un coefficient significatif (non significatif) de ces variables indicatrices prouve (infirme) la présence de la discrimination sur le marché du travail. Cependant, la valeur de ce coefficient peut être imputée non seulement à la discrimination mais aussi aux différences observées en termes de caractéristiques individuelles entre les divers groupes.

Afin de purger le coefficient de ce qui est imputable aux caractéristiques individuelles, Alan Blinder a proposé une décomposition de cette différence salariale observée sur le marché du travail. Une première composante est due aux caractéristiques individuelles et une deuxième composante est imputable à la discrimination pure. Plus précisément, on considère deux fonctions de salaire (pour les Noirs: N, et les Blancs: B).

$$Y_{Ni} = \alpha_N + \beta_N X_{Ni} + \varepsilon_{Ni}$$

$$Y_{Bi} = \alpha_B + \beta_B X_{Bi} + \varepsilon_{Bi}$$

En termes de moyenne, on obtient :

$$\overline{Y}_{N} = \widehat{\alpha}_{N} + \widehat{\beta}_{N} \overline{X}_{N}$$

$$\overline{Y}_{B} = \widehat{\alpha}_{B} + \widehat{\beta}_{B} \overline{X}_{B}$$

La différence moyenne, en termes de salaire, entre les Noirs et les Blancs est donnée par :

$$\overline{Y}_{N} - \overline{Y}_{B} = \underbrace{(\widehat{\alpha}_{N} - \widehat{\alpha}_{B})}_{D_{1}} + \underbrace{(\widehat{\beta}_{N} - \widehat{\beta}_{B})\overline{X}_{B}}_{D_{2}} + \underbrace{\widehat{\beta}_{N}(\overline{X}_{N} - \overline{X}_{B})}_{CARACTERISTIQUES_INDIVIDUELLES} = D + C$$

où D_1 indique la contribution du terme constant à la discrimination alors que D_2 indique la contribution des variables explicatives. En effet, si $\widehat{\beta}_N$ est différent de $\widehat{\beta}_B$, cela signifie, par exemple, que le niveau d'études ou le diplôme est rémunéré différemment selon que le salarié est un Noir ou un Blanc.

Frank Jones a montré que la contribution de D_1 et D_2 dans $\overline{Y}_N - \overline{Y}_B$ varie en fonction du choix des variables de référence, des autres variables explicatives (région de résidence, être syndiqué ou pas, le statut juridique de l'entreprise, etc.). Plus récemment, Roland Oaxaca et Michael Ransom ont proposé une nouvelle décomposition de $\overline{Y}_N - \overline{Y}_B$ invariante au choix des variables de référence.

On considère une variable indicatrice R_{sj} , j = 1,2,3,4; s = N,B, caractérisant la région de résidence (Est, Ouest, Nord et Sud) où $\sum_{j=1}^{j=4} \overline{R}_{sj}$, s = N,B. En supposant que la variable de référence est Rs_1 (Est), dans ce cas, la moyenne des salaires des Noirs et des Blancs est de la forme:

$$\begin{split} \overline{Y}_{N} &= \widehat{\alpha}_{N} + \sum_{j=2}^{j=4} \widehat{\lambda}_{Nj} \overline{R}_{Nj} + \widehat{\beta}_{N} \overline{X}_{N} = \sum_{j=1}^{j=4} \widehat{\delta}_{Nj} \overline{R}_{Nj} + \widehat{\beta}_{N} \overline{X}_{N} \\ \overline{Y}_{B} &= \widehat{\alpha}_{B} + \sum_{j=2}^{j=4} \widehat{\lambda}_{Bj} \overline{R}_{Bj} + \widehat{\beta}_{B} \overline{X}_{B} = \sum_{j=1}^{j=4} \widehat{\delta}_{Bj} \overline{R}_{Bj} + \widehat{\beta}_{B} \overline{X}_{B} \end{split}$$

où
$$\widehat{\lambda}_{si} = \widehat{\delta}_{si} - \widehat{\delta}_{s1}$$
 et $\widehat{\alpha}_{s} = \widehat{\delta}_{s1}$; $j = 1,2,3,4$; $s = N, B$.

La nouvelle décomposition de la discrimination de R. Oaxaca et M. Ransom est de la forme:

$$\overline{Y}_{N} - \overline{Y}_{B} = (\widehat{\alpha}_{N} - \widehat{\alpha}_{B}) + \sum_{j=2}^{j=4} (\widehat{\lambda}_{Nj} - \widehat{\lambda}_{Bj}) \overline{R}_{Bj} + (\widehat{\beta}_{N} - \widehat{\beta}_{B}) \overline{X}_{B} + \sum_{j=2}^{j=4} \widehat{\lambda}_{Nj} (\overline{R}_{Nj} - \overline{R}_{Bj}) + \widehat{\beta}_{N} (\overline{X}_{N} - \overline{X}_{B})$$

où

$$\overline{Y}_{N} - \overline{Y}_{B} = \sum_{j=1}^{j=4} (\widehat{\delta}_{Nj} - \widehat{\delta}_{Bj}) \overline{R}_{Bj} + (\widehat{\beta}_{N} - \widehat{\beta}_{B}) \overline{X}_{B} + \sum_{j=2}^{j=4} \widehat{\delta}_{Nj} (\overline{R}_{Nj} - \overline{R}_{Bj}) + \widehat{\beta}_{N} (\overline{X}_{N} - \overline{X}_{B})$$

Cette décomposition présente, en effet, plusieurs avantages. Premièrement, le choix de la variable de référence ainsi que la suppression du terme constant n'affecte pas la décomposition globale de la discrimination. Deuxièmement, la contribution de la variable indicatrice R_{si} à la discrimination

peut être identifiée par
$$(\widehat{\alpha}_N - \widehat{\alpha}_B) + \sum_{i=2}^{j=4} (\widehat{\lambda}_{Nj} - \widehat{\lambda}_{Bj}) \overline{R}_{Bj} = \sum_{i=1}^{j=4} (\widehat{\delta}_{Nj} - \widehat{\delta}_{Bj}) \overline{R}_{Bj}$$
.

En d'autres termes, la contribution du terme constant fait partie de la contribution de la variable R_{sj} . Enfin, la contribution de la variable indicatrice R_{sj} aux caractéristiques individuelles est invariante au choix de la variable de référence.

En fin de compte, il faut souligner que la mise en évidence d'une différence de rémunération ayant la nature d'une discrimination pose toujours un certain nombre d'interrogations. Ainsi l'influence d'une variable significative mais omise dans la régression peut-elle être captée par la race ou le sexe. Par exemple, on risque d'imputer à une discrimination à l'encontre des femmes un écart de salaire qui peut résulter en partie du désir de ces dernières d'opter pour un travail à temps partiel, préférence qui a pu être à l'origine de l'ajustement salarial incriminé. Il en va

de même pour les mesures de l'éducation, celle-ci étant évaluée souvent par le nombre d'années d'études, or il est clair que la variable ne capte pas de façon suffisamment précise l'aspect qualitatif du processus d'enseignement. En omettant cette variable, on peut surestimer la discrimination si les aspects qualitatifs de l'éducation sont corrélés avec le sexe ou la race.

Par voie de conséquence, le caractère aléatoire et non observable de toutes les caractéristiques affectant la productivité ou la performance vient grandement limiter la possibilité d'une mesure précise de la véritable ampleur de la discrimination.

2.2. Les méthodes d'audits

La méthode d'audit est un outil de détection de la discrimination raciale, ethnique et du genre sur le marché du travail. Le principe consiste à former des couples, dits « vérificateurs » (noir et blanc, hispanique et non hispanique, homme et femme) pour un emploi donné. Chaque couple dispose du même *curriculum vitae*. Cette méthode opère en contrôlant, de façon systématique, les différences en termes de caractéristiques individuelles, pour ce faire, elle procède, ensuite, à l'audition des différents couples de vérificateurs pour s'assurer de l'homogénéité du couple et minimiser les différences en termes de compétences.

Une des premières applications de cette méthode a été conduite par Ronald Mincy aux Etats-Unis sur un échantillon d'individus âgés de 19 à 25 ans. Un test de la discrimination raciale a été effectué à Chicago et à Washington, alors que celui de discrimination ethnique a été effectué à Chicago et à San Diego.

La méthode confirme l'existence de la discrimination lorsque l'emploi est proposé à un seul élément du couple, alors que la discrimination est infirmée si les deux personnes obtiennent le poste. De la même manière, une discrimination est détectée si les deux personnes obtiennent le poste du travail mais avec des rémunérations différentes.

Les données suggèrent que les Blancs reçoivent, en moyenne, trois fois plus d'offres de travail que les Noirs, de même, les non Hispaniques ont trois fois plus de chances d'être embauchés que les Hispaniques. Elles indiquent aussi la persistance d'une discrimination salariale de race.

Une des critiques de cette méthode est que toutes les caractéristiques individuelles ayant un effet pertinent ne peuvent être mesurées ou identifiées. Par voie de conséquence, il est presque impossible de former un couple de vérificateurs homogène. En effet, l'apparence du candidat – que le détecteur de la discrimination ne peut contrôler – peut jouer en faveur ou en défaveur du candidat à l'embauche.

Afin de parer aux critiques précédentes, Peter Riach et Judith Rich ont procédé à la détection de la discrimination en effectuant des tests par correspondance au Royaume-Uni. Ces tests consistent à répondre à des offres d'emplois en envoyant des lettres de candidature tout en choisissant des noms particuliers comme signal de l'ethnie du candidat. Les résultats ont montrées que de la part du même employeur, des candidats d'origine indienne ou pakistanaise ont reçu des réponses indiquant que l'offre d'emploi avait déjà été attribuée, alors que, simultanément, les candidats d'origine anglo-saxonne ont reçu des convocations pour une audition. Malgré ces résultats, ces tests par correspondance se limitent à une identification initiale de la discrimination, après l'audition, on ignore si le candidat d'origine anglo-saxonne a reçu l'offre ou pas.

Pour conclure, les méthodes d'audits confirment la persistance des pratiques discriminatoires sur le marché du travail.

Bibliographie:

- 1. Biddle Jeff, D. Hamermesh, "Beauty, Productivity and Discrimination: Lawyers Looks and Lucre", Journal of Labor Economics, 16 (1), 1998, p. 143-172.
- 2. Blinder Alan, "Wage Discrimination: Reduced Form and Structural Estimates", Journal of Human Resources, 8, 1973, p. 436-455.
- 3. Colibasanu O.A., "International Relations: One World, Many Theories", Conferinta REI, Ian 2009, ISBN 978-606-505-163-8, pp. 56 68
- 4. Colibasanu O.A., Ilie A.G, "Romania Europeana si 'industria' sectorului non-profit Dec. 2007", Jurnalul Economic, Nr. 23, Bucuresti, ISBN 978-973-594-966-2 [http://en.scientificcommons.org/33179490], pp. 221-238
- 5. Colibasanu O.A., Ilie A.G, "Rolul organizațiilor neguvernamentale în implementarea politicii de cooperare pentru dezvoltare a României", Conferința "The Future of Europe", ASE, REI, București, noiembrie 2006 ISBN 978-973-709-382-0, pp. 182 196
- 6. Darity William, Mason Patrick, "Evidence on Discrimination in Employment: Codes of Color, Codes of Gender", Journal of Economic Perspectives, 12 (2), 1998, p. 63-90.
- 7. Jones Franck, "On Decomposing the Wage Gap: A Critical Comment on Blinder's Method", Journal of Human Resources, 18, 1983, p. 126-130.
- 8. Michael Fix, Raymond Strucky (eds.), "Clear and Convincing Evidence: Measurement of Discrimination in America", Washington, The Urban Institute Press, 1993, p. 165-186.
- 9. Moise Mihaela, "The Challenges of the sales manager in the current business environment", Amfiteatrul Economic, Nr. 25, 2009, Bucureşti, pp.113-122
- 10. Nae Tatiana-Roxana,"Particularities of Retail Occupations", Revista Amfiteatru Economic, Vol.11, Nr. 25, 2009 Februarie 2009 pp. 103-11210 pg 1582-9146.
- 11. Oaxaca Roland, Michael Ransom, "Identification in Detailed Wage Decompositions", The Review of Economics and Statistics, 81 (1), 1999, p. 154-157.
- 12. Plassard, J.M. "Discrimination sur le marché du travail et information imparfaite", 1 CNRS Editions, 1987.
- 13. Riach Peter, Judith Rich, "Measuring Discrimination By Direct Experimental Methods: Seeking Gunsmoke", Journal of PostKeynesian Economics, 14 (2), 1991, p. 143-150.
- 8. Roșca, Constantin, Cârnu D., "Managementul resurselor umane", Editura CERTI, Craiova, 1999.

SALES STAFF TRAINING – COMPLEX AND PERMANENT ACTIVITY OF SALES OPERATIONAL MANAGEMENT

Brutu Mădălina

University of Piteşti, Faculty of Economic Sciences, 71 Republicii Blvd., zip code 110014, Piteşti, Argeş county, madalinabrutu@yahoo.com 0721.24.23.01

The present article deals with the complexity of the aspects related to sales staff training. Each stage of the sale process requires preparation, training and practice, overcoming the idea according to which sales agents must be sent almost immediately on the field. The article also treats a series of elements influencing the employees' improvement programs in general, including as well the ones of the sale force. These are: the degree of integrating the organization within the business environment, the company's image, the conditions in which it develops its activity, the company's personnel strategy, the human resources planning, the union involvement in the organization and the manager's, employee's and HR specialist's involvement in the training.

Key words: training, sales personnel, training programs, sale

Jel code: M20

Each stage of the sale process requires preparation, training and practice. P.R. Smith speaks of the 7 P in the skills required for sale, namely³⁴:

- **P**rospecting (searching the potential clients).
- Preparation (establishing the objectives, studying the client etc.).
- **P**resentation (demonstration, discussions).
- Possible problems (obstacles size).
- "Please give me the order" (concluding the sale or taking the order).
- **P**en to paper (correct recording of all details).
- Post sales service (constructing a protection wall for the client).

Therefore, personnel training is an essential stage, directly depending on the future productivity of the sales staff and which will directly reflect in the organization profile.

The idea according to which sales agents were sent nearly immediately on the field is outdated. It is correct that training programs require supplementary costs as well as the loss of certain opportunities due to the fact that the personnel is not on the field, but their lack would have serious negative effects.

According to Kotler, the training programs must have several **objectives**³⁵:

- Sales agents must know the organization and they must identify them with it. This is why most of the training programs start with the presentation of company's history and objectives, of the organizational structure, of the financial structure and facilities, of its main products and of the markets it serves.
- Sales agents must know the company's products, and therefore they are shown their manufacture and functioning method.
- Sales agents must know what characterizes their clients and competitors. In this sense, the trainers present the customers features, needs and purchase habits as well as the strategies used by the competitors.
- Sales agents must learn to perform a successful presentation. Therefore, the training courses must cover the basic sale rules and emphasize the reason for each product sale.
- Sales agents must know the work techniques on the field and their corresponding responsibilities. They learn, therefore, to distribute their time between the real and potential

35 Kotler Ph., Marketing Principles, European Edition, Teora Publishing House, Bucharest 1998, p. 914.

³⁴ Smith P.R., Marketing Communications, Kogan Page Limited, London, 1993, p. 196.

clients, how to use an expense account, how to draw up reports and how to communicate effectively.

The organizational characteristic, such as the organization's degree of integration in the business environment, the company's image, the conditions in which it develops its activity, the company's personnel strategy, the human resources planning, the union involvement in the organization, as well as the manager's, employee's and HR specialist's involvement in training, influence the employees' improvement programs in general, but also of those in the "first line"³⁶.

- The degree of integration in the business environment affects the manner in which the professional training activity is developed. If we speak of a company with an activity strongly integrated, the employees must also know other sectors of activity, services and products within the company. The training taking into consideration other activities can lead to the possibility of moving the human resources to other positions than the ones on which they are hired at the beginning (jobs rotation), in order to manage to comprehend the entire activity.
- The conditions in which the company develops its activity. The business conditions create specific requirements for the employees. For the companies developing their activity in an instable environment (characterized by fusion, acquisition, absorption) the employees' improvement programs can be abandoned, left at managers' discretion, or they can be developed on a shorter period of time than the one programmed.

The employees remaining within a company which underwent a fusion, acquisition or absorption, discover the fact that their positions have now different responsibilities requiring new qualifications, skills.

For the employees in the expanding companies (characterized by an increased demand for products and services) we can find many opportunities for other positions and promotions. These employees are usually thrilled to participate to improvement programs because new positions usually offer increased salaries and more challenging.

During the periods in which the companies try a business revitalization or redirection, profits are often fixed. As a result, less stimulants are available for the professional development: promotions or salary increases. In many cases, the companies reduce their work force in the idea to reduce costs. Employees' improvement in these conditions is performed in order for the employees to be available (trained) to occupy the positions become vacant by pensioning or due to the work force fluctuation. Improvement involves helping the employees to avoid limitation.

- **Company's image.** For the companies with international activity, the improvement programs include employees' training for ample responsibilities, by using temporary and international assignments. Also according to the company's prestige, we shall determine if professional training will be centrally directed and coordinated, from the mother company or it shall be the responsibility of each subsidiary or branch.
- The personnel strategy influences the improvement by: the criteria used for the promotion and designation into decisional positions (designation flow) and the places where the company prefers to obtain human resources in order to complete the vacant positions (supply flow)³⁷. The companies differ, on a scale, according to the manner in which they perform the promotions and nominations in decisional positions, according to the individual or group performance, or based on the business unit performance. Also, they vary according to the degree in which their personnel needs are accomplished by resorting to the employees existing in the company (the internal workforce market) or to the employees in the competitor companies and on the recent entries on the workforce market such as schools graduates (external workforce market).

37 Sonnenfield J. A. and Peiperl M. A., Staffing Policy as a Strategic Response: A Typology of Career Systems, Academy of Management Review 13 (1998), p. 588 – 600.

2

³⁶Campbell R.J., HR Development Strategies, in Developing Human Resources, Editura K. N. Wexley (Washingtong, DC: BNA Books, 1991), cap. 5.1, 5.34; Berry J. K., Linking Management Development to Business Strategy, Training and Development Journal (August 1990), p. 20 – 22.

Figure (1) presents the two dimensions of the personnel strategy. The interaction between the designation flow and the supply flow consists of four distinct types of companies:

- fortress.
- baseball team,
- clubs.
- academies.

Each type of company lays a different stress on the improvement activities. For example, certain companies such as the medical research ones lay a stress on innovation and creativity. These company types are labeled as "Baseball team", because it can be quite difficult to develop skills related to innovation and creativity. They tend to manipulate personnel needs by keeping the employees away from the competitors, or, by hiring graduates, with specialized skills (professions).

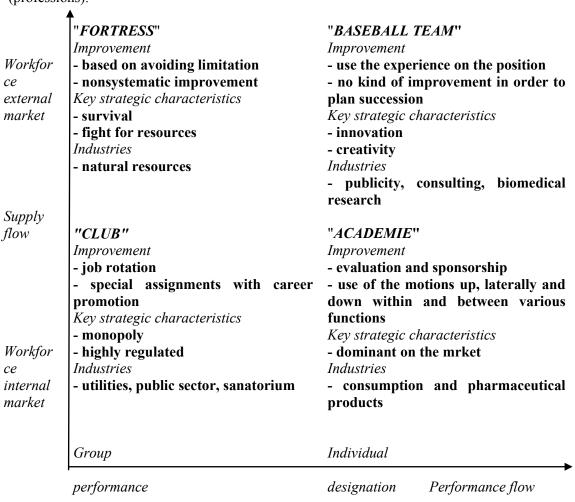


Fig. (1): The implications of the personnel strategy regarding the employees' improvement. (*Source*: Noe R.A., Hollenbeck J.R., Gerthart B., Wright P.M., **Human resource management.** Gaining a competitive advantage, a Time Mirror Higher Education Group, Inc. Company, 1997, p. 386.)

- The human resources planning allows the company to anticipate the motions of the human resources within the company due to jobs rotation, transfers, retirements and promotions. Planning helps to identify the places from the companies where employees with certain abilities are required. The improvement programs can be initiated in order to prepare employees for

certain increased responsibilities, for promotions, movements on the same hierarchic line (lateral), transfers, and opportunities for inferior hierarchic positions which are predicted by the human resources plan.

- **Unionization.** The unions can consider the programs as another attempt to make the employees work harder without sharing none of the productivity gains. The management programs of the Unions assure that all parts (unions, patronages, employees) understand the improvement purposes and are developed to perform the necessary changes so that the company bring profits and that the employees maintain their positions and share any increased profits.
- Involving the manager, the employee ad the HR specialist in the improvement programs development. The employees' efficiency and effectiveness depend on the degree in which the managers, employees and personnel specialized in professional training are involved in the process. The development of the professional training activity for the employees of a company by a personnel specialized in human resources can lead to a wide range of improvement opportunities based on trainings (seminars). If the line managers were aware of what they can obtain by the training activity (such as the reduction of the time for recruiting competent personnel for a vacant position) they would be more eager to get involved in this activity. They will also become interested in the development process if they are remunerated for participation. At Xerox, the performances evaluations are directly correlated to the salary increases³⁸. A part of obtaining managers performances consist in the activities that they undertook in order to promote and develop women and minorities (transferring the women and minorities to polyvalent jobs which can provide them with the experience they need in order to become senior managers).

A present tendency in the professional improvement field is the one in which the employees are the ones who initiate the planning process of the improvement programs. The bigger a company's expectation for a continuous learning philosophy, the more its planning is expected. Companies will support the development activities such as reimbursements of the expenses with courses, seminars, work meetings, granting the employee the freedom to opt for various programs.

In sales, this principle can be successful, because the person who deals with sales knows better the vulnerable aspects that he desires to improve. A company's sales force must be aware therefore that without a thorough and constant training it cannot be competitive on a market with increased competition.

A delicate problem of the human resources management in general and of the preparation and training activity in particular is represented by the **selection of the adequate training method.** In practice two great training possibilities appear: training programs at the workplace (on-the-job training) and training programs outside the workplace normal hours (off – the – job training).

The on-the-job training programs have an informal character and include: training, orientation sessions, coaching, mentorship, job rotations etc.

- *Training*. Is a method for transferring knowledge and skills from an experienced employee to a less experienced one³⁹. Training takes for 4 steps:

Step no. 1: The person training the employee must spend with the latter a "protected" time interval, namely without interruptions. The first assignment is to define the problem or the action to be performed.

Step no. 2: After explaining to the employee which is the situation and why he needs training, the training person must ask him clarifying questions, in order to understand that the respective individual thinks and speaks of the same problem. Is thinking must be encouraged and enlarged by delicate suggestions.

³⁸ Noe R.A., Hollenbeck J.R., Gerthart B., Wright P.M., op. cit., p. 387.

³⁹ CODECS, Open University Business School, BZT654 Competitive Management, vol. 5, Personnel Development and Evaluation, 1997, p. 59.

Step no. 3: The individual must be offered new ideas, at the same time with the encouragements to find his own solution. The person training him must abstain from telling him "I would do like this!", if this is not expressly required. If it is necessary, the problem must be redefined.

Step no. 4: We get to a point in which we must adopt a decision. The employee's trainer must provide him with all information he needs. The discussion is ended, the conclusions are drawn and a summary of what took place is made including the adopted measures. If necessary, we appreciate the advantages obtained or the improvement of the work results, compared to those that the employee would have obtained if he followed his own methods.

- **Jobs rotation** — is a training process in which the participant learns based on the observations and on practice and not based on certain instructions. Rotation means transferring the employees to other departments on different jobs for a given period of time. During the training, the participant is "in the responsibility" of a superior who will occupy with the participant's orientation, training and evaluation.

Jobs rotation is frequently used or training the first management level especially for the new employees. During the training cycle by jobs rotation, the participant expects to learn how each department functions, including the key roles, policies and procedures.

- **Guiding** (coaching). The managers understand that they must have an active and positive role in the employees' performance in order to assure that the objectives are reached. They are not especially paid for what they do, but for what their subordinates perform.

The coaching activity is similar to personnel training, although one of the fundamental differences is that the coach must not be the employee's direct manager. Usually, the mentors chosen to guide the personnel are elder persons or more experienced persons than the one coached. Mentors must offer support, encouragement and development opportunities, acting such as resonance boxes for the employee's ideas.

The stages of such a program is presented as follows:

Table (1)

Stages of a training program

Stages of a trai	Stages of a training program		
Preparation stage	Considers: - establishing the objectives for reaching the desired efficiency; - providing the necessary work equipment and the propitious workplace arrangement.		
Stage I – Preparation	Aims at: - identifying the participant's command degree of the skills necessary for the respective activity; - rousing the employee's interest and desire to learn.		
Stage II – Assimilating knowledge and practical operations	 the employee is theoretically informed related to the operations that must be performed, in this sense the trainer uses the exemplification technique; the employee is motivated in addressing questions in order to clarify the misunderstandings and the general comprehension of the information and operations to be assimilated; the employee is completely patiently trained, with clarity on what he has to do; He exercises insistently until he gets the habit; the trainer makes sure that the employee understood each operation before presenting the following information; at the end of the training, the retention is provided y representing the process in its entirety as operations sum. 		

Stage III – Verifying performances	 - we test theoretically the assignments appropriation manner; - we address questions on what to do; - at a practical level we observe the performance, we correct the errors; - we continue this stage until the effective appropriation of knowledge and habits. 	
Stage IV -	- we verify is the instructions have been complied with;	
Evaluation	- we establish the possible improvements of the training program.	
session		
(follow-up)		

(*Source*: Pânișoară G., Pânișoară I., **Human Resources Management, Practical Guide**, Polirom Publishing House, Bucharest, 2004, p. 98.)

In sales, training is essential, because it is a field in which the changes take place rapidly, and those that do not keep up will be eliminated by the competitors. These activity needs to be granted an increased and continuous attention from both sides (o the management personnel and of the sale force members). Everyone must be aware that there is no point where you can stop, considering that you learned; this point gets farer and farer as you get close to it because nobody will ever detain all knowledge, techniques and skills necessary for the sale!...

This is also the belief of Zig Ziglar, who notices: "If I look behind to my sales agent, sales manager and sales trainer career I have no doubt that the most successful professional continues to have the attitude of a beginner. The sales professional which reaches and remains on top of his job is an "experienced rookie". And this means that if wee consider sales as a continuous learning process, we will ceaselessly learn the "small things" that produce the "big differences" in our career of sales professionals. (We have no profit from a sale ALMOST accomplished)"⁴⁰.

The author lays, consequently, a great stress on the continuous training in sales activity. "We have no profit from a sale ALMOST accomplished." — is perhaps the most realistic phrase ever written about sales. It could be translated with something like ... the national anthem is sung only for the first place... Nevertheless, in order to have the guaranteed success, the sales force must assume the phrase "long life learning" as a fact.

Bibliography:

- 1. Campbell R.J., HR Development Strategies, in Developing Human Resources, K. N. Wexley Publishing House (Washington, DC: BNA Books, 1991), chapters 5.1, 5.34; Berry J. K., Linking Management Development to Business Strategy, Training and Development Journal (August 1990).
- 2. CODECS, Open University Business School, *BZT654* Competitive Management, vol. 5, Personnel Development and Evaluation, 1997.
- 3. Kotler Ph., Marketing Principles, European Edition, Teora Publishing House, Bucharest 1998.
- 4. Noe R.A., Hollenbeck J.R., Gerthart B., Wright P.M., Human resource management. Gaining a competitive advantage, a Time Mirror Higher Education Group, Inc. Company, 1997.
- 5. Pânișoară G., Pânișoară I., Human Resources Management, Practical Guide, Polirom Publishing House, Bucharest, 2004.
- 6. Smith P.R., Marketing Communications, Kogan Page Limited, London, 1993.
- 7. Sonnenfield J. A. and Peiperl M. A., Staffing Policy as a Strategic Response: A Typology of Career Systems, Academy of Management Review 13 (1998).
- 8. Ziglar Z., Sales Art, Amaletea Publishing House, Bucharest 2002.

_

⁴⁰ Ziglar Z., Sales Art, Amaletea Publishing House, Bucharest 2002, p. 14.

MANAGING SITUATIONS OF CRISIS USING NEGOTIATION OR MEDIATION

Bucur Iamandi Gheorghe

Academia De Studii Economice Bucuresti Scoala Doctorala - Management Prahova - Filipestii De Padure - Habenesti - 681 Andy 99 Ro@Yahoo.Com 0740-226446; 0721-767543

Popescu Catalin

Universitatea Petrol-Gaze Din Ploiesti Facultatea De Stiinte Economice, Ploiesti, B. dul Republicii, nr 116 catalin nicolae@yahoo.com 0721-547571

From December, 22nd, 1989, Romania experienced major changes in all fields, but the most important ones are the changes from the political and economical field. In the economical field, our country changed from the centralized economy to the market economy, this having as a result different crisis situation in the last 20 years. Yet, it is the first time after Revolution when Romania is affected by such a powerful international crisis.

This paper tries to explain a few aspects (more theoretical), related to the appearance and managing the crisis situations, what do we have to take into consideration when we negotiate in this kind of situations and the importance of mediation when the negociation fails.

Keywords: crisis, negotiation, mediation, seller, buyer

Cod JEL lucrare: L10, M10, J5, E3

WHAT CAN WE SAY ABOUT THIS CRISIS?

The situation started in USA in 2008. In the begining there were discussions about a major crisis over the ocean, but it was difficult to forecast its consequences all over the world. The economic crisis in USA was first generated by the massive crediting of the real estate and the impossibility of repaying these credits, having as an immediated result the lack of cash in the American banking system due to the fact that the goods that were considered the guarantee for the crediting could not be transformed into liquidities. Thus, in a very short time, the offer of goods on the market was much bigger then the demand, due to the lack of liquidities available on the banking market. The fall of the consumption of the products generated by the psychologycal effect of the world crisis, has as result the unemployment. The bank institutions subsidized by the State by means of the external loans is a short term solution, that on long term can increase the gravity of the crisis when the unemployment goes high and the production goes down the result will be the the impossibility of collecting the taxes owed to the state and the incapacity of respecting the terms and conditions of the external loans contracts. In the same time, the subsidizing by the state of the major American companies is not the most favorable situation when these companies will not have a good marketing strategy so as to transform their products into liquidities. In time, the effects of the crisis spred all over the world and now they have reached the highest peak, being obvious also in Romania, where 2009 becomes a year very much affected by the world crisis. The fact that the entire world is affected by the crisis can be observed if we start form the theoretical definition of crisis (that state of an economical, tecnologycal, social and political process in which this presents, in immediate perspective, impending impossibilities to develop and continue effeciently) and we consider the present situation. The crisis represents a period in the dynamics of a system characterized by gathering more and more difficulties, conflictual bursting of tensions, fact which makes difficult its normal functioning, starting strong pressions to changing. The actors, characters involved in the crisis, are suddenly without any reference point, without their usual basis of decision, information, criteria and references, will not be able to masure and analyse the amount of elements created by the crisis. Against the background of the complexity of the socio-economical and interhuman relations and of the diversity of the common or individual interests that the members of the modern socity have nowadays, against the background of the world crisis it was observed that the classical ways of solving the

differences were not useful anymore and many times they cease to achive their own interests. Thus, during conflict situations in the crisis, people started evaluate their interests more attentivly, reaching to conclusion in the end that what is more important in solving their differences is, first of all, not to lose the position they have in that moment. In this way appeared the idea of accepting compromisis as a solution win-win type, having advantages for both parts, instead of that one in which the right is unproportionally shared and in many situations, with unfavourable consequences for the parts involved.

The first signs that anticipate a crisis request an immediate analysis regarding the following aspects: the causes that led to the crisis or its initiation, the immediate actions that must be taken in order to remove the causes that generated it and to identify the resources (human, material, financial, political) necessary to create the actions which lead to the removal of the generated causes of the crisis.

By finding and foreseeing the immediate effects of the crisis on short, medium and long term, it must be foreseen also the period of coming back to normal and of the level of effeciency of this period. A very important moment in preventing the aggravating effects of the crisis is the moment when the potential or existing situation is identifyed. To ignore the information or forces that announce a possible or iminent crisis means in all cases to aggravate the crisis and to increase its negative effects.

Crisis can be determinde by two groups of factors:

- objective factors;
- subjective factors.

The objective factors are:

- calamities and natural fenomena that can not be prevented and that due to their effects can generate a crisis;
- the market situation indirectly created at a certain moment;
- wars, international conflicts, revolutions, coup;
- technical or environmental accidents.

The subjective factors are:

- to take unfounded decisions
- subordinate the common objectives to the personal ones;
- lack of managerial skills;
- the requests of the job position;
- political errors;
- gouvernamental errors.

HOW CAN THE NEGOTIATIONS BE HANDLED DURING CRISIS?

The main tool of crisis negotiations can be definited as Robert C. Bordone said - Law School, Harvard University "The active listening is the main wapon of any effecient negociation". In praxis, when we have a negotiation in a crisis situation, the main part has the personality of the negotiator, his background, and the personal skills that he has, the language used in negotiation, based on the psychology of persuation during certain moments of the situation. In economy, the crisis can be considered that started in the moment in which the effeciency of the economic activity goes down constantly in a certain period of time, depending on the complexity of the economic process. We can conclude that any economic institution or agent can be at a certain moment in a crisis. In order to lower the effects of the crisis in the economy, a very important part have the commercial negotiations. The competence of the negotiator can be translated by his ability to fulfill his duties at a high standard bringing together hthe necessary skills, attitudes and behaviours. The negotiator must ignore the fact that the negotiations take place during an economical crisis and behave professional. There are many styles of negotiation, as a natural tendancy to adopt differnt kinds of behaviour. The negotiation style is influenced also by the

national culture of the negotiator, so as different negotiators can be described according to the geografical aria or the country they come from.

As Souni Hassan wrote in Manipulation in negotiations, Antet Printhouse, Bucharest, 1998, the negotiation is in the same time an art and a science because is an art that allows those that put it into practice different strategies, technics and tactics that helps having better results and in the same time a science that a lot of people use every day without really studying it.

From the poin of view of the human interaction, the negotiation is the communication process that has as a purpose to come to an agreement between two or more parts that do not share the same opinions. Disputes, conflicts are permanently ended by getting a satisfactory mutual agreement by means of negotiations, mediation or a third part arbitration that decides wether a part was right and the other part was wrong.

The negotiation can be defined as the main communication way, different activities such as contracts, meetings, consultations, talks between two or more partners in order to get an agreement (Mecu, Ghe. – Tehnica negocierii în afaceri, Editura Genicod, Bucuresti, 2001). During this discussion are brought arguments, claims and objections, the concesions and compromisos are made in order to avoid to brake the relations. The negotiation allows to create, mentain and develop a interhuman or social relation, in general as well as a business, working relation. There is no condition that the negotiation leads to an agreement. Often the negotiation take place for their side effects such as: keeping the contract, getting some more time, try to prevent the situation to become a conflict. Except all these, the meeting of the negotiators can be a potential channel of urgent communications in crisis situations.

The negotiation has a a main target getting a willing agreement, of a conses and not a victory. We have partners in negotiation and not oponents. Both partners should finish the negotiation with the feeling that the achived the maximum that they intended. That is why the negotiation should be defined as a wide cooperating process. Because this process is made by people and the people are those who have their own individual and emotional factors. The human behavior had an impact on the negotiation as this process is really made by people. The main characters in an economic negotiationare the seller and the buyer. The seller is associated by the buyer with different negative features: manipulative, exaggerated, promises without keeping his word, cheats etc. On the other side, the seller considers that the buyer has also different negative features such as: puts him to tests, makes pressures, blackmails etc. Both parts creates an interface between their company and the outside world, acting as its representatives.

If the negotiation does not solve the conflict, the mediation will be used.

WHEN THE MEDIATION IS USED?

The parts that are in conflicto usually tend to evaluate their interests as being completly different. In the crisis situations, apart of the nature of crisis, the negotiation can come to a deadlock. As long as the parts succeed to solve their disputes directly, constructivly, is not necessary that someone else to interfere. When the dispute comes to a major deadlock, and the communication is blocked, usually the only solution is a third part to interfere. The intervention of the third parts can be imposed from outside by rules, laws, habits settled inside an organisation, etc. But we should not forget that the interventions that are not accepted by one or both parts, or they are not supported by the experience, friendship or authority of the third part, can determine hostility and even enmity, apart of the motivations or the intentions of the third part. The mediation is a way to interfere in which are promoted the reconciliation or to explain, to make clear the point of view, in order to be correctly understood by both parts. Is in fact, the negotiation of a compromise between point of view, hostile or incompatible needs or attitudes. As a rule, it implys a third part, netral, that has the role to ease the reaching of an agreement. The mediator in this kind of situation has a very difficult job because he has to be in the middle of the demands of the parts. Nevertheless, the power of a mediator is quite limited because he can not give solutions but can emphasis the common ponts of view of the parts, helping them to come to an agreement.

The mediation is an optional way of solving the conflicts amiably, by means of a third part specialized as a mediator, neutral, impartial and confidential. The mediation is based on the trust that the parts have in the mediator, as a person able to ease the negotiations between the parts and to supprt them in order to solve the conflict, by obtaining a mutual, convenient, efficient and long lasting solution.

The mediation helps to keep an important feature of the negotiation: the parts have the control of the solution, which will be very helpful when they want to apply the results.

If the mediation does not solve the conflicto, the arbitration will be used. The arbitration represents the examination and clarifying the conflictual problem by a specialized person or a person named by an authority. The arbitrator acts as a judge and has complete power of decisión. Is the most drastic way of intervention as at this level, the parts acts according to the *all or nothing* policy. In this situation the arbitrator of the conflict has all the power, his decisions being irrevocable. As a result, a part can get everything and the other part can lose everything, so as the parts that are in conflict find other ways of solving the problems. The main difference between them is that in mediation they try to get an agreement involving both parts that will state the solution.

CONCLUSIONS

Managing successfully a crisis situation implys a good organisation and coordination of all those involved, to settle the objectives and the limits that will be followed by the permanet monitoring and control together with the evaluation of the results compared to the established limits and objectives. Assuring the human, financial and material resources that are needed in order to take measures to lower or eliminate the crisis and to evaluate periodically its evolution and effects. In these cases, is necessary to create a very complex structured entity (specialists in technics, economics, law, sociology, architecture, politics) depends on the crisis. The heterogenity of the crisis entity is required by the complexity of the taken decisions that inevitably involve material, financial and human resources. Trying to leave the crisis management in the hands of two people only is not recommanded because is not possible to gather and to ground all the necessary information and in the same time is not possible to have an effecient control and a correct evaluation of the potantial efects of the crisis.

The mechanism of negotiation is based on risk and incertitude, that can not be compleatly reduced, because the behaviour of the parts involved interact among them, creating different consequences. When the behaviours are planned and settled as strategies, objectives or positions of negotiation are never made available to the opposite parts. They are hidden and sometimes changeble. The dynamics of negotiation determines new elements to show up, capable to provoke in any moment, a new aspect of the cause. A more favourable alternative for one of the parts is good enough to stop the negotiation. To negotiate means to accept the risk in order to improve the position. Yet, from different reasons, the crisis development can lead to major changes such as the reorganization or banckrupcy of an economic agent, the changing of the legislation, changing political power or the institutional reorganization. The analisys of solving the conflicts show that there are much more posible common results then those estimated by the parts. Sometimes is too late when the parts realize that is their own interest to choose other alternatives and to lead the negotiations towards compromise or win-win strategies, using mediation or arbitration.

Bibliography

- 1. Scott B. Arta negocierilor, Ed. Tehnica, Bucuresti, 1996.
- 2. Gheorghe Basanu, Mihai Pricop Managementul Aprovizionarii si Desfacerii Ed a III a, 2007
- 3. Mecu, Ghe. Tehnica negocierii în afaceri, Editura Genicod, Bucuresti, 2001
- 4. Souni, Hassan Manipularea în negocieri, Editura Antet, Bucuresti, 1998
- 5. Curs mediere Dr. Mugur Jack Caracas

MANAGING STRESS - THE KEY TO ORGANIZATIONAL WELLNESS

Bucurean Mirela

University of Oradea Faculty of Economics University str., no. 1 e-mail: mbucurean@uoradea.ro Tel.: 0259408796, 0745570337

In the 21 cetury, the century of fast changes, business operates faster and with more complexity and uncertainty than ever before. The impact of stress on profitability, whether creative or negative, must be understood, measured and managed in a realistic and thorough way if a company is to successfully navigate today's business environment. Stress has huge implications for company profitability. While there is always a certain degree of strain and tension in our daily lives, the impact and control of stress in organizational life have received increasing attention and concern. The negative, often quite costly, consequences of stress in the workplace are reflected in rising numbers of industrial accidents, heightened turnover and absenteeism rates, escalating health-care cost.

Keywords: stress, cost, managers, investment, knowledge, efforts, profit.

Cod JEL: M

1. Introduction

Stress is a psychological state that develops when an individual is confronted with situations that exhaust or exceed his or her perceived internal and external resources. When the changes appear, for most of people, the stress appears. The change is permanently; this means that the stress is always present. Stress is a feeling that's created when we react to particular events. It's the body's way of rising to a challenge and preparing to meet a tough situation with focus, strength, stamina, and heightened alertness. Controlling stress at its source is a big piece of how we do take care of ourselves to achieve behavioral wellness and the key to controlling stress is meaningful assessment and data-driven Behavioral Wellness Action Planning.

Organization is an open, dynamic system. There are inputs and outputs. Human resources are one of the most important inputs. Organizations mean human resources and in the end depend on them efforts. Companies invest in employees (salary, benefits, training, etc.) in the hope is making a profit on that investment. The most profitable employees should be those in whom there is the greatest investment. If the high investments are in knowledge workers and in managers, supervisors and executives than it would also follow that this investments and the profits that accrue from them are at the grates risk in terms of stress effects on performance.

Stress plays havor with our health, productivity, pocketbooks, and lives, but stress is necessary, even desirable. Exciting or challenging events such as the birth of a child, completion of a major project at work, or moving to a new city generate as much or more stress than tragedy or disaster. Without it, life would be dull.

In normal conditions people must find the balance and answer to the new situation. The stress is not necessary a negative phenomenon and therefore is a mistake to consider just negative and not the positive effects. A middle level of stress can be an important motivational factor. On an individual level, stressful situations may lead to physiological problems, physiological difficulties and adverse behavioral reactions. One of the more significant symptoms from an organizational perspective is employees burnout – deteriorating job performance and decreasing energy levels caused by the cumulative effect of continuous daily pressures.

2. The stressors and the myths

Stress is precipitated by a number of environmental factors, referred to as stressor, the separate effects of which are difficult to isolate and measure. Work-related stressors can occur at several organizational levels:

- intrinsec to the job (role conflict, ambiguity, insufficient control);
- associated with structure and control of the organization (rigid policies, organizational politics)

- related to facets of the reward and feedback system involving concerns about equity and fairness:
- associated with human resources concerns about training, development and career advancement;
- connected with leadership relations.

Stress is a confusing and mysterious problem for most people, to many of those who manage their health care, and to companies that pay ever-mounting health-insurance premiums. Six myths surround stress. Dispelling them is a first step toward understanding stress and how it affects our lives and finances.

Stress is an unknown think to most people; there are a lot of myths and misunderstandings about it.

Myth 1: Stress is the same for everyone.

In fact, stress is different for each of us. What is stressful for one person may not be stressful for another; each of us responds to stress in entirely different ways.

Myth 2: Stress is always bad for you.

According to this view, zero stress makes us happy and healthy. In fact, the only time you have zero stress is when you're dead. Stress can be the kiss of death or the spice of life. The issue, really, is keeping it under control. Controlled stress makes us productive and happy; uncontrolled stress can hurt or even kill you.

Myth 3: Stress is everywhere, so you can't do anything about it.

In fact, you can plan your life so stress doesn't overwhelm you. Effective planning involves setting priorities and working on simple problems first, solving them and going on to the more complex difficulties. When stress gets out of control, it's difficult to prioritize where to devote your energies. All your problems seem to be equal and stress seems to be everywhere.

Myth 4: The most popular techniques for controlling stress are the best ones.

No universally effective stress control technique exists. We are all different; our lives are different; our situations are different; and our reactions are different. Only a comprehensive program tailored to the individual's needs is going to work.

Myth 5: *No symptoms, no stress.*

Absence of symptoms does not mean the absence of stress. In fact, camouflaging symptoms with medication may deprive you of the signals you need for reducing stress-related strain on your physiological and psychological systems.

Myth 6: *Only major symptoms of stress require attention.*

This assumes that the "minor" symptoms, such as headaches or heartburn, may be safely ignored. Wrong again. Minor symptoms of stress are the early warnings that your life is getting out of hand. They indicate that you need to do a better job of managing stress.

3. Personal and corporate behavioral resiliency

Forty-four percent of all adults suffer adverse health effects from stress; 75 to 90 percent of all physician office visits are for stress-related ailments and complaints; stress is linked to the six leading causes of death - heart disease, cancer, lung ailments, accidents, cirrhosis of the liver, and suicide. The Occupational Safety and Health Administration have declared stress a hazard of the workplace.

Stress can have severe consequences for both individuals and work organizations, stress in and of itself is not necessarily harmful. Moderate level of stress can heighten a person's interest, amount of effort expended and ultimately performance, growth and development. People vary significantly in terms of their ability to handle with stress. Something that might be perceived as extremely stressful to one person, might be viewed as irrelevant or even favorable by another.

We can see how behaviorally resilient we are by taking the Behavioral Resiliency test.

We can make our self more stress resilient by improving our health behaviors, modifying our lifestyle, and building up our financial, social, personal & spiritual resources for coping with stress.

Some firms made many stress management efforts; it made some type of campaign for improving the health of their employees – encouraging workers to assess health risks, stop smoking, control blood pressure, screen their cholesterol and modify their diets and exercise. We can see how behaviorally resilient our company is by taking the Corporate Behavioral Resiliency test.

Learn to think of challenges as opportunities and stressors as temporary problems, not disasters. Practice solving problems and asking others for help and guidance rather than complaining and letting stress build. Make goals and keep track of your progress. Make time for relaxation. Be optimistic. Believe in yourself. Be sure to breathe. And let a little stress motivate you into positive action to reach your goals.

A research realized by Center for Creative Leadership about stress at work underline that: 85% managers say that they manage with this phenomenon, 28% say that they belief that the organization do not use enough methods for reduce and eliminate stress and 79% think that in the organization is necessary the presence of same specialists who try to solve this complex problem.

4. Stress cost

Stress is expensive. We all pay a stress tax whether we know it or not. Health-care costs account for more than 13 percent of our Gross Domestic Product, escalating yearly at a dizzying rate. In terms of lost hours due to absenteeism, reduced productivity, and worker's compensation benefits, stress costs American industry more than \$300 billion annually, or \$7,500 per worker per year.

Based upon accepted standards, the Stress Cost Calculator estimates the cost exposures due to stress in several categories:

Top of Form

- Group Health	22% due to stress
- Turnover	40% due to stress
- Absenteeism	50% due to stress
- Presenteeism	50% due to stress
- Workers Compensation	33% due to stress
- Disability	50% due to stress

Bottom of Form

Based upon median direct and indirect costs per category and percent due to stress, the Corporate Stress Costs Calculator estimates annual costs and potential savings in the table below. The Corporate Stress Costs may be higher or lower than estimated relative to the particular costs per category and the level of stress within a company. Savings depend upon the level of stress assessment and intervention. I gave an example for a small business which has 17 workers. I just introduced in the program the number of employees. We can obtain precious information but we must find methods for saving money, finding methods for prevent and reduced stress.

Cost Category	Annual Costs	Median Annual Median Costs Due to Stress	Potential Savings
Group Health	\$79,322	\$17,451	\$873 - \$5,235
Turnover	\$62,781	\$25,112	\$1,256 - \$7,534
Absenteeism	\$13,770	\$6,885	\$344 - \$2,066

Presenteeism	\$55,080	\$27,540	\$1,377 - \$8,262
Workers Comp	\$5,270	\$1,739	\$87 - \$522
Disability	\$8,721	\$4,361	\$218 - \$1,308
Total	\$224,944	\$83,088	\$4,154 - \$24,926

For Romania there is no statistics about stress cost. European Union estimate that the stress affects no less than 40 billions workers from this region and the cost is no less than 20 billions per year.

Stress knowledge promotes behavioral health and saves money in the workplace. Independent studies show effective organizational stress interventions:

- Lower operating costs: for every \$1 spent on stress management there is a \$7 return on investment.
- Increase access to, utilization, and valuation of human capital.
- Promote a company's leadership role in nurturing a productive and healthy work environment in turbulent times.
- Leverage intranet technology investments in support of strategic and workforce initiatives while increasing individual and organizational stress knowledge.
- Reduce health-care costs, worker's compensation claims, disability claims, absenteeism, presenteeism, turnover, and workplace accidents.
- Enhance productivity at all levels of the workforce.

Stress Directions has the metrics and analytics to assess and interpret the behavioral health of work force. Is necessary to develop targeted, data-based programs that:

- Address the overall behavioral health of the company.
- Assist employees in developing coping skills and positive lifestyle behaviors.
- Audit workplace characteristics that affect employee behavioral health and productivity.
- Measurably decrease the negative impacts of stress on the behavioral health of the organization.

Stress knowledge helps reduce corporate liability. Research shows that in the United States:

- Inappropriate anger in the workplace, a symptom of stress and frustration, is a leading cause of firings cited ahead of job incompetence.
- There are nearly two million instances of assault in the workplace per year.
- Homicide was the second leading cause of death in the workplace, after fatal accidents.

For organizations and their employees, the customized services lead to positive action and behavioral changes that reduce stress and promote behavioral health in a consistent, organized manner, and help to maintain a healthy and productive workplace.

The behavioral health of a company depends on the behavioral health of the workforce. Effective stress control is the core of behavioral health in the workforce and in the overall health of a company. Stress Directions helps companies improve their overall behavioral health by reducing stress in the workforce.

5. Conclusion - Keep stress under control

What can you do to deal with stress overload or, better yet, to avoid it in the first place? The most helpful method of dealing with stress is learning how to manage the stress that comes along with any new challenge, good or bad. Stress-management skills work best when they're used regularly, not just when the pressure's on. Knowing how to "de-stress" and doing it when things are relatively calm can help you get through challenging circumstances that may arise. Here are some things that can help keep stress under control.

- Take a stand against over scheduling.
- Be realistic.

- Get a good night's sleep.
- Learn to relax.
- Treat your body well.
- Watch what you're thinking.
- Solve the little problems.

Specific management policies and strategies that can reduce negative stress include:

- increased two-way communication with employees to reduce uncertainty;
- performance appraisal and reward systems that reduce role conflict and role ambiguity;
- increased participation in decision making to provide employees with a sense of greater control over their work;
- job enrichments efforts that develop a sense of meaning and significance in work assignments;
- improved matching of skills, personality and work through carefully constructed career development programs and counseling.

The social-psychological research made in SUA demonstrate that most of people find role of work positive; 4 from 5 persons say that work and colleges are very important for them and they would continue to work even they have enough money. But most of people want to work same where else; that means that stress do not came from work in generally; it came from conditions, social atmosphere at workplace.

Bibliography:

- 1. Davis, M., The Relaxation and Stress Reduction Workbook, New Harbinger, Oakland, California, USA, 2000
- 2. Kirsta, A., The Book of Stress Survival, Guild Publishing, London, UK, 1987
- 3. Saunier, E., Să muncim fără stres, Editura Curtea Veche, 2008
- 4. http://stres.protectiamuncii.ro
- 5. http://www.stresdirections.com
- 6. http://www.humannatureatwork.com

THE ORGANIZATIONAL CHANGE AND THE EMPLOYEES REACTION

Bucurean Mirela

University of Oradea Faculty of Economics No. 1, University Street E-mail: mbucurean@uoradea.ro Tel.:0259408796

Lupu Aurelia Oana

University of OradeaFaculty of Economics No. 1, University Street E-mail: oana lupu29@yahoo.com Tel.:0259408796

The resistance to change is a daily reality with which is confronted the companies managers. This resistance, opposition to change and innovation can be owed by the person, by the company or by the society. The reasons which start the resistance to change, can be grouped in two big categories: individual and collective, which help us to identify the measures which should take to diminish the resistance to change. The researches in this area praise the specifics features of the resistance to change, especially at national level. It can be observe that the key of success at the resistance to change is the communication and collaboration between managers and employees of any hierarchical level.

Key words: the resistance to change, fear, failure, traditional, skeptic, communication absence, adaptation capacity.

Cod JEL lucrare: M10

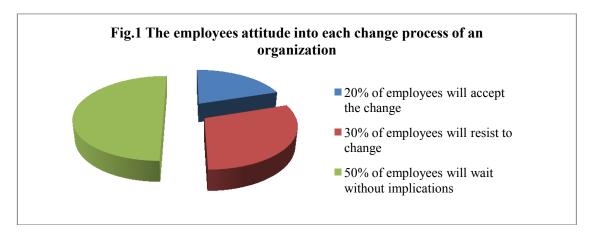
The resistance to change represent opposition up against the change, the new and the innovation which can be owed both the person, like any employee of an organization and the hole organization. For a person, the resistance to change, is a mood, into the human mind which reflect the refuse or indifference at an activity which has the main purpose the change of an present mood. This resistance to change is a normal reaction to routine because inevitable appears the fear of failure, uncertainty and instability. The intensity grade of the resistance to change is different from a person to another, from an organization to another organization and including from a society to another one.

It's considerate that this attitude of the resistance to change like being more meet at low hierarchical level, because the employees at this level have a small capacity to assimilate the new, promoting indirectly the routine; in opposition there are coming another studies which sustain that the persons who keep the resistance to change are TOP Managers and Middle Managers, because they lose more if the change failed, having the obligation to reinvent themselves permanently.

Corresponding to the study made by Sheffield University into each change process of an organization; the employees will be divide in three big *categories*, like:

1

- the employees who will accept the change, will be about 20%;
- the employees who will resist the change, will be about 30%;
- the employees who will wait without implication, will be about 50%.



The research made by Sheffield University has at the base, a fortuitous sample from United Kingdom, which represent that those statistics looking the positions, the employees attitude into change process of organization are the same indifferently of their size, when change is only in the purpose stage. Those percents (Fig.1 The employees attitude into each change process of an organization) will be modified, when will be explain the necessity to make the change and their implications. Those changes has on their base a lot of factors, enumerated lower under individual and collective form.

From the study made by Sheffield University, goes up that the success or failed of making the change will depend of the 50% from employees, who don't have an opinion, who wait to see what will happening, without any action. If we will try to persuade the employees who already resist the change and of its utility, even if it's efficient; we will exhaust our energy, because those employees will give up harder. That's why our force of persuasion must be focused on irresolute employees, demonstrating them how necessary is the change, attracting a highest percent of them, we will succeed to disarm the opponents, who will be open for a dialogue and that's how we will assure the success of change implementation.

With desire to report this research at reactions of the employees from Rumanian companies; we think that the percents becomes to the medium and big enterprises, modifying for microenterprises and small enterprises in the sense of growing up the percent of employees who resist the change and diminishing the percent of employees who wait the change, without involve. Of course those percents are real just for the impact of change, when the employees know about a change in the informal organization. This percents are modified with the information of employees by the managers.

Individual reasons of the resistance to change can be grouped into the following categories:

- The inexistence of change need.
- Sock of the new.
- Selective attention and memory.
- The fear to lose what they won.
- Incertitude.

2

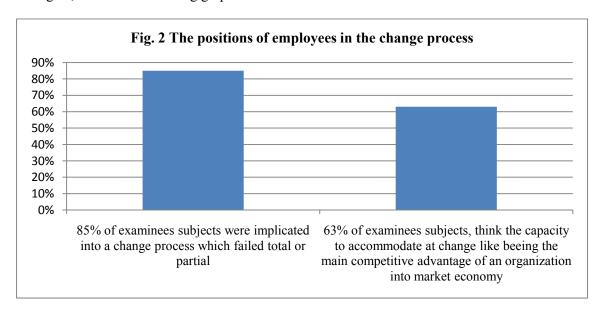
- Dependence.
- Incommodity.
- The fear of unknown.
- Fears at symbolic level.
- The threat of interpersonal relationship.
- The threat at statute and calcification.
- Security need.
- Different opinions.
- The moment of change was bad choose.

- The absence of resources.
- Financial and economic fears.

At individual reasons can be add also **collective reasons of the resistance to change**, like are the following categories:

- Norms and the cohesion of the group.
- The change of power and of influence.
- Organizational structure.
- Organizational culture.
- The immobilization of assets.
- Limited resources
- Agreements between organizations.

At national level was recently made a study by Achieve Global Romania, which illustrate the spirit mood of employees, bounded by the organizational changes, extremely alarming for managers, like in the following graphic:



The sample choose, is format by employees with execution and managing functions, from Romania. Like emerge from the study (Fig. 2 The positions of employees in the change process) 3/4 of examinees subjects were implicated almost in one process of change which failed total or partial, having like results just tiredness, dissatisfaction and even frustration, which drive this

3

category of employees at opposition, resistance and hostile attitude through any purpose of change coming from management, With all of this, more than half of examinated subjects, including those who have negative experience made by change process, think the main competitive advantage is the adaptation capacity at change.

With the research made by Achieve Global Romania which contain only the companies from our country, it was observed the necessity of those to cope with challenges and movements at which are suppose, giving up at the idea to do changes like they think or like the mother-company want in the case of multinationals.

The experts from Achieve Global Romania found behind this research, a change formula as well simple as efficient. From the analyze in which the companies realize meaningful changes and which benefit of success, there result three *elements on which can be based any process*:

- the preparation before change:
- the communication into change process;
- the pursuit and valuation of change.

In contrast with the study made by Sheffield University, the research made by Achieve Global Romania keep out five big typologies which reflect *the employees reactions into change process*:

- the traditional peoples;
- the skeptics peoples;
- the pragmatics peoples;
- the receptive peoples;
- the innovative peoples.

Another side, which arise from the research made by Achieve Global Romania, the same importance, was that the attitude of employees is different, it depends about the type of change. The same person can be traditional or receptive in two different situation. The employees reaction at change is determinate by many individual or collective conjectural factors, being mentioned previous, but almost motivation, interest and implication of many person into change process.

There are some simple approach but efficient, measures which can be take to diminish the employees resistance to change:

- The correct information of staff at the realities activities which determinate the change process and their later instruction.
- Active implication in the change implementation starting with TOP Managers and closing with the employees from the lower hierarchical level.
- The negotiation with employees therefore both sides being winners represent a modality, in which can increase the number of those who sustain the change process.
- Underlining the actual successes and the power points of team. This is the base which can motivate the members of team to mobilize for change.
- Using the energy and enthusiasm of receptive and innovative peoples, of those who want the change and who can be the motor of change.
- Supporting the staff on the whole process is essential, because in the conditions in which they have at their disposition all the necessary means for counteract the fear of unknown or by how to react upon a new situation, the process will be more accepted.
- Serving the mistakes and fails like normal and acceptable results of experimentation (learn from mistakes).

4

- Evaluating and being aware of managers reactions at change, before to communicate to the team, the necessity of implementation the change with its implications.
- The frequent, unswerving and individualized communication with the members of team, cheering up the honest feed-back from their side.
- In the conditions there are employees who don't want to accept the change under any aspect, it can be resort to unwanted methods, like: manipulation and radical decision.

The change must be careful followed and managers must tell the peoples the progress made and offer a prop for surpassing theirs fears. The same attention need to be given to the review of systems, methods, techniques, practices and politics adopted, to follow the must adequate way for touching the purposed objectives.

In conclusion, paraphrasing what said a spokesman of Sheffield University "Change is all about people, people, people!", we are reserving the right to assert that "The resistance to change is all about communication absence". So a tight and open collaborate between managers and employees, will drive at the increase of success chances into the touch of targets which aim an organization.

Bibliography:

- 1. Armstrong M., Managementul resurselor umane, Editura Codecs, Bucuresti, 2003.
- 2. Kotter J., Rathgeber H, Aisbergul nostru se topeste, Editura Publică, București, 2008.
- 3. www.business-edu.ro

- 4. www.capital.ro5. www.cariereonline.ro6. www.mckinseyquarterly.com

PERFORMANCE PARTICULARITIES WITHIN THE NATIONAL PUBLIC TELEVISION SERVICES

Budacia Elisabeta Andreea

Romanian – American University Management – Marketing Faculty 1B Expoziției Ave., Sector 1, Bucharest andreeabudacia@yahoo.com 0722.29.92.93

Avram Emanuela Maria

Romanian – American University Domestic and International Commercial and Financial Banking Relations Faculty 1B Expoziției Ave., Sector 1, Bucharest emanuela.maria@yahoo.it 0745.350.009

Perju Alexandra

Romanian – American University European Economic Studies Faculty 1B Expoziției Ave., Sector 1, Bucharest susie alex@yahoo.com 0748.280.802

In recent years the talk increasingly about performance and so were many concepts regarding the definition, classification and highlighting ways of enhancing performance in an organization. Management concepts that dominate modern organizations are value and performance, to measure performance is to assess the value and the known causes of the value "translate as" performance. In this sense performance requires a global vision of interdependency parameters of internal and external, quantitative and qualitative techniques and human, physical and financial indicators of management. An important role is assigned to processes involved in the value creation mechanism, along with production and consumption, and a number of processes in the natural environment and society are critical, because performance is not only within the enterprise or beyond.

Keywords: performance in the public television service, typology of performance, staff performance, economic performance, management performances.

JEL codes: M10, M31

Some authors consider that the performance is a certain level of best results obtained by an organization, which is closely related to the concepts of competitiveness and competitive advantage. A highly performing company should pay special attention to the following factors: the resources of production, work processes, organizational side, the beneficiaries (according to the theory of AD Little). The notion of performance brings to the fore the concepts of efficiency and effectiveness, indicators of their expression being of particular importance in this context. A performance goal set implies convergence in the organization's guidelines, practical performance is not simply finding a result, but it is the comparison between the result and the goal. Profit has lost its role as the basic indicator of performance of the modern organization, lost its position in favor of value, incorporating the benefits of a very important component as: cash flow, time, risk and moral, humanitarian, social, cultural issues. Thus use and management of resources cannot be separated from performance, which is the ultimate goal of their use.

Performance is a result obtained particularly in the management, economic, commercial fields and others alike, which features prints of competitiveness, efficiency and effectiveness of the organization, and its structural components and processes. We can conclude by stating that performance in the public television service is a certain level of best results obtained in a specific context, determined especially by: the set of objectives, competition, expense management, work organization, involving and motivating staff, technical characteristics, specificity of the offer and the management team.

The targets set in order to achieve the performance standards set in public television should cover a number of issues: to be clear and precise, measurable through indicators, easily obtained in the specific context of broadcasting, realistic and tangible.

Competition is an important factor that determines the consequences of the performances of a television, as the market becomes crowded and targeted.

How expenditure is handled is a decisive factor when determining the level of performance of public television, as financial resources are set and achieved and goals meet the public's expectations.

Organization of work must be performed to determine the performance of the tasks of performing the service, to delimit and dimensional accuracy of the process, to ensure correspondence between the objectives of the process and eliminate a number of inherent failures in conducting any activity.

Involving staff in conducting activities to achieve the objectives and requirements arising from the job description of public television have a certain level of performance that relies on quality of the service. The degree of involvement of staff is influenced by political motivation and recognition of merit.

Equipment is a technical requirement to achieve performance and special about this coverage as high-level nationally, resulting in public accessibility to the offer of a public television station. Specific offers are a key to attracting the public to public posts, compared with the commercial offer public television has a number of features derived from its own.

The management team is directly involved in achieving performance, but this is public television called on political criteria - according to the laws in force - and the subject - such institution policy. Thus combining the powers with certain political interests could negatively influence the performance of the institution, in particular by drawing some goals - especially editorial - or by committing certain costs.

Regarding the type of performance, we must consider all the factors which contribute to the smooth running of the business of television, but focused and targeted on achieving performance audiences. Since most of the main objectives of television refer to gaining an audience as large - which implicitly draws revenue from broadcasting advertising - both for commercial television, and for the public - we appreciate that all other elements of performance should be targeted to obtain results in terms of TV station audience and ratings respectively. In this respect, we consider a relevant relational system can be the basis for performance - shown in Figure 1 - which can be considered as a managerial tool in shaping strategies of performance in public television services.

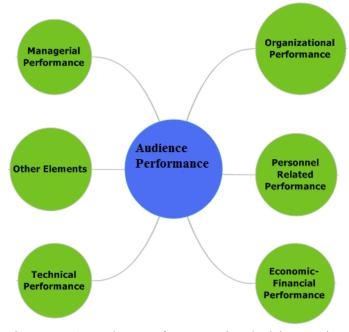


Figure no. 1 Typology performances in television services

Regarding the performance of the audience, there must be regard to the quantitative dimension - the number of subjects pursuing a broadcast TV and the quality - the message. Looking for explanations audience broadcasting a message, through research I found and made determinations outlined extremely diverse, making them a set of factors that generate and influence the audience in general. We also concluded that factors influencing the TV audience are divided into two broad categories: exogenous - extrinsic message - and endogenous - intrinsic message.

The category of exogenous factors that determine significant influence over the performance of the audience, it is notable in particular areas of distribution, promotion and launch schedules, "neighborhoods" and broadcast time, coverage of the channel in question, such as public availability.

Public access is a major issue, and it is favored by the actual time of the broadcast. In time, the maximum audience has come to focus on section19-23 PM, called the prime - time; specialists have also noted an area where the audience is making some increases is 15-17 PM, which they called prime time access.

While launching and / or promotion requires less time compared to determining the distribution hour, it plays a quite important part. Abundance of TV broadcast supply requires TV broadcasters to focus their efforts and practice aggressive marketing trends, both by promoting with the use of their own channels, and by promoting through other media channels. In this context, the ability to determine the key points that distinguishes them so as to offer - and provide the desired audience is extremely important to marketing professionals. Another aspect of the problem is outlined in the design of a promotional message, so that it covers both the public who is constantly seeking a certain TV program, featuring recalling the message as a key element and the capacity to attract new viewers. We must specify that self-promoting messages should be as close to the audience's "horizon of expectations" in order to insure success.

"Neighborhoods" of airtime refer to the broadcast of the channel's own broadcasts succeeding or preceding a certain show, and "Across" are competing channel broadcasts within the same timeframe, both elements generating some influence over the audience. It is recognized and demonstrated - through ratings curves - that when a show is successful, it is also beneficial for program that follows. An important element of the scheduling of broadcasts on the grid is the "locomotive" - the issue of a successful show that attracts large audiences not only to the channel it's aired on, but also to the neighboring broadcasts afterwards. Across sites act exactly opposite, a successful show at a TV channel causes audience to drop on other channels within the same timeframe.

Degree of coverage of the respective channel is also important for the audience, as a network with a national coverage will obviously reach another audience compared to a regional one.

Availability of the public, at a certain time, to receive a TV message is an important factor, but very difficult to evaluate and measure by a station in all its valences, especially because that involves a complex of phenomena which belong to the intricacy of the human being.

Concerning endogenous factors, they are grouped according to the nature of the show. In this respect, specialists have concluded that there are two categories of TV shows: on one hand we have the artistic ones, on the other hand the publishing type, credited with lower potential audience.

Audience of the artistic/show type of broadcasts varies depending on a number of phenomena, such as the accessibility of the message, particularly its simplicity, a phenomenon resulting in greater ratings, often at the cost of reducing the quality of information transmitted, the nature of the theme, the genre that the message features, which in turn may be decisive elements in certain social conditions, conditions in which both the world investigated and universe of issues addressed, becoming factors which promote or inhibit ratings. As for the stars – which should be a magnet on the public - but having taken into account more aspects, for instance how stars can be guests on the show or the actors in a movie, or the presenter or host of the show; moral wear

of the message and even the physical state of the material broadcasted – broadcasting an old film; the combination of value and what is in fashion (a kind of music for example); here, states in the collective are faced, determined by the realities of life, influencing a television channel's ratings. Regarding journalist shows, through their particularities they bring into question a set of specific factors which influence the audience. Among these points the most significant are: the subject as the most important factor, the star / stars, television is the one that stole film its monopoly over creating and launching stars, the live broad cast, which has a very important impact on the audience, the more so as this may be the maximum interest events such as a band or a sports event policy; factors clinging one to a message, including here - the title of the show, the beginning of the show (picture frames, phrases presenter etc..) the point of messages and the broadcast, factors in the case short of publishing schedules which are more important than for artistic shows, here it is necessary to take into account the desirability of the program, which should be based on certain specific principles, as failure in scheduling can significantly reduce a TV station's audience.

Management performances are determined by a number of issues such as: the manager's competency- which determines the quality of decisions and employees - a particular role here being held by the selection process - organizational culture - organizational values, behavior standards, symbols, etc.., Influences exerted by the environment, national and international - social factors, cultural, legal, ecological, political, demographic, economic - the way of solving problems, the quality of instruments used, etc..

Organizational performance refers particularly to the objectives assurance process and the structural-organizational degree of coverage of the work processes involved in achieving objectives.

The degree of assurance process of the targets set for a certain period of time reveals the extent to which the delineation and sizing processes meet the employment objectives categories - basic, level I and II derivatives, specific and individual - recognized by the theory and practice of management science. Such organizational performance can be expressed by the correlation between objectives and the process set out:

- TV station→ fundamental objectives:
- functions \rightarrow grade I derivates;
- actions \rightarrow grade II derivates;
- attributions \rightarrow specific objectives;
- tasks \rightarrow individual objectives.

The degree of structural-organizational coverage of work processes involved in achieving objectives refers to the need for retrievable processes in the work process development, which requires a specific framework. It is very important that each process component has a support structure in order for appropriate organization to be exercised. In general, the process can be retrieved from an organizational point of view as follows:

- TV station→ organizational chart;
- functions \rightarrow department;
- actions \rightarrow compartment;
- attributions → service;
- tasks \rightarrow job.

Staff performance is determined by a number of issues such as: a carefully defined policy with regard to recruitment, selection and hiring of staff - with particular emphasis on transparency and professionalizing benefits and design - application of the principle of continuous training of staff, a consistent and coherent system to motivate staff, training of teams working under the principles of work, initiative and creativity development, providing a favorable climate for communication within and outside the institution, aligning the activities of staff under the organization's culture.

Economic performance - are the consequences of effective financial management and relate to achieving higher levels as compared to targets, competition and the situation in previous years, of

measurable results. In the case of public television, a special position is held by the manner in which financial returns are allocated and committed to carry out other forms of expenditure, because the amounts advanced in large part come from the TV tax and budget allocations.

Performance technical concerns last generation equipment and quality of signal procurement, which depends on other factors unrelated to the television network in question - such as certain weather and reception and transmitting signals by the National Radio Communications Society. Under the **other performances** category, there is especially marketing and communication performance, the ability to organize and to engage in certain special social and humanitarian events.

Bibliography:

- 1. I. Bucheru, Fenomenul televiziune, Ed. Fundației România de Mâine, București, 2004
- 2. K. Idris, Proprietatea Intelectuală un instrument puternic pentru dezvoltarea economică, Organizația Mondială a Proprietății Intelectuale, Ed. OSIM, București, 2006
- 3. O. Nicolescu. I. Plumb, M. Pricop, I. Vasilescu, I. Verboncu, (coordonatori), Abordări moderne în managementul și economia organizației, Vol. 1 Managementul general al organizației, Ed. Economică, București, 2003
- 4. N. Stanciu, P. Varlam, Managementul Televiziunii, Ed. LIBRA VOX, București, 2001
- 5. I. Stavre, Reconstrucția societății românești prin audiovizual, Ed. Nemira, București, 2004
- 6. C. Tuclea, Management strategic, Ed. Uranus, București, 2003
- 7. I. Verboncu, M. Zalman, Management și performanțe, Ed. Universitară, București, 2005

APPLICATION OF EMPLOYEE MOTIVATION THEORY TO THE WORKPLACE

Budica Ilie

University of Craiova, Romania Faculty of Economics and Business Administration Str.A.I.Cuza, no.13,Craiova,Dolj budicailie@yahoo.com

Puiu Silvia

University of Craiova, Romania Faculty of Economics and Business Administration Str.A.I.Cuza, no.13,Craiova,Dolj silviapuiu@yahoo.com

Budica Bogdan Andrei

University of Craiova, Romania Faculty of Economics and Business Administration Str.A.I.Cuza, no.13,Craiova,Dolj Budica bogdan@yahoo.com

This paper has as objectives the highlighting of motivation theories applied in real situations and also the tendencies noticed at the workplace. We used as methods comparison between some theories and also between theory and practice and also some statistics got by different institutions. In conclusion, of all the resources available, the human resource is clearly the most significant, but also the most difficult to manage. Excellence can only be achieved through excellent performance of every person, rather than by the high-pitched performance of a few individuals. And motivation is, undoubtedly, the crux.

There is no simple answer to the question of how to motivate people. Can money motivate? Yes, but money alone is not enough, though it does help. The leadership quality is that which leads to the success of a company through team building and motivating its people.

Keywords: motivation, employee, satisfaction, workplace

JEL classification: J53 - Labor-Management Relations; Industrial Jurisprudence

Theories regarding employee motivation

Management literature is replete with actual case histories of what does and what does not motivate people.

1. 'Stick' or 'carrot' approach?

The traditional Victorian style of strict discipline and punishment has not only failed to deliver the goods, but it has also left a mood of discontent amongst the "working class". Punishment appears to have produced negative rather than positive results and has increased the hostility between 'them' (the management) and 'us' (the workers). In contrast to this, the 'carrot' approach, involving approval, praise and recognition of effort has markedly improved the work atmosphere, leading to more productive work places and giving workers greater job satisfaction.

2. Manager's motivation 'toolkit'

The manager's main task is to develop a productive work place, with and through those he or she is in charge of. The manager should motivate his or her team, both individually and collectively so that a productive work place is maintained and developed and at the same time employees derive satisfaction from their jobs.

This may appear somewhat contradictory, but it seems to work. The main tools in the manager's kitbag for motivating the team are:

- -approval, praise and recognition;
- -trust, respect and high expectations;
- -loyalty, given that it may be received;
- -removing organizational barriers that stand in the way of individual and group performance (smooth business processes, systems, methods and resources see outline team building program);
 - -job enrichment;
 - -good communications;
 - -financial incentives.

These are arranged in order of importance and it is interesting to note that cash is way down the ladder of motivators. Let's look at a couple of examples taken from real life situations. The Swedish shipbuilding company, Kockums, turned a 15 million dollar loss into a 100 million dollar profit in the course of ten years due entirely to a changed perception of the workforce brought about by better motivation. At Western Electric there was a dramatic improvement in output after the supervisors and managers started taking greater interest in their employees.

3. Don't coerce - persuade!

Persuasion is far more powerful than coercion, just as the pen is mightier than the sword. Managers have a much better chance of success if they use persuasion rather than coercion. The former builds morale, initiative and motivation, whilst the latter quite effectively kills such qualities. The three basic components in persuasion are:

suggest;

play on the person's sentiments; and

appeal to logic.

Once convinced, the person is so motivated as to deliver the 'goods'. The manager will have achieved the goal quietly, gently and with the minimum of effort. It is, in effect, an effortless achievement. More contemporary 'persuaders' used by advertising and marketing people include:

faster talk is found to be more effective, since it is remembered better;

brain emits fast beta waves when a person is really interested in a particular presentation; These waves can be detected by an instrument.

subliminal approach using short duration presentation, whereby the message is transmitted below the level of awareness.

Can these findings be used in actual work conditions? AT&T (The American Telephone and Telegraph Co.) recognizing the importance of hidden needs, at one time succeeded in promoting long distance calls by use of the simple phrase: 'Reach out, reach out and touch someone'. Managers will need to adapt this persuasion / motivation technique to their own situation.

4. Job satisfaction - is there a trend?

This is the title of a study carried out by the US Department of Labor among 1500 workers, who were asked to rate the job factors, from a list of 23, which they considered important starting from the most important factor.

and .	C* 1'		• .1	. 11	1 1
Their	findings are	contained	in the	a tahla	pelow.

Job Satisfaction Findings		
White-collar workers	Blue-collar workers	
A. Interesting work	A. Good pay	
B. Opportunities for development	B. Enough help and resources	
C. Enough information	C. Job security	
D. Enough authority	D. Enough information	
E. Enough help and resources	E. Interesting work	
F. Friendly, helpful coworkers	F. Friendly, helpful co-workers	
G. See results of own efforts	G.Clearly defined responsibilities	
H. Competent supervision	H.See results of own work	
I. Clearly defined responsibilities	I. Enough Authority	
J. Good pay	J. Competent supervision	

It is interesting that out of the 23 job factors listed for the survey, yet with the exception of two items (white-collar workers' choice (B) and blue-collar workers' choice (C)) groups selected the same top ten factors, although with different rankings. It is significant that good pay was

considered as the most important factor by the blue-collar workers, but it ranked as the least important for white-collar workers.

5. Individualize motivation policies

It is well known that individual behavior is intensely personal and unique, yet companies seek to use the same policies to motivate everyone. This is mainly for convenience and ease compared to catering for individual oddities. 'Tailoring' the policy to the needs of each individual is difficult but is far more effective and can pay handsome dividends. Fairness, decisiveness, giving praise and constructive criticism can be more effective than money in the matter of motivation.

Leadership is considered synonymous with motivation, and the best form of leadership is designated as SAL, situation adaptable leadership. In this style of leadership, one is never surprised or shocked, leadership must begin with the chief executive and it is more a matter of adaptation than of imparting knowledge. Ultimately, it is the leadership quality which leads to the success of a company through team building and motivating its people.

6. The one-minute manager'

To start with, the manager sets a goal, e.g. one page read in one minute, and it is seen to be achieved by 'one minute' of praising or reprimand as the case may be. But to be effective, these must be given (a) promptly, (b) in specific terms, and the behavior, rather than the person, should be praised or reprimanded.

The concept is basic and it makes sense, although the book seeks to 'dramatize' it. 'One minute' praising is seen to be the motivating force. Everyone is considered a winner, though some people are disguised as losers, and the manager is extolled not to be fooled by such appearances.

7. Lessons from America's Best-run Companies'

Several criteria, including analysis of annual reports and in-depth interviews, were used to pick 14 'model excellent companies' out of an initial sample of 62 companies. As expected, most of the action in high-performing companies revolved around its people, their success being ascribed to:

productivity through people;

extraordinary performance from ordinary employees;

treating people decently.

Personnel function and in particular leadership were considered the most critical components. If the leaders in an organization can create and sustain an environment in which all employees are motivated, the overall performance is bound to be good. The three essentials for creating such an environment are:

fairness; job security; and involvement.

Of all the resources available, the human resource is clearly the most significant, but also the most difficult to manage. Excellence can only be achieved through excellent performance of every person, rather than by the high-pitched performance of a few individuals. And motivation is, undoubtedly, the crux.

There is no simple answer to the question of how to motivate people. Can money motivate? Yes, but money alone is not enough, though it does help. Human resource remains the focal point and leadership the critical component, and motivation has to be 'tailored' to each individual.

REFERENCES

- 1. Beck R., 2003, Motivation: Theories and Principles, Publisher Prentice Hall.
- 2. Dweck C., 2000, Self-theories: Their Role in Motivation, Personality, and Development, Publisher Psychology Press.
- 3. Latham G., 2006, Work Motivation: History, Theory, Research, and Practice, Publisher Sage Publications.
- 4. Miner J., 2005, Organizational Behavior I: Essential Theories of Motivation and Leadership, Publisher M.E. Sharpe.
- 5. Petri H. and Govern J., 2003, Motivation: Theory, Research, and Applications, Publisher Wadsworth Publishing.

REGIONAL CUSTOMS DIRECTORATES MANAGEMENT

Caba Stefan

National Customs Authority Cluj Regional Directorate for Excise and Customs Operations

Căuș Vasile-Aurel

University of Oradea Faculty of Science Department of Informatics and Mathematics vcaus@uoradea.ro

The management of a regional customs directorate is analyzed. A new approach of the managerial system, in the European integration context, is presented.

The customs system is one of the first "doors" to a new economic, social and cultural community. For that, the system must be adapted to European demands in a fast and efficient manner. Obviously, the methods used in management have to be improved. The role of customs system has dramatically changed and, consequently, the coordination of all activities have to change also.

Keywords: Performance management, strategic management, human resource management

Jel Classification: M12, M54

1. Introduction

The adhesion of Romania to the European Union represents a fact with major implications for every citizen. The importance of this fact is, however, differently dimension at personal level. Depending on the possibilities, responsibilities and aspirations of each one of us, the adhesion process and the adhesion itself has been looked upon showing more or less interest. Like every major process, the implications it withholds are of a nature able to bring structural and strategic modifications at all levels.

As of 2007, we are literally part of a cultural, economic and social universe, which includes differences compared to what we have meant as a country to that moment. The efforts made in the pre-adhesion process, as well as those made during the adhesion phase, represent a challenge which cannot be easily faced. To problems automatically generated by the necessity of adaptation to new requirements adds the inertia of a new system that, year after year, has been marked by the sickness of individuality built on non-loyal competition and on structures of relations which very seldom have had bounds to professionalism. These are premises which, among other facts, complicate the alignment of Romanian public institutions to the standards present in most European countries.

The European Union is not purposed as a structure which has as a main purpose helping countries stranded behind development. It is conceived as an inter-state community, in which each country must bring its contribution to assuring an economic-social stability, also maintaining of cultural, ethnical and confession diversity. All this must be achieved by obeying rules, which, for Romania, as a new member, means supplemental efforts. Perhaps the biggest problem is one of mentality, and the rational system of a nation cannot be changed during a short period of time. Therefore, the overlap of a complex gearing, mostly new, over an almost historical mentality, is probably the most difficult aspect of integration.

Begun long ago, the process of reforming public institutions as a part of adhesion efforts has been and is marked by the political handprint of decisional forums. One of the first institutions which have taken important steps toward the accommodation with the European vision was the National Authority of Customs (under its diverse names and organizational structures). Romania is presently a part of the border of the European Union, therefore the customs system must satisfy, at the highest level, the exigencies imposed. With an important role in protecting the European market and also the national market, this system must reach the level where it can fulfill the tasks it is faced with, these being not a few or unimportant.

The structures of the National Customs Authority contribute, directly or by cooperation with other institutions, to the actions of pursuit and collecting of a category of taxes and debts to the national budget, as well as to the prevention and eradication of some contravention phenomena, and so forth. It will not be insisted here on the actions which require the implication of customs entities, but it is obliged to underline some of the aspects which have been modified along with the adhesion of Romania to the European Union.

The statute of border of the European Union imposes to Romania a reorientation regarding the accent posed on different border points. If until 2007, the border points at the western border have mostly represented the central points regarding human and material placements, along with the attainment of the quality of member of the Union, the accent is transposed to the northern, eastern and southwestern borders. Thus, most of the restructuring actions regard the above stated regions. The regional excise and customs operations directorates have been forced to adopt strategies correlated with the national geographical positions in which they are placed. On one hand, some regional directorates have been forced to pay special attention to customs traffic of entrance in the European Union: on the other hand, other regional directorates had to adopt measures to assure the fluidity of traffic inside the Union. These are, obviously, just a part of the tasks to be accomplished at the level of the structures placed under the authority of the National Customs Authority.

References will be hereafter made to some aspects of the activity of a regional directorate of excises and customs operations, and we will present some points of view regarding the management of these entities. Because management is an extensive notion, we will stop upon performance management, as part of that of human resources.

2. The management of performance at the level of regional directorates for excises and customs operations and subordinated structures

The statute of member of the European Union has determined, at the level of the National Customs Authority, the adoption of some strategic policies which are to reflect the modifications imposed by the new status. It must be underlined that, given the nature of the service, the personnel involved in this structure is undertaking some specific pressure, temptation and risk. Furthermore, professional performance, honesty and equity must be appreciated, as they are elements which assure the functionality of the system, and are under careful observation by the competent national and European forums.

The notion of performance management is one frequently used in current language, but which has different meanings in the concept of each one of us. We see ourselves obliged to specify the meaning we give to this notion, in the present study. We will look upon performance management as a part and parcel of the management strategy of human resources, a transpose of department strategies to performance objectives, practical and realistic.

Generally, the purpose of performance management is to monitor, reiterate and reregister the performance of staff, in order to allow access to promotion, to help the planning process and to contribute to the improvement of the management process. A quality management of performance is a condition of a successful strategic management. It can therefore be stated that performance management is the most important function of human resource management, as it allows the establishment of a connection between individual purposes and institutional objectives.

An efficient performance management must allow the quantification of personal achievements in an unbiased manner. Such a system must be built with the purpose of providing an unbiased and correct analysis from those competent and, at the same time, to encourage constructive feedback from those evaluated.

Several components of the system are identified as follows:

- Performance planning.
- A competence-based approach.

- Forming the evaluation collective.
- Providing a permanent feedback.

Performance planning implies the adoption of measures which are to assure an evaluation as correct as can be. Therefore, there is imposed the establishment of performance objectives, adapted to the purposes attributed to each post. It must thus be analyzed whether the employee is able to fulfill the tasks attributed, and afterwards the way he/she has fulfilled them.

The approach based on competences implies firstly the separation of basic competences from functional ones. The purpose of this approach is, on one hand, that of establishing the competences required for occupying a certain position, and, on the other hand, that of analyzing the means by which the tasks have been accomplished, for instance the time necessary for the fulfillment of certain tasks, the quality of their fulfillment etc. These are quantifiable elements, which can contribute to the hierarchy of those evaluated. In other words, the stress is placed not on that which is done, but on how it is done. We can thus compare activities which differ in content, and it is contributed to the identification of common quantification elements.

The evaluation collective is to be formed out of high moral profile, with superior authority, hierarchical and professional position to those evaluated, in order to avoid, among others, the creation of an atmosphere which can bring doubt upon the competence and morality of the evaluators

The assurance of feedback is crucial in performance management. The customs system is in a continuous and dynamic change, both because of modifications generated by the process of European integration, and because of the diversification of the tasks attributed to it. This is why performance standards undergo faster changes than other domains. To apply the same standards on a long term means to deviate from specific realities of each post. It thus becomes impossible to maintain pace with the dynamic of the employees' actions without being in constant contact with them. The feedback function must be assured the more it is indicated that the functions of performance evaluation not be accomplished by personnel immediately superior to that being evaluated.

The application of performance management at the level of units subordinate to the National Customs Authority implies extent knowledge of the system, of specific activities and of employee psychology. The entire system has confronted and confronts the lack of trust from the population regarding the integrity of employed personnel. An exhaustive research on this phenomenon has not been conducted, and the image created is more the result of public exposal that that of a reality. Any institution with broad visibility is undergoing criticism on a larger scale. It is actually a reality which the employees of the customs system and not only them alone, must accept. Furthermore, individual performance which is not the subject of publicity must be pointed out and recompensed in different ways within the system. Some specific elements are thus identified for each component of performance management in the customs system. In the present study, we have looked upon the case *Regional directorates and subordinate entities*, because at this level there meet in a greater measure basic components as well as functional components of competence.

Regarding performance planning, the specific objectives of these entities must be enumerated. Not all of them will be presented, but some of them will be noted:

- Pursuing and collecting of customs taxes
- Pursuing and collecting excises
- Oversight of product producing firms subject to excising
- The assurance of customs control for import products
- The assurance of fluidization of customs traffic, for wares originating from the European Union, as well as for those originating from outside the E.U.
- The cooperation with the institutions implicated in the supervising and diminishment of forbidden product traffic
 - The supervising of product transit and hazardous waste etc.

For each of these activities, as well as for each of those not enumerated, it is imposed the establishment of performance indexes, to measure not necessarily the quantity, but the way in which each employee conducts his/her activity. A conclusive example of this approach is that that a higher level of penalties applied as a result of discovering of illegal activities does not necessarily mean a more efficient activity. On the contrary, a more reduced level can mean a better efficiency of the actions of preventing. Another example: a customs agent who does not register confiscation of wares can be corrupt, or, on the contrary, extremely fair, and therefore avoided by potential felons. In other fields, the hierarchy of performance can be simpler: for example, the productive fields, where, in most cases, performance is measured by directly observing quantity and quality of the products realized by each employee. Therefore, an efficient management of a performance management system differs from one field to another, and is far more complex in the customs system.

The establishment of competence is another element of elevated complexity. A customs agent must possess, even if only intuitively, knowledge regarding psychology and human behavior. These are already elements which can make the difference: those who cannot fulfill their job tasks, those who fulfill them consequentially, and those born for the job they have chosen.

Furthermore, as a consequence to the complexity and diversity of activities which can be tasks of customs agents, the members of evaluation teams must rather be perfectly acquainted to the system than to the personnel to be performance-analyzed. The idea stated earlier is withheld, according to which these evaluations must be made by personnel who is not immediately superior to that evaluated.

In conclusion, it can be stated that a strategic management at the level of the National Customs Authority cannot be successful without the adoption of a performance management system applied at the level of subordinate entities, system for which it is compulsory to adapt to specific factors. Such a system also creates the premises to access to promotions attributed to each employee, the position corresponding to the training, participation and er individual performance.

References

- 1. Barley, P. C. and Shalley, C. E., "New perspectives on goals and performance", Research in Personnel and Human Resources Management, vol. 9, pp. 121-157, 1991
- 2. Brăileanu, E., "Soluția "hard" a reformării sistemului vamal românesc", Economistul, nr.2075/2006.
- 3. Ciobanu, I., Management startegic, Editura Polirom, Iași, 1998.
- 4. Constantin, A., Organizarea și conducerea activității autorității vamale, Editura Didactică și Pedagogică RA, București, 2005.
- 5. Dubois, D. D. Competency-based Performance Improvement : A Strategy for Organisation Change, HRD Press, Inc., 1993
- 6. Dumitrescu, M., "Decizii de evaluare, motivare și promovare a personalului", în vol. Sistemul decizional al organizației, Editura Economică, București, 1998.
- 7. Fletcher, C. and Williams, R., "The route to performance management", Personnel Management, 24(10), 42-47, 1992.
- 8. Mladen, C., Drept Vamal Auxiliar curricular pentru specialitatea lucrător vamal, Editura Economică, București, 2000.
- 9. Nicolescu, O., Sistemul decizional al organizației, Editura Economică, București, 1998.
- 10. Pierce, T.; Robinson, R., Competitivite Strategy, Editura Irvin, Boston, 1991

MANAGERIAL SKILLS OF AN E-LEARNING MANAGER

Cardos Vasile-Daniel

Babeş-Bolyai University Faculty of Economics and Business Administration 58th - 60th Mihail Kogălniceanu Street, Cluj-Napoca, Romania vasile.cardos@econ.ubbcluj.ro, +40264-418-652 int. 5806

Tiron-Tudor Adriana

Babeş-Bolyai University Faculty of Economics and Business Administration 58th - 60th Mihail Kogălniceanu Street, Cluj-Napoca, Romania adriana.tiron@econ.ubbcluj.ro, +40264-418-652 int. 5842

This article presents some findings of the E-Learning Manager (ELM) Project regarding the skills an elearning manager should possess in order to achieve his/her mission. At this point the project is still in the first stage of it. For the design of the skill card there were identified three domains/units in which an elearning manager should possess skills: pedagogy, technology and management. This article presents some aspects regarding our findings on the management unit.

Keywords: e-learning manager, management, skill set

JEL classification: I20, I21, I29

Introduction

Nowadays, constant innovations and rapid technological changes are commonplace in business. This arises the need for continuous vocational training and the lifelong acquisition of skills and competencies. The use of e-learning to provide vocational training has become an important issue on the European agenda, providing a solution to the question of providing training and assessment on an international scale, regardless of distance, or language.

At the moment, there is no certification in e-learning in Europe being offered. This suggests that there is both: (i) a lack of qualified practitioners, and (ii) individuals who may have experience in e-learning, but lack accreditation. Therefore, a certification in e-learning development would be use not only to those who may work wish to work or already work in the e-learning sector but lack formal accreditation, but also to established individuals already working in the e-learning sector who wish to continue their professional development to keep their skill card up to date.

Research methodology

This paper is based on the **E-L**earning Manager Project (ELM), a Leonardo da Vinci project. Based on the first meeting's findings, held in Cork Ireland, in last November, we conducted a qualitative research, based on an extensive literature review on the managerial abilities or skill an e-learning manager should possess in order to fulfill their mission. The findings of the article we're used in the construction of a questionnaire which intends to validate the theoretical hypotheses.

Description of the project

The ELM project aims to develop a European skill card for a computer-enhanced instructional designer. This skill card will be made available through an integrated European skills acquisition system project: an online system for browsing the skills cards available, performing self-assessment online, collecting evidences, and receiving a formal assessment of the evidences online before being accredited as an e-learning manager.

In the project there are six partners involved: Department of Education Development of the Cork Institute of Technology (DEIS CIT) - Ireland, International Software Quality Institute (ISQI) - Germany, International Software Consulting Network (ISCN) - Austria, Corvinno Technology

Transfer Center Ltd. – Hungary, Babeş-Bolyai University – Romania and Plovdiv University – Bulgaria.

The current stage of the project

At this point the project is still in the first stage of it. For the design of the skill card there were identified three domains/units in which an e-learning manager should possess skills: pedagogy, technology and management. This article presents some aspects regarding our findings on the management unit.

The term management covers a wide range of fields and domains but we should address only those aspects that are interrelated with pedagogy and technology units and also with the skill set sub headings identified: e-learning project management, organizational analysis, knowledge management, change management, standards, evaluation and audit, financial management etc.

Project management

"Project management is the discipline of planning, organizing and managing resources to bring about the successful completion of specific project goals and objectives". "A project is a temporary endeavor undertaken to create a unique product, service, or result." "42"

Effectively controlling projects requires a disciplined approach to project initiation, execution, implementation, and post-implementation. This includes having the right people involved, following standard project management processes, and using a set of project management tools for effective execution.

Organizational analysis and stakeholders

An organization's behavior is in a constant and progressive change "new demands from consumers on an individual level, new demands from companies for training courses, a determination to achieve improved productivity etc. as if some form of technological determinism existed), as is the relationship between society and technology, up to a certain point, it being obvious that social innovation does not occur at the same speed as technological innovation. This twofold change imposes upon service providers a certain number of changes, many of them far-reaching and major." ⁴³

Dealtry R.,⁴⁴ stresses that learning management systems "are too e-learning technology driven, emphasizing the virtual component and neglecting the precursory development of a vibrant and committed formal learning organization culture and infrastructure". He proposes a constructivist methodology when designing and implementing strategic new learning and knowledge-based organization development investments. The author identified several functions and activities that are subject to transformation within an organization in order to enable it to obtain a strategically accepted learning environment.

Knowledge management

"KM is the process through which organizations generate value from their intellectual and knowledge-based assets. Most often, generating value from such assets involves codifying what employees, partners and customers know, and sharing that information among employees, departments and even with other companies in an effort to devise best practices". 45

43 Coulon, A. (2001), Impact of open distance learning on organizations, pg. 3

⁴¹ www.wikipedia.com

⁴² www.pmi.org

⁴⁴ Dealtry, R. (2005), Configuring the structure and administration of learning management, pg. 467

⁴⁵ Levinson, M. (2008), Knowledge Management Definition and Solutions

Bellinger G.,⁴⁶ tried to define 'knowledge' in the context of an organization and the problem of managing the knowledge. Citing Fleming N.,⁴⁷ who stated that "a collection of data is not information, a collection of information is not knowledge, a collection of knowledge is not wisdom, a collection of wisdom is not truth", Bellinger states that: "When a pattern relation exists amidst the data and information, the pattern has the *potential* to represent knowledge. It only becomes knowledge, however, when one is able to realize and understand the patterns and their implications." A pattern "embodies both a consistency and completeness of relations which, to an extent, creates its own context."

Karl-Erik Sveiby cited by Barclay M.O. & Murray P. (1997) identified two "tracks" of knowledge management:

- Management of Information. To researchers in this track: "... knowledge = Objects that can be identified and handled in information systems."
- Management of People. For researchers and practitioners in this field, knowledge consists of "... processes, a complex set of dynamic skills, know-how, etc., that is constantly changing."⁴⁸

Standards

An e-learning manager should be aware, or know the different standards that exist in information technology in order to ensure that the content development is compatible with the delivery system chosen to transmit the content and also to ensure a proper evaluation method and feedback solution. He also has to know the standards or specifications in the field e-learning. But the problem of standardization in e-learning can be a difficult task if we take into consideration the abundance of information technology standards that facilitate the design, deployment and assessment of an e-learning mission.

Singh H. and Reed C. ⁴⁹ state that "strictly speaking, there are no e-learning standards. Instead, there are a series of groups developing specifications". The author argue that as the process of standards or specifications implementations will spread in the e-learning community there will be an increase in specific and significant capabilities like: content portability, granularity, interoperability, e-learning and knowledge management.

Svenson M., ⁵⁰ identifies four major advantages of standard development and use:

- 1. Durability no need for modification as versions of system software change.
- 2. Interoperability operability across a wide variety of hardware, operating systems, web browsers and Learning Management Systems.
- 3. Accessibility indexing and tracking on demand.
- 4. Reusability possible modification and use by many different development tools."

ROI of e-learning

"In finance, rate of return (ROR), also known as return on investment (ROI), rate of profit or sometimes just return, is the ratio of money gained or lost (realized or unrealized) on an investment relative to the amount of money invested. The amount of money gained or lost may be referred to as interest, profit/loss, gain/loss, or net income/loss. The money invested may be referred to as the asset, capital, principal, or the cost basis of the investment" ⁵¹ The problem of quantifying ROI for an e-learning (in higher education institution or in private companies) mission is that it can't be expressed strictly as "the ratio of money gained or lost" because the

-

⁴⁶ Bellinger, G. (1997), Knowledge Management – Emerging Principles

⁴⁷ Fleming, Neil. (1996), Coping with a Revolution: Will the Internet Change Learning?

⁴⁸ Barclay, O.M. and Murray, P.C. (1997), What is knowledge management?

⁴⁹ Singh, H. and Reed, C. (2002) Demystifying e-learning standards, pg. 62

⁵⁰ Svenson, M. (2001), e-Learning standards and technical specifications, pg. 4

⁵¹ www.wikipedia.org

outcome of e-learning, the increase in knowledge and skills can be quantified only in qualitative terms even though these qualitative benefits can offer indirect financial benefits for all the stakeholders.

An e-learning manager in order to ensure e-learning is used by learners and embraced the organization, should also have in mind that e-learning:

- -"it's about business and providing a business solution;
- -it's about providing a "return on expectation", not just a return on investment;
- -it's about enabling learning and driving performance, not training;
- -it's about people learners, managers and executives not technology;
- -it's about motivating learners and energizing organizations; and
- -it's about becoming invisible; interwoven into the very fabric of your organization and its culture." 52

Brown D.,⁵³ citing Bielawski and Metcalf ⁵⁴ presents the issues used in training evaluation "identified as being the ROI of training". These issues are: reduced number of training vendors, decreased training travel costs, decreased costs/hr of training, reduced time off task for trainees, increased audience impact, improved response time – meet needs, improved cycle time for training delivery, demonstrated knowledge during training, trainees satisfaction, increased positive management feedback.

The same authors, pertaining to the true value of learning identified the following relevant parameters: increased revenue/sales, decreased cost, improved customer satisfaction, improved quality, improved on-time delivery, increased productivity, improved cycle time, eliminated waste, improved safety record, improved employee satisfaction/morale, reduced employee turnover

Quality management

When it comes to quality and more to quality management most people think instinctively to ISO Standards. These standards are the most used and referred to in various fields. ISO issued o series of standards that settle the frame for a common language and approach regarding e-learning set-up (from a technology perspective ISO/IEC 24751-1/2/3:2008) and also the quality assurance process regarding e-learning (ISO/IEC 19796-1:2005).

ISO/IEC 19796-1:2005 is a framework to describe, compare, analyse, and implement quality management and quality assurance approaches. It will serve to compare different existing approaches and to harmonize these towards a common quality model. The main aspect is the Reference Framework for the Description of Quality Approaches (RFDQ).

Another institution who brought it's contribution to quality assurance and management for elearning is the QAA which released in 2004 the second edition of the *Code of practice for the assurance of academic quality and standards in higher education* which in *Section 2: Collaborative provision and flexible and distributed learning (including e-learning)* states the following: "Recent developments in learning that uses information and communications technologies ('e-learning'), have given rise in some quarters to the belief that this approach requires an entirely separate and distinct form of quality assurance."

In the academic literature Alistair Inglis⁵⁶, covered the problem of quality assurance, quality evaluation and benchmarking in the field of distance education and e-learning. He identifies

ح.

⁵² Dublin, L. (2004), The nine mith of e-learning implementation: ensuring the real return on your e-learning investment, pg. 294

⁵³ Brown, D. (2008) The Value of Learning

⁵⁴ Bielawski and Metcalf (2002), Blended e-Learning: Integrating Knowledge, Performance Support, and Online Learning

⁵⁵ Quality Assurance Agency for Higher Education [QAA] (2004), Code of practice for the assurance of academic quality and standards in higher education

⁵⁶ Inglis, A. (2008), Approaches to the validation of quality frameworks for e-learning

seven published quality frameworks applicable to the field of e-learning: 1. Quality improvement framework (Inglis, Ling and Joosten), 2. Benchmarking framework (McKinnon, Walker and Davis), 3. Benchmarks for success in internet-based distance education (The Institute of Higher Education Policy), 4. Universitas 21 global quality framework, 5. ACODE e-learning benchmarks (Bridgland and Goodacre), 6. Proactive evaluation framework (Sims, Dobbs and Hand), 7. Quality preference framework (Ehlers). The article concludes by considering a range of factors that have the potential to have an impact on the validation process of the frameworks.

Conclusions and further research

From the sub headings discussed in this article we can draw the conclusion presented below.

An e-learning manager has to consider project management as a continuous activity that doesn't stop after the final assessment because e-learning has to be a systematic activity in order to ensure the sustainability of the process and to offer a competitive advantage to the client organization. An e-learning manager has to know the existing project management tool: PRINCE 2, Microsoft Project Manager, and also the standards in the field like those issued by the PMI (pmi.org), and also project control systems to ensure that the project doesn't exceed the time, budget or human resource limitations.

Having in the term knowledge management we can conclude that an e-learning manger should understand and handle the concept of knowledge and it's importance to the client company considering the impact it can have on the mission, objectives, performance and ability to adopt to changes. Also the e-learning manager should be aware of the two approaches to knowledge management system: information and people.

For successfully managing the whole e-learning process or mission an e-learning manager should take into consideration the standards and specifications in the field among which we can list the following: ISO, AICC, IMS, LRN 2.0, Dublin Core, etc.

When it comes to ROI when dealing with the management of a customer organization which intends to implement an e-learning solution an e-learning manager has to "translate" the qualitative benefits into quantitative terms because he or she has to answer the question: how much will this cost us? Or how will our profit increase? addressed by management.

An e-learning manager has to adhere to some of the quality frameworks or standards in order to test his or her e-learning mission against an accepted referential. This is important from at least two perspectives: the recipient of the knowledge transfer and the client organization and the 'image' of the e-learning manager as compliance with quality standards increase the reliability and confidence on the client company.

As mentioned before the domains and sub headings regarding the management skills an elearning manager should have will be tested through three questionnaires available for respondents from the academic and industry area involved, more or less, in the design, implementation, exploitation and improvement of e-learning solutions.

References

- 1. Barclay, O.M. and Murray, P.C. (1997), What is knowledge management?, Knowledge praxis, available on-line at: http://www.media-access.com/whatis.html
- 2. Bellinger, G. (1997) Knowledge Management Emerging Principles, available on-line at: http://www.systems-thinking.org/kmgmt/ kmgmt.htm#dac
- 3. Bielawski and Metcalf (2002), Blended e-Learning: Integrating Knowledge, Performance Support, and Online Learning. Human Resource Development; 2nd edition
- 4. Brown, D. (2008) The Value of Learning, available on-line at: www.softskill.com registration is required-)
- 5. Coulon, A. (2001), Impact of open distance learning on organizations, available on-line at: http://www.centre-inffo.fr/pdf/adapt/adapt/2001_chap5_angl.pdf)

- 6. Dealtry, R. (2005), Configuring the structure and administration of learning management, Journal of Workspace Learning, vol. 17, no. 7
- 7. Dublin, L. (2004), The nine mith of e-learning implementation: ensuring the real return on your e-learning investment, Industrial and Commercial Training, vol. 36, no. 7;
- 8. Fleming, Neil. Coping with a Revolution: Will the Internet Change Learning?, Lincoln University, Canterbury, New Zealand
- 9. Inglis, A. (2008), Approaches to the validation of quality frameworks for e-learning, Quality Assurance in Education, vol. 16, no. 4;
- 10. ISO/IEC 19796-1:2005 Information technology -- Learning, education and training -- Quality management, assurance and metrics, available on-line at: iso.org;
- 11. ISO/IEC 24751-1/2/3:2008 Information technology -- Individualized adaptability and accessibility in e-learning, education and training, available on-line at: iso.org;
- 12. Levinson, M. (2008), Knowledge Management Definition and Solutions, available on-line at: http://www.cio.com/article/40343/Knowledge_Management_Definition_and Solutions?page=1).
- 13. Quality Assurance Agency for Higher Education [QAA] (2004), Code of practice for the assurance of academic quality and standards in higher education, Section 2: Collaborative provision and flexible and distributed learning (including e-learning), available on-line at: http://www.qaa.ac.uk/academicinfrastructure/codeOfPractice/section2/default.asp#partA;
- 14. Singh, H. and Reed, C. (2002) Demystifying e-learning standards, Industrial and Commercial Training, vol. 34, no. 2
- 15. Svenson, M. (2001), e-Learning standards and technical specifications, pg. 4, available on-line at http://www.centre-inffo.fr/pdf/ adapt/adapt/2001_chap4_angl.pdf)
- 16. www.kmresource.com
- 17. www.iso.org
- 18. www.pmi.org
- 19. www.qaa.org
- 20. www.wikipedia.org
- 21. www.cio.com

THE MANAGERIAL STRATEGY IN THE HEALTHCARE INSTITUTIONS OF ROMANIA

Celestin Constantin

The Bucharest Academy of Economic Studies, The Accounting Department 4 Marinarilor St., bl. VIII/I, apt. 6, 1st district, 013947 Bucharest, celeste_business@yahoo.com; tel.: 0723569108

Ganescu Roxana

The Bucharest Academy of Economic Studies, The Management Department 4 Marinarilor St., bl. VIII/I, apt. 6, 1st district, 013947 Bucharest; rganescu@yahoo.com; tel.: 0722819352

Management is of paramount importance for obtaining economic, medical, commercial performances etc. in the fields conducted. Significant changes are required in this sector of human disciplines, focused on: applying professional management, managerial methodology, promoting strategic management, promoting an organizational culture that favours change, managerial restructuring of all the institutions (organizations) involved in the operation of the healthcare system in Romania, automating, decentralizing health services. The elements that make necessary the design of some modes of achieving strategic objectives are subject to the transition to a society, economy and management based on knowledge.

Keywords: Management, Healthcare, Hospital, Strategy

JEL Classification: A 12; I 11

Success within the healthcare system of Romania

The success of a business depends on the capacity of the managerial team for achieving performance taking into account the opportunities and risks identified in the external environment of the organization, as well as on the strengths and weaknesses known as existing in the internal environment of the organization. In order to develop a business, any member of the managerial team should be involved in the planning, organization, coordination, control and assessment of the achievement of the objectives set up at the organization level. The last decade had witnessed major changes in the healthcare system, modifications of legislation and governmental strategies, which are reflected volens nolens at the level of the hospital as a public or private institution. Notwithstanding the modifications occurred, we should not ignore the two great desiderates of any managerial strategy, namely: the increase in service quality and the decrease in costs. The healthcare system of Romania is passing through a human resource crisis, which has become truly a threat in the recent years and which does not seem to have reached a feasible solution. Success or failure is conditioned to a great extent by the way in which the organization faces future changes. The technological revolution and globalization have changed the competitive

Success or failure is conditioned to a great extent by the way in which the organization faces future changes. The technological revolution and globalization have changed the competitive landscape in all the industrial sectors. The effect of these two forces may be noticed also in the sanitary system, the hospitals trying to enhance their competitive standing focusing on the demands of the market. Among the marketing strategies used most often by hospitals is the identification of and meeting the patients' needs and requirements. The hospitals aim at obtaining competitive advantages through strategic flexibility. Strategic flexibility means the capacity of the organization to respond proactively by changing the competitive conditions, this leading to maintaining or developing strategic advantages. The strategic flexibility involves also the cognitive ability to recognize problems and change direction, when it is imperative. Making decisions is a daily challenge managers are faced with, but one should know that not any decision should be made immediately.

A realistic assessment of the stage in the evolution of the healthcare service sector of Romania towards the knowledge-based economy may not be carried out other than by using international comparative approaches. It is very useful in this case to have the table of assessment indicators established for the Lisbon strategy, structured in five main components:

- innovation and research:
- liberalization and fluidization of the market;

- entrepreneurial and enterprise development;
- the extent the human resources are used and social cohesion:
- sustainable economic development.

The advantages of the implementation of some efficient management methods shall consist of the increase in the capacity of the organization for anticipating and acting efficaciously, for a sustainable and controllable development of the business, and the capacity for reducing or diminishing the risks within the internal and external environment of the organization.

The management generates economic performance at the organization level. Sanitary institutions are not simply professional organizations, but also business organizations of various sizes, which should be conducted so as to be able to stand competition and to meet the patients' needs and requirements at the highest technical and quality standards. A good planning should have a solid implementation basis, given that no one could foresee the future with certainty, but a project is more likely feasible, if based on past and actual accurate data and facts.

The knowledge that managers and contractors possess, besides their number and socioprofessional structure, their age, training level, attitude towards work, motivation degree, capacity for adaptation to changes occurred, the desire and capacity for development are all aspects that define the strategic options in the field. The European and international practices, the volume, complexity and difficulty of the strategic objectives assumed by the heathcare system in Romania recommend as major strategic options the following:

- -developing a national system of further development of specialists
- -ensuring a medical personnel of high professional competence
- -stopping the migration of physicians and other categories of graduate specialists
- -substantial enhancement of designing and conducting the resident physician examination
- -attracting increasingly specialists from other countries in order to fill in the vacancies in the healthcare system.

The factors influencing a strategic management decision are as follows: internal factors (stakeholders, directors, employees, unions; objectives, culture, resources), microeconomic factors (distributors, mediators, competitors, clients) and macroeconomic factors (political, economic, socio-cultural and technological). Stakeholders may exercise a significant influence as regards the priorities and direction of action of the institution, a fact most often reflected by the organization culture and the type of resources available to reach certain objectives. Unlike a private hospital, a state hospital does not have as an objective maximizing profit, but is able to focus only on increasing the medical service quality, depending however on the governmental policy.

At a microeconomic level, strategic alliances shall be favoured, whereas at a macroeconomic level, the strongest influence shall be exercised by technology. Technological development shall influence not only the products and services delivered but also the working process. Technology is changing rapidly and those that are not capable to adapt to these changes shall pay dearly. Medical technology is indispensable to health and life quality. In order to save lives, it may help to cure and contribute to millions of people recovering their vitality and mobility. Medical technology plays a very important role in the sector of medical care, in the prevention, diagnosis, healing and recovery.

The transition from a centralized and monopolist economy, having a tense relation structure (namely some mainly unilateral connections, lacking optional alternatives) to a competitive economy, based on the market mechanisms of the action of the law of demand and offer represents, undoubtedly, one of the most serious challenges of the current period.

Numerous organizations that provide healthcare services both in the public and in the private system have appeared lately also in Romania, a fact leading inevitably to competition in the sector of medical services, and resulting implicitly in the increase in the quality of medical services for the benefit of the consumer.

Overall, as regards the managerial processes of sanitary institutions, the forecast is usually less accurate than in the case of other types of organizations, especially as regards long-term decisions. Among the three forms of making the forecast – prognoses, plans and programs – programs have the highest frequency. Plans are developed most often for a year, but only by a limited number of managers, and prognoses are designed occasionally. Whatever the form of the forecast, this considers almost integrally the requirements of the relevant sanitary institution, not relating closely to the market.

The forecast related decisions are economic in character and refer most often to outcomes, revenues etc. They are based mainly on accounting and marketing information. Frequently, these decisions depend on the managers' talent and intuition, only accidentally the forecast managerial methods and techniques being used. In large sanitary institutions, in order to document certain forecasts, the method of meetings is used, most often in a preponderantly informal setting.

Programs and plans – if drawn up – are based mainly on internal information, completed by certain marketing information. There are rarely information sub-systems providing coherent packages of prospective nature. On the other hand, in order to manage current information, the management of program packages is preponderantly used. Most often, these process and provide information in the accounting, financial and personal domains.

To some extent, these potential deficiencies are counterbalanced by the rapidity with which both forecasts and especially the processes of their implementation reflect the changes in the environment. The hospital manager usually has rapid reactions as far as forecasts are concerned. As a consequence, the forecast process is flexible, continuously adapting to the endogenous and exogenous developments of the organization, especially in the short run, focusing on capitalizing on the existing resources. A significant contribution to forecast flexibility, combining often with a rather limited rigorousness of plans and prognoses, has the less formalized approach it is based on. A significant part of the processes documenting forecasts are preponderantly informal in character.

In general, public healthcare policies aim at promoting a health condition as good as possible and at reducing inequities between various groups of society; one should make sure health aspects are taken into consideration in all the healthcare policies. This involves the creation of the best preliminary conditions for health, minimizing risk factors, designing actions to prevent illnesses and to protect both the individual and the community against health risks. Besides it focuses on the traditional spheres of public health such as controlling infectious diseases, factors of the environment health, risk factors, injuries, healthcare policy

At the same time, the national public health strategy should take into account also the recommendations of the European Union regarding healthcare, within the Union expansion process. Romania as well as the other countries that have recently joined the European union could not participate in the previous programs of the union in the healthcare sector and has a weak institutional capacity, especially due to the fact the transition from the former sanitary system of the socialist type led to an erosion of the public health infrastructures so that we may conclude that that, as regards the public health, too, Romania is a step behind the EU member states. In order to maximize the benefit obtained from participating in the new public healthcare system of the EU, Romania should implement several preliminary measures, of "stage zero", with a view to correspond to the standards required by the new community program of action in the public healthcare sector, actions included in the recommendations of the Sanitary Policy Forum of the EU on 22nd November 2002. Among the recommendations made, we should list the following:

-enhancing the network of surveillance and control of transmittable diseases and improving the information system in the healthcare sector;

-developing a modern concept of public healthcare and public healthcare services, activating public healthcare specialists and strengthening patients' rights;

-involving the civil society in the development of public healthcare policies and in supporting the development of public healthcare infrastructure.

Therefore, one of the major overall objectives of the public healthcare strategy in Romania should be the consolidation of the public healthcare infrastructures for the purpose of ensuring an optimal framework for the implementation of interventions aiming at the improvement of the population health condition and ensuring the optimal participation in the public healthcare programs of the European Union.

According to the strategic plan of the Ministry of Public Health, health is a sector having a major social impact and after the accession to the European Union, it is mandatory to adopt some standards and recommendations resulting in the increase in the efficiency and quality of medical services. For these purposes, the Ministry proposes also to the local public administration authorities to contribute to financing medical services. The accession to the European space leads to the free movement both of patients that may thus make contact with other healthcare systems and modify significantly their requirements and expectations, but also of medical personnel that may migrate to better working and life conditions.

Conclusions:

Most countries, whatever their development level and political system, rethink their healthcare system for the purpose of increasing the quality of the medical services delivered.

The consumer nowadays is overwhelmed by a lot of information, and enjoys a great liberty in choosing its service provider, but at the same time it claims to be an active contributor to its own care. If patients are the ones dictating in the healthcare system, the organizations within the system should model their activities taking into account their requirements and last but not least we should consider that the organizations within the healthcare system provide patients with services the latter hope they will never need.

As regards medical care, the leader's role is crucial. Improvement should be a feasible way to follow and a controlled approach, which does not just "happen". The challenge to the leaders' capacity is especially great within medical care institutions, characterized traditionally by a divided management or dysfunctional barriers between the personnel categories.

The removal of barriers between the functional sectors is necessary in order to change the system effectively. Medical care has a long tradition of sub-optimization of functions, especially if the professions took over the exclusive control over the activities within their own competence.

In market economy, where there is a complex and turbulent competitive environment but at the same time an unstable one, in economic terms, the hospital may survive only if it innovates more (patients react positively to innovative methods), innovates faster (the first on the market to provide new services and high quality services may create its own patient networks before the competition), innovates better (by knowing target patients, the hospital may deliver services adapted to their needs), innovates by the lowest costs (the amelioration of the performance of the economic and managerial instruments being required).

Bibliography:

- 1. Brown, Gordon D.; Stone, Tamara.; Patrick, Timothy B., Strategic Management of Information Systems in Healthcare Publication: Washington, DC Health Administration Press, 2005
- 2. Beuran M, Ganescu R. Managementul strategic in unitatile sanitare. Abordari moderne in managementul si economia organizatiei, Ed ASE Bucuresti 2006, Vol I (227-228)
- 3. Clark Cathy Sullivan, Krentz Susanna, Avoiding the pitfalls of strategic planning, Healthcare financial management, November 2006;60,11 (63-67)
- 4. Dubow Mark, Evaluate business plans, select strategic partners by taking a 10-step approach, Health care strategic management, Octomber 2006, 24, 10 (13-16)

- 5. Freed Michel, Learning to look forward, Healthcare financial management, February 2006, 60,2 (p 138-144).
- 6. Gin O. Gregory, Lee P. Ruby, Ellis Tibi, Community orientation, strategic flexibility and financial performance in hospitals, Journal of healthcare management, March/Aprin 2006; 51,2, (111-122).
- 7. Hagland Mark, Pay-for-performance programs show results, spur development, Health Care strategic management, February 2006, 24,2 (p 3-6)
- 8. Nicolescu O., Verboncu I., Metodologii manageriale, Edit. Tribuna Economica, Bucuresti, 2001
- 9. McFadden K.L. 2006. Exploring strategies for reducing Hospital errors. Journal of healthcare management 51:2, March/April 2006, (p. 123-135)
- 10. Piligrimiene Zaneta, Buciuniene Ilona, Health care quality evaluation: Medical and marketing approach, Organizacija Vadyba, Sisteminiai Tyrimai 2005, 34 (p 127-140).
- 11. Popa I., Management strategic, Edit. Economica, Bucuresti 2004
- 12. Proctor Tony, Management tools: Strategic marketing management for health management. Journal of Management in Medicine 2000, 14,1 (p 47-56).
- 13. Swayne, Linda E.; Duncan, W. Jack; Ginter, Peter M., Strategic Management of Health Care Organizations 5Th Ed. Publication: Malden, MA Blackwell Publishing Ltd., 2006
- 14. Walburg, Jan; Performance Management in Healthcare: Improving Patient Outcomes: an Integrated Approach Routledge Health Management Series. Publication: London, New York Taylor & Francis Routledge, 2006;
- 15. Zuckerman, Alan M., Healthcare Strategic Planning Management Series (Ann Arbor, Mich.); 2nd Ed. Publication: Chicago, Ill Health Administration Press, 2005

ORGANIZATIONAL CULTURE IN ITS SPECIFIC ISSUES OF A MODERN COMPANY

Ciucescu Nicoleta

University of Bacau Faculty of Economic Sciences Spiru Haret Street, No. 8 e-mail: ciucnico@vahoo.com 0747288664

Feraru Andreea

University of Bacau Faculty of Economic Sciences Spiru Haret Street, No. 8 e-mail: andreea f26@yahoo.com 0748052510

In the context of deep economic, political and social changes, in the last few years, the organizational culture plays a special role. The culture represents a basic element, no matter its nature and dimensions, contributing to the organizational success, to the economic and social progress. Changes in values' systems and objectives are important for the creation of a new type of the organizational culture, as an increasing factor in the managerial efficiency. There is not an unique culture for all mankind but a great variety of cultures which correspond to different forms of human existence.

Keywords: manager, organizational culture, modern organizations, types of cultures, characteristics.

Cod JEL: D23, M14

1. The conception of the Romanian organizations on the organizational culture

The organization is a dynamic system following the attaining of some objectives, being influenced by the social features of its members and, also, by the external environment. Each organization is composed by three elements of internal nature between which it may observe a keen synchronizing, on one side, and coordination, on other side.

The first element contains the totality of formal and tangible characteristics, respectively, the structure of the organization. This makes referring to a series of aspects as: official objectives and employed strategies, politics and rules of functioning, hierarch relations and the forms of conducting and of power exercising, the existent resources in the frame of the organization.

The second element is the culture including values, traditions, the beliefs, symbols and the mentalities which are common for a group of individues and sustained by specific, structural arrangements conferring a base for each organization. The culture has, in most cases, a strong influence on the premises of decisions, on behavior and actions of the employees.

The third element refers to individuals, conductors and the personnel of all hierarchical levels, they contributing to creation and modification of the organizational culture.

The organizational culture represents a reunion of rational or irrational, conscious, or unconscious, of groups or individual elements, which are influencing reciprocally and have a strong incidence on functionality and performances of the system. The concept of organizational culture is essential to explain the phenomena intervening in the running of the organizations. Between them may be cited:

- The creation in the frame of values system of a hierarchy influencing the directing the strategically process of the system;
- the determining of the frame of the interhuman relations;
- the configuration of the informational system;
- the establishing of the fundamental attitudes in comparison with the internal and external environment

The culture is themized and, in terms of organizational socialization, is a process of transmission of the culture to the new employees. This process includes:

- procedures, rules, norms;
- knowledges and social habits which contribute to realization of the assumed organizational role, but also of the working charges;

- the knowledges and diverse informations about the teamwork etc.

The organizational systems must fulfill a series of specific exactingnesses, as follows:

- to assure the continuity between past and future;
- to be able to make the analyze as a propre reference system without external marks and to be organized so that to contain the isolated components (cultural vocabulary) as a base to build some complex units;
- to be built so that to reflect the culture from where is part and to be reflected by this.

2. The types of organizational culture

The organizational cultural systems have been classified starting from a series of criteria, as for example: the domain of activity of the organization, the work nature, the feed – back type, the performance system used in the organization, the attitude of risk etc.

Charles Handy realized in 1993 a typology of organizational structure, identifying for types of culture (with the observation that these are not finding the pure reality):

- the culture of "Power type";
- the culture of "Role" type;
- the culture of "Charge" type;
- the culture of "Person" type.

The "Power – type" culture is specific for the small enterprises as, for example, the kind of political organizational structures, trade-unions etc. This culture is met frequently in small organizations, in some commercial and financial companies, and, also, in some trade-unions, political organizations and pressure groups with unic orientation.

Is that culture with a central source of power, said in other way, is structured around of a center of authority which exerces the control through the agency of a person which is very well trained and specially choosed, according to restain number of rules.

The control is let more in the charge of some individual persons and less in the charge of some committees. The functioning of the group depends exclusively on the decisions of the center, which are taken, in great measure, as an effect of the balance of the influences and less on the procedural reason or on pure logic.

A such a structure is the best given graphically under a form of a concentric net at whom can be associated a similar image to a web, where the power source is in the center, the force lines are radial from the central source to the exterior.

The power is concentrated at the level of a single promotor. The organization, which is in such a way structured, has the advantage of the rapid adaptation to the environmental conditions, to the demands of a dynamic market and answers rapidly to the evolution of the events, depending strongly, in the assurance of a continuous, of the decisions coming from the center.

The main characteristics are the communication from up to down, the centralized control, the decision being the expression of the power and not of the procedures. The center of the authority imposes a radial communication in which the decisions are transmitted from the center to the peripherical structures, and the informations are coming from the outskirts to the center. The system is attractive for the individuals desiring the power, the assuming the risk or the control of resources.

The success in an organization adopting this type of culture depends on the agressivity and on the capacity to work in a competitional atmosphere which is oriented on the power and politics, in which are predominant the rituals of humiliation, of differentiating, but to delimit the groups. Because the decisions are adopted at the top, without consulting the employees, the athmosphere is stressant. It is considered that workers have the behaviour as in X theory of Mc Gregor, so control is rigorous and the satisfaction in working is minor.

Therefore it can assert that the atmosphere of this culture may appear hard and severe, the success being accompanied by a low moral and a great fluctuation of labour force, just because of

individual failures or of leaving of this competition frame. Another limit is the fact that there are situations where the abilities of the power center are over solicited.

The values are focused on the individual performances, on the loyalty, on the egocentrism and on the physical and psychical resistance. This type of culture is based on the dicton "the scope excuses the means" because includes a great tolerance in what is concerning the used means to acieve the objectives.

The "Role-type" culture is characteristic for the great companies, for bureaucrat, standardised and formalised organizations; to this culture is associated the image of the "pyramid" or of the "greek temple". The columns of the "temple" are represented by the executive personnel and the roof of the "temple" is represented by the managers. Without "roof", the executive personnel will be in lack of strategical orientation and protection, while without "columns" the managers will be a non-sense. The values and the norms are given off from the "roof" of the "temple", they being clearly expressed in write, with an obvious formal and rigid tendence. In the frame of this model are developed subcultures specialised on departments: production, finances, supply, sales, personnel etc. All these departments form the "columns" on which is propped the temple.

This type of organization is characterized by strong functional or specialized sectors. It is a high degree of formalizing and standardizing, the activity of the functional sectors and the interaction between them being controlled by rules and proceedings, instructions, regulations of internal order, by defining the posts and the authority which are conferred to these posts, by the modality of communication and by regulation of the litigations in the functional sectors.

The hierarchic position is the source of power in this culture. The power is the expression of the influencing by rules and proceedings, that is the power of the position. The organizations centred on the role function well only in the stable, non-competitive environments and are governed by mechanicist bureaucratic formules.

The people are selected in function of the satisfactory achievement of their role, the personal power being not accepted, and the professional power of the expert is tolerated only in his place, the rules and the proceedings represent major methods od influencing. For the individual, the "Role – type" culture offers security and a favorable occasion to obtain a professional specialisation, a slow promotion.

The functioning is assured by the roles attributed to the personnel, to whom is demanding discipline, order, the respect of the rules and proceedings of internal order. For the individuals lacking of dynamism, to whom is not characteristic the creativity, but, also, to whom the stability is like a anchor of the career, the atmosphere is protective.

The communication is formal, ascendent in what is concerned the information, but is descendent in what is concerned the transmitting of the decisions, orders and messages endorcing the coordination of the work. This type of system is heavily receptive at changes and is adapting difficult to these changes.

The rigidity is the main disadvantage of this type of culture in the sense that, usually, the organizations perceive the change very difficulty and act very slowly in what is concerning the outlining of their future. Just for this reason it is possible, at a certain moment, that these organizations to be in one of the following situations:

- are breaking down;
- are failing;
- are changing the conducting team;
- are taken over by another organizations.

The "Role-type" culture is fitted to those managers which are building their success choosing for fulfilling of their role, instead to bring remarkable personal contributions, and in this sense they prefere to perfect the accepted methodology, instead the improve the personal rewsults.

This model of culture is not fitted to the managers who:

- are focused on the power;
- wanting to control the personal realized work;

- are abitious:
- prefering the results instead of the methods.

The organizations adopting this type of culture may survive in a stable environment, and their efficiency depends on the reasonability of the allocation of the working charges and the responsabilities.

The "Charge-type" culture is specific to those matrix organizations and its structure may be reprezented the most sugestive by a rectangular net, in which some threads of the net are thicker or more rezistant than the others, but in knots it may consider that is located the power and the influence.

The "Charge-type" culture is oriented to the professional charge of the employees from the organizations, but the authority is from the capacity of the expertize. It is important the realization of the charges of some specialists by an conjugated effort, thing which is achieveable by the identification of all necessary resources and of the most fitted persons, able to give maximum output, indifferently of the hierarchic level of the organization. This is a culture encouraging the teamwork and the dynamism, non-atributing the fix roles, in the sense that is important the collaboration with the specialists from different zones.

The improvement of the efficiency of this type of culture is influenced in a direct manner by the mobilization of the all team, which has at the basis the identification of the individual with the objectives of the organization. Just for this, it may assert that is a team culture which is characterized by the fact that, before the individual objectives and the most divergent positions and styles, it is situated the result of the whole group.

The decisional influence is based more on the professional power than on the power of the position or that personal, being, also, more dispersed that in other culture.

This culture is not fitted in all the cases, being adapted in the context of the individual liberty, of the current situations concerning the change and the adaptation of the social differences.

If we need to characterize the manager from a "Charge-type" culture, then we can say that this culture must act in a variable atmosphere, but the evaluation of its activity will be made starting from the analyse of the obtained results. It is the type of wanted culture of the most medium level managers; specific is the fact that some members of the team may be more skilled than the manager himself in what is concerning the fulfilling of some aspects of the charges. Also, the results of the group, being very important, then each member of the team is conscious of the frequent possibility of the control of the realized work.

The "Person-type" culture is a relatively new type met culture, existing in few organizations. It is specific of the non-profit organizations, the consulting bureaus, law bureaus, the designing firms, the professional associations having different goals. As presentation form we may say that it is like a "particle swarm" (honey comb), which gravitates around of a central point, represented by an individual. It has the task to serve and to help its members, sustaining and promoting their interests. It may assert that, without doubt, that the power in the frame of the same type of culture is appearing from the quality of those individuals to be very visible professionally, but the formalism, the hierarchy and the standardization are eliminated.

Another characteristic of this culture would be that in the frame of that organization may exist two or more cultures, together with the existing subcultures, helping together to the polivalent development of the organization, which represents a permanent source of surprises, restlesses and frustrations, but, also, opportunities for those living it. The success of each organization may be report, on one side, to the power of the culture, and on other side, to the type of culture which is integrated to it. It is to underline that, however is strong this culture, it will loose the relevance, if is not fitted to the context in which is running the activity of the organization or its structural characteristics.

It may kept in view that all types of cultures advances in time and they are formed and manifest in different forms in the frame of the Romanian organizations. So, it may assert that there is no ideal culture, but only a proper and efficient culture, case in which is to be preffered to take all necessary measures in view to sustain and consolidate it. In the contrary case, if it is ascertained that the culture is inadequately, then it is imposing the descover of those psecific aspects which have to be changed, as: the performance, the quality, the serving the customers, the assumed engagement, the team work and, implicit, the creation and implementation of the change programmes. So, it must to be determined the fundamental values for each case, which presumes the realization of a hierarchy of the priorities from each Romanian organization, that will conduct to the establishing of the directions to be followed.

CONCLUSIONS

In the modern organizations it is trying a joint of many types of organizational culture, but the existence of a certain type of organizational culture is more seldom met., because the organizational culture is not a rigid element, this is in a permanent evolution, which is proportional with the development of the organization, with the fluctuation of the human resources from its frame, and of different internal and external factors of this organization.

The culture is that support absolutelly necessary in the view of taking of the best decisions for the resolving of many problems with which is confronting the modern organizations in the context of the permanent changes of the environment. In this sense, it becomes obvious the necessity of the creation, respectively, of the concepting of those system with which to be found the best solutions, but, also, the adopting of those behaviors, which are able to make face to the influence of the external environment, because the culture has, also, proper dimensions given by those intinsec characteristics of the organization.

REFERENCES

- 1. Cooper, C., Cartwright, S., Earley, C. Organizational Culture and Climate, John Wiley & Sons Ltd., New York, 2001.
- 2. Cox, T. Cultural diversity in organizations: Theory, research and practice, Berrett-Koehler, San Francisco, 1993.
- 3. Mullins, L. Management and Organizational Behavior, Pitman Publishing, 1993.
- 4. Schein, E.H. Organizational Culture and Leadership, Jossey-Bass, San Francisco, 1985.
- 5. Vlasceanu, M., Organizațiile și cultura organizării, Editura Trei, București, 1999.

INFORMATION TECHNOLOGY FOR SUPPORTING ORGANIZATIONS IN THE STRATEGY OF GLOBAL COMPETITIVENESS

Consoli Domenico

Universita' Politecnica delle Marche Ancona, Fac. of Engineering , phone :+393286180168 e-mail: consoli@diiga.univpm.it

Bolcas Cristina Badea

Academy of Economics Studies Bucharest, Faculty of Management, phone: +40722662678 e-mail: cristina.badeabolcas@yahoo.com

Badea Florica

Academy of Economics Studies Bucharest, Faculty of Management, phone: +40724841050 e-mail: badea florica 2005@yahoo.com

The environment market demands constant innovations by the organizations that intend to keep a competitive position. If the organizations want create innovation, they need to develop intern competence and promote a collaborative and propitious environment to generation of new ideas. With the increase of competitiveness, market globalization and customer changing demand, the companies have been encouraged to increase innovation and reduce product time-to-market and all inefficiencies in the organization management. The competence is a set of specific capabilities that compose the organizational strategy to keep your competitively. The objectives of this paper are to identify and characterize the main organizational competences of the organizations that promote the innovation supported by information technologies.

Keywords: competitiveness, management, innovation, ICT, web 2.0

JEL codes: M15, M16, M20

1. Introduction

An especially problem at present is to have in middle relaxation the macroeconomic policy as effect of globalisation by improving the economic competitiveness of both macroeconomic and microeconomic level. In fact the company cannot develop without strong enterprises, which should also improve in a permanent capacity to face international competition.

It appears the competitiveness factor for success as a source of international credibility. Between them there is a steady balance as credibility involves the private sector believes that "intrinsic nature of existing money flexibility will be used to earn production in the short term or to serve a specific". ¹

Credibility problem, her solution has been and is still difficult to consider, what are the general relationships of obtaining value for sustainable development:

$$V = Pn + Ps + Pes + Pedr$$

where:

Pn = direct contribution to the achievement of environmental value,

Ps = economic contribution to support the processes of society,

Pes = potential provided by the companies structure,

Pedr = economic potential of reintroduced circuit economic waste.

At the national level, firms participate to be the potential competitive advantages have become effective, considering that the country is competitive at the international level.

¹ Mugur Isarescu article open "Five lessons to resume growth" presented at National Scientific Symposium: Boosting economic growth in Romania in May 12, Bucharest 2000 in the Academy of Studies Economics, p.16

To expand the global business and competitiveness, the enterprise must intensify the use of Information Communication Technology (ICT) and in particular the utilization of interactive web platform (web 2.0).

2. The pillars of Global Competitiveness

The framework of Global Competitiveness (Figure 1) is built on 12 pillars:

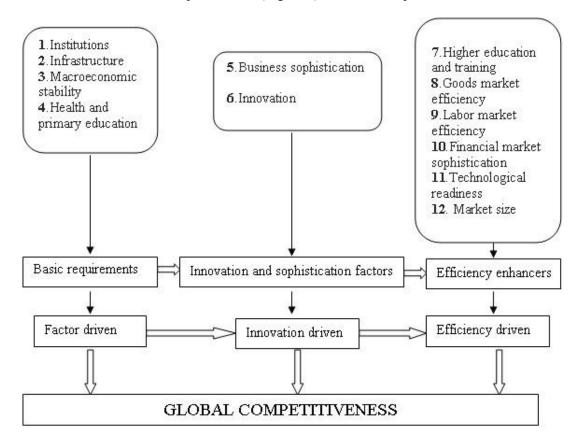


Figure 1. Pillars of global competitiveness (adapted by the authors)

In our opinions the major pillars, in the middle of organization, are "Innovation" and "Business sophistication" that are determined by ICT policy.

2.1 The innovation pillar

The Innovation (and Entrepreneurship) pillar includes the following areas: access to finance, entrepreneurship and innovation culture, innovation and administrative reform, eco-innovation.

The used tools, in this sector are:

- supporting national networks to promote entrepreneurship
- best projects and benchmarking
- twinning between authorities at national and local level
- developing High Growth and Innovative SME Facility (GIF)

Particular attention is shown towards High Growth and Innovative SME Facility (GIF) with two windows: GIF1 and GIF2.

GIF1, shall cover early stage (seed and start up) investments.

GIF2, shall cover expansion stage investments and shall invest in specialised risk capital funds.

2.2 The ICT Pillar

Recent economic history has shown that, as developed countries approach the technological frontier, ICT is crucial for them to continue innovating in their processes and products and to maintain their competitive advantage. ICT provide education and access to business markets and social interactions

In these challenging times of global economic crisis, the extraordinary capacity of ICT to drive growth and innovation should not be overlooked, since it can play a critical role not only in facilitating countries recovery but also in sustaining national competitiveness in the medium to long term.

In the Global Competitiveness Report takes into account the Networked Readiness Index (NRI) that identifies the enabling factors that permit countries to fully benefit from ICT advances, allowing them to follow the progress of their country. The Networked Readiness Index, in the Global Information Technology Report 2008-2009, is the following (Table 1):

Rank	Country	Score
1	Denmark	5.85
2	Sweden	5.84
3	United States	5.68
4	Singapore	5.67
45	Italy	4.16
58	Romania	3.97

Table 1 – Networked Readiness Index (NRI)

(Source: Dutta S., Mia I. "The Global Information Technology Report 2008-2009", World Economic Forum, Geneva, Switzerland, 2009, p. 17)

3. The support of government in the enterprise globalization

For an efficient global company it is important the influence of Public Institutions and the relationship with citizens and enterprises. The competitive capacity of enterprises depends on the quality and responsiveness to business needs and on external infrastructure.

A global company needs:

- an efficient organization of management and therefore good capacities of managers
- infrastructure services which support the globalization and the "real time"
- legal infrastructure / decision-making which reduce transaction costs.

The choice of the global enterprise should take into account three basic variables:

- the internal costs, associated with the territory;
- infrastructure services (high speed, transport, banking, transfer of information, financial system, search and more) regulated by mechanisms of connectivity and portability
- the legal infrastructure to help manager for making business decisions for enterprise

To bring the institutions closer to citizens and enterprises it is important to use ICT technological tools (e-government). In this way Public Institutions can *talk* with citizens and companies by a web portal, an interactive and bi-directional channel.

The Government for supporting this technology must provide large bandwidth, for online access, to citizens/enterprises and promote actively the participation of citizens/enterprises in the public decision with web 2.0 tools (forum, chat, wiki, blog).

Citizens demand better services, better security and more democracy, while business companies demand less bureaucracy and more efficiency. At this stage a greater cooperation between governments and companies is strategic.

The Government itself must stimulate the birth of these virtual communities to increase the communication and collaboration. User exploit web 2.0 tools for both expressing their opinions (Choo et al., 2002) about a service and suggesting solutions for improving it. For the Government it is very important to capitalize users opinions for the improvement of public services.

4. Challenges for global competitiveness

In the global market it is important to have strategic information before competitors (Cha et al., 2006). This information is useful for strategic planning.

An organization is competitive when obtains a sustainable advantage against competitors in terms of the diversity, quality and costs. Competitiveness is in the company's ability to face success as a result of management in open developing strategic models well documented and updated.

The main forms or degrees of competitive advantage are:

- -reduced costs (grade 1)
- -production factors source created by the effort resulted in investment of fixed capital goods and advanced technologies (grade 2)
- -source innovation that provide specialized and adaptable production factors, improving human capital. The global strategy appear, and competition is extending to integrated international production (grade 3)
 - -New Economy (based on welfare) (grade 4)

In a country, the Business Competitiveness Index measures the level of prosperity (GDP) that an economy can sustain the competitiveness of the economy, which is determined by the level of productivity achievable by companies. In the Report 2008-2009 (Table 2) the value of Global Competitiveness Index (GCI), for some countries, is the following:

Country	Rank	Score	Rank
	(CGI 2008- 09)		(CGI 2007-08)
United States	1	5.74	1
Switzerland	2	5.61	2
Denmark	3	5.58	3
Sweden	4	5.53	4
Italy	49	4.35	46
Romania	68	4.10	74

Table 2- Global Competitiveness Index (GCI)

(Source: Porter E. Michael, Klaus Schwab. "The Global Competitiveness Report 2008-2009", World Economic Forum, Geneva, Switzerland, 2008, p. 23)

This report compiled in 2008, placed Romania ranks 68 of 134 countries evaluated having in mind the following variables: macroeconomic environment, technology and innovative capacity of the country, environmental institutional.

Romania can participate in the process of globalisation. At the moment there aren't yet structures and skills necessary to achieve competitive performance in this context. There are still enormous challenges in terms of overcoming obstacles related to initiating and developing a business. The Government, economic environment and civil society are the actors assigned to outline development of effective services of small business who start from considerations of minimum risk and are developed in a self progressive, accessibility and more effective impact. In all these projects it is important to create a knowledge-based business with other countries.

The CGI taking into account 33 economic variables, including: efficient market operation, quality of economic policies and governance, information technology and innovation.

To stimulate competitiveness and improving the business environment following directions are proposed:

-Education and training of entrepreneurs.

General business skills taught at all levels of education. Specific modules of training in business must become an essential component of educational programs at the pre-university and the university level.

-Initiating less expensive and faster business

Should increase access to the registration procedures on-line

-Better legislation and regulations.

Experience through benchmarking exercises should lead to improve current practices in the European Union.

-Strengthening the technological capacity of enterprises.

Technological exchange and cooperation between enterprises of all sizes, especially among European Small Enterprises, development of research programs.

-Using e-business models to ensure a successful and quality assistance for small enterprises.

European Commission and Member States should encourage small enterprises to apply best practices and to adopt efficient business models that enable them to enjoy the real progress in the new economy. -Development of a stronger representation and more effective interests of small enterprises at national and at EU level.

Promote policies to support small and medium enterprises.

5. The competitiveness in Small Medium Enterprise

The evolution of economic systems and the growth of international trade has led to a process of globalization of the economy and markets, encouraging the emergence of integrated production systems in the network, with a concept of extended enterprise that transcends from national boundaries.

With continuous market changing and globalization, the enterprise specializes in a core business and restructures towards more specialized partners that collaborate among themselves and share knowledge. Knowledge is the most important asset of business because generates excellent and innovative products/services, best practices and best relationship with all enterprise stakeholders. It is important sharing this knowledge with all subjects of global extended enterprise.

The production processes of extended enterprise are redesigned with a web-oriented technology that support, internally and externally, the alignment of the information flow in the entire supply chain. This technological context is favourable both small-medium and large companies. As the large company becomes a network of enterprises, in the same manner the SMEs develop a cooperative interconnection.

The Union European must sustain SMEs competitiveness. To this end must formulate specific strategies: creating synergy with EU stakeholders, giving more emphasis to SME clusters, supporting research of new technologies and innovations, facilitating access to global value chain.

It is important that SMEs invest in e-commerce (Marossi, 2006) and e-business:

- -e-commerce: use of web platform, order and pay on line, reduction of transaction costs
- -e-business: integrated web infrastructure, integration supply chain, maximum accessibility to new markets

For the SMEs it is very important the utilization of web platform. An e-marketplace can be described as an online market where companies can exchange information, do business, and

collaborate with each other. The SME, supported by new technologies, becomes an extensive global knowledge economy.

6. Conclusion

We believe that for the competitiveness is needed to identify those steps that cause slowdown or stagnation, such as bottlenecks that cause congestion on the production processes.

In the international market, must be considered that the creation of networks of enterprises produces new problems related to different types of laws, regulations, infrastructure, organizational models and warrantee. It is necessary to uniform the European policy directives.

All directives stipulated in the European Union have as target the goal of competitive advantages.

All directives stipulated in the European Union have as target the goal of competitive advantages of economic agents, with the support of Information Technologies that favour the achievement of Knowledge Society.

BIBLIOGRAPHY

- 1. Porter E. Michael, Klaus Schwab. "The Global Competitiveness Report 2008-2009", World Economic Forum, Geneva, Switzerland, 2008
- 2. Dutta S., Mia I. "The Global Information Technology Report 2008-2009", World Economic Forum, Geneva, Switzerland, 2009
- 3. Gupta, R. 2005. Global competitiveness, outsourcing, and education in the semiconductor industry. IEEE Des. Test 22, 1 (Jan. 2005), 5-6.
- 4. Marossi, A. Z. 2006. Globalization of law and electronic commerce toward a consistent international regulatory framework. In Proceedings of the 8th international Conference on Electronic Commerce: the New E-Commerce: innovations For Conquering Current Barriers, Obstacles and Limitations To Conducting Successful Business on the internet (Fredericton, New Brunswick, Canada, August 13 16, 2006).
- 5. Cha, S. K., Anandan, P., Hsu, M., Mohan, C., Rastogi, R., Sikka, V., and Young, H. 2006. Globalization: challenges to database community. In Proceedings of the 32nd international Conference on Very Large Data Bases (Seoul, Korea, September 12 15, 2006). U. Dayal, K. Whang, D. Lomet, G. Alonso, G. Lohman, M. Kersten, S. K. Cha, and Y. Kim, Eds. Very Large Data Bases. VLDB Endowment, 1140-1140.
- 6. Decision of the European Parliament and of the Council establishing a competitiveness and innovation framework programme (2007-2013) (presented by the commission) {sec(2005) 433} 121 final; http://eurlex.europa.eu/lexuriserv/site/en/com/2005/com2005 0121en01.pdf
- 7. Mugur Isarescu article "Five lessons to resume growth" presented at National Scientific Symposium: Boosting economic growth in Romania in May 12, Bucharest 2000, in the Academy of Studies Economics, p.13-16
- 8. Cho, Y., Im, I., Hiltz, R. and Fjermestad, J. (2002) An analysis of Online Customer Complaints: Implications for Web Complaint Management, In 35th Hawaii International Conference on System Sciences
- 9. Gavrila I, Gavrila T, Competitivitate si Mediu Concurential –Promovarea si protejarea concurentei in UE, Editura Economica, Bucuresti 2008

EXTREME PROGRAMMING – AGILE METHOD USED IN PROJECT MANAGEMENT

Cruceru Anca

Romanian- American University, Faculty of Management- Marketing, 1B Expozitiei Blvd, Bucharest, cruceruanca@yahoo.com, 0723508894

Fotache Liviu Christian

Economical Studies Academy of Bucharest, 132 Brestei Street, Craiova, liviuchristian@yahoo.com, 0728297207

The main characteristic of the XXI-st century is change, which affects the development of organizations' activities. In this context, the organizations have to adapt their administration methods and systems to the new changes. An efficient administration method can also be project management, which, shall be held by the Agile Project — a project management system. From the multitude of Agile methods, the most important and most frequently used is Extreme Programming. Abiding by the principles and values that represent the basis of this method, the management of one project shall be more efficient in obtaining the desired results.

Keywords: Changing, Project Management, Agile Methods, Extreme Programming (XP)

JEL classification: D3, M15, O3

The organization of the XXI-st century carries out its activity in a dynamic environment, where change is a central element. In the second half of the XX-th century there appeared a "special" way of management, project management. Project management is an essential instrument for all organizations and can be successfully used in this environment in continuous change. The purpose of project management is to prevent as many dangers and problems as possible that could appear and to plan, organize and control the activities, so as the project to be finalized taking in consideration all the existing risks. Along with the appearance of the new changes, in the exterior environment of organizations and also in the internal environment of organizations, new discoveries in the project management are achieved. The most "spectacular" discoveries are in the informatics field, by creating new project management systems to ease the project management activities and to obtain the desired results – Primavera Project, Agile Project Management etc.

1. About Agile...

In the 90s, people became interested in developing software methodologies for the new business environment. As a result, the Agile methods were established, methods which showed the best practices resulted from experience of hi-tech developers and project managers. The purpose was to sustain the work of these successful developers.

In order to contribute at shaping the foundation principles of the Agile software development practices, and also to improve, diversify and increase the efficiency of this software, The Agile Alliance was created (www.agilealliance.org)

The Agile methodologies have in common values and principles.

The Agile Alliance created a manifesto with 4 main enunciations and 12 principles that sustain the manifesto. The manifest is the following:

- "We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:
- individuals and interactions over processes and tools;
- working software over comprehensive documentation;
- customer collaboration over contract negotiation;
- responding to change over following a plan."[6]

The 12 principles that sustain the manifesto are:

- even late in development are expected and welcomed changing requirements;
- the most important priority is to satisfy the customer needs through early and continuous delivery of valuable software:
- deliver working software varies frequently from a couple of weeks to a couple of months;
- the projects must be build with motivated individuals; you must support and trust them.
- the conversation face-to-face is the most efficient and effective method to give and receive information in a development team;
- daily, in a project, business people and developers must work together;
- to obtain progress you must create working software;
- the agility is enhanced by continuous attention to technical excellence and good design;
- the sustainable development is promoted by agile processes;
- the most essential element is simplicity -the art of maximizing the amount of work not done;
- at some established intervals, the team must reflect on how to become more effective and must adjust its behavior accordingly.
- from the self-organizing teams result the best architectures, requirements, and designs.

The Agile software development practices upgrade the correlation between the business value and the software development. The main values of the Agile development are severed towards productivity and efficiency. A company that adopts an Agile development methodology invests itself in front of the competition even before initiating the competition.

The major Agile methodologies are:

- Dynamic Systems Development Method (DSDM)
- Scrum
- Crystal Methods
- Lean Development (LD)
- Feature Driven Development (FDD)
- Extreme Programming (XP).

2. About Extreme Programming (XP)

The most important methodology is Extreme Programming, which was developed eight years ago, by Kent Beck, Ward Cunningham, and Ron Jeffries. The methodology delivers the software "your customer needs when it is needed" [8]. XP represents a discipline of software development, which has as based values: community, simplicity, feedback and courage. XP emphasizes team work, and also, authorize your developers to answer to changing customer requirements. Managers, customers, and developers (part of a team) pursue to deliver a quality software. Through XP we can experience the view of the cost of change and its emphasis on technical exquisite through refactoring and test-first development. XP tenders a system of dynamic practices. Actually, XP "works by bringing the whole team together in the presence of simple practices, with enough feedback to enable the team to check where they are and to tune the practices to their unique situation".[2]

The principles that embody the values are:

- open, honest communication;
- quality work;
- rapid feedback at all levels;
- assume simplicity;
- embrace change;
- play to win;
- concrete experiments;
- small initial investment:
- incremental change;
- accepted responsibility;
- honest measurement;

- travel light;
- teach learning;
- local adaptation.

3. When and How can we use Extreme Programming?

Extreme Programming can be used to solve problems in areas that need change. Also, it has been set up to address the problems of project risk. XP has been set up for small groups of programmers. The requirements are an extended development team, testability and productivity. XP provides a set of daily practices that, used together with simple rules, have been substantiated to efficiently obtain high quality software.

These practices are:

Whole team- In an XP team: everyone is involved all the time, the team members communicate with one another by talking, everyone is kept fully informed, and everyone works together. The team includes a business representative (the "customer") and some programmers, a coach who keeps the team on track, a manager who allocates resources and removes external impediments, and other specialists.

The Planning Game- We have to take into consideration two aspects:

- Release Planning: the customer articulates the required items, the programmers evaluate the difficulty, and together they establish a preliminary plan (initial order of development, set out what can be accomplished with the available people/money/time).
- Iteration Planning: the required items are broken down into tasks and estimated in more detail, and allocated to programmers. **Customer Tests** these tests address two problems in software development "how do the programmers know when they're finished?", and "how does the team know that everything that was working last iteration is still working this iteration?". For each problem, the XP customer defines one or more automated tests that will show that the feature is working.

Small Releases:

- XP teams try to enhance the system, by adding daily, small features or parts of a feature;
- XP teams liberate tested software that can be displayed to a production environment at the end of every iteration;
- XP teams release to the final end-users as frequently as possible (every iteration for some teams).

Simple Design- XP teams take into consideration the simplest thing that could possibly work, implement it, hoping that the changes that occur are easier to withstand. They try to keep things as simple as possible so as to be easy to understand and to eliminate quarrel.

Pair Programming- The production work in an XP team is achieved by two programmers sitting side-by-side, working on the same machine. Pair programming means converging on the task at hand and diffusing knowledge around the team, especially if you change the pairs regulated.

Test-Driven Development- These tests are designed, implemented and owned by the programmers and they are distinct from the customer tests. These tests are helpful by constraining programmers to center on the "what", the interface itself, before the "how", the implementation and to realize that there are tests for every face of the system.

Design Improvement- Is facilitated by simple design, test-driven development, and pair programming, all these reducing the cost of change (design evolution process called "refactoring").

Continuous Integration- In XP teams it is important to understand that everyone's code works together. XP teams constraint integration as often as they can.

Collective Code Ownership- In an XP team anyone can change anything, anywhere, because XP projects are team activities. This will improve code quality because each piece of code is looked at by many persons.

Coding Standard- The code must be produced by the same person who has to be capable and competent for this purpose.

Sustainable Pace- The XP teams try every day practices that make software development more sustainable and predictable.

Metaphor- In an XP team, the same vocabulary and language has to be used, therefore most time they speak through metaphor- through the mention that the software system is the same as some other system and that they're already colloquial with. This metaphor is useful as it increases the communication compression and also, it can function as an architectural vision.

Other Useful Practices- XP is a discipline that evolves and there exist other practices that are based on the XP principles and that add value for most projects:

Stand-up Meetings- for a good timing, the XP teams have a brief, daily meeting, where the following questions are answered:

- "What have they done since the last meeting?"
- "What do they plan to do before the next meeting?"
- "Do they have any obstacles?"[5]

These meetings are called stand-up meetings because everyone stands up.

Retrospectives- At the end of every iteration, an XP team should have a retrospective, which analyzed what went wrong and what should be improved in the following iteration.

A better way to show how the practices interact, with who they interact, with the purpose to form a development methodology, is to represent an XP Map:

Extreme Programming Project Test Scenarios New User Story User Stories Project Velocity Bugs Requirements Architectural System Metaphor Release Latest Customer Version Acceptance Approval Release Small Plan Iteration Planning 🥷 Tests Spike Releases Uncertain Confident Next Iteration Estimates Spiké Copyright 2000 J. Donyan Wells

Fig. 1 Extreme Programmining Map

Source: www.extremeprogramming.org

As a **conclusion**, we can say that XP is complex, but also agile, in order to adapt to the changes of the XXI-st century. XP's practices are helping in managing the augmentation of the team and its interface to the customer. Actually, in an XP process, the team has the possibility to grow, change and adapt to the opportunities and threats from outside background, that affect the business needs. Also, XP can transform the whole delivery organization, not only the augmentation of the team. We can state that XP is not "the best of the Agile methodologies, just the best known".[5]

Bibliography:

- 1. E. Burdus, Gh. Caprărescu, A. Androniceanu, M. Miles, "Managementul schimbării organizaționale", Ediția a II-a, Ed. Economică, București
- 2. Ganesh Sambasivam, "Extreme Programming",

http://www.agilealliance.org/system/article/file/1376/file.pdf

3. Glenn B. Alleman, "Chapter X: Agile Project Management Methods for IT Projects", 2002 ("The Story of Managing Projects: A Global, Cross—Disciplinary Collection of Perspectives", Dr. E. G. Carayannis and Dr. Y. H. Kwak, editors, Greenwood Press / Quorum Books, 2002)

- 4. James K. McCollum, Cristian Silviu Bănacu, 'Management de proiect. O abordare practica », Ed. Universitară, București, 2005
- 5. Steve Hayes (Khatovar Technology), Martin Andrews (Object Consulting), "An Introduction to Agile Methods", http://www.khatovartech.com, http://www.objectconsulting.com.au
- 6. "Studiu de caz. Dezvoltarea Agile. Abordarea Endava"- Copyright Endava, 2007
- 7. www.agilealliance.org
- 8. www.extremeprogramming.org

THE DASHBOARD AS A MANAGERIAL INSTRUMENT OF MEASURING PERFORMANCE IN MEDICAL-SANITARY INSTITUTIONS

Curpăn Alina Mihaela

The Academy of Economic Studies, The Faculty of Accounting, Informatics and Management Control Bucharest, Strada Piata Romana nr 6, Sector 1, Bucuresti, curpan_alina@yahoo.com, 0722.911.419.

Bâtcă Viorel

The University Titu Maiorescu, The Faculty of Dental Medicine, Str. Uranus nr. 5-7, Bl A7, Sc C, Et 2, Ap 7, Sector 5, Bucuresti, batcaviorel@yahoo.com, 0722.669.414.

It is a known fact that nowadays, the health institutions are confronted with the existence of resource shortages and with a demand for quality, which, at the same time, raises the issue of performance. The asymmetry of information, the inelasticity of the offer and the rigid price policy in the medical field have encouraged us to rethink the problem of the performance that can no longer be limited to financial elements. Hence, we consider that the dashboard techniques integration in the medical domain through the construction of Balance Scorecard will lead to performance, based on newly imposed economic considerations.

Key words: mission, vision, critical success factors, essential values, strategic objectives.

JEL classification: G23, I18, M10, P36

1. Literature review: definition, history, concept and stages of Balance Scorecard

The concept of Balance Scorecard (BSC) has been coined at the beginning of the 90's by Robert Kaplan, Harvard professor and David Norton, Boston consultant, starting from the following ascertainment: 90% of the enterprises do not manage to put in practice the strategy they have elaborated, identifying four types of obstacles in the implementation an enterprise's strategy: the management; the lack of coherence in resource distribution; the human factor; the absence of a common vision. The BSC developed by Kaplan and Norton appears as a new reference point in enterprise administration, bringing together financial and non-financial indicators, which provide a clear image of a company's the "true" value, a management system that enables the organization to clarify its vision and strategy, and to transform them in concrete actions, offering a feed-back concerning the internal processes and the external results, in view of a continuous improvement of the performances and results from a strategic perspective. In 1996, Kaplan and Norton considered the performance of a company under four aspects: financial, customer, internal processes and innovation/learning, perspectives that respond to the preoccupations of the clients, shareholders, employees and public authorities. Each of the four directions is represented by a game of objectives and measures, the indicators constituting a balance between the external measures for the shareholders and clients and the internal measures of processes and innovation. Practically, the BSC offers the answers to the following questions: What is your vision of your organization and your customers? What kind of strategy corresponds to this vision? What are the key operational variables that enable you to measure whether the strategic objectives have been accomplished or not? The stages of the organizational **BSC** establishment are⁵⁷.

1. The formulation of the mission and of the common vision, of the critical success factors and of the essential values:

The mission of the organization comprises the identity of the organization and indicates the reasons of its existence.

_

⁵⁷ Dr. Hubert K. Rampersard B.S., M.Sc., Ph.D., Total Performance Scorecard Fundamente, Instrument practice de aliniere și îmbunătățire organizațională, Editura Didactică și Pedagpgică, R.A., București, 2005.

The vision of the organization includes the long term dream of the organization and points out the way of the transformations necessary to achieve it.

The essential values are employed to enhance the unity of thinking of the employees and to positively influence their behaviour.

A critical success factor of the organization is a factor the organization needs to excel in so as to survive or a factor of foremost importance for the success of the organization.

- **2.** The formulation of the strategic objectives of the organization. The strategic objectives are measurable results that derive from critical success factors in view of accomplishing the vision of the organization.
- **3.** The definition of the performance indicators. A performance indicator is a measuring point, connected to the critical success factors and to the strategic objectives, through which the functioning of a process can be assessed.
- **4.** The formulation of the organization improvement endeavors. These actions are measures undertaken in order to accomplish the strategic objectives, the ones chosen being the ones that contribute most to the critical success factors.

2. Hospital Scorecard: application for the surgery section

The mission of the surgery section: We are at a surgery section that is safe and reliable for all patients no matter their sex, age or social environment they come from.

The vision of the surgery section: We want to be a professional and well equipped, a section that could become the first choice of any patient. We want to obtain this thing by: (Patient's Perspective):

- 1. The procurement of good financial results by optimizing the expenses for the maximum satisfaction of the patients taking into account the financial constraints tied by the price systems; the procurement of increasing profitability by introducing successfully some new operatory techniques, high tech medical machines with the help of which we could offer to the patients new services (Financial Perspective and Internal processes).
- 2. Offering the patients high quality services regarding the medical, hotel and administrative point of view; offering the patients the right to information, security, confidentiality, trust; to maximize the degree of satisfaction of the patient (Patient Perspective).
- 3. Insuring the solution to all patients' requests in the most propitious period of time (work schedule, waiting hours between processes, the planning of the operator block's resources) with better results than those of the similar sections within other hospitals and the creation of a work climate which encourages the spirit team and open communication (Internal processes Perspective and Knowledge and learning).
- **4.** The continuous training of the medical and auxiliary stuff and the gain of a competitive advantage based upon competence and knowledge (**Knowledge and learning Perspective**).

To be the most reliable surgery section for all the patients, all our activity will focus on achieving a top performance with a motivated medical and auxiliary stuff, who care about the patient's needs (Internal processes Perspective and Knowledge and learning).

The existential values of the surgery section: The surgery section is guided upon the following essential values:

Integrity: We work fair and honest with the patients; when we promise something, we keep our promise.

Passion: We work with a devoted, passionate and decided stuff willing to obtain superior medical performances no matter the type of intervention.

Orientation towards the patient: The patients are the centre of everything we do. We permanently listen to what patients say, we find out their specific needs, we give them individual attention and we offer them those quality medical services they expect from us, to satisfy them constantly.

Respect: We treat our patients as we would like to be treated. We do not accept arrogant and impolite behavior.

Communication: We make time to communicate with the patients and to listen to them. We believe that the information gives humans an impulse.

The other steps can be found in the table below, which represents **BSC** for the surgery section:

		PATIENT	
Critic factors of success	Strategic objectives	Performance indicators	Improved actions
0	1	2	3
The first choice of the patients than need surgical intervention	The improvement of the satisfaction level of the patient regarding the offered medical services	The rate of mortality within hospitals in sections; The proportion of deceased patients 24 h after their hospitalisation per section; The proportion of the deceased patients 48 h after their surgical intervention per section; The rate of nosocomial infections per section; The rate of the re-hospitalized patients (without a previous planning) for 30 days from their discharge; The index of concordance between the diagnosis given at the hospitalisation and that given at the discharge.	The definition of some precise standards for each task realised by the employees of the medical and executor —operational branch; the learning of those standards by the employees and the checking of the degree of their awareness concerning the expected results; The elaboration of the following mechanisms of standardization: the guide regarding the surgical operator protocol; specific guide for the circuit of laundry in the hospital; the protocol for effectuating the daily cleanliness in the hospital; the protocol for the prevention and control of the nosocomial infections; the protocol used to prepare the surgical instruments for sterilisation; the protocol of the aseptic technique in the operator block.
High quality services	Higher degree of trust of the patient regarding the surgical services that we offer	The number of the patients' complaints; Loyalty degree of the patients (coming back for check-up).	A new approach of the relation with the patients in surgical services; The implementation of an improvement plan of the patient's confidence; Benchmarking regarding the patients loyalty.
Image	Improvement of the degree of public cognition	Cognition degree	The creation of the department Public relations; Permanent actualisation of the web page; The strategy of counteraction of negative publicity.

STUFF, COGNITION AND LEARNING						
0 1 2 3						
The continuous	Higher work	The productivity of the	The realisation of development			
development of productivity		evelopment of productivity personnel work p				
human potential			The leading of the planning			

Competitive advantage, based upon knowledge, abilities and aptitudes of the medical and auxiliary stuff	Improved managerial competence; Improved commercial abilities of the marketing personnel.	The percent of available competences; The percent of managers trained for essential managerial abilities; The costs of the managers' training; The costs for marketing training; Percent of employees qualified in marketing.	interviews, guidance and evaluation of the performances obtained with the employees basing upon the individual performance plans and of the competence profiles. The correlation of rewards with the system of evaluation of performance; Offering training in Leadership efficient; The determination of the training budget for managers; The determination of the training budget for marketing personnel.
Open communication	Improved access to the strategic information; A culture oriented towards the patient; Opening and honesty in the communication of information.	The reserve of the strategic information; The degree of satisfaction of the patients; The level of experience of the medical and auxiliary	Measuring the degree of satisfaction of the patients; The execution of a studio of the employees' satisfaction concerning the exchange of information.

INTERNAL PROCESSES					
0	1	2	3		
Safe and confident	Optimal safety and trust	Safe investigations and the maintenance of the salons and of the operator block; The percent of the incidents regarding safety.	salons with alarm systems for each bed for emergency cases; The improvement of the awareness of		

0 1		2 3		
Solving in time	The diminution	The proportion of	A planning of hospitalisation: it	
all the processes	of the waiting	the hospitalized	needs to fix the dates of	
to which the	time when	patients present in	hospitalization of the patients for a	
patient is	hospitalizing	the guard room;	surgical intervention. The planning	
subdued		The number of the	horizon is of several months (it	
(hospitalization,		patients consulted depends on the considered hear		

investigations, surgical intervention, treatment, discharge)	The reduction of the waiting time for the surgical intervention and of the hospitalization period	in the ambulatory; The number of patients registered on a waiting list per section. The medium duration per section; The rate of usage of the beds per section; The medium duration of waiting for the surgical	A construction of the operatory program regarding the time, noted with T days; A construction of the daily operator program; Time management in the operator block.
	The diminution of the number of failed surgical interventions	intervention. Complexity index of the cases per section; The percent of the patients with successful surgical interventions of the entire number of discharged patients per section.	Identifying the causes of the failed surgical interventions depending on the type of intervention, sex and age groups;. The elimination of the causes, respectively of outdated procedures, outdated instruments, of the consumable materials and inappropriate medicine, the avoidance of human mistakes by permanent clarification of the stuff.
Team spirit (motivating work climate)	The managers' action as guides; Efficient team work.	The percent of the stuff which consider that it works under the guidance of an efficient leadership; The degree of satisfaction regarding feedback.	The formulation of a development plan for managers; The supply of training regarding the efficient guidance of the teams; The supply of training regarding team work and team development.
Motivating work force	Improved degree of satisfaction of the employees	The percent of the stuff that consider they are doing an interesting work; The percent of the days of medical leave.	The realisation of a studio regarding the satisfaction of the employees; The definition and the communication of the tasks, responsibilities and authority of the stuff; The study of the improvement of work conditions.

	FINANCIAL						
0	1	2	3				
Good	The	Budgetary execution to the	Introducing a privatization				
financial	respecting of	approved expenses budget; The	system of paid hotel				
results and	the budgets	percentage of personal incomes	services; The				
increased		of the section of all incomes of	encouragement of the				
profitability		the hospital.	doctors to do research				

			activities; The organisation of symposiums and conferences to present the best results.
	The efficient usage of the resources	The structure of expenses on each type of intervention depending on the income sources	The analysis of the processes of acquisition of the consumable materials and of medication and also its best execution; The usage of operatory techniques less expensive.
Good financial results and increased profitability	Optimizing the expenses for maximum satisfaction of the patients	The percentage of the expenses on medication of the section of the entire sum of expenses of the hospital; The percentage of capital expenses of the hospital; The percentage of personnel expenses of the section of the entire sum of expenses of the section of the entire sum of expenses of the hospital.	The analysis of the acquisition processes of medication and its best execution; The realization of a department of Clinic engineering to ensure the continuity of the logistic system having a technical nature of medical activity and to optimize the cost of activities; Adopting the maintenance of the medical technical systems.
	Increased profitability	Medium cost per day of hospitalization per section; Medium cost on surgical intervention categories per day of hospitalization per section.	The externalization of catering activity; The introduction of the budgets for types of surgical intervention.

REFERENCES:

- 1. Becker, B. E., M.A. Huselid, D. Ulrivh, *The HR Scorecard: Linking People, Strategy, and Performance.* Boston: Harvard Business School Press, 2001.
- 2. Broek, L. van, R. van der Giessen, and A.van Oers van Dorst, *Performance Management*, Alphen Rijn, The Netherlands: Samson, 2000.
- 3. Chang, R and M. Morgan, *Performance Scorecards: Measuring the Right Things in the Real World*, San Francisco: Jossey Bass, 2000.
- 4. Hubert K Rampersad, *Total Performance Scorecard Fundamente; Management Consulting-Instrument practice de aliniere și îmbunătățire organizațională*, Editura Didactică și Pedagogică, R.A., București 2005.

ROMANIAN HUMAN RESOURCES' POLICIES IN THE CONTEXT OF ECONOMIC CRISIS

Deaconu Alecxandrina

ASE, Facultatea Management, Piaţa Romană, nr.6, sect.1, Bucureşti, alex.deaconu@yahoo.com, 0742 062907

Rască Lavinia

IAPAB-ASEBUSS, EXEC-EDU, Calea Griviței, nr. 8-10, Sect.1, București, laviniar@asebuss.ro, 021-319 64 40, 021-319 64 41

Everybody acknowledges today the fact that employees are an essential resource. Unlike other financial, technical and technological resources, the human resource can be acquired, assessed and developed. During the past years, Romania has known an economic dynamic that allowed an increase in the role of human resources within the economic enterprises.

Now, in the new context created by the economic crisis, things are changing...Obviously affected, the enterprises seem to have lost interest in the employees and the human resources policies are not always very coherent. This is the reason why we will go into details, analyzing the specificity of the economic crisis in Romania and its effects on the human resources management team.

Keywords: economic crisis, human resources, work market, unemployment

Cod JEL: M12

1. La crise économique dans le monde

On pourrait croire qu'à l'ère des années 2000, nous sommes immunisés contre la crise économique. Toutefois, il semble bien qu'une récession américaine et peut-être même mondiale veuille se montrer le fin de la tranquillité. Malgré l'opinion très partagés des économistes, la crise économique semble se concrétiser de plus en plus selon les différents médias influents.

Plusieurs facteurs concrets font de cette nouvelle crise économique mondiale une situation de plus en plus inquiétante:

- La guerre en Irak: Cette guerre coûte une fortune aux Américains. Ils font imprimés de l'argent par la banque fédéral comme si c'était du papier ordinaire. Rappelons nous qu'aujourd'hui les billets d'argent sont basés sur la confiance, donc nous ne pouvons les échanger contre des pièces d'or comme autrefois.
- La crise immobilière du subprime: Une des plus grosses crises immobilières de l'histoire des États-Unis. La philosophie dominante a été: "vous voulez investir dans l'immobilier? Eh bien! C'est le bon moment. Vous pourrez y acheter facilement des maisons". Voilà ce qu'a couté aux banques le fait de pousser les consommateurs à dépenser, des faillites personnels de propriétaires rendant impossible les paiements dûs aux prêteurs.
- La montée des prix du pétrol: L'énergie la plus en demande ou si vous préférez l'énergie dont nous sommes la plus dépendante et prisonnière. Cette montée des prix de l'essence touche directement et indirectement tous les consommateurs et entreprises de ce monde.
- La crise alimentaire: Spéculation, désorganisation des filières de production, plusieurs raisons sont à la base de cette crise. Ce sont les produits de première nécessité qui subissent une augmentation exorbitante des prix.

En plus, nous pouvons mentioner aussi d'autre causes de la crise: déficience des régulateurs nationaux; manque de coordination internationale; mauvaise évaluation des risques; opacité des bilans; disparité des normes comptables; absence de surveillance sur certains marchés.

Pour l'instant, ce sont les américains qui sont le plus durement touché. Toutefois, comme les américains sont les plus grands consommateurs dans le monde, les autres pays seront aucun doutes liés à cette crise économique qui les frappe actuellement. Les raisons pour lesquelles la crise nous inquiète sont les suivantes: la plus grande menace actuelle sur la sécurité mondiale car elle risque d'appauvrir des millions de personnes; peut provoquer une radicalisation des

mouvements de protestation; la hausse du chômage et l'effondrement des marches vont faire grimper la pauvreté; cela risque d'alimenter la colère des gens et de provoquer une radicalisation des mouvements sociaux.

2. L'évolution de l'économie roumaine

Pour avoir une idée de l'économie roumaine, nous avons choisi les chiffres. On peut voir, pour l'instant, que du point de vue statistique, la crise n'a pas commencé à laisser des trâces. Pour exemplifier, nous avons analysé le produit interne brut et le volume d'investissement :

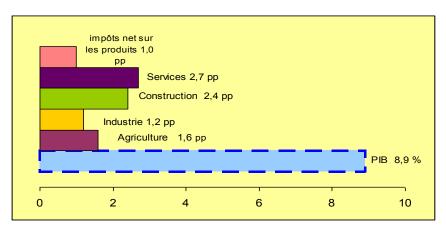
a) le PIB en comparaison avec d'autre pays du monde

Tb.1. Dinamique du PIB 2008 / 2007

					- en	· % -	
	Trim.I	Trim.II	Trim.III		Trim.I	Trim.II	Trim.III
ROUMANIE	8,2	9,3	9,1	Cipre	4,1	3,9	3,5
UE (27)	2,0	2,0	0,9	Lituanie	7,0	5,2	3,1
Belgique	2,0	2,1	1,7	Hongrie	1,7	2,0	0,8
Danemark	-0,9	0,6	-1,2	Hollande	3,3	3,0	1,8
Allemagne	1,9	3,3	1,3	Autriche	2,8	2,2	1,5
Grèce	3,5	3,7	3,3	Pologne	6,2	5,8	5,2
Espagne	2,8	2,0	0,7	Slovaquie	9,3	7,9	7,0
France	1,7	1,5	0,8	Suède	0,9	2,7	0,4

b) la contribution du plusieurs sécteurs d'activité au PIB

Fig. 1 Le niveau et la dynamique du produit intérieur brut (1.I.–30.IX.2008)



En plus, on sait que la contribution de différents sécteurs dans l'augmentation du PIB est: 30,3% - Les services; 40,4% - L' industrie et des constructions; 18,0% - L'agriculture; 31,1% - Les constructions.

c) Les investissements étrangers directes (IED)

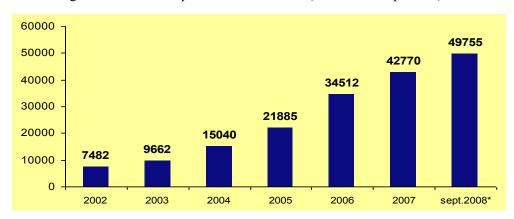


Fig.2 Évolution IED pendant 2002 – 2008 (à la fin de la période)

Pour bien comprendre la situation actuelle, il faut savoir que: les investissements étrangers directes ont haussé pendant 1.I-30.IX 2008 avec 36,0% par rapport à 1.I-30.IX 2007; pendant 1.I - 30.IX 2008 l'investissement étranger a couvert 56,6% du déficit de compte courant.

3. La crise économique en Roumanie

Malgré les chiffres, le monde parle de la crise et ses effets previsibles dans les pays d'Europe centrale et orientale. En tant que dernier pays entré dans l'Union européenne avec la Bulgarie en 2007, la Roumanie risque d'être confronté avec une situation sans précedent. Mais, pour l'instant, les réactions sont contradictoires :

- La presse roumaine traite la crise avec une indifférence qui pourrait surprendre;
- Dans la classe politique se profile un discours sur l'impact de la crise en Roumanie (seulement des débats);
- On assiste à la chute du leu, la monnaie nationale roumaine;
- On assiste à la hausse des taux d'intérêt et à l'effondrement de la bourse;
- On assiste à la hausse des prix pour certains produits:

Les banques roumaines ont augmenté de 0,5 à 2 points leurs taux d'intérêt sur les crédits à la consommation.

Les sécteurs les plus sensibles semblent être:

a) Le marché imobilier: Le secteur immobilier ressent le plus profondément l'actuelle crise économique. Le manque des transactions a déterminé beaucoup d'agences immobilières a disparaître; d'autres ont bloqué leurs projets ou y ont renoncé. Les conditions pour obtenir des crédits sont presque impossibles, et l'argent qu'on emprunte est beaucoup plus ''cher'' quand il doit être retourné; le prix des logements a baissé avec plus de 20%, mais les roumains préfèrent prolonger la décision d'acheter, fait qui a conduit a un blocage en ce qui regard les nouveaux projets.

b)Le marché alimentaire: Les ventes de produits alimentaires ont baissé avec 10-15% pendant le mois de janvier 2009, en comparaison avec l'année dernière ce que va amener à une réduction de la production et du personnel. Les principales secteurs qui vont être affectés sont : l'alcool, les boissons, la viande. Les producteurs de céréales ont resté avec le stock de blés dans l'ensilage, car les prix sont trop bas. Les ventes de céréales ont diminué avec plus de 80%, donc plus de 60% des producteurs et des commerçants vont faire faillite l'année prochaine.

c)Le marché du tourisme : dans ce domaine, la crise se manifeste par : la réduction du pourcentage d'occupation des places dans les hôtels ; la réduction des prix pour le logements ; la réduction du tourisme corporel. Les hôtels de lux vont être les plus

affectés. On préconise une diminution avec plus de 60% du dégrée d'occupation, le tourisme de business va être parmi le plus affecté secteur.

d)Le marché d'automobiles : On observe une réduction de la demande pour les automobiles et les entreprises sont forcées de restreindre leur activité. Pendant le mois de novembre le nombre des voitures enregistrées à connu une réduction avec 50% par comparaison avec l'année passée. Le vrai problème du marché de l'automobile en Roumanie est la production de pièces et sous-ensembles destinés à l'export pour les grands producteurs d'automobiles qui sont gravement affectés par la crise.

e)Le marché des textiles: forte diminution de l'exportation et du volum de production. Le chômage dans le secteur est arrivé à 4% et la majorité des chômeurs résulte de l'industrie qui agit à l'exportation et qui n'a pas reçu des commandes.

f)Le marché de la métalurgiques: En ce qui concerne la métallurgie, les entreprises ont déjà restreint leur activité à cause de la baisse de la demande d'acier. Depuis la fin de l'année 2008, environs 2000 employés du grand sidérurgiste Arcelor-Mittal (de la ville Galați) ont été mis au chômage à cause de la forte baisse de l'activité.

Pour avoir une image des effets de la crise économique sur d'ensemble du pays, nous présentons une charte qui nous indique l'intensité des difficultés avec lesquelles se confrontent l'économie roumaine.

Fig.3 L'intensité de la crise économique en Roumanie



4. Les ressources humaines dans le nouveau contexte économique

Il est évident qu'on peut rattacher à la crise économique aussi des effets d'ordre psychologique, dont il serait rélévant de citer, en grandes lignes:

- l'étonnement, suivi par un état d'inertie commode; cette manque de réaction est principalement due à l'immaturité du comportement des consommateurs roumains; l'habitude de ne pas penser en perspective; la négation de l'évidence, en craignant un retour à la période communiste.
- l'inquiétude, générée par le fait que les salaires ont cessé d'augmenter;
- la prévision sombre que le pouvoir d'achat va baisser;
- la panique, entraînée par le sentiment d'incertitude générale;
- l'anxiété, le stress et le pessimisme, doublés par une perte de confiance en soi entretenus par la réalité du chômage. Aparemment, un quart des personnes embauchées craignent ne pas perdre leurs places de travail, tandis que 20% se préoccupent de la stabilité professionnelle de leur proches.
- dépression. Suite aux études, on a constaté que le nombre de dépressions a augmenté avec un taux inquiétant de 30%, par rapport à l'année 2007. Le profil des personnes touchées: tranche d'âge: jeunes, mais aussi 40-50 ans; occupation: patrons des firmes falimentaires ayant des dettes envers la banque, étudiants n'envisageant de se faire embaucher;

- suicides en 2008, le nombre des suicides a été 3200, plus grand que le nombre des décès causés par les accidents de voitures; ce fléau touche notamment les régions centrales du pays: 32/100 000 personnes;
- troubles de disposition et de la capacité de concentration les managers des compagnies constatent une diminution progressive du rendement des employés au travail;
- appel aux « vices »: malgré la hausse des prix pour l'alchool et les cigarettes, la législation plus stricte vis-à-vis du tabagisme, la population augmente de 10% sa consommation d'alcool, de tabac, de café et de chocolat;
- malentendus au sein des couples, communication fautive: le theme de la crise peut devenir soit sujet tabou, soit une preoccupation obsessive. En 2009, on prévoit un nombre-record de divorces (exemple: vendredi, le 27 février 2009 on a enrégistré 65 demandes de divorce aux instances de Bucarest)

A partir de ce tableau, nous voulons voir que ce passe-t-il dans les organisation. Malgré l'affirmation du caractère stratégique de la fonction des ressources humaines, en dépit de la sophistication croissante des outils qu'elle manipule et du professionnalisme qu'elle exige, cette fonction ne semble pas en mesure aujourd'hui de rivaliser en prestige avec d'autre fonctions de l'entreprise comme le marketing, la finance, ou la production. Les préoccupations sociales dans les entreprises évoluent aussi au rythme de la conjoncture économique et sociale; en période de basse conjoncture économique (ou de crise) et de forte poussé du chômage, le pouvoir de négociation des salariés s'affaiblit et le "social" devient moins prioritaires dans l'entreprise. La mission de la fonction des ressources humaines n'est pas donc très facile aujourd'hui en Roumanie.

L'analyse du chômage, à la fin du mois octobre 2008, nous indique, pour le debut, les difficultés avec lesquelles se confrontent les roumains.

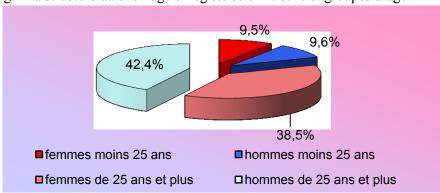


Fig.4 La structure du chomage enregisté selon le sexe et groupes d'âge

Les politiques de ressources humaines dans le domaine de la proccuration, développement et motivation ne sont pas atractives et cohérentes : pas d'embauche, pas de formation, pas de carrière, pas des bonnes remunération... En revanche, souvent des licenciaments. D'un jour à l'autre, la situation s'agrave.

La question prévisible dans une telle situation : quoi faire ?

Pour trouver la bonne reponse, il est peut-être indiqué de regarder autour de nous, à l'Union Éuropéenne .

Parmi les actions déclanchées on retrouve: opposition face au protectionnisme; renforcement de la stratégie d'emploi; garanties gouvernementales pour les crédits bancaires; suppression de l'acompte provisionnel de l'impôt sur le revenu des particuliers; baisse de l'exigence énergétique des bâtiments; encouragement aux exportations; investissements dans la recherche et dans l'infrastructure des transports.

En Roumanie, le plan du Gouvernement, compte 74 mesures orintées en trois directions: le rélancement et la stimulation de la croissance économique; le financement de l'économie et l'augmentation des liquidités; mesures sociales.

Les principaux points du Plan anticrise ont été: investissements en infrastructure; payement des dettes gouvernementales; absorption des fonds communautaires; la non-imposition du profit réinvesti; la compensation de la TVA récupérée avec la TVA à payer; le soutien des PME; le lancement du fond de contra-garantie des crédits pour les PME; l'allocation des fonds pour l'export; l'augmentation du budget général consolidé.

En plus pour se securiser, pour dépasser les effets de la crise et pour éviter autres possibles effets négatifs la Roumanie a signé l'accord avec le Fond Monnétaire International (FMI).On connaît maintenant que: l'accord sera du type stand-by (pour 2 années); l'emprunt sera de 19 milliards d'euros : 12 mld euros du FMI et 7 mld euros de UE.

Il y existe quelques mécontentements pour le "coût" de l'emprunt, c'est-à-dire les conditions trop strictes qui pourraient être imposées par FMI, en ce qui concerne la politique budgétaire et fiscale de Roumaine. En plus, FMI est d'accord avec l'augmentation des salaries de 5% seulement si le gouvernement va finaliser rapidement la loi des salaires uniques dans le système budgétaire . Il demande la restructuration de l'administration publique, c'est-à-dire le licenciement des budgétaires dont la présence ou le salaire ne sont pas justifiés, l'augmentation des impôts et d'autres taxes et un contrôle fiscal très stricte pour les entreprises et pour les citoyens aussi

Les analystes économiques, dans leur majorité, considère que la réalisation d'un accord avec FMI aurait comme résultat plusieurs *bénéfices* pour la Roumanie: une stabilisation de la monnaie nationale devant l'euro ou même une sensible appréciation de celle-ci; les crédits en euro baisseraient leur prix; les évaluations économiques de notre pays pourraient s'améliorer; les investisseurs retrouveraient la confiance dans l'économie locale; la Bourse ressentirait un effet positif.

En conclusions, devant une situation sans précédent, la Roumanie ne trouve pas encore les solutions pour se protéger. Il est vrai que aucun pays ne semble pas avoir la clé pour s'en sortir. Entre temps, les organisations et leurs ressources humaines sont en difficulté. En version optimiste, si le plan anti-crise arrête la dégradation de la situation économique et, indirectement les effets sociaux, la fonction des ressources humaines a toutes les chances de relancer des politiques qui peuvent armoniser la performance économique avec la satisfaction des salariés

Bibliographie

- 1. Lefter V., Deaconu A. (coord.) Managementul resurselor umane, Editura Economicã, Bucuresti, 2008
- 2. Manolescu A., Lefter V., Deaconu A. (coord.) Managementul resurselor umane, Editura Economicã, București, 2008
- 3. Jacques Gouverneur Les fondements de l'économie capitaliste. Introduction à l'analyse économique marxiste du capitalisme contemporain : Bruxelles, Contradictions, 3ème édition, 2005.
- 4. Jean-Luc Gréau L'avenir du capitalisme, Gallimard, Paris, 2004
- 5. www.ecb.int Financial Stability ReviewBanque centrale européenne, décembre 2008
- 6. www.imf.org Global Financial Stability Report, FMI, 2008
- 7. www.imf.org World Economic Outlook, FMI, 2008
- 8. www.financiarul.ro
- 9. www,exegens.com
- 10. www.moneyline.ro
- 11. www.smartfinancial.ro

UNIVERSITY ENTREPRENEURSHIP - A CHANCE TO IMPROVE THE RELATIONSHIP BETWEEN UNIVERSITIES AND BUSINESS IN THE KNOWLEDGE SOCIETY

Diaconu Mihaela

Universitatea Pitesti Facultatea de Stiinte Economice Geamana, str. Intrarea Ion Balaceanu, nr. 678 C, judetul Arges Email: diaconu m2005@yahoo.com Telefon: 0744.689.621

Zaharia Milena Rodica

Adacemia de Studii Economice Bucuresti Facultatea de Relatii Economice InternationaleBulevardul Iuliu Maniu nr. 79, bloc 1, sc. A, et. 7, ap. 19, sector 6, Bucuresti Email: milena zaharia@yahoo.com Telefon: 0722.179.201

Research, development and universities are considered the fundamentals of European competitiveness and therefore require sustained action in partnership with social and economic environment. At European and international level it was discussed about the urgent need to work changes in higher education concerning the role and organizational structure. There is consensus about the need for higher education to substantially contribute to the development of entrepreneurial skills of university graduates who will work in a society that requires frequent changes of occupation, international mobility and a fast adaptation to flexible structures.

Keywords: entrepreneurship concept, entrepreneurial university, triple helix

JEL classification: A23

The entrepreneurship concept

Allan Gibb (2005, p.28) considers that *the entrepreneurial concept* described above will demand: more integration of knowledge (within faculties and departmental areas, between various social science disciplines, between fields in arts and science and between tacit and explicit knowledge); much greater opportunity for experiential learning; greater space for the testing of explicit knowledge in practice (with more time for reflection and learning by re-doing); greater equality of emphasis upon how things are taught with what is taught; innovation in assessment and accreditation procedures; changes in some of the basic philosophies of learning – particularly in the field of management. Mintzberg (2004) and Ghoshal (2005)

Entrepreneurship is associated with major innovation step changes in technology, process, organization or management. Entrepreneurship defined in terms of behaviour, skills and features necessary to meet the demands and opportunities of the social environment aims a larger framework than the economic field and market and makes the difference between the institution defined as "formal and informal ways of doing things" and the organization these practices may be embodied. This approach adds a critically important dimension to the evaluation of the process of market development and indeed other ways of organising exchange. The strength of this conceptual perspective lies in its appropriateness for dealing with organizations of all kinds, not just businesses.

In Gibb's opinion, the list of *entrepreneurial values* are in line with the «ways of doing things» and are associated with organizing things, feeling things, communicating things, understanding and thinking things and learning things.

Fundamental coordinates of the entrepreneurial university

Entrepreneurship University is a concept used by B. Clark as a reaction of the new type of university to changes of the external environment engaging itself, on your own risk, through employment in economic and social development of the region, using existing resources creatively, operating in costs and profit parameters. It puts education on spotlight as a value on the market and can be an extension of large corporations.

Directions of transformation of the university through entrepreneurial efforts, in Clark's opinion are:

- an enhanced decision-making right of the frame consists of administration of the university and the academic departments to ensure efficient and flexible reactions to environmental demands:
- an extended dynamic periphery consists of flexible units that work as interface between the institution and the external environment;
- a diversified funding base through grants and contracts accession, identification of tertiary sources (traders, local authorities, philanthropic foundations), intellectual property valuation, taxes, administration campuses;
- a good core academic well stimulated represented by research departments focused on certain disciplines and interdisciplinary areas of study; this core structure is categorized as providing conduct of most of the academic work;
- an integrated entrepreneurial culture represented by the favourable change in work culture that is based on ideas, principles, culture of the university, institutional identity.

The triple helix of university – industry – government relations

The Triple Helix of university-industry-government relations provides a neo-evolutionary model of the process of innovation that is amenable to measurement. The first dimension of the triple helix model is internal transformation in each of the helices, such as the development of lateral ties among companies through strategic alliances or an assumption of an economic development mission by universities. The seconds the influence of one helix upon another. The third dimensions the creation of a new overlay of trilateral networks and organizations from the interaction among the three helices, formed for the purpose of coming up with new ideas and formats for high-tech development. The triple helix denotes the university-industry-government relationship as one of relatively equal, yet interdependence. (H. Etzkowitz, L. Leydesdorff, Martin Meyer 2000)

The interaction between university and industry has been a classical theme in the agenda of nation states, OECD, EU. It has been discussed that much of the academic knowledge comes out not in the forms of written knowledge, but as tacit knowledge within the individuals (i.e. researchers and graduates). The flow and mobility of these skilled individuals from academy to industry are the most important way for the transition of knowledge from basic research to applied research or innovation. However the flow of knowledge is not an easy matter. The transition of academic knowledge into commercial sector requires several factors, such as an excellent research results, managerial and industrial competence and financial support. Traditionally academic sector is assumed to provide basic research results, but in most of the cases it lacks of commercial skills which is normally found outside academia like in firms.

University-industry relations have become a common and widely accepted phenomenon of the nineties. There is a flourishing of literature and policy programs all around the world. There are several reports of OECD 1998-2000, EU framework Programs, US AUTM Projects, World Bank 1999, UNESCO 1998. By the same token, various scholars have worked on this subject matter based on different concepts and assumptions. Namely, Pavitt, 1997; Steinmuller, 1994; David, Forray and Steinmuller, 1997 have mainly based their theories on the concept of scientific networks. Although all these reports and theoretical discussions aim to understand these diverse relations and mutual benefits of university-industry relations; they still underline how difficult it is to obtain information to uncover these relations, and thus illustrate the role of these settings in the achievement of an interaction between university-industry. Thus this thesis aims to document the university-industry relations further

Companies want universities supply the fundamental research needs, which are generally precompetitive. Apparently both sides are willing and in need of cooperation. The interaction and relations between university and industry need to be institutionalized and regulated in order to eliminate the cultural clashes as well as to endow both sides and society with benefits. Therefore benefits of this interaction for both sides would explain not only the gains of these two settings, but also the implications on the whole innovation systems would be clarified.

Benefits for universities are generally stated as follows: new funding for research, new opportunities for graduates, and new directions for research.

The gains of industries are mainly based on earlier and easier access to: university graduates and faculty members, research results, intellectual property rights.

All these features implicitly reflect that the university-industry interaction provides the innovation system with much more dynamism and efficiency compared to each actor working separately.

However despite this positive picture there are problems and clashes among these actors in not only sharing the results of this cooperation but also in coming together. These conflicts and problems generally emerge due to the differences in culture, contributions and expectations.

The research is a source of strategic value in that it helps to improve system-wide:

- capability (such as qualitative research skills) Knowledge and research skills can be seen as capabilities embodied in researchers and the institutional networks within which they work; scientific knowledge requires a substantial capability on the part of the user both in research and in the application of knowledge, as acknowledged in a recent policy statement from the European Commission:
- variety (the creation of options and diversity) variety is a vital feature of flexible innovation systems. Variety is widely regarded as a desirable attribute in the context of an uncertain future. These themes of capability, variety and capacity outline the main sources of strategic value

provided by public research.

The literature suggests two main approaches to measure these relations through quantitative and qualitative indicators. While the former one consists of amount of measurable intellectual property-Patents, Number of patent licensing agreements; Income derived from licensing, the latter includes level of partnerships between the universities and industries; relationship between university research people and industry engineers (who talks to whom); "«long term» exchange of people.

In order for the benefits of university research to be expressed in the economy, the university research system has to be connected with the economy. The principal channels identified in the literature can be grouped as:

- codification/artefacts: publications, patens, prototypes;
- cooperation: joint ventures, personnel exchanges;
- contacts: meetings and conferences, informal interaction, science parks, industrial liaison offices and funded networks contracts: licences, contact research, consulting.

What has taken in Romania on the construction of university entrepreneurship field?

It can be said that the Romanian higher education trends are: increasing demand for higher education and training in response to the knowledge society; reduction of public financial support; diversifying needs of training and higher education of the adult permanent education; development of information technology with emphasis on the higher education globalization.

Analysis of individual demand for education in Romania highlights some features:

- individual demand for education is centred on diploma, certificates or certifications without being accompanied by a comprehensive assessment of competences, knowledge, values and skills;
- number of highly-qualified and competitive persons that emigrate towards economic developed countries is high;
- Romania is losing highly qualified staff in favour of developed countries, because it doesn't provide minimum guarantees for the performance ones;
- general culture is evaluated against the pragmatic one, using knowledge to solve current problems;

- universities must focus on creation and lifelong learning skills training, on new information technologies and communication usage.

In Romanian context, *entrepreneurial university* is "opposite to the state assisted university". It's a university that takes seriously the competition criteria and financial profitability. It is a "self-governing" university, lead by a "strategic plan" which seeks to alter the competitive balance in its favour. It is a university in which managers are becoming more specialized and in which teachers are involved only in managerial and policy decisions, not the current administration. It is a university which seeks to diversify budgetary resources (it has a policy to increase their revenue) and provides de-concentration of allocated funds. It is an is open and connected university to socio-economic environment, a university in which explicit standards of quality are functioning, and where it is accepted the idea of bankruptcy caused by poor management. (The final report of the R09601PHARE).

Technical assistance in Western Europe chancellors and Romanian experts involved in this process drafted a general scheme of universities reorganization in this regard, substantiated in first instance, the MO no. 5.647/22.12.97 on the new organization of university and Director General Administration job introduction (DGA), and MO no.3334/26.02.98 regarding the post of Administrator Faculty Chief -ASF. Were also launched initiatives to legislative changes to ensure adequate wages of these two new functions (Law no. 154/16.07.1998).

In terms of *entrepreneurship spirit*, even if it's challenged by many traditionalists, it will be dictated by the budget precariousness and more visible competition that will exert future large private universities.

There have been steps taken at the ministry level on the introduction of the strategic plan and institutional contract field, creating in university a culture of strategic management. The results marked a beginning in this field. After 1999, all state universities have adopted strategic plans, negotiated all this year the first contract between the universities and institutional ministry; all actions were based on MO nr.3595/22.04.1998 on developing strategic plan for institutional development university. However, most strategic plans are not the result of policies faculties aggregation, being developed by a group of people and the procedure of negotiation with the ministry concerned is relatively short and shallow as time.

Regarding financial autonomy of universities, established as objective of the PHARE Program, has managed a new financing system called "global finance" meant to increase the responsibility of universities and their economic efficiency. This system is based on "funding follows the student" principle and replaces the one which was the number of posts. This requires universities to effectively make their household resources and to establish staff taking to account the budget and not budget after personnel. Application of several orders of the Minister concerned, governmental ordinances and Education Law amended (no. 85/1999) led to the transition to the new funding mechanism of higher education, and the namely implementation has led universities to reconsider their management and make it anchor in the financial return requirements. However, it remains difficult to accept ideas such as «bankruptcy because of poor lacking management», the idea of the financial losses caused by indiscipline and bad organization, and the idea of financial support of those who are the fault of their deficit. Complementary funding mechanism remained a draft, respectively the funding allocation on competitive criteria, performance in research, and explicit policy of the ministry concerned on budgets deconcentration within universities.

In what concerns the *quality assurance in education*, it has been achieved in recent years, a legislative package that includes: Law no.87/2006 approving the Emergency Ordinance no. 75 of 12.07.2005 on the quality of education, Order no. 3928/21.04.2005 on quality assurance of educational services in higher education institutions, principles and criteria concerning the quality system at the institution of higher education - Annex to the Order no. 3928/21.04.2005 Regulation of organization and functioning of the Romanian Agency for Quality Assurance in Higher Education (ARACIS) and Order No. 4.492/06.07.2005 on promoting professional ethics

in universities. It is important the awareness for all faculty of the importance of practical application of the provisions of Annex Order No. 3.928/2005.

As a conclusion, it must establish a new type of Romanian university synchronized with European and global trends in the field, who rely on an institutional and managerial reform, where the initiative, the innovative behaviour and risk be given priority.

How can the issues of Romanian educational system be solved due to the triple helix?

Improvement of relations between universities and economic environment, administration and non-government organization represents one of the ways to settle issues of the Romanian educational system related to: continuous adjustment of curricula to the society needs, quality of learning, job consulting and orientation, graduates integration on the labour force market.

Universities must become open systems able to meet a high level of integration with the economic, administrative, political and non-profitable environment and to meet efficiently the challenges of knowledge society.

Students, universities and economic agents can all take advantage on the existence of common programmes. It would be useful that the universities to propose yearly a considerable number of subjects for licence /dissertation projects, interesting research subjects of economic environment that should be elaborated made up in collaboration with the economic and social environment. In this way, foreign partners could substantially be involved in the activities of universities such as: students practice, laboratory activities, student's research activities.

It would be useful that master and doctoral programmes should be organized as a result of partnership between university and economic agent, thus determining a better integration of graduates on the labour market. An essential role is that of Job Orientation and Consulting Centres; these should be real liaison between universities, student organizations and business environment by facilitating the employment of students in part-time system, by organizing specialized practice, licence and dissertation works. Business environment should be given the possibility of identifying the suitable students, attracting them by private scholarships, paid practical probation. In collaboration with different student organizations, these centres should carry out different projects (campaign presentations, simulations of interviews, job fairs etc) by which, students can get in touch with the employers and thus they are given the possibility to understand better and earlier the labour force market they are going to integrate in.

The European inspector for education, Jan Figel, has declared that the European universities have an important potential not exploited yet, especially concerning their ability to state connections with the business community.

On the second edition of the universities-enterprises forum, on February 5th-6th, Figel has extolled the universities that allow the industry that allow the industry representatives to attend the reviewing process of curricula to ensure they are pertinent reporting to the labour force market. Many employers have complained that some graduates cannot combine their knowledge and skills. The European Committee has aimed to publish a material concerning cooperation between universities and economic environment in order to state a code of good practices in this field.

The European Social and Economic Committee suggests launching a European process that could be called the Prague Process, related to the Partnership Conference between educational institutions and employers on April 6th and 7th, being initiated by the Czech presidency. This could be embodied in a European framework large enough to allow the operators achieving local and national actions:

- challenge of member states and other public authorities to invest more in education, in general, and specially in these partnerships in order to provide a positive reply to the economic crisis and to the continuous difficulties of the labour force market;
- stimulating enterprises and educational institution to conclude partnerships, by formal and substantial innovations;

- organizing changing of good practices and structures of technical and financial appointments, giving the possibility to test, to evaluate and to disseminate the initiative at a European level;
- drawing up common projects (systems of common reference for degrees, initiative and school networks, improvement of teachers and mediators networks;
- promoting programmes of crossed mobility among teachers, students, schools and employer organizations.

Proposal of the European reporters concerning the partnerships between educational institutions and employers related to the necessity adopting a systematic approach, based on simpler mechanisms (but not so bureaucratic like the European programmes), but also more ambitious, including:

- a global political framework, subject to approval, evaluation and control by the social partners, the European Parliament, the European Council;
- european tools of identifying the markets and sectors looking for qualified persons;
- changes of good practices, including both technical education and permanent training and research;
- mechanisms of European scholarships, financed both by the European Union, the member states, but also by the private and associative sector aiming all types of consignees, especially minorities and young people in difficulty: practical probations, projects of innovation and professional insertion;
- elaboration of common reference systems for degrees and professional titles and networks of local initiatives;
- creation of European mediator networks;
- making up networks of European mediators in order to facilitate the partnerships an adjustment to this objective of the European funds and the existing programmes.

Bibliography

- 1. Baxter-Magolda M., Terenzini P.T., Learning and teaching in the 21st century: trends and implications for practice. Higher Education Trends for the Next Century, 2002, www.acpa.nche.edu/seniorscholars/trends/trends4.htm.
- 2. Clark, R., Creating entrepreneurial universities: organizational transformation directions, Paideia Editure, Bucharest, 2000
- 3. Deem, R., Globalization, new managerialism, academic capitalism and entrepreneurialism in universities: is the local dimension still important?, Comparative Education, Vol 37, No. 1, 2001
- 4. Duderstadt, J. J., A choice of transformations for the 21st century, The Chronicle of Higher Education, Michigan, 2000, milproj.ummu.umich.edu / publications / choice / download / choice.pdf
- 5. Gibb, A., Towards the Entrepreneurial University Entrepreneurship, Education as a lever for change, 2005
- 6. Ghoshal, S., Bad management theories are destroying good management practices, Academy of Management Learning and Education, Vol. 4, No.1, 2005
- 7. Leydesdorff, L., Etzkowitz, H., Emergence of A Triple Helix of University-Industry-Government Relations, Science and Public Policy, 23, No. 5, 1996
- 8. Mintzberg, H., Managers not MBAs', Prentice Hall London, 2004
- 9. Popescu, N., Entrepreneurial mission of the university and learning levels in Practical and theoretical research in urban management, year 3, No. 7, 2008, ISSN:1842-5712
- 10. The Institute for Enterprise Education, Canada (2002), Six constituents of an entrepreneurial culture, www.entreplexity.ca / CFE / constituents.htm
- 11. Higher Education in a learning society, Phare Program "Universitas 2000", Bucharest, 1998

THE DISCOUNT RATE POLICY IN ROMANIA IN THE 20TH CENTURY

Dobrescu M.Emilian

The Romanian Academy, Section of Economic, Law and Sociologie, Bucharest Phone no.: 0744 633 483, e-mail: dobrescu@acad.ro

Pociovălișteanu Diana

Faculty of Economics, University "Constantin Brâncuşi", Tg. Jiu Phone no: 0726 187 718, e-mail: diana@utgjiu.ro

Throughout the 20th century, economists have generally acknowledged the importance of the central bank discount rate as the reference interest rate in a country: by increasing the interest rate during economic booms that forego the busts, the Central Banks help alleviate the consequences of the crises, by deterring entrepreneurship and speculative pressures. Similarly, the discount rate is decreased during recessions, when Central Banks need to stimulate economic activity by providing cheap money and restore the optimistic spirit among entrepreneurs.

This study aims to correlate the macroeconomic evolutions in the 20th century Romanian economy with the variations in the discount rate of the National Bank. It is also meant to reveal to what extent – if any – these evolutions have been influenced by the discount rate policy. By analyzing the discount rate changes during the first half of the 20th century, we can easily notice rather abrupt changes – of about 1-1.5%, both upwards and downwards – in the discount rate. Nowadays, such changes are no longer possible, due to the intricacies and complexity of the economic, financial and banking inter-relations at the European and global level.

The discount rate evolution points out that the Central Bank has provided the cheapest capital throughout the 20th century, at an average rate of 5-6%. The evolution also reveals that the discount rate has been the cause – and not the consequence – of economic policies

Keywords: discount rate, monetary policy, interest rate

JEL classification: E5, E4

Both policy researchers and public authorities are rather divided and subjective when it comes to explaining or grounding various aspects of economic policy. In this respect, the discount rate is one of the most illustrative examples, in that the discount rate policy is subject to fierce debates and controversies. A thorough attempt to research into or to establish correlations regarding the central bank's discount rate will most certainly reveal some very interesting observations⁵⁸.

This paper is meant to establish a possible correlation between the macroeconomic evolutions in the 20^{th} century Romanian economy and the variations in the official discount rate of the National Bank (the interest rate used to lend money to commercial banks for re-financing). It is also meant to reveal to what extent – if any – these evolutions have been influenced by the discount rate policy of the monetary authorities.

Throughout the 20th century, economists have unanimously acknowledged the importance of the discount rate as the primary interest rate within a state or group of states: by means of increasing the interest rate during economic booms that forego the busts, the Central Banks help alleviate the consequences of the crises, thus deterring entrepreneurship and speculative pressures. Similarly, the discount rate is decreased during recessions, when Central Banks need to encourage economic activity by providing cheap money and restore the optimistic spirit among entrepreneurs.

By analyzing the discount rate changes during the first half of the 20th century, we can easily notice rather abrupt variations – of about 1-1.5%, both upwards and downwards – in the discount

-

⁵⁸ Costin C. Kiriţescu, Emilian M. Dobrescu (1998) – Moneda. Mică enciclopedie, Bucureşti, Editura enciclopedică, p. 67

rate; this reflects rather large changes in the most important economic and banking indicator. At that point, such fluctuations were afforded by the national, European and international economic situation, whereas nowadays, such changes are no longer possible, due to the intricacies and complexity of the economic, financial and banking inter-relations at the European and global level. The evolution of the official discount rate points out a sensible conclusion: the Central Bank has provided the cheapest capital throughout the 20^{th} century, at a discount rate that fluctuated on average between 5-6%. The evolution also reveals that throughout the 20^{th} century, the discount rate has been the cause – and not the consequence – of economic policies. All these aspects are illustrative of the decisive influence that the official discount rate has on the economic developments in Romania.

Before starting an in-depth analysis of the discount rate mechanism, we must mention two general aspects related to the concept:

-The specificity of the concept and its close connection to the banking environment have rendered it less known and rather neglected in the general economic environment; a lot of economists and, at the same time very few bankers have noticed and agreed that the different discount rates can be accounted for by the degree of development and the size of the normal official discount rate

-The utter simplicity of the influence – usually a negative correlation – of the discount rate on economic growth; (here we must note the difficulty of establishing precise mathematical correlations between the two indicators – the discount rate and the economic growth rate – due to the lack of statistical data on economic growth during the first half of the 20th century). In this respect, as early as 1915, M. Musceleanu first noted that: "There exists an inverse relationship between this degree of development (economic and financial – n.n.) and the level of the official discount rate: the more prosperous the economic situation, the lower the official discount rate"

The current conception on the discount rate policy is rooted in the "debates and inquiries that took place during the suspension of the GB pound convertibility (1797-1821), when many economists and bankers realized that a rise in the official discount rate above the market discount rate was susceptible of hindering credit expansion and of triggering deflation, together with its consequences: a decrease in prices and an improvement in the terms of exchange. The immediate conclusion: the consequences are of an economic nature. "Even during the subsequent crises of 1836, 1839, 1847, the Bank of England is believed not to have understood the utility of firmly handling the discount rate policy, because the timid attempts to lift the discount rate could not put an end to the depression"⁵⁹.

Throughout the 20th century, economists have generally acknowledged the importance of the central bank discount rate as the reference interest rate in a country: "By increasing the interest rate during vigorous economic booms that precede an imminent bust, the Central Banks contribute to alleviating the consequences of the crises, by deterring entrepreneurship and speculative pressures, in a time that the economic state requires cautiousness. By increasing the reference rate, deflation occurs. Finally, the discount rate is decreased when its purpose has been achieved or when, during recessions, the Central Bank needs to stimulate economic activity by providing cheap money and thus restore the optimistic spirit among entrepreneurs^{3,60}.

During recent years, the discount rate policy led by the main central banks has been much more effective than 100 years ago.

The main characteristics of the discount rate are:

- a. Its power is relative and it varies from country to country, and across time.
- b. The low level of the reference rate lies at the bottom of the economic, banking and political edifice

180

⁵⁹ Axenciuc, V. (2000) – Evoluția economică a României. Cercetări statistico-istorice, 1859-1947, vol.III, p. 89 60 apud Stoenescu, Radu (1935) – Politica scontului, București, Cartea Românească, p. 23

- c. Sometimes an increase in the reference rate is not sufficient to compensate the risk incurred by the economic uncertainty
- d. A decrease in the reference rate triggers an "extraordinary credit expansion", which, for the most part, generates economic depression, and not economic growth
 - e. A stabilization of the reference rate is possible, but not in the presence of strong opportunistic movements or on a developing capital market
 - f. The diversity of economic life has lead to rigid principles in what regards the reference rate

What actually happens in the economy is a rather simplistic mechanism, if understood by economic and banking authorities: if the reference rate is increased, interest rates will also increase, production costs go up, which in turn, leads to a decrease in profits and investments. "On the contrary, if the official discount rate decreases, there will be a transfer of funds from the monetary to the capital market, where the interest rate is higher, but only for a limited period of time. Production remains constant, profits increase, and the fraction of benefits which is saved will serve either for self-financing, either for a long-term investment, encouraged by the new ascending business cycle... Considered as a means of market regularization, the discount rate policy needs changing and re-orienting from time to time, both in principle and in practice, as the modern economic and financial situations require. It represents though, a classical way of guidance for the national currency, perhaps the only one to have proven its capacity so far, but the only one that the current supporters of the "controlled currency" do not seem to understand" of the current supporters of the "controlled currency" do not seem to understand of the current supporters of the "controlled currency" do not seem to

The principles of the discount rate

- -The official discount rate of the central bank must be lower than the market rate
- -If the production costs do not rise, the discount rate must be left unchanged
- -If the production costs rise, the discount rate must also be increased in order to prevent speculative pressure
 - -Every ascending movement in prices cannot be encumbered by an increase in the discount rate
- -Accidental events, such as wars, crises, reforms, revolutions etc "can provoke a rapid increase in the discount rate in some countries, which can be conveyed to other countries" (Stoenescu 1935)

At the beginning of last century, H. Hornbostel noted that the repercussions of the discount rate fluctuations have become much more complex and that the application of the classical methods has disappointed frequently those who believed more in their efficiency.

The official discount rate is usually motivated by general economic and financial interests, by the monetary circulation and credit expansion requirements. There is no standard formula for an infallible discount rate. It is unanimously accepted that economic stability with no inflation generates ever lower discount rates.

All throughout the 20th century, the discount rate levels – denominated "reference rate" as of 1st January 2002 by the National Bank of Romania – have been as follows:

-The period (1891) – 1901 – 1918 of the gold standard: this period has generally experienced higher discount rates of 6-7% (during the agricultural crisis of 1894); 8% in 1907; 6% between 1914-1918; this points out that periods of economic upheaval usually generated higher discount rates than periods of normal activity. In this respect, dr.Radu Stoenescu (1935) observes that "Between 1901-1914, the National Bank continued to help economic development through ever larger productive investments... The

_

⁶¹ idem, p. 67

official discount rate was reduced to 8,7,6 and even 5% (14th August 1902), as the economic situation improved and remained at this level up to 1907 when, due to the international monetary crisis and the national social-agricultural crisis, the rate had to be raised to 8% again (27th October 1907). When the crisis ended, the discount rate turned back to its previous 5% level February 1908), a level maintained until 19th October 1912, when it was again (28^{th}) 6%. It was during 1912 that the age of prosperity and economic progress came to an end and gave way to an endless period of economic and political crises, which still goes on today... In 1914, the National Bank considerably enhanced its discount operations, in order to help eliminate the previous crises. The variations in the discount rate fluctuated between 5.5 - 7%economic activity determined a sensible decrease in the National ... and the stagnation of the Bank operations

-The period 1919 – 1928: the average level of the discount rate was 6%: an official discount rate as low and stable as possible, in order to help reconstruct the national economy, by providing a cheap commercial credit... Maintaining too low a discount rate seems to have fuelled the speculative activity which was going on. Indeed, it was a most profitable business for large banks to borrow money by refinancing at the National Bank at a 6% discount rate, and then lend it to smaller banks or to other private entities at 20-25% interest rate. Not only did this hamper economic development, but it also contributed to an aggravation of the national currency depreciation, by encouraging the ascending tendency of prices

-The period 1929-1934, of the economic crisis: the discount rate varied between 8-9.5%; the 7% discount rate, although well grounded in the monetary situation, seemed too high from an economic point of view, if we take into account the low profitability of enterprises and the conventional interest rate established by law in March 1931 – at 5 percentage points above the official discount rate. Therefore, the National Bank turned back to the 6% interest rate on April 5th 1933... On December 14th 1934, the National Bank proceeded to a new decrease in the official rate, from 6% to a mere 4.5%... In this way the National Bank proved once again not only a considerable comprehension, but also its effective support, as the issuing entity, to the development of our national economy

-The period 1935-1946, the discount rate varied between 3-4%. This interval comprises both the pre-war period and World War II, with its economic and financial peculiarities

-The period 1947-1989 (the communist period) – during this age, the official discount rate varied by 1-2% from year to year up to 1955-1960; then as the centralized plans pinned down most economic evolutions and variables, the NBR official discount rate leveled off at 1%.

By analyzing the discount rate changes during the first half of the 20th century, we can easily notice rather abrupt variations – of about 1-1.5%, both upwards and downwards – in the discount rate; this reflects rather large changes in the most important economic and banking indicator. At that point, such fluctuations were afforded by the national, European and international economic situation, whereas nowadays, such changes are no longer possible, due to the intricacies and complexity of the economic, financial and banking inter-relations at the European and global level. The evolution of the official discount rate points out a sensible conclusion: the Central Bank has provided the cheapest capital throughout the 20th century, at a discount rate that fluctuated on average between 5-6%. The evolution also reveals that throughout the 20th century, the discount rate has been the cause – and not the consequence – of economic policies. All these aspects are illustrative of the decisive influence that the official discount rate has on the economic developments in Romania.

THE NATIONAL BANK OF ROMANIA – PRESS RELEASE – January, 30th 2002

- The National Bank is Going to Replace the Official Discount Rate with the Reference Rate -

The macroeconomic context in Romania during recent years has been characterized by structural liquidity surplus in the banking system, triggered mainly by the relative acceleration of capital inflows. The commercial banks enjoyed alternate financing sources, which led to a progressive reduction in re-financing operations, and forced the National Bank to sterilize the economy in order to prevent the inflationary pressures of the excess liquidity. Romania's case is not unique, in fact sterilization operations are a common feature for most Central and Eastern European countries acceding to the EU.

Since operations such as refinancing and discounting have gradually lost their relevance, in that they are not a particular feature of the current monetary policy orientation, the replacement of the discount rate with a rate of reference for the central bank operations seems like the natural thing, deriving from the evolution of monetary circumstances. The necessity for such a change is reassured by the fact that, for at least the next three years, the sterilization shall continue to play a predominant role among NBR operations, which is also reflected in the National Economic Development Strategy for the Medium Term, conceived in March 2000 and submitted to the European Commission.

A restoration of the discount rate is rather unlikely since, in light of the European accession process, the National Bank of Romania seeks to align its procedures to those of the European Central Bank, whose analytical kit – as that of many modern central banks – does not include the discount rate concept.

In this context, the discount rate will be replaced with the NBR reference rate and will be calculated as to reflect the prevalent conditions on the monetary market. For the forthcoming period, the new interest rate will be calculated as an arithmetic average weighted with the level of transactions, of the interest rates for deposits and reverse repo operations of the previous month. The reference interest rate will be made public through press releases of the National Bank on the first working day on a monthly basis. This information will also be published in the monthly bulletins of the central bank as well as on its website (www.bnro.ro).

The reference rate will enter into force on February 1st 2002, by regulation of the National Bank of Romania which will repeal NBR Regulation no.11/1998 and will establish the level of the reference rate for February 2002.

We must observe that the shift from the discount rate to the reference rate will not produce any shocks, the two indicators having comparable levels at present.

Bibligraphy

- 1. Axenciuc, V. (2000) Evoluția economică a României. Cercetări statistico-istorice, 1859-1947, vol.III;
- 2. Costin C. Kiriţescu, Emilian M. Dobrescu (1998) Moneda. Mică enciclopedie, Bucureşti, Editura enciclopedică;
- 3. Stoenescu, Radu–Politica scontului, București, Cartea Românească, 1935;
- 4. www.bnr.ro

COMMUNICATIONAL APPROACH IN THE ORGANIZATIONAL CHANGE MANAGEMENT

Dragos Constantin Vasile

The Academy of Economic Studies, Faculty of Commerce Piata Romana, nr. 1-3, sector 1, Bucuresti dragoscv@gmail.com, 0722251367

The need for information and communication increases when organizations experience organizational changes. The paper examines the need of communication in terms of the professor Tichy's theory of the technical, political and cultural systems of organizations. The change agents must operate at these levels. Starting from this imperative the question is whether communication can help with implementing change from both technical, cultural, and political perspectives. From technical point of view the management responsibilities are to make knowable the organization's world. The political perspective addresses the issues of power, interests and alliance games in organizations. The cultural change accompanying a new and revolutionary vision of the future requires a period of time for the staff to become familiar with it and instructing is the type of communication that seems the most adequate for this end.

Keywords: change, communication, information, organizational politics, organizational culture

JEL Codes:

The major role of information is to reduce uncertainty due to an imperfect knowledge of a reality. The need for information and communication is not a problem for organizations as long as their external environment is characterized through stability and they run smoothly based on well-known practices and well defined and stable relationships. But the external environment has generally lost the confort of the stability that has been replaced by the turbulence caused by the dynamism of changes and increased complexity. Besides that, organizations in change move from a known current state to an unknown future state. In other terms, uncertainty grows.

1. The need of communication in organizational change management

The need of information and communication within organizations that run in turbulent environments and initiate change programs substantially increases. The current procedures and processes remain important, but they cease to be a solid support for designing and implementing changes. The exchange of information get a vital role to play for coordinating the efforts of the organization members. People aspire to a deeper knowledge of their role, their managers' expectations, and how their contribution and efforts articulate in the programs that triggered changes. People have to understand what it happens or it is to happen around, the events they live. But the knowledge of each individual is not enough, all members of the organization have to share their knowledge, which is achieved through an intense communication. It results that a deeper need of communication follows the need for coordination and the modifications of the collective knowledge of the organization in change.

Besides that, each step of the change process requires communication. For example, designing change is not possible without documenting its necessity, exchanging information about the organization capacity to change and the likely obstacles and resistance, or sharing understanding so that stakeholders should embrace the plans. Communication is probably the most important skill that people need to have in order to be effective change agents. In situations of instability, or ambiguity, communication becomes an essential ingredient. Poor communication around change issues can destroy commitment to an organization, irrevocably damage employee morale, generate huge resistance and hostility to change, encourage later performance problems.

The change situations are very different and they give birth to a lot of problems. Closed problems are generally less complex and easier to be defined and delineated from the context. Although cultural and political aspects does not lack at all in this instance, they can be tackled especially through means of technical instruments and tools. On the contrary, when opend problems prevail organizational culture amd

politics become significant dimensions of the change. Communication also has to be in accordance with the characteristics of different change situations.

We can describe several types of managerial communication:

- *Informing*. The communicator gives people information they need so that they can make better dicisions and achieve adequately their tasks at the required standard. The information may take the forms of facts, opinions, interpretations and judgements based on facts, feelings about the facts and their interpretation, or, generally a mixture of the above. In giving the information the communicator is interested that it should be taken into consideration, although the relevance of the decisions and actions taken in consequence can not be an important issue.
- Seeking information. The reverse of informing is seeking information when the communicator attempts to get people to tell him or her. The communicator does this by asking questions, actively listening, giving information of his or her own, or by reading documents and reports.
- *Instructing*. Instructing subordinates is a more complex form of communication than informing. Communicators want people's behaviour to change as a result and people to act otherwise than before being instructed.
- *Influencing*. Communication always has effects on the recepients of the message, but sometimes influencing the recepient's attitude, behaviour and actions is the main purpose of the communicator, such as when motivating or encouraging. Influencing makes use of suggesting, persuading and other elements (ex: manipulating the components of the situation); power is also a relevant issue. A process in which mutual influence of the communicators is negotiation, based on clarifying the parties' interestes and needs, and trying to find mutually satisfactory compromise.

Sometimes, informing can remove misunderstandings and reservations about the change. Other times, the interests of the stakeholders are affected by the planned change and informing has to be complemented by influencing. Certain large changes affecting organizational culture need time to be implemented and instructing the people in the organization.

2. Communication in the perspective of Tichy's organization systems theory

We examine further the link between change and communication in terms of the professor Tichy's "TCP" theory. Tichy sees the organization as a system with three components (fig.1):

- -*Technical* including activities and elements that serve to production operations and solving the associated problems.
- Cultural concerning the components of the organizational culture and the dominant ideology.
- Political encompassing practices and activities aiming to sharing power in the organization.

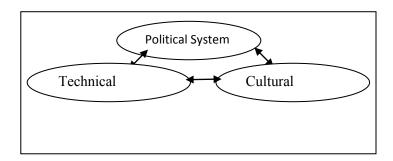


Figure 1 – The organizational systems

The three systems of the organization are tightly connected and their alignment is a condition of a sound organization. Hence managers must distinguish between technical, cultural and political aspects of a change situation and must intervene in a balanced manner following a holistic

approach. Addressing technical, cultural and political aspects of the organizational change may require the use of different types of communication or a mixture of them.

3. Communication and the technical perspective on change: informing

From technical point of view, communication is primarily linked to the effort of making knowable the organization's world. Making decisions requires relevant and timely information, hence change agents are interested to collect, analyse, process and store valuable data and infomation. Besides that, people in the organization aspire to be extensively informed about what is happening within the organization. So, informing the stakeholders about the change is needed not only for ensuring good decisions, but also for other two reasons: (1) coordinating the efforts of the people angaged in planning and implementing the change, and (2) motivating the people to engage in the change process and to cooperate each other in commun endeavours.

Collecting and circulating relevant information raise a problem due to the fact that it is dispersed within the whole organization and is refering to a changing reality. The problem of the information needed for planning changes, coordinating the change efforts and motivating people can be approached into two manners:

- *In a centralized way*, by transmitting information from an resource allocation center. The key element is that transmiting center should be able to ensure information with a high degree of accuracy, in due time and at a reasonable cost.
- *In a descentrized way*, by transmitting much less information from the central point and letting the economic calculus and making decisions to more local levels, where information already exists. The key element in this instance is that the decisions should result in coordinated and coherent actions.

The information problem has similarity to the problem of initiating and leading the change processes. Centralized (top-down) change is initiated and lead from the top; directions of action, indications and measures are decided by the senior management and they must be implemented and observed throughout the organization. A weak of centralized change is that valuable information residing at inferior levels where people have direct contacts with the organization's external partners (e.g. saleforce) does not reach the deciders at the top of the organization, generally due to the high cost of collecting and circulating it. As a result certain opportunities of initiating changes are lost. Another weak is that instructions from the top are sometimes difficult to be adjusted to particular cases in different areas of the organization. The risk of infringement of the plans designed from the top is quite high at the levels where people lack the privilege of comprehensive information.

Descentralized (down-top) change has certain advantages. Based on genuine direct information, change agents may initiate interventions in reponse to external and internal preassures, and they have not to wait until their information is transmitted to the top and plans are received down. So the organization is able to react faster to external forces. Also, staff empowerment for taking change initiatives introduces a strong motivational element in the process. However, down-top approach gives birth to a problem, because too many change initiated locally may have adverse effects on the stability and direction of the organization. On the other side, there are ample projects and plans that envisage the whole organization or significant processes, systems and parts of the organization and they are result of inspiration, vision and efforts of leadership.

Combining "top-down" and "down-top" interventions seems to be the most effective approach (Clark, 1994). It is a way to take advantage of the strength of the descentralized change with its genuine valuable information leading to ideas for local improvements of the activity and the strength of the centrilized change in terms of providing control and resources to the process. That's why any kind of change needs the implication of top managers who can become "onwers" or at least "sponsors" of the change, even if it has been initiated from local area of the organization. The members of the superior management acting as "sponsors" or "owners" are responsible for providing direction and resources.

At the same time an effort must be made for finding solutions that the valuable information collected at the bottom could be conveyed at the top of the organization in due time and with affordable costs. The improvements of the informing mechanisms and channels is an essential factor of developping the capacity of the organization to change.

4. Communication and the political perspective of the change: influencing

A more general and very controversial issue of the change theory is the game of the interests in the organization. The undestanding of the issue depends on the managers' perspective on organization and on ideology based on it. A unitary perspective on organization tends to ignore the individual interests of the managers and employees and focuses on the general commun interests of the organization as a whole, generally based on strong organizational culture and paternalistic management. A different perspective means a recognition that in almost every organization there are varying interests and there are also clusters of interests. The change agents need to diagnose the political landscape and figure out what the relevant interests are, and what important political subdivisions characterize the organization. They do not assume that everyone necessarily is going to be their friends, or agree with them (Pfeffer, 1993).

From unitary perspective, change is a mostly a technical process, and the contraints that have to be controlled result mainly from resources, planning competences or process leadership. The change may easily be designed and implemented from the top by virtue of the leaders' authority to lead. In this context the issue of resistence to change is pointless as long as any divergent interests cannot apear. The senior management plans the change for meeting the organization's needs and people accept it because their needs are also met by implementing the plans. The crucial point is that the plans should be designed adequately and enough resources should be available to implement them. On the other side, the pluralist perspective on change involves participation of people in organization to designing and carrying out changes. The plans must take into consideration the interests of different stakeholders, and the change agents have to play a role of a coordinator of the political subdivisions within the organization, and deal with the conflicts caused by cognitive or material divergences.

Persons and groups within the organization attemp to promote their interests and in this respect they try to strengthen their power and influence. Power represents the capacity to influence situations, events, people and ourselves, for example managers can influence employees to become more performant. From unitary perspective the main source of the power is hierarchical authority, i.e.the formal and legitimate authority. From pluralist point of view the sources of power are diversified, the hierarchical authority co-exists with other forms such as expert power, dependence power, personal power a.s.o. Power and influence within the organization constitute the area of organizational politics, which are an important function of the change management. Organizational politics can support the change processes if an effort is made of creating favourable alliances.

Dealing with political issues, such as the creation of alliances in favour of the planned change requires an effort of intense communication that can help with clarifying and sharing different views and with making satisfactory compromises. One function of negotiation, as a form of communication, is the introduction of change into organizations (Faure, 1991). Negotiation is an adequate instrument when change involves cognitive and material divergences among stakeholders, or when some people or groups are affected by the planned change and lose something, such as the convenience of a familiar job or practices, a more intense work, or the necessity of aquiring new competences. Such losses have normally to be compensated. Negotiation represents a type of communicational interaction where the influence has a major role to play.

5. Communication and the cultural perspective on change: instructing

From a cultural perspective communication helps with carrying out more subtle processes of the change implementation, especially those involving the organizational culture that emerges from the collective experience of its members. According to Schein (1985), the culture of an organization helps it deal with essential problems. Firstly, organizational culture is important for the organization's external adaptation, through developing shared understandings of its mission and strategy, goals, standards, or the corrective actions needed to improve goal accomplishment. Secondly, it contributes to the internal integration through building a sense of membership, through developing a commun language, establishing an ideology that gives meaning to unexplainable events, creating consensus on membership criteria, or standards for intimacy and friendship (*apud* Schermerhorn, Hunt şi Osborn, 1991).

Implementing profound changes into the organization involves very often the challange of making changes of the organization's culture. Miner (1988) argues that the organizational culture cannot be managed and intentionally changed, based on reasons such as:

- cultures are spontaneous, elusive and hidden, hence they cannot be acurately diagnosed;
- the organization's culture requires considerable experience and deep personal insight so that the efort of understanding could make cultural management infeasible in most instances;
- cultures provide organization members with continuity and stability, therefore members are likely to resist even modest efforts at cultural change because of concerns about discontinuity and instability (*apud* Wagner and Hollenbeck, 1992).

However the Minor's arguments have to be regarded in our opinion as reflecting the difficulties of cultural change endeavours, rather than the impossibility of changing the organizational cultures.

Communication is a way of helping with shaping and ensuring continuity of the organizational culture for example through the infusion of shared set of perception and meanings into their work of the organization's members. As McQuail (1997) puts it, the organization and the way people understand it are mostly the result of communication, at least in terms of its organizational culture. On the other side, communication has an important role in creating mutations in the organization's culture (Boneu, 1998).

Changing culture requires complex and subtle communicational efforts. Modifying the visible aspects of culture such as language, stories, rites and sagas is easier to be accomplished through management's proposal of interpreting situations in new ways and adjusting the meanings attached to important events. But it is much more difficult reshaping values and common assumptions of the people, which requires more drastic and radical action. Informing communication is not enough. Change agents have to produce a change in the current cultural paradigm, which needs efforts and time. They must help people to understand and live with the new paradigm and an adequate way to do it is by instructing. For example training programs can be created to help people understand the desired new state of the company, or to change their attitudes and aquire new skills and competences.

6.Conclusions

Major changes cannot be successful without the implication and participation of the organization's members in designing and perfoming different interventions and actions during its implementation. People's commitment and initiatives are ingredients of a successful change and they can be enforced through adequate communication within the organization. Communication becomes an important value of a company, especially when changes occur, which means an effort at creating a communication culture within the company. Such a communication culture may facilitate the main change processes such as creating an overall awareness of the need for change, reducing or removing people's resitence to planned changes, enforcing a sense of "ownership" of the designed interventions a.s.o. However specific change situations require specific communicational approaches. There instances when informing may be the main

instrument of communication, but generally, in case of complex and profound changes, other types of communication are necessary to be used, such as influencing and instructing.

References:

- 1. Abric, J.C., Psihologia comunicării. Teorii și metode (traducere din l. franceză), Polirom, Iași, 2002
- 2. Boneu, F., L'entrepise communicante, Ed. Liaisons, Paris, 1988
- 3. Clarke, L., The Essence of Change, Prentice Hall International Ltd., London, 1994
- 4. Dupont, C., La negotiation (4e edition), Dalloz, Paris, 1994
- 5. McQuail, Denis, Comunicarea, Institutul European, Iasi, 1999
- 6. Schermerhorn, J.R.; Hunt, J.G.; Osborn, R.N., Managing Organizational Behavior, John Wiley
- & Sons, Inc., New York, 1991
- 7. Tichy, N.M., "Managementul strategic al schimbării", în Y.Tellier și D.Rovența-Frumușani (ed.), Resurse umane și dezvoltare organizațională (traducere din l. franceză), Cavallioti, București, 1999
- 8. Thatchenkery, T., Metzker, C., Inteligenta emotionala, Ed. Codecs, Bucuresti, 2008
- 9. Wagner, J.A. III; Hollenbeck, J.R., Management of Organizational Behavior, Prentice Hall, Englewood Cliffs, 1992

SPECIFIC FEATURES OF THE RECRUITMENT AND SELECTION PROCESSES IN SME: THE CASE OF BUCHAREST

Dragusin Mariana

The Bucharest Academy of Economic Studies, Romania **The Faculty of Commerce** 6, Romana Square, district 1, Bucharest, postal code: 010374, postal office 22, Romania Phone: 004 0213191996; 004 0722514235 E-mail: m dragusin@yahoo.com

Petrescu Raluca Mariana

The Bucharest Academy of Economic Studies, Romania **The Faculty of Commerce** 6, Romana Square, district 1, Bucharest, postal code: 010374, postal office 22, Romania Phone: 004 0213191996; 004 0724216427 E-mail: petrescu raluca mariana@yahoo.com

Considered to be the engine of the economy, the SMEs sector has a well defined identity in the configuration of any modern economy. SMEs are one of the most important new job generators and they are acting in a dynamic and complex environment. Thus, SMEs have relied on human resources as a source of competitive advantage and more and more entrepreneurs are becoming aware that the recruitment and selection processes play a major role in obtaining adequate staff. This paper is aiming to point out some aspects regarding the specificity of the recruitment and selection processes in SMEs active in Bucharest. The conclusions of the paper are based on a field empirical research on 25 SMEs. The results showed that the recruitment and selection processes have some significant particularities in the researched SMEs.

Key words: SMEs, recruitment process, selection process, human resources

JEL Classification: M12

Introduction

Personnel are the most valuable resource of an organization. An adequate human resource management ensures the success of an enterprise, regardless of its size. An efficient human resource management starts with efficient recruitment and selection processes. These processes can be considered the most important stages of the human resource management because the success of an enterprise directly depends on its staff's quality. This paper was written because of a vast interest in human resource management in SMEs. Based on a field empirical research on 25 SMEs active in Bucharest, the paper aims to present a series of features of the recruitment and selection processes in researched SMEs. The paper is structured into three parts. The first one explains the main concepts used in this paper. The second part points out the main steps of the research methodology and the third focuses on the main findings of the research.

Recruitment and selection processes in SMEs – concepts' content

Small and medium enterprises: According to Law no. 346/2004 on stimulating the creation and development of small and medium enterprises with the subsequent modifications and additions, legal definition for SMEs in Romania established that SMEs are classified into 3 classes of enterprises: micro, small and medium enterprises. Micro enterprises are those enterprises that have up to 9 employees and create an annual net turnover or total assets of up to 2 million Euros, equivalent in Lei⁶². Small enterprises are those which have between 10 and 49 employees and achieved an annual net turnover or total assets of up to 10 million Euros, equivalent in Lei. Medium-sized enterprises are enterprises that have between 50 and 249 employees and achieved

62 Leu (plural – Lei) is the currency of Romania.

an annual net turnover up to 50 million Euros, equivalent in Lei, or which have total assets of up to 43 million Euros, equivalent in Lei.

Recruitment: "Recruiting is the work of human resource management, which identifies sources of qualified candidates to fill a post and it determines the candidates to apply for employment of new or vacant positions within an organization" Recruitment can be done inside the organization and/or outside it. Recruiting from internal sources is possible especially if the organization was engaged in a sustained recruitment process in a previous period of time. Usually, internal recruitment is known as a form of promotion or transfer within the organization. The most frequently used method for the internal recruitment is the employment ad. External recruitment is common especially for fast developing enterprises and for those hunted by higher educated and qualified candidates. There are different methods used in external recruitment such as advertising ads, recruitment agencies, online recruitment agencies, recruitment in educational institutions or search in applications for employment published in press.

Selection: "Selection is the activity of human resource management which consists in choosing, according to certain criteria, the candidate whose psycho-socio-professional profile best matches the characteristics of a particular job"⁶⁴. Selection refers to the final stage of the decision in the recruitment process. Selection must provide two essential features: to identify, from a lot of employees, the adequate person for the free job and to be effective (the resources used for designing and conducting the selection process have to be justified by the quality of new employees)⁶⁵. The selection's purpose is to provide candidates who will have the best results in the job for which selection takes place. During the selection process different criteria are used, such as the study of background information provided by the curriculum vitae and letter of motivation.

Personnel recruitment and selection in SMEs - Research methodology

In the preliminary phase of the research, the *research question* was defined: What are the main particularities of the recruitment and selection processes in SMEs? After this phase, the *purpose* of the research was established: identifying recruitment and selection processes' features in researched SMEs. Further on, the *objectives and hypotheses* were set as shown in table 1.

Table 1 - The Objectives and hypotheses of the research

-			
Objectives	Hypotheses		
Determining the importance of the human	Most entrepreneurs consider the human factor		
factor in researched SMEs.	important for their business.		
Identifying the main recruitment and selection	Most entrepreneurs prefer informal sources of		
methods used into the panel of SMEs.	recruitment.		

The design stage of the research had as initial step - the selection of the sources of information. For this research, primary sources of information have been used, namely entrepreneurs-managers of 25 SMEs in Bucharest, randomly chosen. The method chosen for collecting the information was the undisguised survey based on a questionnaire. As a structure, the questionnaire contained 7 closed and 3 open questions. The first 2 questions were used to obtain information in order to classify enterprises in the panel according to several variables, and the last 8 to obtain basic information for the research. During the research accomplishment phase, information collection was performed by administering the questionnaire to a sample of 25

65 Radu Emilian, Gabriela Tigu, Olimpia State, Claudia Tuclea, Catalina Brindusoiu, Managementul resurselor umane, A.S.E, Bucuresti, 2003, p.253.

⁶³ Alexandrina Deaconu, Lavinia Rasca, Simona Podgoreanu, Iulia Chivu, Andreea Nita, Doru Curtenau, Ion Popa, Comportamentul organizațional si gestiunea resurselor umane, A.S.E., Bucuresti, 2002, p. 209. 64 Ibid., p. 220.

entrepreneurs-managers of SMEs in Bucharest. The high share of SMEs in Bucharest in SMEs in Romania (*e.g.*, in 2007, approximately 24% of local SMEs active in industry, construction, trade and other services were in Bucharest⁶⁶) led to the solution of choosing the capital of Romania as an area of administration of the questionnaire. *Information processing* was done in Microsoft Excel by quantifying the information obtained and by using the ranking method. *The analysis and interpretation of the results* was based on the information obtained in the previous stage. The last stage of the research - the *conclusions* provides some specific features of the recruitment and selection processes in researched SMEs.

Data analysis and interpretation

Depending on their size, SMEs in which the questionnaire was administered were grouped, as shown in table 2.

Table 2 - The type of SMEs in which the questionnaire was administrated

The type of SMEs	Frequency	%
Micro	12	48
Small	8	32
Medium	5	20
Total	25	100

Source: data processing

The questionnaire was administered in 25 SMEs active in Bucharest. Of those, only 5 (20%) are medium-sized enterprises and 8 (32%) are small enterprises. Almost half (48%) of the 25 SMEs are micro enterprises. The large share of the micro enterprises in the total SMEs in which the questionnaire was administered is explained by the large share of the micro enterprises in our country and also in Bucharest (*e.g.*, in 2007 in Bucharest, 88% of local SMEs active in industry, construction, trade and other services were micro⁶⁷).

Depending on the field of activity of the SMEs in which the questionnaire was administered were grouped as seen in table 3.

Table 3 - SMEs grouping by field of activity

Tuete 5 SIMES 8. oupling by flette	of activity	
Field of activity	Frequency	%
Commerce	8	32
Services	6	24
Industry	2	8
IT	4	16
Constructions	5	20
Others	0	0
Total	25	100

Source: data processing

Most SMEs (32%) in which the questionnaire was administered operate in the trading field. 6 (24%) of the 25 SMEs provide various services, 5 (20%) operate in the construction field, 4 (16%) in the IT field and only 2 (8%) in industry, specifically the textile industry. Of the 8 commercial SMEs, 7 (88%) are micro enterprises and only one (12%) is small. Of the 6 service providers, 3 (50%) are micro, 2 (33%) are small and only one (17%) is medium. The 2 enterprises in the textile industry are one small and one medium. Of the enterprises which operate

⁶⁶ Institutul National de Statistica, Anuarul Statistic al Romaniei editia 2008, pp. 700, 702.

⁶⁷ Ibid., p. 702.

in the IT field 2 (50%) are micro, one (25%) is small and one is (25%) medium. 3 (60%) of businesses that operate in the construction field are small and 2 (40%) are medium.

Regarding the existence of a human resources department, it is noted that only 8 (32%) of the SMEs in which the questionnaire was administered have such a department. Of these, 4 (50%) are small and operate in the trading field (1), IT (1) and services (2) and 4 (50%) are medium and operate in the construction field (2), IT (1) and services (1). The remaining 17 SMEs (68%) do not have a department of human resources. Of these 12 (71%) are micro enterprises operating in commercial areas (7), IT (2) and services (3), 4 (23%) are small enterprises operating in the construction (3) and textile industry (1) and only one (6%) is medium and it operates in the textile industry. It is noted that the micro enterprises do not have a department of human resources. Thus, the entrepreneur plays also the role of human resources manager. There is a part of small and medium enterprises which have a department of human resources. This shows increasing concern for the human factor, as the size of enterprises is also rising.

Perception of the importance of human resources in undertaking their business has allowed the grouping of entrepreneurs as shown in table 4.

Table 4 - Entrepreneurs grouping by the importance of the human factor in their SME

The importance of the human factor in SME	Frequency	%
Very important	8	32
Important	14	56
Less important	3	12
Least important	0	0
Total	25	100

Source: data processing

It is noted that more than half (56%) of the respondents consider the human factor important for their business, 8 (32%) consider it very important and only 3 (12%) consider it less important. The 8 respondents who consider human resources very important for their business are the entrepreneurs of the 8 SMEs that have a human resources department. The 3 respondents for whom the human factor is less important are the entrepreneurs of a trade micro enterprise, a small enterprise from the textile industry and a small enterprise that operates in the construction field. It is observed that in enterprises active in areas where unskilled labor overbears, human resources are considered to be less important for the enterprise success.

Regarding the entrepreneurs' preferences on the sources of recruitment, it can be observed that none of the respondents prefer internal sources of recruitment exclusively, while more than half (68%) prefer only external sources of recruitment. Only 8 (32%) prefer both sources of recruitment. These 8 are the entrepreneurs who have a human resources department in their enterprise and who consider the human factor very important for their success.

The entrepreneurs' preferences on the methods of personnel recruitment have allowed a top of the preferred methods of recruitment, as shown in table 5.

Table 5 - Respondents' preferences on the recruitment methods

Method of recruitment	1 st	2 nd	3 rd	4 th	5 th	6 th	Total
	place	place	place	place	place	place	
Advertisements published in the press, broadcasted on radio or television	3	8	10	3	1	0	25
Recruitment agencies	8	3	0	3	6	5	25
Online recruitment agencies	11	5	5	2	1	1	25

Recruitment from educational	0	3	3	1	10	8	25
institutions							
Search in applications for employment published in the press by persons in job search		2	3	7	4	9	25
Recruitment from informal sources (friends, family, relatives and others)	3	4	4	9	3	2	25
Total	25	25	25	25	25	25	25

Source: data processing

It is noted that recruitment agencies were placed first among preferences for methods of recruitment by 8 of the respondents while 5 have located them in the last place. Of those 8, 7 are entrepreneurs who have a human resources department in their enterprise. It can also be noted that 11 respondents located in the first place the online recruitment agencies. Of these 9, 5 are the entrepreneurs in micro enterprises in commerce, services (2) and IT (2). Thus a high demand for online recruitment can be identified among micro enterprises. The evolution of technology led to the evolution of recruitment methods, online recruitment becoming increasingly used, even by the entrepreneurs of micro enterprises. Thus, ever more modern methods of recruitment replaced the old ones; only 3 respondents placed the recruitment through informal channels first (friends, relatives, family and others). Classical recruitment advertisements published in the press were located in the first place as the most used method of recruitment only by 3 respondents (2 entrepreneurs from small business in the textile and construction industries, and one entrepreneur of a medium enterprise in the textile industry). Therefore, it is noted that in areas of activity where unskilled labor overbears, the recruitment advertisements published in the press remained preferred. To determine the top of the preferred methods of recruitment, the ranking method was used. Thus, a "grade" was assigned, as follows: the 1st place received 6, the 2nd place 5, the 3rd place 4, the 4th place 3, the 5th place 2 and the 6th place received 1. After that, the sum of the multiplications between the grade assigned to each place and the number of respondents related to each place was calculated. After that, the amount obtained was divided by the total amount of respondents, 25 respectively. The scores obtained revealed that the most preferred recruitment method is online recruiting (score 4.80). Ranked second among the respondents' preferences on methods of recruitment are recruitment ads published in the press with a score of 4.36. Ranked third with a score of 3.64 is recruiting through informal channels, and ranked next, with a score of 3.56 is recruitment agencies. Last 2 places of the deck are occupied by searching applications for employment published in the press with a score of 2.40 and the recruitment from educational institutions with a score of 2.32.

Regarding the preferred selection methods, in 22 SMEs the selection process consists in analyzing the information provided by the CVs and letters of motivation followed by an interview. Of the 22 SMEs, only 11 also chose testing as method of selection. The 3 SMEs that have not chosen any method of selection are those that chose the recruitment from informal sources as the main method of recruitment. The other SMEs who have not chosen testing as a method of selection are those that have awarded the 1st or 2nd place to the recruitment advertisements published in the media.

Conclusions

The research confirmed the hypothesis about the importance of the human factor. It was found that most entrepreneurs of researched SMEs consider the human factor important for their business. It may be inferred that, acting in a dynamic and complex environment, SMEs have become aware that human resources can be an important factor that can ensure their survival or success on the market. The hypothesis regarding the entrepreneurs' preference for informal sources of recruitment has not been confirmed. Thus, the research showed that most entrepreneurs of the micro enterprises prefer online recruitment.

Less than half of the SMEs in which the questionnaire was administered have a human resources department, which was predictable, since nearly half of SMEs are micro enterprises, and the existence of a human resources department in such firms is not justified. According to the gathered data, more than half of small and medium enterprises have a human resource department which leads to the conclusion that as companies grow, their concern for personnel increases. Along with the enterprise size, the field of activity is another factor influencing the existence of a human resource department. Thus, the research revealed that a medium enterprise from the textile industry does not have a human resources department. Thus, enterprises operating in areas where unskilled labor overbears do not put great emphasis on human resources.

More than half of the respondents consider the human factor important for their business. Although they do not have a human resources department in their micro enterprises, the entrepreneurs do not deny the importance of the human factor for their success. They are aware of the strong competition existing on the market they operate on and they consider human resources as a source of competitive advantage.

More than half of the respondents prefer external recruitment only, the rest preferring both internal and external sources of recruitment. External sources are largely preferred by micro entrepreneurs. As companies grow, entrepreneurs prefer both internal and external sources of recruitment. Since the internal recruitment (commonly known as promotion) is an important means of motivation, and concern for the human resources increases with increasing business, entrepreneurs of small and medium businesses often use this source of recruitment.

Nearly one third of respondents ranked recruitment agencies as the preferred method of recruitment. However, almost half of the respondents placed the online recruitment service in the first place, part of them entrepreneurs of micro enterprises in commerce, services and IT. The evolution in technology led to the evolution of recruitment methods. Thus, online recruitment became increasingly used even by the entrepreneurs of micro enterprises who consider it a way of rapid and cheap access to millions of potential candidates. Thus, ever more modern methods of recruitment replaced the old ones; only a minority of the respondents placed the recruitment through informal channels first (friends, relatives, family, and others). This method of recruitment, which assumes prior knowledge of future employees, is generally used by entrepreneurs of micro enterprises. Classical recruitment advertisements published in the press were placed in the first place as the most used method of recruitment only by very few respondents, the entrepreneurs of business in textile and construction industries. Therefore, it is noted that in the areas of activity where unskilled labor overbears, recruitment through the media was preferred. Considering the top of the entrepreneurs' preferences regarding the methods of recruitment it can be observed that the 1st place is taken by the online recruitment agencies. The 2nd place belongs to recruitment ads in the press, the 3rd one to recruitment through informal channels, the 4th place is held by recruitment agencies, the 5th place is held by searching for applications published in media and the last place belongs to recruitment from education institutions.

In most SMEs in which the questionnaire was administered, the selection process consists of analyzing the information provided by CVs or letters of motivation of the candidates followed by an interview. Few SMEs use tests as a method of selection.

The present paper revealed some specific features of the recruitment and selection processes in a panel of 25 SMEs. In order to validate these findings for the whole Romanian SMEs sector, further researches are required.

References

- 1. Catoiu Iacob (coordonator), Cercetari de marketing, Uranus, Bucuresti, 2002.
- 2. Deaconu Alexandrina, Rasca Lavinia, Podgoreanu Simona, Chivu Iulia, Nita Andreea, Curtenau Doru, Popa Ion, Comportamentul organizațional si gestiunea resurselor umane, A.S.E., Bucuresti, 2002.
- 3. Emilian Radu, Tigu Gabriela, State Olimpia, Tuclea Claudia, Brindusoiu Catalina, Managementul resurselor umane, A.S.E, Bucuresti, 2003.
- 4. *** Institutul National de Statistica, Anuarul Statistic al Romaniei editia 2008.
- 5. *** Legea nr. 346/2004 privind stimularea infiintarii si dezvoltarii intreprinderilor mici si mijlocii.

AUDIT – GUARANTOR OF ETHICS IN THE MANAGEMENT OF PUBLIC INSTITUTIONS

Dumitrescu Adelina

National School of Political Studies and Public Administration Faculty of Public Administration 6, Povernei Street, Bucharest, Sector 1, Romania E-mail: adelinadumitrescu02@yahoo.com Phone: 0740 604 251

Nowadays we can hear more and more references to conflicts of interests, corruption, traffic of influence, and so on. The Romanian Press has literally shouted over the last few years about such cases, diminishing the already doubtful prestige of the Romanian Public Administration. Despite of visible efforts of the Government to solve these problems, efforts concentrating on founding of organisms and institutions powerful enough to fight against such phenomena, they still persist.

To apply a medical principle, one must first fight the cause of a disease and only then the effect; and let's be honest – corruption in the Public Administration is a severe disease.

As remedy for this disease and its causes we must take the internal audit into consideration, which can generate reports about infringements of the public servant at all hierarchical levels to the ethical and deontological norms of conduit.

Kevwords:

Internal audit, Ethics, Infringement, Public servant, Management

1. Introduction

Ethics and ethical behavior have always been a key player in setting up procedural standards in any field of activity. The first codes of ethics were introduced in ancient days within the military and medicine. The Hippocratic Oath can be considered the first attempt to establish a set of rules and guidelines for behavior in a field of activity. Codes of ethics come to complete legal regulations, infringements to these not necessarily putting the offender on the "wrong side" of the law.

Nowadays every métier has established a code of ethics, which is enforced by professional organizations, and every person who wants to be part of that organization, has to follow these rules in every aspect of his activity. Furthermore these organizations enforce their codes of ethics by granting the right to exercise ones profession only by being a certified member of these organizations. We can mention here for Romania: the Order of Architects (OAR), The College of Doctors, the Bar, The Body of Expert and Licensed Accountants of Romania (CECCAR), the Chamber of Auditors, and so on.

Ethics play a significant role also within the public administration. The public service is an activity meant to help all citizens of a nation, equally, without discrimination of any kind. The behavior of the public servant must be flawless at any level, starting from the management and ending with the last levels of the organization of public institutions. By obeying ethics within the public administration, an objective basis for the decision and the procedures within the public sector is being set up. Especially in the public sector, where money from contributors has to be spent in such manner that these contributors are given the basis for a normal, decent life, infringements to ethics are most dangerous and have to be avoided on a systematic level. In this regard, the Public Internal Audit has the means, the power and the responsibility of enforcing an ethical behavior within public institutions and avoiding infringements within the public service. Infringements in the public service are to be considered any action, decision procedure or conflict of interests based on subjective criteria whose results can be considered an abuse of power, a

68 Friedberg, A.: "The Role of State and Public Audit in Safeguarding Ethics in the Public Service: Whose Ethics? What Ethics?", EBSCO Publishing, 2002, pag. 123 – 125.

fraud or any situation of inequitable behavior against one or more contributors⁶⁸. Furthermore, this definition raises the problem of the moral integrity and personality of the public servant.

This paper tries to define the institutional framework for the Public Internal Audit as guarantor of ethics in the management of public institutions and within the public service itself. Two issues have to be clarified:

- What is the place taken by the Public Internal Audit within the public institution?
- What are its interest fields and its limits?

One thing is sure: the Public Internal Audit cannot force the moral conduit in the institution in which it is done. This remains one of the duties of the management, still the audit can pull the right "strings" where infringements to ethical norms have been committed.

2. Ethics in the public sector

What do we understand under ethics in the public sector? Leaving a scholar approach aside for a few moments, and trying to give a more plastic definition, one can say that, ethics in the public service are the first weapon in assuring that public service is done for the benefit of the contributor.

There are some principal differences between the activity of a public and a private entity⁶⁹. The public service is done for all contributors alike, regardless of the differences in wealth, social status, religion and so on, whilst private service is done for those who can afford it. This paper isn't meant to be a lecture for human rights, but there must be said that the public service must respect these human rights in its daily business.

Public service is all about helping the members of a society in their everyday problems. From healthcare, over daily travel to and from work and ending with culture, public service is present in every aspect of our lives, and influences us more or less, depending of the quality with which the public service is done. Therefore, the public servant must be, regardless of his rank and status within the organization, a keeper and defender of human rights, and his attitude must reflect the above mentioned quality and the desire to help every kind.

We cannot separate the moral integrity of the public servant from the moral integrity of the public manager, because the manager is the first person in the public institution who has to enforce ethics. Ethics starts from the top of the command chain of the public sector and is enforced downwards, so infringements have to be avoided from the top. In this regard, the High Court of Justice of The State of Israel had ruled: "The political appointment is a breach of trust of the executive branch against the public. It can influence the public's confidence in the public service; it influences the equality of rights; it influences the professional standards of public officials, who are not demanded to prove, by tender, that they are the best. It can bring about a phenomenon characterized by preferring connections to qualifications; and politics in its narrow meaning turns out to be the major factor in the appointment. It can lead to the false organizing of a system, enabling the absorption of close political 'relatives' to speed up their advancement and to create unneeded jobs. It can corrupt the public moral integrity, unbalancing the stability and decreasing professionalism. It can harm the public servant's morale, influence the quality of the public service and hurt its image. In conclusion, the political appointment harms the basic principles of our judiciary system, our concept of values, our understanding of the essence of public service and of the social covenant, which is without a doubt the basis of our existence as human society."⁷⁰

⁶⁹ Androniceanu A.: "Noutăți în managementul public", 3rd edition, Ed. Universitară, Bucharest 2008, p. 19-21.

⁷⁰ High Court of Justice 145/98, the New Labor Federation and the federation of Academics in Social Sciences and Humanities v. The State of Israel, the. Minister of Construction and Housing and Shimon Einstein, Director of the Department for Rural Building, 5998, Para. 10.

There are seven criteria which define the moral conduit of a public servant and a manager as well⁷¹:

- Probity, meaning the correctness of the public servant/manager in fulfilling his duties;
- Dignity: under a material aspect, the public servant/manager is being paid to fulfill his function, and under a moral aspect, the servant has necessary authority, and is denied the right to degrade himself or his function;
- Interdiction of cumulus: the public servant may not have contrary interests to the administration he serves;
- Impartiality: for some public servants, like magistrates, policemen or military it is not permitted to be members of political parties. Because of the very late adoption of The Statute of The Public Servant⁷², political patronage of public institutions was possible;
- Subordination: public servants have the obligation to obey orders and instructions received from hierarchical superiors;
- Fidelity: the public servant must fulfill his duties to and for the interest of the Institution that employs him;
- Respect towards the function: the public servant must not surpass his function.

Even though the problem of the moral conduit it regulated by the Code of Ethics and The Statute of The Public Servant, we are confronted almost on a daily basis with infringements to these codes. The guarantor of ethics should be the management of the public institution itself, but it is exactly here where we find a conflict of interests: the manager is subject to the same infringements as the public servants. The need for an "independent external control" of the moral aspects of the public service is under these circumstances obvious, and enters the field of the internal public audit. The need for an independent external control of the internal public audit.

Another issue of the moral behavior of public institutions are local cultural aspects. Starter of the research in this field is considered Geert Hofstede, who has established a series of five criteria to define the cultural aspects of a society⁷⁵, getting even more dangerous, if the society has an open attitude towards risk taking. Also what morality and ethics are concerned, a link to these criteria can be found. For example, it is a known fact, that cultures showing a large distance to power tend more to corruption than cultures with a short distance to power. Although Mr. Hofstede did not measure these criteria other authors too have studied local aspects of organizational culture⁷⁶. For example, Romanian public servants consider that there is a high degree of inequality in Romanian public institutions, due to strong hierarchies and military-like leadership.

3. How can the Public Internal Audit guarantee the upholding of ethical and moral laws?

The main issues which appear in the case of the Public Internal Audit are the following three:

What kind of audit should we consider for the issues of ethics?

How can we guarantee the authority of the internal audit infront of the manager of the public institution?

What are the limitations of the internal public audit?

71 Profiroiu M., Parlagi A., Crai E.: "Etică și corupție în administrația publică", Editura Economică, Bucharest 1999, p. 18-20.

⁷² Law no. 188/1999 republished in Monitorul Oficial nr. 365 / 2007 regarding the statute of the public servants.

⁷³ As the German like to say: "Vertrauen ist gut, Kontrolle ist besser". (It is OK to have confidence, but it is better to control).

⁷⁴ An explanation has to be made at this point regarding the link made between the terms of internal audit and external control: the designator "external" refers here to the object of activity of the public institution. According to its definition, the audit is an independent activity within an entity, which is unrelated to the object of activity of that entity. The word "external" has to be read strictly as not being part of the main activity of the institution. Also, it must be mentioned, that there is a significant difference between audit and control. This paper, as it is structured, relates to internal audit, and not to internal control. That is why, the term of internal control is written between citation marks.

75 www.geert-hofstede.com.

⁷⁶ Androniceanu A.: "Noutăți în managementul public",3rd edition, Ed. Universitară, Bucharest 2008, p. 302-313.

At a first glance, the answer to the first question is obvious: the best suited audit to evaluate ethics within public institutions is the performance audit⁷⁷. Still, we have to ask, what are the role of the other two types of audit (regularity and system audit) in fighting infringements? In this regard we will raise the following question: how does nepotism affect the image of public institutions and their efficiency, efficacy and economic aspects?

Answers like the one of the High Court of Justice of the State of Israel are to be given in each case of infringement of the moral and professional rules of conduit. That is why, every type of audit can give information about infringements or can foresee situations where the public servant/manager can be tempted to break these rules. The audit as a whole has a regulating role within any entity and having to ensure the adaptability of the institution to every situation 78 and the weight of each of the three audit types in solving morality issues depends on the problem itself, yet has to obey the same Three "E" Principle.

What the authority of the public auditor in front of the management of the public institution is concerned, the problem is a bit more complicated. Nobody can deny the necessity of exerting authority over the object of audit. We are talking about the object of audit and not the subject of audit, because the audit is by nature an objective and not a subjective activity⁷⁹. That is why a audit repost makes reference only to institutions and not to persons. It often so happens that the manager mistakes the object of audit with the subject, giving birth to unnecessary conflicts sprung out of personal vanities or fears of any nature. Thus the problem has two different aspects:

- A psychological one, referring to the auditors personality;
- An institutional one, referring to the subordination relationship of the auditor to the manager.

The personality of the auditor on one side, and on the other, the accumulation of issues that appear to be infringements to moral integrity can lead to cardinal changes in the way the auditor approaches such phenomena. The problem of political appointments which has strongly contributed to the corruption of the public system, is in this case a very good example. The personality of the auditor, situated on a scale between active and passive, his horizons and his character have a huge influence on his decisions regarding to problems of audit, generally to public entities that have been audited in the past and particularly to issues of moral integrity⁸⁰.

From the point of view of the institutionalization of the internal public audit, it must be said that the internal auditor has to have the same independence as an external one or a controller in order for his activity to have a sense and to give good results^{81,82}. In this regard the guarantor of authority of the internal auditor is the statute of the internal public auditor, as stated in the Charta of the Public Internal Audit and in the Law of the Internal Public Audit⁸³.

A third guarantor of authority for the internal auditor is the irreproachable moral and ethical conduit of the auditor itself. It is utterly unconceivable that an auditor whose conduit is less than spotless can make statements about ethics in public affairs of an institution. Although the Central Harmonization Unit for Public Internal Audit (U.C.A.A.P.I.) has the role to ensure the good conditions of the Public Internal Audit in public institutions in all aspects that are involved

⁷⁷ Ghiță, M., Popescu, M.; "Auditul intern al instituțiilor publice: teorie și practică"; Ed. Ceccar, București, 2006, pag. 101

⁷⁸ Dumitrescu A, "The Role of the audit in Optimizing The Spending of Public Funds" IESC 2009 Conference Proceeding, Sibiu 2009.

⁷⁹ Law 672/2002; Monitorul Oficial, Nr. 953 din 24.12.2002 regarding the internal public audit.

⁸⁰ Friedberg, A.; "The Role of State and Public Audit in Safeguarding Ethics in the Public Service: Whose Ethics? What Ethics?"; EBSCO Publishing, 2002, pag. 123 – 125.

⁸¹ Morariu A., Suciu Gh., Stoian F., "Audit intern și guvernanță corporativă", ed. Universitară, Bucharest 2008, p. 148-150.

⁸² At least at a theoretical level. In practice this requirement proves itself very difficult to uphold because the internal auditor obeys the public manager.

⁸³ Law 672/2002; Monitorul Oficial, Nr. 953 din 24.12.2002.

including the ethical-deontological one, we feel that the proper moral conduit of the auditor must not spring out of the fear of consequences, but out of one's own moral convictions and attitude.

The main issue in determining the field of interest of the auditor concerning the manager's behavioral study is determining those actions of facts that represent or will lead in the future to infringements to conduit rules of the public administration. Here we must take out of differentiate socially immoral or amoral behaviors from legally unethical behaviors, because it is not the duty of an auditor to examine morality aspects of the character of public servants/managers but the conformity of actions, decisions procedures and systems to ensure the objectivity of undertaken analysis and of the reported conclusions. On the other hand, when we spoke earlier about the moral behavior of the auditor as guarantor of his authority we meant the professional and the moral behavior as well. These issues play an important role in the quality of the audit⁸⁴.

Jaques Renard⁸⁵ clearly distinguishes between the audit of management and management audit, meaning that the audit must not question the decisions of the public management nor mus he intervene in either way in the decision making process, but he must analyze the decisions, procedures and methods and evaluate risks ant consequences and to point them out to the management. The role au audit what ethics are concerned relies thus in determining infringements to deontological norms, where such infringements have already taken place, and determining facts and decisions that could in the future lead to such infringements, and in bringing them and their consequences to the attention of the public management.

It is in this authors opinion that the auditor must know very well the mechanisms that work within the public institution, and furthermore to ensure that the management understands itself these mechanisms and that his actions⁸⁶ are compliant to these mechanisms but also with the ethical norms that rule his activity.

4. Conclusions

Infringements to deontological norms that are valid in public institutions are unavoidable. We do not necessarily believe that all infringements are premeditated, but more they come from misunderstanding an ambiguous and permissive legal framework. The consequences of such infringements are nevertheless in most cases extremely serious, for the public, seeing that the trust of the contributors in the administration is very low, and for the public servant breaking these rules as well.

It is of the duty of the management to impose the rules of deontological conduit and to ensure that these rules are followed by all public servants. Managers must themselves be guarantors of these rules within the institution they manage and the audit must pull on the emergency signals for possible infringements. This is why we consider that the Public Internal Audit must ensure the compliance of current activities—of the institution without questioning the decisions of the management or interfering with daily business of public institutions. The audit cannot impose the moral conduit on public servants.

The auditor himself must be a model of personal morality and professional conduit in order to exert authority in issues of ethics within the public institution and to fulfill his mission in compliance with the demands for quality that are set to him.

Safeguarding ethics is by no means the only field of interest of the internal public audit, but it is one of the most important. It interferes with other issues at more levels than one and it is difficult to say if one problem is only of an ethical nature or if it concerns more aspects. However,

⁸⁴ Deis D. R. jr., Giroux G., "Determinants of Audit Quality in The Public Sector", The Accounting Review, vol. 67, no. 3, 1992, p. 462 – 463.

⁸⁵ Renard J., "Theorie et pratique de l'audit interne", Paris, 2002, tradusă în România printr-un proiect finanțat de PHARE, sub coordonarea Ministerului Finanțelor Publice, București, 2003, pag. 42-45. 86 In the very broad sense of the term.

especially in Romania, it is especially demanding, also because of the demands of the European Union to fight corruption and other infringements to ethical behavior.

References

- 1. Androniceanu A.: "Noutăți în managementul public",3rd ed., Ed. Universitară, Bucharest 2008;
- 2. Deis D. R. jr., Giroux G., "Determinants of Audit Quality in The Public Sector", The Accounting Review, vol. 67, no. 3, 1992;
- 3. Dumitrescu A, "The Role of the audit in Optimizing The Spending of Public Funds" IESC 2009 Conference Proceeding, Sibiu 2009;
- 4. Friedberg, A.: "The Role of State and Public Audit in Safeguarding Ethics in the Public Service: Whose Ethics? What Ethics?", EBSCO Publishing, 2002;
- 5. Ghiţă, M., Popescu, M.; "Auditul intern al instituţiilor publice: teorie şi practică"; Ed. Ceccar, Bucureşti, 2006;
- 6. High Court of Justice 145/98, the New Labor Federation and the federation of Academics in Social Sciences and Humanities v. The State of Israel, the. Minister of Construction and Housing and Shimon Einstein, Director of the Department for Rural Building, 5998, Para. 10;
- 7. Morariu A., Suciu Gh., Stoian F., "Audit intern și guvernanță corporativă", ed. Universitară, Bucharest 2008:
- 8. Profiroiu M., Parlagi A., Crai E.: "Etică și corupție în administrația publică", Editura Economică, Bucharest 1999;
- Renard J., "Theorie et pratique de l'audit interne", Paris, 2002, tradusă în România printr-un proiect finantat de PHARE, sub coordonarea Ministerului Finantelor Publice, Bucuresti, 2003;
- 9. Law 672/2002; Monitorul Oficial, Nr. 953 din 24.12.2002 regarding the internal public audit.
- 10. Law no. 188/1999 republished in Monitorul Oficial nr. 365 / 2007 regarding the statute of the public servants;
- 11. www.geert-hofstede.com.

HUMAN RESOURCE STRATEGIES WITHIN THE BANKING SYSTEM IN ECONOMIC RECESSION SITUATIONS

Dumitru Alina Mihaela

The Bucharest Academy of Economic Studies Faculty of Management Contact address: Piteşti, str. Nicolae Balcescu, Bl. L4, Sc.B, Ap.40, Jud. Argeş (Piteşti, Nicolae Balcescu Street, Block L4, Entrance B, Flat number 40, Argeş County) E-mail: alina_dumitru2004@yahoo.com Telephone: 0747-095568

Văruicu Nicoleta

The Bucharest Academy of Economic Studies Faculty of Management Contact address: Piteşti, str. Smeurei, Bl. PS2, Sc.A, Ap.10, Jud. Argeş (Piteşti, Smeurei Street, Block PS2, Entrance A, Flat number 10, Argeş County) E-mail: nicoletavaruicu@yahoo.com Telephone: 0743.43.99.39

With increasing levels of export intensity, firms begin to face new demands. The first set of resources brought to bear on the issues, and those resources are most quickly mobilized, are the employees. Indeed, higher levels of exporting require activating relatively less mobile resources through the building of organisational structures and mechanisms for managing repositories of knowledge (particularly organizational specialization and selectively hiring appropriately skilled staff).

This article presents human resource strategies within the banking system in economic crisis situations. Solutions are put forward that enable companies to survive during this period of economic decline. One of the best strategies that a company may apply is the assimilation of knowledge through efficient training.

Keywords: human resources, training, performance, efficiency, banking system

Cod JEL: J28, O15.

Human resources (HR) have been proposed as one of the most important sources of competitive advantage in the global environment (Barney 1991).

Specific HR practices could be used to enhance the human capital of employees. Indeed, such practices are indicators of a firm's investment in HR (Snell & Dean 1992). With the increasing focus on the management of knowledge, as a source of competitive advantage, the human capital approach provides the opportunity for emphasising the intellectual aspects of capital (Petty & Guthrie 2000).

To increase productivity through human capital, the firm needs to harness the potential contribution of the employees. This human capital must then be developed and managed as a core competency of the firm, and a potential source of competitive advantage (Barney 1991). A key mechanism for harnessing the human capital is by using appropriate HR practices (Youndt, Snell, Dean & Lepak 1996).

Organisations can put in place the internal systems to encourage and enhance the accumulation of knowledge. Empirical evidence has demonstrated that human capital-enhancing HR practices are important as a mechanism for enhancing the accumulation of knowledge (Snell & Dean 1992, Youndt et al. 1996).

A key mechanism for harnessing the human capital is by using appropriate HRM practices (Youndt et al. 1996). Similarly, human capital-enhancing HR practices have been found to be positively correlated with the adoption of advanced manufacturing technologies (Snell & Dean 1992). The use of HR to develop and harness knowledge is consistent with the human capital theoretical approach, which argues the skills, knowledge, and abilities possessed by the HR would provide economic value to organisations (Schultz 1961, Parnes 1984). Proponents of human capital theories argue that when complemented by the adoption of HR practices, there is a positive relationship between firm investment in human capital and performance (Youndt et al. 1996).

Within the manufacturing management literature, manufacturing strategy has been described as the match between employee competencies and the extent of competitiveness in the market (Orr 1999). This notion of a match between HR and a firm's internal and external structures is consistent with the literature on strategic HRM (Schuler, Dowling & De Cieri 1993). The emphasis for exporters is on the effectiveness of strategic HR practices and human capital-enhancing HR practices to manage the knowledge required to conduct export activities (Andersen 1993). The level of knowledge acquired would, in part, rely on the types of HR practices used to enhance learning. Therefore, it is expected that organisations will adopt more human capital-enhancing HR practices as the level of export intensity increases.

In a society based on technical and scientific progress, which experiences permanent changes, the individual faces the need to acquire new competences, to renew his or her knowledge and skills at least once every 2-3 years by participating in professional training programmes.

Investment in human resources, which make up the most valuable asset of a company, proves to be intelligent and durable, even if it involves certain costs and the results are not noticed right away. The application of the "3L" principle - "lifelong learning," generates benefits both in favour of companies, as well as in favour of employees by creating new better qualified labour, by increasing competitiveness, output and personal development.

Romania will have to modernise its education system and to adjust its programmes according to the requirements of the labour market.

Professional training for adults in Romania has been a national priority for a long time. Today, when Romania is a Member State of the European Union, the latter should provide support to the European mobility of persons, which is a key element of the European policy.

The quality of employees and their improvement through training and education are the most important factors in establishing a long-term profitability. If one employs and maintains good employees, investing in the improvement of their skills in order to increase their output makes up a good policy.

Research has shown which are the specific benefits that may be obtained through staff training and improvement, namely:

- Output increase.
- Decrease of the rate according to which employees are substituted.
- Efficiency increase, which results in increased financial gains.
- Decrease of the need for supervision.

In a developing technical universe, where adjustability is called for, we are deeply convinced of the indispensable and irreplaceable role of professional training in increasing competitiveness.

Professional training must be a priority of national policies. The application of the lifelong learning concept will be beneficial to both the society, as well as to persons, following the increase of competitiveness thereof, the professional development and the employment potential.

Although it does not rank among the first countries that invest in this field, Romania has taken a few important steps in programming the professional employment and training policies. The main element of a strategy in connection with lifelong improvement is a strong partnership with the parties interested in the education phenomenon and the involvement of social partners and the development of customised training programmes must respond to personal and to company options and interests.

Professional training and improvement within the banking system involves:

- The determination of the needs for professional formation, training and development
- The elaboration of training and improvement programmes and the follow-up of their application
- The organisation of training and improvement courses relying on own bank staff or based on collaboration with other specialised companies
- The guarantee of participation conditions with respect to employees' participation in these programmes

- The assessment of training and improvement actions
- The follow-up of efficiency of pursued programmes

Staff promotion within the banking system:

- The elaboration of promotion criteria for all professional categories
- The elaboration of a promotion plan
- The organisation of promotion contests
- Career plans

The professional and personal training and development within the banking system aims at achieving the strategic objectives of the bank.

Obligated to act within a legislative framework that is marked by significant discrepancies compared to the international system (except for the last years), the financial and banking companies had to "fight" for the problems corresponding to gaining market shares, but especially for the problems caused by the capitalisation on human resources (given that the human resource capital does not have a high level of education, stability and it is fluctuant).

Regarding the purpose of courses attended within the Transilvania BANK, one may come to the conclusion that these allowed its staff:

- -to improve their personal performance, which allowed them to be better appreciated by the superiors and respected by the colleagues;
- -to correctly carry out their tasks distributed based on the position occupied, thus enhancing the trust in themselves;
- -to be promoted to a higher category or within the position occupied, which contributed on the one hand to enhancing the personal reputation, to increasing the income yielded, and on other hand to improving working conditions.

The companies on the local market, especially those in the financial field or those that provide support services take into consideration the professional retraining of the employees as an alternative to restructuring. The solution is to move the employees from the unproductive department to productive ones.

Companies are now willing to do whatever it takes in order to prevent the closing of their business. For example: staff rotation, unpaid leave, decrease of salaries – either the salaries of all the employees or, with their consent, the salaries of the managers.

Professional retraining is a solution that is easily implemented, especially in the case of less specialised jobs that require a shorter training period. Generally jobs that require a month or two months at the most to learn the specific features of the work involved are concerned.

Companies have to opt for one of two types of strategies:

- -either to keep the already existing staff and not to perform any kind of salary increase
- -or to dismiss part of the employees and to keep the ones with the highest performance.

Companies in the second category manage this way to keep some of the benefits and even to perform salary increases. Less than 10% of the companies on the local market have foreseen salary increases of less than 5% for the next period.

A well prepared training offers to trainees the possibility to acquire practical knowledge according to specific fields within a very short time, it offers them the possibility to interact and socialise and constitutes a framework where they can test and practice their skills.

On the other hand, irrespective of the profession, training is one of the instruments that may help employees overcome periods of crisis. Among the useful training courses are the training in finance, project management or negotiation techniques.

For example, the training in the finance fields is meant for employees who have decision-making roles or influence roles within a company and who lack the economic training. Thus they may better understand the way in which a budget is constituted, the financial indicators, the control of costs and they may come up with relevant proposals using the financiers' language.

Moreover, regarding project management, the training helps better manage resources, whether it is about material resources or human resources, so that the losses caused by delays or blockages in various moments are reduced.

Another very useful training is the one that concerns the problem solving techniques and the creative thinking, which helps stimulating the "problem-solver" approach through which any employee may contribute to finding solutions to problems entailed by recession.

The advanced negotiation techniques, especially for the purchase field, help decreasing the costs incurred by negotiations with partners on higher positions, especially when major contracts are concerned, where every percentage received or given and every clause is significant.

The change management training is useful for both efficient communication of changes within the organisation, as well as for the assessment of costs corresponding to the decisions made.

We may conclude that the importance of training to the sales force and the activity of debt recovery within the financial and banking companies is a major component of the employees' success with respect to the sales process, to the career management and to the positioning of the company among the top employers on the market.

Those who work in the training field face a continuous challenge, a combination between personal development and passion, between intuition and have the chance to offer transforming experiences to others.

Bibliography

- 1. 1. Armstrong M., "Strategic Human Resource Management: A Guide to Action", Kogan Page, Limited, 2006, pg 119, 131.
- 2. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- 3. Jow, D. (2000). A note on psychological distance and export market selection. *Journal of International Marketing*, 8(1), 51-64.
- 4. 4. Elsevier Butterworth Heinemann, Linacre House, Jordan Hill, Oxford, 2005, pg. 169
- 5. 5 Snell, S.A., & Dean, J.W., Jr. (1992). Integrated manufacturing and human resource management: A human capital perspective. *Academy of Management Journal*, 35(2), 467-504.
- 6. 6 Youndt, A. M., Snell, S., Dean, J.W., Jr, & Lepak, P.D. (1996). Human resource management, manufacturing strategy, and firm performance. *Academy of Management Journal*, 39(4), 836-866.

DIE EXTERNALISIERUNG DER HUMAN RESSOURCEN

Fleseriu Adam

Universitatea Creștină "Dimitrie Cantemir" București, Facultatea de Științe Economice Cluj-Napoca, Str. Teodor Mihali, nr. 50 Cluj-Napoca, e-mail: adamfleseriu@yahoo.com, telefon: 0741132196

Fleșeriu Cristina

Universitatea Babeş - Bolyai, Facultatea de Business, Str. Horea, nr. 7 Cluj-Napoca, email: cristinafleseriu@yahoo.com, telefon: 0742075115

The outsourcing of human resources is an instrument that optimizes the structure of an organization. In Romania it is used especially by international companies. But during the current economical crisis, beside the multinational companies, even more national companies have wanted to externalize their human resources. The advantages of outsourcing during crisis are: the decrease of wage costs, the reduction of secondary costs, lower future investments, flexibility etc. Beside the reduction of costs that are obtained with outsourcing, there appears another advantage through the transfer of the responsibilities and professional competences to another company.

Schlüsselwörter: Externalisierung, Outsourcing, Kriseperiode, Human Ressourcen.

Die JEL Kode des Artikels: M12, M50

Einführung

Der Begriff Outsourcing kommt aus der amerikanischen Terminologie – outside resourcing – und bedeutet: von Außen etwas zu nehmen oder zu kaufen. Dieser Begriff wurde danach in der ökonomischen Sprache benutzt, um zu zeigen dass, die externen Quellen benutzt werden können, um die Unternehmensaktivitäten zu entwickeln; Aktivitäten die traditionell mit Hilfe vom internen Ressourcen durchgeführt wurden.

1. Definitionen. Klassifizierung des Outsourcings

1.1. Definitionen des Outsourcings

Die Externalisierung ist ein allgemeiner Begriff und beschreibt verschiedene Outsourcingaktivitäten: vom Mittagessen anbieten oder Dienst der internen Post bis zur Prozesse wie Informationstechnologie, Verwaltung und Logistik; die von einem Lieferanten durchgeführt werden, weil dieser Qualität und Ergebnisse anbietet.

Gleichzeitig, ist das Outsourcing ein Managementinstrument, das im Bereich der Informationstechnologie gegründet wurde, aber jetzt wird auch in Bereichen wie: Human Ressourcen, Finanzbereich, Verwaltung, Marketing/Verkauf u.a benutzt. Die Externalisierung ist ein Optimierungsinstrument der Unternehmensstruktur.

Das Outsourcing bedeutet auch bestimmte Dienstleistungen des Unternehmens vom speziellen Dienstleistungsunternehmen übernommen zu werden. Das bedeutet, dass das Unternehmen keine Mitarbeiter mehr braucht um diese Dienstleistungen durchzuführen⁸⁷.

Die Schriftsteller B. Quélin und A. Duhamel sagen dass das Outsourcing sehr oft begleitet wird, vom materiellen und menschlichen Ressourcentransfer, in der Richtung des gewählten Anbieters. Dieser hat die Pflicht die internen Dienstleistungen, die externalisiert wurden, für eine mittelfristige oder lange Frist zu ersetzen⁸⁸.

Also, anhand aller Definition kann man sagen, dass das Outsourcing eine Lieferung, von den bestimmten internen Dienstleistungen, zu einem spezialisierten externen Unternehmen ist. Dieses Unternehmen hat als Pflicht diese Dienstleistungen anhand des Vertrages eine lange Periode durchzuführen.

87 A.Ivanovic, P.H. Collin, Dictionar de resurse umane si managementul personalului: englez – roman, Editura Technica, 2001, p. 439

88 B. Quélin, A. Duhamel, Bringing Together Strategic Outsourcing and Corporate Strategy: outsourcing Motives and Risks, European Management Journal, Vol 21 No. 5, 2003, p. 8

1.2. Klassifizierung des Outsourcings

Abhängig von der Auswirkung auf die Unternehmensaktivitäten, ist:

- strategisches Outsourcing determiniert die qualitative Veränderungen zwischen "Ressourcen-Kompetenzen- Kenntnissen", die neue, zukünftige Entwicklungsmöglichkeiten für das Unternehmen erstellt haben und/oder verarbeitet relevante, strategische Aktivitäten, die benutzt werden für die Behaltung des wettbewerblichen Vorteils;
- operatives Outsourcing ist nur eine neue Konfiguration der Aktivitätsgrenzen des Unternehmens und/oder eine effiziente Benutzung der existierenden, operativen Kapazitäten. Abhängig von der festgelegten Beziehung der Partnerschaft, ist:
- traditionelles Outsourcing bedeutet eine kurzfristige Partnerschaft zwischen dem Empfangsunternehmen und dem Lieferanten, die mehrere geteilte Transaktionen beinhaltet;
- relationales Outsourcing bedeutet eine langfristige Partnerschaft und auswertet das Potential und die Ziele des Empfangsunternehmens und der Lieferanten. Die Transaktionen sind komplexe Aktivitäten des Empfangsunternehmens um spezifische Relationen mit dem Lieferanten durchzuführen und synergetische Ressourcen, Kenntnisse und komplementäre Kompetenzen zu nehmen und zu kombinieren.

Abhängig von dem Bereich/ die Aktivität die externalisiert wird, existiert Externalisierung im Bereichen wie: Informationstechnologie, Produktion, Logistik, Finanzbereich, Human Ressourcen, Verwaltung, Marketing und Verkauf, Entwicklungsbereich, Buchhaltung, IT, Reinigung, Wach und Sicherheitsdienst etc. Alle Bereiche können im Unterbereiche/ Unteraktivitäten dividiert werden.

2. Externalisierung der Aktivität im Bereich Human Ressourcen

Sehr viele Dienstleistungen, im Bereich der Human Ressourcen, die vor ein paar Jahren Verantwortung des Unternehmens waren, werden jetzt vom externen Lieferanten übernommen, also sie werden externalisiert.

Das Outsourcing der Human Ressourcen bedeutet die Externalisierung von bestimmten Aktivitäten, die zur Funktion der Human Ressourcen eines Unternehmens gehören. Anhand der Unternehmensgröße oder wie kontrollierbar die Funktion der Human Ressourcen ist, existiert die Möglichkeit eine oder mehrere Aktivitäten zu externalisieren.

Die Externalisierung der Human Ressourcen ist das Ergebnis einer Entscheidung und ist abhängig von der mittelfristige oder langfristige Strategie des Unternehmens im Bereich von Human Ressourcen. Der Verwaltungsrat und der Direktor der Human Ressourcen müssen die verschiedene Outsourcingmodelle analysieren um danach zu entscheiden welche Lösung die Beste für das Unternehmen ist.

Die wichtigsten Aktivitäten die man externalisieren kann sind folgende⁸⁹:

- Ausbildung und Schulung der Mitarbeiter;
- Rekrutierung;

- icki utici ulig

- Überwachung und Beratung für die Systeme der Sicherheit für Arbeit und Gesundheit;
- Sozialschutz der Arbeitnehmer- und Beratungstätigkeiten;
- Kinderkrippe und Kindergärten für die Kinder der Arbeitnehmer;
- Verwaltung des Gehaltes;
- spezialisierte juristische Beratungsdienstleistungen;
- arbeitsmedizinischen Dienste und die Erhaltung des körperlichen Zustandes.

Es ist möglich fast alle Aktivitäten im Bereich der Human Ressourcen zu externalisieren. Kleine Unternehmen, oder die Unternehmen die unzureichende, interne Ressourcen besitzen externalisieren interne Aktivitäten. Die am meisten externalisierte Aktivitäten im Bereich der Human Ressourcen sind: Berechnung und Verwaltung des Gehaltes (Payroll services) oder Personalleasing.

⁸⁹ M. Amstrong, Managementul resurselor umane, Manual de practica, Editura Codecs, București, 2003, p. 73

Die Payroll Dienstleistungen werden vom spezialisierten Unternehmen durchgeführt. Dieses Unternehmen ist eigentlich ein externen Payroll Department das sich mit Berechnung und Verwaltung des Gehaltes für die Arbeitnehmer des Kundenunternehmens sich beschäftigt.

Die Personalleasingdienstleistungen sind Dienstleistungen die vom bestimmten, spezialisierten Unternehmen durchgeführt werden. Das Dienstleistungsunternehmen beschäftigt sich mit Verarbeitung der Arbeitsverträge, Berechnung und Bezahlung des Gehaltes für das Personal, aber auch mit anderen Aktivitäten, die sehr viel Ressourcen und Zeit benötigen wie: die Durchführung der medizinischen Kontrollen vor Anfang der Arbeit sowie die regelmäßige Kontrollen für jeden Mitarbeiter, die Durchführung des Trainings für die Arbeitssicherheit, Verteilung des Essen – Tickets für die Mitarbeiter etc.

Die Fälle indem man die Personalleasingdienstleistungen benutzen soll sind:

- nicht genügende Angestellte im Unternehmen;
- Einschränkung der Anzahl der Angestellten, dank der internen Politik über die maximale Anzahl der Angestellten;
- die zu lange Dauerzeit bis eine Stelle genehmigt wird: kann bis 6 Monaten dauern;
- Budgetbeschränkungen: diese werden benutzt mehr für das Gehaltbudget und nicht für das Budget für die Outsourcing Dienstleistungen;
- das Mangel einer legalen Entität im Rumänien: entweder existiert die Entscheidung um keine juristische Entität im Rumänien zu gründen, oder es dauert zu viel um eine zu eröffnen;
- die interne Ressourcen sind unzureichend oder ungeeignet: entweder fehlt das Human Ressourcen Department, oder die Ressourcen die angewiesen wurden sind unzureichend;
- die Anstellung in der Probezeit: ist eine Möglichkeit die Fertigkeiten und die Kompetenzen einer zukünftigen Angestellten zu prüfen, um danach ihm anzustellen.

2.1. Gründe der Externalisierung der Human Ressourcen

1. Vielfältige Kompetenzen

Man braucht ein Team mit einem verschiedenen Kompetenzniveau um den ganzen Gebrauch von Kompetenzen, dass das Unternehmen braucht im Bereich der Human Ressourcen, zu decken. Aber ein spezialisiertes Unternehmen wird das ganze Team im Bereich Human Ressourcen benutzen.

2. Die Human Ressourcen konsumieren andere interne Ressourcen

Die Kosten mit einem Angestellten bestehen nicht nur aus seinem Gehalt: alles beginnt mit der Rekrutierung, danach mit dem ersten Spezialisierung und geht weiter mit Steuern und Gebühren die neben dem Gehalt bezahlt werden müssen. Es existiert auch das ständige Bedürfnis der Spezialisierung. Diese sind die Bemühungen die man durchführen muss um einen produktiven Angestellten zu haben. Und nachdem alles durchgeführt wurde, passiert die Situation indem man wieder rekrutieren muss, weil der Angestellte einen anderen Job gefunden hat. Der Dienstleistungslieferant im Bereich Human Ressourcen kann viel effizienter alles verwalten.

3. Die Disponibilität ist der Schlüssel zum Erfolg

Wenn im Unternehmen das eigene Human Ressourcen Department existiert, es wird nicht rentabel sein, mehrere Personen mit derselben Spezialisierung zu haben; die bezahlt werden müssen auch wenn sie in Stand-by sind. Aber wenn diese Ressourcen nicht existieren, dann blockiert sich die Aktivität ständig. Der Dienstleistungslieferant im Bereich Human Ressourcen macht sich keine Sorgen mit dem Ausfällen, weil er mehrere Ressourcen hat, und wenn Probleme austauchen es wird sicher eine Person sein die sie lösen kann.

4. Der Kunde ist viel anspruchsvoller als der Arbeitgeber

Es ist viel einfacher die Anforderungen und die Verpflichtungen einem Lieferanten im Vergleich mit einem Angestellten zu steuern. Und wenn das Unternehmen nicht mit dem Ergebnis der Anforderungen zufrieden ist, dann ist viel einfacher ein Vertrag mit einem Lieferanten zu beenden, als einen Angestellten zu feuern, weil er nicht mit dem Arbeitsplatz passt.

5. Die Effizienz der Kosten

Die Kosten für die Human Ressourcen werden kleiner, weil die Dienstleistungen billiger sind und man kann die Größe der Funktion reduzieren.

6. Die Konzentration der Mühe im Bereich der Human Ressourcen

Die Mietglieder der Human Ressourcen Funktion sind nicht mehr abgelenkt und fokussieren sich auf die wichtigen Aufgaben, die Wert bringen.

7. Gründung vom spezifischen Kompetenzen

Das Unternehmen kann das Know-how und die Erfahrung die es nicht besitzt kaufen.

2.2. Vorteile der Externalisierung der Human Ressourcen

- 1. Die Möglichkeit des Unternehmens sich auf die wichtigsten Aktivitäten des Unternehmens zu konzentrieren.
- 2. Die Möglichkeit viel einfacher die Kosten zu beobachten.
- 3. Die Reduzierung der Risiken die mit der richtigen Benutzung der legislativen Veränderungen tauchen
- 4. Investitionen für Programme, im Bereich der Berechnung des Gehaltes, die man auch aktualisieren soll, sind nicht mehr brauchbar.
- 5. Es erscheint ein Wachstum der Produktivität und Vereinfachung des Verwaltungsprozesses der Arbeitnehmer.
- 6. Es wird Zeit und Geld gespart.
- 7. Es gibt eine Sicherheit über die gesamte Daten und Informationsschutz.
- 8. Es gibt eine konstante Flexibilität je nach Anforderungen der Kunde durch Gründung vom Berichten in einer Form die von den beiden Seiten festgelegt wurde.

2.3. Probleme der Externalisierung der Human Ressourcen

Sehr viele Unternehmen, die die Externalisierung benutzt haben wurden nicht mit den Ergebnissen zufrieden. Das größte Problem war, als die Externalisierung durchgeführt wurde, um die Kosten und das Effektiv der Arbeitnehmer sehr schnell zu sinken. Das Problem tauchte, weil einige Unternehmen grundlegende Tätigkeiten externalisiert haben, ohne eine aufmerksame Analyse der Folgen durchzuführen und ohne über die nächsten zukünftigen Situationen nachzudenken. Die Idee war: schnell und kurzfristig einen Vorteil zu bekommen.

3. Die Externalisierung der Human Ressourcen in der Kriseperiode

Eine der einfachsten Lösung die man benutzen kann in der Kriseperiode ist die Externasisierung der Unterstützungsaktivitäten in der Richtung der spezialisierten Unternehmen oder Personen. Die meisten Aktivitäten die externalisiert werden auch in der Kriseperiode, sind: Buchhaltung, Human Ressourcen, juristische Abteilung, IT, Transport Marketing und Werbung etc.

Richtig benutzt, die Externalisierung kann ein Unternehmen retten.

In Rumänien wurde das Modell der Exteralisierung von den multinationalen Unternehmen übernommen. Aber neben die Externalisierung, die diese Unternehmen benutzen, in der Krisezeit stieg die Nachfrage der Externalisierung auch für keine Unternehmen.

Die Externalisierung ist aber nicht eine Lösung für alle Unternehmen. Es kommt zu einem Zeitpunkt, indem die Unternehmen nachdenken sollten ob sie externalisieren sollen oder nicht; um fixe Kosten zu reduzieren und Flexibilität zu haben. In Rumänien ist aber nicht die Rede über riesigen Kostenreduktionen, denn es existiert nicht ein sehr teueres Markt das externalisiert in der Richtung eines sehr billigeren Marktes.

Also: die wichtigsten Vorteile in der Kriseperiode sind:

Die Reduzierung der Gehaltkosten. Die Reduzierung der Kosten für das Personal ist eine der wichtigsten Strategie in der Kriseperiode und realisiert sich durch:

- Restrukturierung der Arbeitsplätze um die Zufriedenheit und die Effizienz des Angestellten zu vergrößern. Diese Restrukturierung realisiert sich entweder durch Addierung von ähnlichen Aufgaben (horizontal) oder durch den Transfer der Aufgaben auf einem höheren Niveau (vertikal);

- die organisatorische Restrukturierung bedeutet die Reorganisierung der Operationen aus dem Unternehmen und bedeutet die Konzentrierung der wichtigsten Aktivitäten und die Externalisierung der peripheren Aktivitäten:
- die Vorruhestand der Personen die schon ein Alter haben oder diese unterbrechen für eine Weile die Aktivität, wenn es notwendig ist;
- die Reduzierung der Löhne, wenn man Arbeitskraft benötigt wird, aber die Ressourcen nicht mehr reichen;
- Kündigung.

Die Externalisierung der Dienstleistungen befindet sich zwischen den Strategien die benutzt werden um die Kosten des Unternehmens, in Rumänien, zu reduzieren, aber die wichtigste Methode die benutzt wird ist die Verkleinerung des Gehaltes.

Die Reduzierung der Nebenkosten. Das Nutzunternehmen muss nicht mehr dem Angebotsunternehmen: Dienstauto, Kraftstoff, Möbel, Gebäude, Schulungen u.a. anbieten.

Geringere zukünftige Investitionen. Nach der Externalisierung muss man nicht mehr die freigegebene Aktiven ersetzen.

Das Bekommen vom zusätzlichen Geldmitteln nach dem Verkauf des freigegebenen Aktiven nach der Externalisierung (Pkw, Anlagen und Maschinen, Möbel etc.).

Dienstleistungen die einen qualitativen Wert haben. Sehr oft ist schwer, qualifizierte Angestellte für die Unterstützungsaktivitäten zu finden. Die spezialisierten Unternehmen besitzen solches Personal.

Flexibilität. Abhängig von der Notwendigkeit des Empfängers, der Vertrag kann modifiziert werden.

Die Nachteile der Externalisierung der Human Ressourcen:

- Feuerung der Angestellten;
- man verliert die Kontrolle über bestimmte Aktivitäten des Unternehmens;
- man verliert das Geld für die Investitionen die durchgeführt wurden im Bereich der Schulung, Training und Zertifizierung;
- es beginnen Kommunikationsprobleme zwischen das Angebotunternehmen und die Angestellten des Untzunternehmens zu erscheinen.

Aber sehr oft wird in Rumänien eine falsche Richtung benutzt. Die Unternehmen beginnen produktive Mitarbeiter zu feuern, wenn sie Probleme haben. Aber die Mitarbeiter aus den Büros bleiben genau so viele wie sie waren. Eine solche Herangehensweise vergrößert nur der Rückgang des Unternehmens, weil die Ressourcen benutzt werden, ohne das diese Mitarbeiter aus dem Büros etwas produzieren werden.

4. Schlussfolgerungen

Die externalisierungsnachfrage der Human Ressourcen stiegen im ersten Monat 2009, weil die Externalisierung der Unternehmen eine Reduktion der Kosten mit 25-30% brachte.

Es ist trotzdem sehr schwer zu sagen, ob die Unternehmen alle diese Vorteile der Externalisierung bemerken, oder diese Möglichkeit benutzen nur als eine Lösung die ihnen zur Verfügung steht. Die Unternehmen, die bemerkt haben, dass die Externalisierung eine interessante Methode ist um Kosten zu reduzieren, befinden sich im Bereich: Datenverarbeitung, Administrierung der Webseiten, Transport, Handel, aber auch Managementberatung. Die Externalisierung hat neben der Reduktion der Kosten noch einen Vorteil: die Verantwortung und die professionelle Kompetenz werden transferiert. Aber die Reduktion der Kosten in der Externalisierung befindet sich nicht in der Differenz zwischen den direkten Kosten und Gehalt, sondern in der Optimierung zwischen der finanziellen und steuerlichen Kosten.

Literatur

- 1. A.Ivanovic, P.H. Collin, Dictionar de resurse umane si managementul personalului: englez roman, Editura Technica, 2001
- 2. B. Quélin, A. Duhamel, Bringing Together Strategic Outsourcing and Corporate Strategy: outsourcing Motives and Risks, European Management Journal, Vol 21 No. 5, 2003

- 3. M. Amstrong, Managementul resurselor umane, Manual de practica, Editura Codecs, București, 2003
- 4. http://www.morgansol.ro/content/view/35/1/
- 5. http://www.wall-street.ro/articol/Companii/58668/Moore-Stephens-Riff-Externalizarea-serviciilor-contabile-solutie-de-economisire-pe-timp-de-criza.html

http://www.standard.ro/articol_79723/externalizarea_serviciilor_hr_reduce_costurile_cu_30.html

MANAGEMENT, KNOWLEDGE AND VALUE WITHIN THE ROMANIAN RESEARCH INSTITUTES FOR THE PAST 20 YEARS

Fotache Liviu Christian

Economical Studies Academy of Bucharest, 132 Brestei Street, Craiova, liviuchristian@yahoo.com, 0728297207

Cruceru Anca

Romanian- American University, Faculty of Management- Marketing, 1B Expozitiei Blvd, Bucharest, cruceruanca@yahoo.com, 0723508894

Our action is intended towards emphasizing some of the most important issues in Romanian research area, especially with reference to the technical and agricultural research and this because it is important to understand how our research area has evolved in the past 20 years in order to know what has to be done in the present to achieve a reliable research industry in the coming future. Before reaching any benefit from our research system we should understand what drives the people involved and what makes it so difficult to manage and so important for the society.

Keywords: research – development institutes, management of the research – development organizations, knowledge-based management

JEL classification: D8, O3

1. An objective "radiography" of the evolution of the organizations assigned to the research – development domain

The research – development institutes have crossed a "golden period" at the end of the 60s and at the beginning of the 70s, simultaneously with the efforts made by the then form of government to obtain a certain industrial, and, implicitly, scientific independence. The collaborations with similar organizations from France, particularly, and also from the former USSR, and from the States, in spite of all the existing bottlenecks, have allowed the birth of a fecund scientific environment. At a given moment, Romania even benefitted by a rather numerous and well trained researcher group and by the necessary resources, and pretty surprisingly, Romania also benefited by at least an extensive material support, although not directly related to the latest technologies. The Romania of 1990 found meant research institutes for almost all the industrial domains, to be

The Romania of 1990 found meant research institutes for almost all the industrial domains, to be located in the most important towns of the country, research institutes to be organized around the universities from Bucharest, Iasi, Cluj, Timisoara, Sibiu, Constanta, Craiova, to name only some. The attraction and pressure forces from the free market instantaneously made their presence obvious in the research – development domain, as well, "knocking down" a domain with a practically inexistent "immunity" system. The management of the vast research – development domain was not oriented either towards increase, or towards survival.

"The wave" of request and offer struck, at the peak of its force, like a cold shower, the system, which resulted in the decrease of the management of this one to the level of reality; the mentioned cold shower included:

- the migration of the experienced technical personnel reached very high levels;
- for the great majority of the ones who chose to remain in Romania, the excessive politicizing of the institutes that were still under the state's subordination made it rather impossible for them to have access to high positions that would thus motivate their real implication;
- the fundamental research remained, to a great extent, the responsibility of "idealists" who have not had the capacity to cross beyond the theoretical discovery and proceed with patenting and putting to good value their ideas, not to mention that the bureaucratic, development and capitalization body was, mostly, made up of less adequately educated persons who has no interest or attraction to that domain, or who were simply unfit.

Unfortunately, this was not the only bottleneck the national research – development system was faced with after the 90s. During the first year after the revolution, the research institutes remained in the state's patrimony, and the allocated budget for this domain was scarce for years on end, sometimes just covering the disproportionately small salaries if related to the Romanian researchers' high education and professional qualities, and also some maintenance expenses, as well. The investments in new equipment and modern research techniques were quasi inexistent.

Needless to say that, at the end of the 90s, the Romanian research institutes' material foundation was obsolete from the technological point of view.

However, this is not the end of the problems that the national research system was faced with, at least not yet. The initiation of the privatization process represented only to a small extent the relaunching of an organization as a research institute.

As concerns the years that have passed between the former form of government and to the present date, it is much to our regret that we can list here only few positive aspects. Nevertheless, the location of the institutes next to university centers helped the institutes acquire qualified youngsters who would thus become future researchers.

In spite of an obsolete material foundation, in spite of less educated researchers, in spite of having an extremely precarious position on the European and international research – development market, the research institutes from Romania still try not to recover the former famous status, but to survive in a rather difficult context.

2. Assessments on the management applied by the research – development organizations. Consequences of this management

Thus, it is more than obvious that, based on the above "picture", we shall not be able to assume that the research-related management could be called "a success". Although it was not the same policy that was applied to the management of all the institutes, there are outstanding joint characteristics and we consider that it might be interesting to have a look both at the management decisions and also at the market pressures.

Plus and minus approaches related to the research – development management of the Romanian institutes

The management officers of the research institutes have proven little interest in a careful administration of the resources they benefited by. We do not refer here mainly to the tangible patrimony in spite of the fact that the poor administration of this one has not allowed a capitalization of the patrimony to be consistent with the potential, not to mention that it has also triggered an overwhelming increase of the additional expenses, as well. The overhead and maintenance expenses of the physical patrimony have become disproportionate if related to the number of active researchers and to the volume of the continuously decreasing purely scientific activities.

The applied management has ignored the possibility to externalize the dedicated activities – accounting, legal, maintenance, while the bureaucratic unit kept the same positions in parallel with a dramatic decrease of the researchers' number. The institutes preserved a wide range of activities, besides the administrative ones, while putting into practice an inefficient technique to assign the resources to too many domains.

The insufficient funds have hindered the institutes from participating in the main scientific events to be organized all over Europe, have hindered the institutes from benefiting by the computer-based information process, from setting contacts and initiating partnerships; needless to say that it was such partnerships that would have benefited by the expertise and knowledge of the Romanian researchers.

Previous to the 2000s, the research institutes have nor managed to develop a knowledge marketing policy as the so-called "brain export" process has not brought back to the institute any kind of value. Such a situation should be also understood from the point of view of the fact that before the "90s the institutes did not have to deploy any effort in view of the capitalization, on

the dedicated market, of the research results as these ones were included in a centralized material at the economic units from Romania or from the former Soviet block.

This way, for more than 15 years, the Romanian research activity, the owner of an impressive range of innovative technical solutions out of which some have already been patented at the national and international levels, allowed "dust" and time to cover them, and even worse than this, some of these solutions significantly lost some of their assigned value when the initiative arose to launch them on the market.

It is to a great extent that the management of these organizations was based on financing from the state budget, which led to a reduced interest towards marketing and towards development by means of a project-based management.

The valuation of the attitude towards the organization, towards its values and towards the environment in which the organization operated is absolutely necessary to be able to better understand the extent to which the research – development environment from Romania shall be able to meet the opportunities and challenges that lie ahead for the period between 2008 and 2013.

3. Analysis of the major involved aspects

Major aspects of the research – development domain:

- the dedicated personnel and the related knowledge make up the most important resource of the organization that operates in the research development domain;
- the research activity at the European level develops, to the greatest extent, further to the support provided by national and European research programs, thus setting up the knowledge and partnership networks;
- the specific nature of the research development domain and of the scientific knowledge market imposes the use of state of the art technologies, the updating of the endowment, of the work technologies and of the managerial methods;
- the active attendance at the domain-related events organized on a regular basis at the European and international levels is a compulsory condition.

These four aspects stand for the main columns of the research – development domain; they are the axes around which the research – development domain develops. It shall take huge efforts, really much time and determination to be able to go beyond this handicap that has not been inherited, but that has been induced by indifference, by the lack of initiative and by the incapacity to understand the depth of this domain and the seriousness of the actors who perform in this context.

However, we take into account another aspect, that has brought its major contribution to the present situation. The stakeholders' priorities have been either neglected, or exacerbated, and the passage from one extreme position to the other was obvious. Our intention is to point to the fact that the stakeholders' carelessness has led to serious lack of balance for the system since the system balance is granted by the very correlation between, on the one hand, their interests, and, on the other hand, the requests placed by the market and the pressures made by the domain market.

4. Proposals to improve the management of the research – development organizations

To be able to be successfully involved as active actors on the European research – development market, the organizations shall have to apply a management that is based on knowledge that is real, adaptable and flexible and depends on signals from the environment.

The specialization of the activities seems to be now more necessary than ever, and we do not refer here exclusively to the scientific, research activities. The specialization of the bureaucratic, financial – accounting and legal activities is compulsory to be able to integrate the organizations into the pan-European research networks / consortiums. It is already common knowledge for

everybody that the European financing, in general, and the European financing for the research – development domain have become the subject matter of an excessive bureaucratic pressure.

It is our deep wish to make an inventory, for the pages to come, with a brief list of the obvious measures that should be taken in view of turning the management of the research – development organizations into an efficient one:

- 1. to render efficient the management of the bureaucratic processes:
- to set up a legal department that is specialized in making-up the documentation that is related to the projects with European or national financing / to hire a consultancy company that is specialized in the administration of the bureaucratic processes (to check contracts, to organize public tenders procedures, etc);
- to set up a financial accounting department that would take over the correct and efficient administration of the cash inputs and outputs that have been generated by the project all through its implementation (the existence of such a department is justified in case of those organizations that simultaneously participate in several projects, where the activity volume is high, and the projects share multiple similar characteristics) / to hire a consultancy company that is specialized in the administration of the bureaucratic processes (to check contracts, to organize public tenders procedures, etc);
- to standardize the bureaucratic modules within the projects, including aspects related to the organization and launching of public tenders, press releases and publicity, non-scientific reports, presented in quasi similar forms, easy to adapt and that are replicable;
- 2. to specialize, at the highest possible level, the developed scientific activities the outsourcing of the non-specific activities shall be completed simultaneously with an increase, to the maximum, of the personnel specialization level and with the improvement of the methods to acquire information that has value and knowledge potential;
- 3. to direct the research development activities to the market requests. The research, and particularly the industrial research, shall give proof of realism and pragmatism as concerns the applied approach methods, and we must understand that, pretty often, a product that cannot be sold is a product that lacks importance, at least for the time being, at least with reference to the environment we are living in;
- 4. to organize valuation campaigns in order to decide which are the traditional clients' needs, and to understand the level of satisfaction of these ones;
- 5. to implement market study programs that would render obvious the requests, needs, new standards and expectations the dedicated market has so that the research development organizations be able to set their targets, and even try to provide, in due time, the solutions that would be adequate to the innovation requests, to the research and development requests for new products and services.

Nevertheless one of the most important decisions that should be taken in order to really improve research is to decrease the bureaucratic dimension of the Framework Program that sustains research all over the European Union. It is a very important and difficult task but it definitely is a must if research and researchers are to be considered a reliable economical driving force.

Bibliography:

- 1. Ovidiu Nicolescu, Luminita Nicolescu "Economia, firma si managementul bazate pe cunostinte", Ed. Economica, Bucuresti, 2005
- 2. Donald Hislop "Knowledge Management in Organizations. A Critical Introduction", Oxford University Press, United States, 2005
- 3. http://www.mct-excelenta.ro
- 4. http://www.ist-world.org

THE MANAGEMENT OF HEALTHCARE INSTITUTIONS IN ROMANIA IN THE CONTEXT OF THE EUROPEAN UNION DEVELOPMENTS

Ganescu Roxana

The Bucharest Academy of Economic Studies, The Management Department 4 Marinarilor St., bl. VIII/I, apt. 6, 1st district, 013947 Bucharest; rganescu@yahoo.com; tel.: 0722819352

Celestin Constantin

The Bucharest Academy of Economic Studies, The Accounting Department 4 Marinarilor St., bl. VIII/I, apt. 6, 1st district, 013947 Bucharest, celeste business@yahoo.com; tel.: 0723569108

Management in the healthcare system is a new notion in Romania. When we think about a hospital, we tend to think about the medical practice in the system and not about the hospital as an institution that should be managed so as to become profitable. Management is one of the most important factors generating economic performance at the institution level. Its functionality, efficiency and efficaciousness depend to a great extent on the quality, efficiency and efficaciousness of management. The hospital does not represent any longer only a medical institution, but also a business organization, sometimes a very large one, and exactly this is the reason why it should be managed by directors that have the required background to be able to integrate and understand the economic, social and professional factors influencing the development of the organization.

Keywords: Management, Healthcare, European Union, Healthcare Management. JEL classification: A12; I 11.

Management in healthcare institutions

Management in the healthcare system is a new notion in Romania. When we think of a hospital, we tend to think of the medical practice within the hospital and not of the hospital as an institution that should be managed so that to become profitable.

The new law 95/2006 on the reform in the health sector contains the notion of hospital manager (article 178 paragraph 1: "The public hospital is managed by a manager, an individual or a legal entity."), and the same law sets forth the type of qualifications that the hospital manager should possess, it not being required to have medical training, but its specific managerial training being of the first importance; this the reason why a new career tends to develop, namely that of hospital manager (the law 95/2006, article 178 paragraph 2: "The individual manager or the representative designated by the legal entity - manager should be a graduate from a higher learning institution and of some management or healthcare management development courses approved by the Ministry of Public Health and set forth by order of the minister of public health.").

The first education institution that understood and created programs meeting these requirements was set up in the United States of America – the American College of Hospital Administrators, which still exists under the name of the American College of Healthcare Executives. The number of university programs for hospital managers has increased over time and is still increasing in order to provide quality health services. Most countries, whatever their development level and political system, rethink their health system for the purpose of increasing the quality of the medical services delivered. The consumer nowadays is overwhelmed by a lot of information, and enjoys a great liberty in choosing its service provider, but at the same time it claims to be an active contributor to its own healthcare. If patients are the ones dictating in the health system, the organizations within the system should model their activities taking into account their requirements and, last but not least, we should consider that the organizations within the health system provide patients with services the latter hope they will never need. Over time, the environment in which the hospital managers carry out their activity and even the hospital as an institution have changed; hospitals have become larger, more complex, the technology used has advanced, science has evolved, the financing means has been modified.

The manager tends to be in charge especially as regards the financial issues related to the hospital and for maintaining the moral and social order within the institution, in a continuously changing environment.

The transition from a centralized and monopolist economy, having a tense relation structure (namely some mainly unilateral connections, lacking optional alternatives) to a competitive economy, based on the market mechanisms of the action of the law of demand and offer represents, undoubtedly, one of the most serious challenges of the current period. Complex processes such as privatization, restructuring, liberalization of prices and elimination of subsidies, accompanying the economic reform, as well as the institutional and legislative transformations, the substantial modifications of the coordination mechanisms at various levels, at the same time with the tendency to access a new economic space by the intention of integration in the European structures are content changes, significant and wide mutations characterizing the Romanian environment.

Among the organizational changes, we should mention as important the following:

the intellectualization of working processes, naturally, not of all of them to the same extent, but substantial as regards every function;

transformation of knowledge in input, an essential "raw material" for almost all the activities of the institution;

the increase in the creative dimension of the working processes within every function and activity;

the increase in the efficiency of working processes, in productivity, a fact that reflects, clearly, superior performances of institutions by comparison with the previous period, in the conditions of maintaining the same sizes or even decreasing them;

the externalization of certain specific activities as regards the value vector, which is, within the knowledge-based institution, the vector of strategic knowledge, which generates competitive advantages to the firm, at the same time with the internalization of some other activities, in the context in which the incorporated knowledge falls into the vector of the institution value;

focusing activities on creating, sharing, using and capitalizing on the key knowledge as regards the profile and objectives of the institution;

changing the emphasis onto the working processes as a consequence of focusing first on knowledge, on using and capitalizing on it and not on formal discipline, which predominated in the classical institution.

The result of these changes is the superior functionality in carrying out the activities within the institution, of the process dynamics of institutions.

In 1987, the International Health Organization defined health in medical institutions as "an approach that should allow and guarantee to every patient the harmonization of diagnosis and therapeutic acts, ensuring the best outcome in health conditions, in accordance with the current stage in the development of medical sciences, for the most profitable cost of the same outcome, involving the lowest risk, to the great satisfaction of patients, under the procedure conditions, outcomes and human contracts within the healthcare system".

There are three fundamental principles specific to sanitary institutions providing medical services:

- 1. Social responsibility. The sanitary institution that provides medical services should take into account its place and role in society.
- 2. Result-oriented. The financial results (looking for efficiency), satisfying patients and stakeholders, should be considered in the quality management of the sanitary institution providing medical services.
- 3. Reaction and execution speed. The medical institution providing medical services should apply mechanisms of reaction and adaptation to internal results and external influences.

Quality improvement in the healthcare system

Quality improvement means improving processes. The need to improve processes results from: the analysis of the management; internal audits; external audits of secondary party or third party; audits monitoring the certification body and/or the validation body; patients' complaints; enquiries regarding patients' satisfaction; modifications to laws and/or regulations regarding the relevant processes.

Quality may be improved by achieving a better efficiency than the existing one. In order to apply a quality improvement program, one should differentiate chronic problems from sporadic problems. The chronic problems are the ones responsible for an unsatisfactory quality, whereas the sporadic ones are the ones affecting negatively the results, sometimes representing more than defects, failures, errors, being inherent to the process itself.

The improvement actions are: analyzing and assessing the current situation in order to identify the areas to be improved; setting the improvement objectives; looking for potential solutions to achieve the objectives; assessing and selecting those solutions; implementing the selected solutions; measuring, checking, analyzing and evaluating the results of implementation in order to determine whether the objectives had been reached; making the modifications official.

The intellectualization and dematerializing economic processes is the most important transformation taking place in the health service sector. Given that we referred in detail to the content of these processes in the previous paragraphs of this chapter, we consider that it is no longer necessary to explain them. Our specification refers to the manifestation, intellectualization and dematerialization within the structural profile of the sector.

Firstly, one finds that, to the extent a knowledge-based economy develops within the health service sector, the intellectualization of processes generates more and more efficient knowledge, more and more added value, at the same time with the increase in its becoming operational in all the domains. Naturally, the intellectualization and materialization of processes varies within a wide range from a domain to another. These processes are the strongest in education, information technology, communications, consulting.

Secondly, the intellectualization and dematerialization of processes results in the attenuation of differences between the economic processes carried out in various domains of health services. On this basis, relations witness more fluidity, rapidity, harmonization, having multiple benefic effects as regards the generation and more efficacious use of knowledge.

Another consequence of the intellectualization and dematerialization of processes is the appearance of virtual forms of economy, in which the intangible, qualitative elements play a more and more important role, having multiple positive effects. The changes in the nature and content of economic processes are reflected also in the modification of the structure of investments and expenses in the economy, those related to the intellectual capital – the support of new processes – increasing substantially.

The well-known British specialist Charles Handy recommends the new mode of action to achieve an efficient management in the conditions of the new economy:

- 1. Acting fast, taking into consideration that bureaucracy blocks decisions;
- 2., Basing decisions and actions on good people even if their number is less than necessary
 - 3. Practicing transparency and openness to novelty, benefic for the institution
- 4. Observing discipline, the standards and rules are key elements for the institution achieving efficiency
- 5. Carrying out strong and comprehensive communication processes, given that employees and the other stakeholders need to know what happens within the institution;
- 6. Focusing management on essential elements, given that 80% of the information existing in a firm is not necessary
 - 7. Focusing on clients, treating each of them as an individual
 - 8. Considering as a priority the treatment of knowledge and especially its sharing

9. Practicing leadership based on personal example, which had proved to be the most efficacious.

We should say that the increase in the quality of medical services so as to reach European standards may be achieved by:

increasing the motivation of the medical-sanitary personnel and of the institutions where this activates;

ameliorating the financing of sanitary institutions (from the state budget, the sole health insurance fund, etc);

ameliorating the health infrastructure (investments in new hospitals, modernizing the existing ones, in equipping them with modern medical apparatuses, in training specialists to use them etc)

training the medical-sanitary personnel to be neutral as regards their attitude to the patient, whatever the situation the latter is in as regards the health insurance, state or private

a new attitude to less favoured categories, lacking any support (CAP pensioners, rural population with very low income, etc)

The decentralization of the health system is a constitutive part of the reform process in the sanitary domain. By the introduction of the health social insurance system, the patient may choose its provider of medical services, a fact leading to the migration of patients to large centers, with a view to be provided with high quality medical services and to have access to the state-of-the-arts technological means. The national programs that are a part of the strategic plan of the ministry try to equip all the medical institutions across the country that have specialists competent to use efficient technologies, so that high quality medical services be available anywhere to patients, without being necessary for them to move to some other places.

Although the financial-economic crisis has just started and Romania has not be began to feel its effects very strongly, during the following period the Ministry of Health shall have to homogenize the sanitary policy with the one of the European Union and, at the same time, retain the specialists that seem to accept no longer the conditions within the system.

The quality of medical services in the medical institutions of Romania shall reach high standards to the extent the medical personnel is motivated to carry out a high quality medical act, both by its income and, most important, by the environment in which it carries out its activity, and by the materials – apparatuses that it uses in its daily activity. If this economical-financial crisis has repercussions also on the budget of the Ministry of Health , it being reduced, the current investments and expenses in hospitals shall decrease, a fact that is not in favour of the patients who need high quality medical services.

More than any time before, hospital managers shall have to redesign their managerial programs for unfavorable situations but at the same time to retain their specialists, able to keep pace with the most recent discoveries in the field, for the purpose of maintaining the health condition of population as good as possible.

Conclusions

When changes are expected, a powerful culture may become a handicap instead of being an advantage. It is true that there are many things to preserve and the leader shall have the obligation to identify them and maybe to consolidate them; but it shall have, at the same time, to specify by all the communication means what things to change and to prove it is the first to act accordingly. The managerial culture is strongly oriented towards achieving the objectives the managers are in charge with. It acts as a mechanism modeling the influences of exogenous variables and endogenous ones affecting the institution, from the point of view of the characteristics of the managerial work and the managers from every institution. Therefore, the organizational culture refers to the value system, the beliefs, aspirations, expectations and behaviour of managers within an institution, reflected in the management types and styles practiced within the institution,

strongly marking the content of the organizational culture of every company and its performances.

The functionality and general and specific managerial performances depend decisively on the quality of the methodologies and the competence of those using them (managers, specialists). Obviously, if managerial performances are witnessed, favorable premises are created for achieving economic performances in the domain managed.

Bibliography:

- 1. Abrams Michael, Bevilacqua, Building a leadership infrastructure: the next step in the evolution of hospital system, Health care strategic management, April 2006; 24,4, (12-16)
- 2. Aries N.R. *Managing diversity: the differing peceptions of managers, line workers and patients*. Health care management review, June-September 2004, 29,3.(p. 172-180).
- 3. Bauer J.C, *The future of healthcare: forecasts, implications and responses.* Healthcare executive, September/Octomber 2006, vol 21;5, (p 14-19)
- 4. Carey Raymond, Lloyd Robert; *Measuring Ouality Improvement in Healthcare* Publication: American Society of Quality 2001
- 5. Freed Michel, *Learning to look forward*, Healthcare financial management, February 2006, 60,2 (p 138-144).
- 6. Ganescu R. *Cum conducem spitalele din Romania*. Abordari moderne in managementul si economia organizatiei, Ed ASE Bucuresti 2006, Vol I (352-355);
- 7. Hu Jei-San, Yang Wen-Hui, Chou Ya-Yen, *Classifying healthcare network relationships: an analysis with recommendation for managers*, International journal of management, September 2006;23,3 (665-678)
- 8. Newbold A. Philip, *Embracing innovation*, Healthcare executive, November/December 2006; 21,6 (62-64)
- 9. Spath, Patrice, *Leading Your Healthcare Organization to Excellence: A Guide to Using the Baldrige Criteria Management Series (Ann Arbor, Mich.)* Publication: Chicago, Ill Health Administration Press, 2004
- 10. Verboncu I. Manageri & Management, Edit. Economica, Bucuresti, 2001
- 11. Walburg, Jan *Performance Management in Healthcare: Improving Patient Outcomes: an Integrated Approach* **Routledge Health Management Series**. Publication: London, New York Taylor & Francis Routledge, 2006.
- 12. legea 95/2006
- 13. legea 112/2007
- 14. Planul strategic al Ministerului Sănătății Publice 2008-2010
- 15. www.ms.ro

THE EVALUATION OF HUMAN RESOURCES PERFORMANCE AT S.C. ELECTRICA S.A., BAIA MARE

Gavrilescu Liviu

Instituția Prefectului – Județul Maramureș, Str. Gh. Şincai, nr. 46, 430311 Baia Mare, Romania, tel. +40 262 215001

The North University of Baia Mare, The Faculty of Sciences, Str. Victoriei, nr. 76, 430122 Baia Mare, Romania, tel. +40 262 276059, liviugavrilescu@yahoo.com

The evaluation of the personnel performance is an important element of the performance management system, as a way towards better overall results. The system ensures the convergence of the individual purposes and objectives with those of the company, through the evaluation of the personnel according to the priorly set objectives. The author makes a brief review of the main methods and techniques of performance evaluation, paying a special attention to the possible evaluation errors. The paper presents a case study regarding the performance evaluation of the human resources of S.C. Electrica S.A., Baia Mare.

Keywords: management, evaluation, human resources, performance

JEL code: M12

THE PERFORMANCE MANAGEMENT

The performance management is a way to obtain much better individual and organizational results, by understanding and managing the performance in the general framework of business, and in the particular framework of previously established objectives and standards.

The evaluation of the performances has a central role and is an important element of the performance management system, and, also, is the mean by which the organizational objectives become individual objectives. The potential problems to be considered in the approach of the performance evaluation are the following:

- the necessity of creating a culture of performance, to prevent the risk of encouraging individual performances, in spite of the organizational ones;
- the involvement of top managers in the process of evaluation, in order to be satisfied both individual, and organizational necessities;
- the proper functioning of feed-back, that means that the strategic goals of the organization, and their implications at the individual level, may be influenced and changed.

THE EVALUATION OF THE PERFORMANCE

The evaluation of the performances is the basic activity of the human resources management and represents a complex and systematic process which renders analyses and estimations on the work behavior and performances of the employees, as well as their development potential.

The evaluation of the performances must be:

- positive, rather then negative:
- constructive, rather then destructive;
- a look towards the future, rather then a look in the past.

METHODS AND TECHNIQUES OF PERFORMANCE EVALUATION

The increasing quality of the evaluation of the employees' performances depends in goo measure on the quality of the evaluation methods or systems, which means:

- the validity of the results;
- the fidelity of the determinations;
- the convergence of the results produced by different evaluators;
- the internal homogeneity:
- the sensitivity of the instruments used.

There are many methods of estimation, based on different evaluation procedures, but none can be considered perfect. Each of them has their own advantages and disadvantages, being appropriate for an objective, or another.

Among the most used, there are the evaluation scales. The evaluation scales are among the most popular systems of estimation of people and of evaluation their performances. This method is used to estimate the degree in which an individual possesses or not a certain quality.

The basic principle of this method consists of evaluating the subjects in every aspect of a set of characteristics, specific to a certain profession. For example, such a set may contain: the work quantity, the work quality, the organization of the work, the discipline, the team behavior, etc. No matter their form, the evaluation scales are based on the assignment of qualifications, according to some external standards. In this respect, each individual will be appreciated independently and not related to a group.

According to literature of specialty, about 62% of small organizations and 51% of large organizations use evaluation scales.

EVALUATION ERRORS

Concerning the evaluation techniques, the deficiencies belong to the evaluation tools, as well as the evaluators. By itself, the evaluation system can present a series of design imperfections, grouped in what is known as psychometric errors (statistically identifiable marking errors), and simple conceptual errors (due to the individual / educational particularities of the evaluators).

The evaluation errors can be grouped in three major categories:

- a) Errors pertaining to the person of the evaluator and which reflects the evaluation distortions due to oneself:
- the halo effect the tendency of an evaluator to be impressed by a certain feature of a person, and not to take into consideration other characteristics;
- the error of indulgence / severity the tendency of an evaluator or manager to evaluate all individuals too high or too low;
- the central tendency error the tendency of the evaluator to avoid the extreme values of the scale and to give mostly average marks;
- b) Errors caused by psychometrical deficiencies of the evaluation tool
- c) Errors of the precision of the measurement.

CASE STUDY REGARDING THE PERFORMANCE EVALUATION OF THE HUMAN RESOURCES OF S.C. ELECTRICA S.A., BAIA MARE

S.C. ELECTRICA S.A. uses as evaluation method the multiple steps evaluation scale. These evaluation scales consist of a list of aspects, qualities, or professional dimensions, each detailed in degrees or levels of performance, usually 5 to 10.

According to the particularities of the work-places, specific aspects, qualities, or professional dimensions can be grouped. The evaluator's task is to mark, for each aspect, the best corresponding level to the behavior of the evaluated person.

The evaluation scales with multiple steps are widely used in the industrial environment, due to the fact that they offer an analytical image of whatever is most appreciated. The scale gives a succinct description of the evaluated quality, as well as the levels on which the evaluation is done. The evaluator simply compares the items described in behavioral terms to the behavioral manifestations of the evaluated person.

PROFESSIONAL COMPETENCE

volume of knowledge and skills, useful to the function	MARK	LEVEL OF ESTIMATION	<u> </u>	DEFINITION	SUB-CRITERION	NO.
1.2 Length in the activity profile	e 4-6	The quality and the volume of knowledge and skills are at the average level;	•	volume of knowledge and skills, useful to the	Professional education	1.1
profile within S.C ELECTRICA S.A 2 years 3 years 4 years 5 years 7 years 10 years 113 years 16 years 10 years 116 years 117 years 118 years 119	7-10					
ELECTRICA S.A 8	1	1 year	•			1.2
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. The quality to new situations. The quality to energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. In the faculty of onew situations; understands with difficulty, less flexible, having a good capacity to adapt to, and solve new problems; understands with difficulty, less flexible, having a good capacity to adapt to, and solve new problems. Slow working tempo, unavailable to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks of ast working tempo, available to take supplementary tasks. In the quality to new situations; understands with difficulty, less flexible, having a good capacity to adapt to, and solve new problems. In the quality to new situations; understands with difficulty, less flexible, having a good capacity to adapt to, and solve ne	2	•	•		profile	
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. The quality to energetic side of the personality 1.5 Dynamism, the energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. 1.6 Aspiration level and extension of the activity domain activity domain The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. 1.6 Aspiration level and extension of the activity domain. Will of affirmation, capacity of information, and interest of enlarging the activity domain. In imited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain. Communication and organizational skills to obtain the best efficiency from the less communicative, awkward in social	3	•	•	ELECTRICA S.A		
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. The quality to assume and solve tasks in time, and the personality The quality to answer to tasks that need a supplementary effort. The quality to answer to tasks that need a supplementary effort. Will of affirmation, capacity of information, and interest of enlarging the activity domain. Will of affirmation, capacity of orapicity of morpation, and interest of enlarging the activity domain. Communication and organizational skills Communication and organizational skills Communication and organizational skills The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks when asked to; average aspiration and information interest, and will of enlarging the activity domain. Communication and organizational skills Communication and organizational skills The quality to assume and solve tasks in time, and the possibility to an and solve new problems; understands with difficulty and errors, rigidity, having great difficulties to adapt to new situations; understands with difficulty and errors, rigidity, having great difficulties to adapt to new situations; understands with officulty, less flexible, needs more time to adapt to new situations; understands with officulty, less flexible, needs more time to adapt to new situations; understands with officulty, less flexible, needs more time to adapt to new situations; understands with officulty, less flexible, needs more time to adapt to new situations; understands with officulty, less flexible, needs more time to adapt to new situations; understands with some ease, flexible, needs more time to adapt to new stuations. Slow working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks on	4 5	•	•			
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. The quality to new situations. The quality to energetic side of the personality The quality to answer to tasks that need a supplementary effort. The quality to answer to tasks that need a supplementary effort. Will of affirmation, and interest of enlarging the activity domain To years 1 over 20 years understands with difficulty and errors, rigidity, having great difficulties to adapt to new situations; understands with some ease, flexible, having a good capacity to adapt to, and solve new problems. Slow working tempo, unavailable to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. I.6 Aspiration level and extension of the activity domain Extension of the activity domain The quality to assume and solve tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. Will of affirmation, and interest of enlarging the activity domain, and interest of enlarging the activity domain. Communication and organizational skills Communication and organizational skills Communication and organizational skills Extension of the activity domain of the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain. Extension of the activity domain of the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain, and low capacity of planning and mobilizing the team;	6	•	•			
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. 1.5 Dynamism, the energetic side of the personality The quality to assume and solve new problems. Slow working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. I.6 Aspiration level and extension of the activity domain Extension of the activity domain The quality to assume and solve new problems. Slow working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. Ilimited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain. Communication and organizational skills Communication and organizational skills Communication and organizational skills Communication and organizational skills Communication, and low capacity of planning and mobilizing the team; less communicative, awkward in social	7	•				
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. 1.5 Dynamism, the energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. 1.6 Aspiration level and extension of the activity domain 1.7 Aspiration level and extension of sactivity domain 1.8 Communication and organizational skills Communication and organizational skills Communication and organizational skills Communication and organizational skills The faculty of perceiving and understands with difficulty, less flexible, new situations: understands with officulty, less flexible, needs more time to adapt to eaw situations understands with officulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to average apod capacity of adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to ease, flexible, needs more time to adapt to, and solve new problems; Understands with difficulty, less flexible, needs more time to adapt to, and solve new problems; Understands with difficulty, less flexible, needs	8	•				
1.3 Intelectual capacity The faculty of perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. 1.5 Dynamism, the energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. 1.6 Aspiration level and extension of the activity domain 1.7 Aspiration level and extension of the activity domain The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. 1.6 Aspiration level and extension of the activity domain Communication, and interest of enlarging the activity domain. Will of affirmation, capacity of information, and interest of enlarging the activity domain. Will of affirmation, capacity of information, and interest of enlarging the activity domain. Communication and organizational skills Communication and organizational skills Communication and organizational skills Communication and organizational skills Everla working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. Ilimited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest, and will of enlarging the activity domain. Communication and organizational skills Communication, and ability to obtain the best efficiency from the estable to take supplementary tasks.	9	•				
Intelectual capacity	10	•				
perceiving and understanding easily and good, to judge clearly, and to adapt quickly to new situations. 1.5 Dynamism, the energetic side of the personality 1.6 Aspiration level and extension of the activity domain 1.7 Aspiration level and extension of the activity domain 1.8 Communication and organizational skills 1.9 Communication and organizational skills 1.9 Communication and organizational skills 1.0 Communication and organizational skills 1.0 Communication and organizational skills 1.0 Communicati	1-2	· ·		The faculty of	Intelectual canacity	1 3
clearly, and to adapt quickly to new situations. Clearly, and to adapt quickly to new situations. Clearly, and to adapt quickly to new situations. In the quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. Clearly, and to adapt quickly to mew situation. The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. Clearly, and to adapt to new situation understands with some ease, flexible, having a good capacity to adapt to, and solve new problems. In the quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; flexible, having a good capacity to adapt to, and solve new problems. In the quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; flexible, having a good capacity to adapt to, and solve new problems; In the quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; flexible, having a good capacity to adapt to, and solve new problems; In the quality to assume and solve tasks in time, and the possibility to assume and solve new problems; In the quality to assume and solve tasks that need a supplementary tasks, when asked to; rapidity in work, very active, always available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks only in some cases; flexible, having a good capacity to adapt to, and solve new problems; In the quality to adapt to, and solve new problems. In the quality to adapt to, and solve new problems. In the quality to adapt to, and solve new problems. In the quality to adapt to, and solve new problems. In the quality in work, very active, always available to take supplementary tasks only in some cases; flexible for the supplementary tasks only in some cases; flexi		rigidity, having great difficulties to adapt to new situations;		perceiving and understanding easily	intelectual capacity	1.5
having a good capacity to adapt to, and solve new problems; understands quickly and correctly, very flexible, very good capacity to adapt to, and solve new problems. 1.5 Dynamism, the energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. 1.6 Aspiration level and extension of the activity domain Will of affirmation, capacity of information, and interest of enlarging the activity domain. Will of affirmation, and interest of enlarging the activity domain. Will of affirmation, and interest of enlarging the activity domain. I limited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest, and will of enlarging the activity domain. Communication and organizational skills Communication and organizational skills Communication and organizational skills Explementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. I limited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest, and will of enlarging the activity domain. Explementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to fake supplementary tasks only in som		needs more time to adapt to new situations;		clearly, and to adapt		
Dynamism, the energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. Aspiration level and extension of the activity domain Communication and organizational skills Communication and organizational skills Communication and organizational skills Dynamism, the energetic side of the energetic side of the personality The quality to assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. Imited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest, and will of enlarging the activity domain. Communication and organizational skills Communication capacity, and ability to obtain the best efficiency from the Communicative, awkward in social Communicative, aw	5-8 9-10	having a good capacity to adapt to, and				
energetic side of the personality assume and solve tasks in time, and the possibility to answer to tasks that need a supplementary effort. 1.6 Aspiration level and extension of the activity domain 1.8 Communication and organizational skills Communication and organizational skills energetic side of the tasks in time, and the possibility to answer to tasks in time, and the possibility to answer to tasks that need a supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks. I limited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest, and will of enlarging the activity domain. Communication capacity, and ability to obtain the best efficiency from the assume and solve tasks in time, and the possibility to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks when asked to; rapidity in work, very active, always available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks.		understands quickly and correctly, very flexible, very good capacity to adapt to, and solve new problems.	•			
the possibility to answer to tasks that need a supplementary effort. 1.6 Aspiration level and extension of the activity domain Will of affirmation, capacity of information, and interest of enlarging the activity domain. Will of affirmation, capacity of information, and interest of enlarging the activity domain. Communication and organizational skills Communication and organizational skills Communication and organizational skills Communication and organizational skills Supplementary tasks only in some cases; fast working tempo, available to take supplementary tasks. Ilimited strictly to the activity domain of the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain. Communication capacity, and ability to obtain the best efficiency from the Communication and organizational skills	1-3	supplementary tasks;		assume and solve	energetic side of the	1.5
need a supplementary effort. 1.6 Aspiration level and extension of the activity domain Aspiration level and extension of the activity domain	ke 4-6	supplementary tasks only in some cases;		the possibility to	personality	
supplementary effort. 1.6 Aspiration level and extension of the activity domain Supplementary effort.			•			
extension of the activity domain capacity of information, and interest of enlarging the activity domain. communication and organizational skills extension of the activity of information, and interest of enlarging the activity domain. the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain. high level of aspiration, information interest, and will of enlarging the activity domain. communication organizational skills communication capacity, and ability to obtain the best efficiency from the less communicative, awkward in social	7-8	rapidity in work, very active, always	•			
extension of the activity domain capacity of information, and interest of enlarging the activity domain. capacity of information, and interest of enlarging the activity domain. the function, very low level of aspiration; average aspiration and information interest level, moderate will of enlarging the activity domain; high level of aspiration, information interest, and will of enlarging the activity domain. Communication and organizational skills capacity of everage aspiration and information interest level, moderate will of enlarging the activity domain. verbal awkwardness, lack of communication, and low capacity of planning and mobilizing the team; efficiency from the	9-10 1-4		-	Will of officer	A aminotion lovel and	1.6
the activity domain. the activity domain. the activity domain. the activity domain. the activity domain: verbal awkwardness, lack of communication, and low capacity of planning and mobilizing the team; less communicative, awkward in social	; est	the function, very low level of aspiration; average aspiration and information interest		capacity of information, and	extension of the	1.0
interest, and will of enlarging the activity domain. 1.8 Communication and organizational skills Communication capacity, and ability to obtain the best efficiency from the interest, and will of enlarging the activity domain. • verbal awkwardness, lack of communication, and low capacity of planning and mobilizing the team; elses communicative, awkward in social	5-7	activity domain;	•			
organizational skills capacity, and ability to obtain the best efficiency from the capacity, and ability communication, and low capacity of planning and mobilizing the team; less communicative, awkward in social	8-10	interest, and will of enlarging the activity domain.				
efficiency from the less communicative, awkward in social	1-3	communication, and low capacity of		capacity, and ability		1.8
difficulty, gaining sufficient results;		less communicative, awkward in social relations, plans and mobilize the team with	•	efficiency from the		

people, and in most cases organize and plans well the work;	7-8
 high level of verbal and communication skills, organizes very well the work, very good planner. 	9-10

WORK EFFICIENCY

2.1	The volume of the	The accomplishment of	1	1-3
	achieved work	the work volume assigned to the	assigned to the function;barely completes the work volume	4-6
		function.	 assigned to the function; completes without problems the work volume assigned to the function; completes the work volume assigned to the function easily and efficiently. 	7-8
) mi 11: 0.1			9-10
2.2	a) The quality of the work done	The correct accomplishment of the	 very poor quality of the work, below specifications; 	1-2
		tasks, according to the norms and procedures, errorlessly.	sufficient quality of the work, with many errors, frequently below sufficient quality of the work, with	3-4
		cironessiy.	specifications;quality of the work at the limit of specifications;	5-6
			good quality, with very few errors;	7-8
			 very good quality, errorless. 	9-10
	b) The quality of the	The correctness of the	takes inadequate decisions;	1-3
	decision	resolution or decision.	 takes satisfiable decisions; 	4-6
			 takes good decisions, in good time; 	7-8
			• takes very good and efficient decisions, quickly.	9-10
2.4	The complexity of the work achieved	The degree of involvement in	 involves in completing tasks of a low degree of complexity; 	1-4
		completing tasks of different grades of	• involves in and completes works of an average degree of complexity;	5-7
		complexity.	 involves in and completes works of a high degree of complexity. 	8-10
2.5	Responsibility and efficiency	The degree of responsibility and the	does not assume responsibility, low work efficiency;	1-3
		capacity of assuming responsibility, the	the assumed responsibility and the work efficiency are at a sufficient level;	4-6
		efficiency of work.	 gets involved and assumes high responsibility, efficient in work; 	7-8
			 assumes superior responsibility, very good work efficiency. 	9-10

CONCLUSIONS

The necessity of evaluation of the personnel from the industrial and other domains was achieved through the use of numerous methods and techniques. The correct choice of the most adequate and objective evaluation systems was very important for the specific of the activities.

The evaluation of the personnel based on completing fiches by the department chiefs needs a lot of responsibility, as the efficiency, the progress, and the future of the company depends on it. The methodology of evaluation of the human factor gives the possibility of:

- the highlighting of the positive aspects of the personnel; the negative ones will be revealed to make possible the adjustment and improvement of the employees, wherever this might be possible;
- the convergence of the individual purposes and objectives with those of the company, through the evaluation of the personnel according to the priorly set objectives;
- the establishment of a system of rewards and promotions, based on each employee's performance;
- ensuring the possibility of the re-orientation of the employees, according to each capacities and skills.

The evaluation fiches are completed, with no excessive indulgence, nor severity, for the benefit of the company, as well as the benefit of the employees. In this way, the employee can be directed towards a good performance and professional satisfaction.

The fishes are completed at the end of the year, or whenever the evaluation of an individual employee is needed. A copy of the evaluation is handed to the employee.

BIBLIOGRAFIE

- 1.Bennis, W., Nanus, B., 2000, "Liderii. Strategii pentru preluarea conducerii", Business Tech International Press, Bucuresti
- 2. Clarke, L., 2002, "Managementul schimbării", Editura Teora, București
- 3. Cole, G. A., 2000, "Managementul personalului", Editura Codecs, București
- 4. Cornescu, V., 2001, "Managementul Organizației Ghid practic", Editura All Back, București
- 5. Gary, J., 1998, "Comportament organizațional", Editura Economică, București
- 6. Gavrilescu, L., 2005, "Selecția și Antiselecția Managerilor", Editura Risoprint, Cluj-Napoca
- 7. Gonczi, St., 2003, "Management General", Editura Risoprint, Cluj-Napoca
- 8.Herseni, T., 1969, "Psihologia organizării întreprinderilor industriale", Editura Academiei Române, București
- 9.Hersey, P., Blanchard, K. H., 2001, "Management of Organizational Behavior. Leading Human Resource", Prentice Hall, New Jersey
- 10.Lupan, R. Şt., 2004, "Elemente de comportament organizațional", Editura Concordia, Arad
- 11. Nicolescu, O., Verboncu, I., 1999, "Management", Editura Economică, București
- 12.Peel, M., 1994, "Introducere în management. Ghid pentru o mai bună performanță în afaceri", Editura Alternativ, București
- 13. Stăncioiu, I., Militaru, Gh., 1999, "Management Elemente fundamentale", Editura Teora, București
- 14. Vlăsceanu, M., 2003, "Organizații și comportament organizațional", Editura Polirom, Iași
- 15.Zlate, M., 2004, "Leadership şi Management", Editura Polirom, Iaşi
- ***, w.w.w.leadership.ro

AN ANALYSIS OF THE INTER-HUMAN RELATIONS AT S.C. ROMTELECOM S.A., BAIA MARE

Gavrilescu Liviu

Instituția Prefectului – Județul Maramureș, Str. Gh. Şincai, nr. 46, 430311 Baia Mare, Romania, tel. +40 262 215001

The North University of Baia Mare, The Faculty of Sciences, Str. Victoriei, nr. 76, 430122 Baia Mare, Romania, tel. +40 262 276059, liviugavrilescu@yahoo.com

Good inter-human relations within groups of an organization can ensure the well-functioning of the team, an increased competitiveness, and better decisions, more creative and productive. On the other hand, the opposite situation can have disastrous consequences. Sociometric studies can reveal the real situation within the group, and can give valuable solutions of problems. The paper presents an analysis of the social relations existing between members of a quite young group belonging to S.C. Romtelecom S.A. The purpose of the study is to determine the formal and informal leaders of the group, and the degree of attractions and rejections between the members of the group, using sociometric instruments, such as the sociometric matrix, and the sociogramm.

Keywords: inter-human relations, sociometric test, informal leader, behavior,

JEL code: M12

THE ANALYSYS METHOD

Men occupy a certain position inside a group. They possess a status and they want others to respect and approve it. Every individual positions and all considerations and feelings about each other give as a result the strength or the weakness of the group.

The application of a sociometric test can determine the quality of a group, resulting the real attractions and rejections, also the perceived attractions and rejections among the members of the group.

The sociometric test was applied to a group of employees of the Financial-Accounting Department of S.C. "Romtelecom" S.A.

The study concerning the inter-human relations intends to determine the informal and formal leaders of the group, also the measure of the attractions and rejections between its members. It was also determined the cohesion of the group and the way it influences the work efficiency.

The test consisted of applying to the group the following questionnaire:

Name:

Length of experience in the group:

1. In case of forming a special team in order to achieve a highly appreciated objective, whom of the present group colleagues would you like to work with?

me present group co	wengines we much you mile to we
a) first place	4;
b) second place	3;
c) third place	2;
d) fourth place	1.
2. Whom you would i	not like to work with?
a) first place	<i>4;</i>
b) second place	3;
c) third place	2;
d) fourth place	1.
3. Who do you think	would like to work with you?
a) first place	4;
b) second place	3;
c) third place	2;

d) fourth place

4. Who do you think would reject you?

a) first place 4: b) second place 3: c) third place 2: d) fourth place 1.

The subjects were asked not to communicate with one another and to answer to all questions, without the intervention of the interviewer, for an increased relevance of the result. The absenters were not taken into account with the sociometric test.

After collecting the completed questionnaires, the effective analysis of the data was conducted, using the sociometric matrix and the sociogramm.

THE GROUP ANALYSIS

The Financial-Accounting Department of S.C. "Romtelecom" S.A. group has 9 members.

The sociogramm resulting after the completion of the questionnaires is presented in Table 1. The employees from the group are:

- Cristi, Dragos, Mircea, Dana, Anca, Nicoleta accountants;
- Silviu chief accountant.

The meaning of the numbers is:

- +3 the first choice
- +2 the 2nd choice
- +1 the 3rd choice
- −3 the first rejection
- -2 the 2nd rejection -1 the 3rd rejection

The numbers between the brackets is what the individual belives, that he is chosen or rejected, from the behavior of his colleagues.

	Cristi	Dragoş	Mircea	Silviu	Dana	Anca	Nicoleta
Cristi	X	+1(+1)	-3(+3)	+3(-3)	-2(-2)	+2(-1)	-1(+2)
Dragoş	+1(+3)	X	-3(-3)	+3(+2)	+2(-1)	-2(-2)	-1(+1)
Mircea	-1(-1)	-3(+1)	X	+3(+3)	-2(-3)	+2(-2)	+1(+2)
Silviu	+3(+2)	+2(+3)	-1(-3)	X	+1(+1)	-3(-2)	-2(-1)
Dana	+2(-1)	-3(-3)	+1(+2)	+3(+3)	X	-2(-2)	-1(+1)
Anca	-2(+2)	+2(+3)	+1(-2)	+3(+1)	-3(-3)	X	-1(-1)
Nicoleta	+2(-1)	+1(+2)	-3(-3)	+3(+3)	-2(-2)	-1(+1)	X
Real choices	4/6	4/6	2/6	6/6	2/6	2/6	1/6
Real	2/6	2/6	4/6	0/6	4/6	4/6	5/6
rejections							
Perceived	3/6	5/6	2/6	5/6	1/6	1/6	4/6
choices							
Perceived	3/6	1/6	4/6	1/6	5/6	5/6	2/6
rejections							
Isp real	0,33	0,33	-0,33	1	-0,33	-0,33	-0,66
Isp	0	0,66	-0,33	0,66	-0,66	-0,66	0,33
perceived			11 4 571				

Table 1. The sociogramm

The calculation of the sociometric indicators:

The index of the real preferential status of each member of the group:

$$I_{sp}real = \frac{R_p - R_n}{N - 1}$$

where:

 R_p – positive real reciprocities;

 R_n - negative real reciprocities;

N – the number of subjects in the group.

$$I_{sp}$$
C = 0.33

$$I_{sp}$$
D = 0.33

$$I_{sp}$$
M = -0.33

$$I_{sp}$$
S = 1

$$I_{sp}$$
D = -0.33

$$I_{sp}A = -0.33$$

$$I_{sp}$$
N = -0.66

The limit values of the index of the real preferential status in the group are -0.66 and 1.

The index of the perceived preferential status of each member of the group:

$$I_{sp}perceived = \frac{R_p - R_n}{N - 1}$$

where:

 R_p – positive perceived reciprocities;

 R_n - negative perceived reciprocities;

N – the number of subjects in the group.

$$I_{sp}C = 0$$

$$I_{sp}$$
D = 0.83

$$I_{sp}$$
M = -0.33

$$I_{sp}^{S}$$
S = 0.66

$$I_{sp}$$
D = -0.66

$$I_{sp}A = -0.66$$

$$I_{sp}$$
N = 0.33

The limit values of the index of the perceived preferential status in the group are -0.66 and 0.83.

The group cohesion index:

$$I_c = \frac{\sum_{c} c}{\frac{N(N-1)}{2}}$$

c – reciprocal choices

N – the number of subjects in the group.

$$I_c = \frac{\sum c}{\frac{N(N-1)}{2}} = \frac{5}{\frac{7(7-1)}{2}} = 0.24$$

The index shows that the group is weakly cohesive.

The preferential power index:

The preferential power index of the group is used to determine the intensity of the force of the inter-group preferential attraction (I_{pG}). It is calculated by considering the concrete values of the power indexes of the group members..

$$I_{pG} = \frac{\sum FI_p}{N}$$

where:

F – the frequency

 I_p – the individual preferential power index N – the number of subjects in the group

$$I_p G = \frac{\sum FI_p}{N} = \frac{3x1 + 4x(-1)}{9} = \frac{3 - 4}{9} = -0.11$$

The-0.11 value of the preferential power index highlights a negative situation inside the group. The number of those with a negative preferential status exceeds the number of those with a positive preferential status, the situation needing to be immediately corrected.

The index of preferential stability of the group

This index highlights the interpersonal balance achieved within the group, or between the its members being in reciprocal relations. Its calculation formula is:

$$I_{spG} = \frac{R_p - R_n}{N}$$

where:

 R_p – positive reciprocities;

 R_n – negative reciprocities;

N – the number of subjects in the group

$$I_{sp}G = \frac{R_p - R_n}{N} = \frac{5 - 5}{7} = 0$$

The preferential stability of the group is low, because the number of reciprocal preferences equals the number of reciprocal rejections.

In this respect, it should be taken measures of augmentation of the positive reciprocities, as they have a lower probability to brake apart. The equality between the positive and the negative reciprocities leads to a critical situation.

DATA INTERPRETATION

With the help of the preferential status index, there can be established the place occupied by each member in the preferences of the other members. Also, the informal leader of the group can be deduced.

The analysis of the sociomatrix and the real preferential status index indicates the following repartition of the group members:

Number of preferences	Number of subjects ith the same number of preferences	Isp real	Psychosocial value of preferential type
6	1	1	Very popular
2	2	0.33	Popular
-2	3	-0.33	Rejected
-4	1	-0.66	Rejected

Table 2. The repartition of the group members, function of $I_{sp real}$

As shown above, Silviu is the most popular member of the group, with 6 choices and no rejection. He has the position of chief-accountant, being at the same time formal and informal leader, which is the ideal situation.

Number of preferences	Number of subjects ith the same number of preferences	Isp perceived	Psychosocial value of preferential type
4	2	0.66	Very popular
2	1	0.33	Popular
0	1	0	Indifferent
-2	-2		Rejected
-4	2	-0.66	Rejected

Table 3. The repartition of the group members, function of Isp perceived

As shown above, Silviu and Dragoş perceive themselves as very popular, believing to be chosen by 4 colleagues out of the 6, and Nicoleta perceives herself rejected, also feeling very isolated.

At individual level, considering the preferential status, one can determine the position of each member within the group.

Two extreme positions can be detached:

- members with all positive preferential statuses Silviu, the chief accountant;
- members with all negative preferential statuses, only rejections from the other members no such cases

The other members have mixed statuses, containing in different proportions choices and rejections. The negative statuses show the fact that their owners are rejected, disliked (Mircea, Dana, Anca, and Nicoleta).

A first step to increase the cohesion of the group would be: transparency, open communication between the group members, especially with the rejected members.

The sociometric analysis of the group shows that the formal leader of the group is also the informal leader, occupying the position of "very popular", being part of 3 reciprocal choices and no rejection.

The group leader (formal and informal) could be more close with the isolated members (Mircea, Anca şi Nicoleta, whom he rejects, but who accept him), and the group will become more cohesive.

For example, Mircea accepts Silviu, but Silviu rejects Mircea, thinking to be rejected by him, which is false. If Silviu would be told that, in fact, Mircea accepts him, he could change his attitude, helping in a substantial way Mircea's integration in the group.

The important thing is that the members with a positive preferential status should be more communicative, more open, to give those with a negative preferential status the chance to feel accepted by their colleagues.

CONCLUSIONS AND SUGGESTIONS

The team is a group of individuals who work together in order to accomplish a task. When a team starts its activity, the cohesion between its members is little, and there is no understanding of the way this group will act to accomplish the task. The team from S.C. "Romtelecom" S.A. is young, in process of formation. As the members work together, a synergy is developed.

During a group's life, the unsolved problems will appear again ad the group may adopt unproductive behavior, so it is very important that the problems are well understood.

What is necessary for the team work to be carried on with best results:

- the preparations for the team work;
- the organization for action;
- establishment of a climate;
- clarification of the task;
- establishment of the resources:
- the work and the reflection upon it.

The productivity of a team is largely determined by the efficiency in solving the problems. To be more efficient, teams should recognize and treat problems connected to both tasks and

interpersonal issues. Any type of problem can block the productivity of the group, when ignored, or insufficient treated.

Teams are valuable because the individuals that form them are different. Experience has shown that a team that works well, in which the members contribute with different points of view, will take more productive and creative decisions than several individuals working separately and then gather their results.

In the group observed in this study, the formal leaders are also informal ones, which is very good for the performance of the group. As the leader helps the group to increase its cohesion, the growth of competence and the degree of involvement will be noticed.

The leader should focus more on support and relationship within the group, than on exactness and on the task. They should stimulate creativity in the group, and try to understand problems, to be open to new ideas, to be able to tolerate different values, beliefs, and points of view.

In order to increase competitiveness, the team from the study should:

- communicate clearly the objectives (a very important role of the leader);
- improve internal relations;
- have high standards of quality;
- reduce the number of complaints;
- reduce he conflicts within the group;
- increase the level of motivation:
- establish an efficient communication;
- increase the participation of the group members
- reduce the centralized control

BIBLIOGRAPHY

- 1. BUCUREAN, M., 2003, Management general, Editura universitară, Oradea
- 2. DOMOKOS, E., 1999, Management ieri, azi, mâine, Presa Universitară Clujeană, Cluj
- 3. DUMITRESCU, M., 1995, *Introducere în Management și Managementul General*, Editura Eurounion, Oradea
- 4. GAVRILESCU, L., 2006, Selectia si antiselectia managerilor, Editura Risoprint, Cluj-Napoca
- 5. MATEI, L., 1998, *Managementul întreprinderilor mici și mijlocii. Strategii și performanțe*, Editura Fundatiei "România de mâine", Bucuresti
- 6. MIHULEAC, E., 1994, *Managerul și principalele activități manageriale*, vol. II, Editura Fundației "România de mâine", București
- 7. MIHULEAC, E., 1994, *Managerul și principalele activități manageriale*, vol. I., Editura Fundației "România de mâine", București
- 8. NICOLESCU, O., VERBONCU, I., 2001, Fundamentele managementului organizației, Editura Tribuna Economică, București
- 9. NICOLESCU, O., VERBONCU, I., 1986, *Fundamentele conducerii microeconomice*, Editura Științifică și Enciclopedică, București
- 10. NICOLESCU, O., ş.a., 1992, Management, Editura Didactica şi pedagogică, Bucureşti
- 11. RUS, C., VOICU, M., 1993, ABC-ul managerului, Editura "Gh. Asachi", Iasi
- 12. RUS, W. D., 1996, Arta managementului, Editura Tehnică, București
- 13. VLĂSCEANU, M., 2003, Organizații și comportament organizațional, Editura Polirom, Bucuresti
- 14. ***, 1985, Dicționar de conducere și organizare, Editura Politică, București.

HUMAN FACTOR AND SUSTAINABLE DEVELOPMENT

Ghinea Valentina Mihaela

Academy of Economic Studies Bucharest, Faculty of Business Administration (In foreign languages) Mihail Moxa 5-7, sect. 1, Bucharest valentina ghinea@yahnoo.com

Orzea Ivona

Academy of Economic Studies Bucharest, Faculty of Business Administration (In foreign languages) Mihail Moxa 5-7, sect. 1, Bucharest ivona.orzea@gmail.com

Everything starts from the dual condition of the human being: creator (of goods, technologies, values, behaviour, ideas, beauty and even amazing things, etc) and destroyer (of goods, technologies, values, behaviour, ideas, beauty and even himself). In this paper, the authors debate the opportunity and possibility of designing and implementing a sustainable development, taking in consideration the intrinsic way of being of human factor.

key words: world population, resources, sustainable development, fads, conspiracy theory

JEL classification: J

Introduction

Our world is changing, everybody knows it. Our economical world is changing, too. Lately, we all have been discussing about a globalized world and about the collapse of time and space, meaning that geographical boundaries and distances are no longer as relevant or important as inhibitors of trade and communication. More commonly, the phrase *the world is getting smaller* is used to describe the tendency towards globalization (Heery and Noon, 2001). This globalization determines a small chaos helpful for some, not so advantageous for others.

Demographical issue

We all are more than 6.7 billions of habitants of this World, if we take into consideration the study made by German Foundation for World Population (DSW) in 2007. It was showen there that the world population had to surpass that edge until the end of 2007, being also noticed the fact that the demographical grow for the same year was supposed to be around 80 millions of people. And again, it was also emphasized one more time that the phenomenon is more visible in the poorer countries (www.scienceline.ro şi www.agenda.ro).

Generally speaking, it can be said that the obvious fast grow of the population after 1800 was practically a normal result of the qualitative evolution from the agriculture, health and higiene system. On the other hand, there were also some economic and social changes that substantially increased life level, especially in Europe and North America.

But even if the evident qualitative jump cannot be denied at a global escale, analizing the way that this wealth is spread reveals the fact that only 2% of the World population owns more than half of the world fortunes. That statement is part of the last study regarding the wealth spread and made by World Institute for Development Economics Research of the United Nations University (UNU-WIDER)⁹⁰ (www.wider.unu.edu) in 2000 and being the first one of this kind. It took into consideration both annual revenues and all kind of goods possessed, starting with stocks and finishing with lands and all other kind of goods.

The same investigation emphasized also an even bigger gape between the goods possessed by people from highly economic developed countries and those from poor countries. It was not given any political advise; it was only stated that a developed banking system able to financially

_

⁹⁰ World Institute for Development Economics Research of the United Nations University (UNU-WIDER) is the first research and training centre of the United Nations University (UNU), established in Helsinki, Finland in 1984. It undertakes applied research and policy analysis on global development and poverty issues

sustain business environment could be an important factor for incomes and goods grow. The difference became huge when the analysis was made on the level of annual income obtained The suggestion was made even if the analysis reveled consistent differences between incomes and goods possessed and level of debts. Thus, it became obvious that many countries having a low level of revenues achieve a higher level of fortune (due to the low level of indebtedness). By contrast, countries having a considerable level of consum bring into discution fortunes that are even smaller (due to the taken loans). (www.wall-street.ro).

As a first conclusion, world population seems to grow extremly fast, each second bringing with it three more lives. In an optimistic scenario, ONU estimates that by the end of year 2050 our world will count not less than 9,2 billions of human beings, meaning 2,5 billions more than during the current period. Facing such of foresight, on the 11 of july, 2008, celebrating the World Population Day, ONU asked for an increase of investment in family planning. At this time, discussting only about the necessities of the developing countries, the annual cost is around UD dollars 1,2 billions and only half of this amount is spent on the main goal.

Further more, taking in consideration the new demographical values to which our population goes, it become very demanding the assurance of certain level of life conditions for no less than 9 billions of people for the next decades (an increasing need of food, water, fuel and so on). United Nations considers that this kind of growing rithm is difficult to be sustained, espeacially within the current situation faced with a continuously destroy of the plough land and also a decrease of water ressources (www.romanialibera.ro). Studies made by some specialists ⁹¹ show that if every green plant growing on this planet would be used as food for human beings, everything sustained only 15 billions of habitants. It can be disscused here about the concept of carrying capacity, defining the entire number of citizens living together in the same time on Terra. Its maximum value assumes that all the Earth ressources should be used with the unique goal of assuring population existence (as a result, it cannot be anymore about having parcs or natural reservations and, also, it implies the consumption of every possible food ressource only for human beings need - which is an unrealistic approach). (www.yuppy.ro).

A similar but more radical position is sustained by Eric Pianka⁹². He recommands an American and European version of the Chineese low limiting at one the number of existent children within a family (simple reproduction). He also states that, in order to really preserve the environment, there is a need for trimming the Earth population by 90%; his suggestion was the use of a simple mutation of Ebola viruse, thinking that the world itself is a huge biomass sustaining the perfect sublayer for killer bacteries.

In these conditions, there is still a hope in the confirmation of the demographical evolution theory ⁹³ that has the following stages:

- at the beginning, both mortality rate and birth rate were high comparing them with the lower level of population increase (closed to zero);
- the second phase of the evolution brought in the same time a high birth rate and a low mortality rate (due to the public health system development, the technological advance and so on). The result was a considerable increase of the population;
- during the third phase, birth rate goes towards a decrease following the social changes led by women emancipation (choosing the career instead of a family) -, it is reduced as much as possible the mortality rate (discouraging also numerous families, in an indirect manner), and it is increased the number of families using family planning etc. Thus, hopefully the population increasing rate will be decreasing again towards zero. There is still a main problem: this

-

⁹¹ Lotka-Volterra, Donella Meadows, Richard Dawkins, Paul R. Ehrlich

⁹² Eric R. Pianka is an American, best known for his contributions to herpetology and evolutionary ecology. He is nicknamed "The Lizard Man".

⁹³ Bolovan, S., Bolovan, I., Stefan Pascu și demografia istorică în România", Universitatea Babeș-Bolyai, Cluj, 2003

judgement does not take care about the each region taken apart, not being relevant even at a global level (due to the great economic gapes).

After all, we all are several billions of habitants; we all are different as look as well as attitudes, values and believes. We have different cultural backgrounds, lives different presents and go towards different futures. Still none of us miss, one way or another, the fighting spirit, power and wealth desire, as well as creative and innovative spirit. It has been mentioned that these are confirmed at the individual level. Fire, knife, wheel, roman engineering, than bulb, telephone, gramophone, peniciline, flying machines, computer, the Internet and so on, everything had as a ground the individual geniality and the pleasure of compeating with himself. A problem arise only when it is realized that a positive collective result (similar with the collective intelligence situation), does not consist in a sum of positive individual results.

Sustainable development

Everything previously mentioned imposed an interesting concept called: "sustainable development", meaning nothing else than that kind of development following current needs satisfaction without compromising future generations posibility of satisfaying their own needs". This is the most used definition included also in "Our common future" report (so called Brundtland report), by the World Commision for Environment and Development (WCED) in 1986. Other words, on the one hand, it has to be not forgotten the collective needs satisfaction of contemporanne generations as well as the followings', on the other hand, it has not to be given to one of them an extrem importance in the other's detriment.

Leaving apart that if a development is thought on the long run it has to be sustainable, the concept brings into discussion a human reality more and more obvious and pressing: our environment destroiment due to the own activities, fact that can destroy even the world future.

Even if at its early stage sustainable development was thought as a solution to the ecological crisis established by the intensive industrial use of the ressources and to the continuu shading of the environment, setting as main objective the deffend of environment quality, nowadays its content expaneded on the life quality in its complexity (economic and social aspects). Thus, another strategic goal of the sustainable development is justice maintaining between states and, nevertheless, between generations.

At a certain point, it became obvious that society oppinion is an important factor in partnership promotion and sustainable development implementation. But the development of a certain attitude and behavior based on respect for nature, people, resistant values and so on, became obviously a great challenge as well.

Everybody agrees the idea that each individual, conscious or not, can help the sustainable development implementation. Still, in fact, even if it does not take much to sort plastic and glass wastes, to recycle paper or to wisely use garbage, it takes longer to transform all these actions into unconditioned reflexes. *Sustainable development* is a *young* concept and beyond a well-organized frame, the decision of keeping the environment wealthy or not belongs to everyone. This is also one of the reasons explaining the tendency of depletion of natural ressources, row materials and food, of the regenerable ressources consumption much faster than their potential of regeneration, next to the water, air and land pollution. (Lester, R.B, 2006). "A sustainable society", says Lester R.Brown, "is that who is able to model its economic and social system in a such manner that natural ressources and supporting systems to be maintained ". On the other hand, it has to be not forgoten that collective interest is not given by the sum of individuals interestes; the human himself cannot handle larger temporal dimension (this leads to his lack of worry regarding something appearing eternal to him); an individual can difficultly step outside his limited temporal perception due to his irrelevant period of his consciousness faced to the universal existence.

Leaving appart the difficulty of developing a certain behavior and attitude of the population, it can be also said that either the politic environment does not do bigger steps (more meatings less practical actions). Thus, even European Union set sustainable development as being the comprehensive principle of every European politics (Lisbone strategy), the reality prove that economic competitivity lead political agenda. And even if previously everybody agreed with an extension of the sustainable development concept to the care for nature, resources, different nationalities and individuals apart under the current and future aspects, now it seems to restrain everything again only to the respect for nature. The explanation brings into discussion the need for economical grow in order to be able to implement any kind of strategies and politics for environment and social protection (shows the imposibility of thinking on the long run)

An observation can be made: there are too many different problems under the sustainable development concept umbrela. In this way, with or without intention, the attention can be taken away; this can be also a reason for the a circular and not climbing spiral? way of acting within this field. One thing is still sure: the stated goal of the sustainable development (continuous improvement of the life quality of the present and future generations), cannot be achieved but only within communities able to use ressources rationally and efficiently and to discover the ecological potential of the economy. In this way, the final result will be not only prosperity, but also environment protection and social cohesion.

In the absence of this base, sustainable development is only an emergency doctrine that shows, contradicting with its own stated mission, that the care for environment and humans, on the one hand, and economic development, on the other, are nothing else but opposite processes. More than that, facing the current financial crisis, the concept seems to not be taken anymore into consideration when it is about running a business (or the public life) and it is in danger of being label as fads⁹⁴ (Skyrme, D.J., 1997).

A more insight look brings an even more contradictory association: sustainable development and globalisation. Globalisation, could it be a closed road unable to offer a continuous development possibility? Paradoxally, no matter the answer is, the importance of the "return at roots", at the simplest, even fundamental, things, is obvios; it can assure the human and his activity pereniality and that means, basically, a real sustainable development process:

"One of the life truisms is that crisis periods could happen. Still, a crisis is basic things left and the most certain way of dealing with it is the appropriate return at fundamental things" (Zig Zaglar, 2002).

"All we need is a major crisis and all nations will accept the New World Order", was saying David Rockefeller at the begining of the last century. This remark has a very well-known scintific explanation: every edge situation breaks the resistance at change⁹⁵ in the same way that a crisis or a war are followed by a new begining, a new economical starting-up. Can it be here about the human creativity (strategies and economical distraction creation) and power desire, too? Again, no matter the answer is, everybody agrees that a financial crisis is almost more moral than a war or, at least, harder to be blamed. Speaking about sustainable development, it is also interesting the way that calling nations to solidarity become a vital subject at the very that moment when some make the snowball and orient it towards others; these *others* have to understand and help at "recovery".

⁹⁴ Every several years, business strategies analysers develop new concepts of informational technologies and/or management philosophy. It can be mentioned here Total Quality Management, Business Process Reengineering, Knowledge Management, e-Business.

⁹⁵ Kurt Zadek Lewin (September 9, 1890 - February 12, 1947), a German-born psychologist, is one of the modern pioneers of social, organizational and applied psychology. He developed an early model of change describing change as a three-stage process: unfreeze, change and refreeze again.

It sounds like a conspiracy theory⁹⁶. John Perkins is one of the latest sustainers of it through the New York Times best-seller: "Confessions of an economic hit-man". He focuses on the ultimate goals of those exalting globalization process (who have exalted it, at least). How randomly are certain quakes? Is there any logic in periodically rising and falling of some nations? Behind the asserted and applauded well-intended actions, is there or not a grand cheeseboard? ⁹⁷

John Perkins brings into discussion the possible global reason which, even if not avowed, it is a part of the individual belief (believing in God is a form of universal logic belive): "Economic hit men (EHMs), he says, are highly paid professionals who cheat countries around the globe out of trillions of dollars. They funnel money from the World Bank, U.S.Agency for International Development (USAID) and other foreign "aid" organizations into the coffers of huge corporations and the pockets of a few wealthy families who control the planet's natural resources. Their tools include fraudulent financial reports, rigged elections, payoffs, extortion, sex and murder. They play a game as old as empire, but one that has taken on new and terrifying dimensions during this time of globalization."

Conclusion

Advoiding to set a general truth, it is still impossible to not notice the way that advertising controls our daily lives (even if everybody seems to look for a communication improvement that paradoxaly goes to a communication decrease between humans).

Only during the latest period, mass-media spread 18.038.139 ads⁹⁹. As a daily mean, Romanians were fired on with no less than 7.060 ads. The biggest investors in tv advertising campaignes were multinationals (like Procter&Gamble and Unilever ordering 517.076 and respectively 398.590 tv ads (www.razboiulnevazut.com)

Aparently, the advertising storm has been intensified because of the economic grow and life level. Speculatively, advertising does not mean anything else than a mass manipulation way. We all are ads prisoners, even if we like it or not. We enter in hipermarket or drudstore and choose, as being hypnotized, just the yougurt or medicine whose ad we generally ignore. From this point of view, motivational theories, neurolingvistic programming nor subliminal messages ¹⁰⁰ do

function pro individual.

According to literature by Silent Sounds, Inc., it is now possible, using supercomputers, to analyze human emotional EEG patterns and replicate them, then store these "emotion signature clusters" on another computer and, at will, "silently induce and change the emotional state in a human being". Far from necessarily being used as a weapon against a person, the system does have limitless positive applications. However, the fact that the sounds are subliminal makes them virtually undetectable and possibly dangerous to the general public 101

On the other hand, if few years ago our parents did not use to have more than some aspirins at home, nowadays there are a lot of very agressive ads emphasizing the need for drug at the same level as the need for food. Aparently, again, it is only a care for the individual health. Yet, paradoxaly, when some dreaded diseases were eradicated, we start die because of flue; when we

⁹⁶ According to Wikipedia, a conspiracy theory is a term that has come to refer to any tentative theory which explains a historical or current event as the result of a secret plot by usually powerful Machiavellian conspirators, such as a "secret team" or "shadow government"

⁹⁷ Brzezinski Z., 2000, "Marea tabla de sah", Ed. Universul Enciclopedic, ISBN 973-9436-24-2

⁹⁸ John Perkins, 2007, Confesiunile unui asasin economic, Editura Litera International

⁹⁹ In conformity with observation of the Romanian maeket made by Alfa Cont Mediawatch during 2000 – 2007.

¹⁰⁰ The mind-altering mechanism is based on a subliminal carrier technology: the Silent Sound Spread Spectrum (SSSS), sometimes called "S-quad" or "Squad". It was developed by Dr Oliver Lowery of Norcross, Georgia, and is described in US Patent #5,159,703, "Silent Subliminal Presentation System", dated October 27, 1992.

¹⁰¹ Miller, R.A, 2001, Synthetic Telepathy and the Early Mind Wars, Presented at the Consciousness Technologies Conference, July 19-21, 2001, in Sisters

speak about an increase of expectation of life level, even more young people die because of stress, exhaustion or despair; when we talk about more medical secrets revealed, we also understand that no medicine is more efficient but only more bought.

As a final conclusion, no matter if the conspiracy theory or the necesity of a sustainable development is accepeted, the reality catches its creators: "If you do not help and elevate those who are less lucky than you, it will come the day when, because of the quantitative difference, the less lucky will draw you down." (Ziglar, Z., 2002).

References:

Brzezinski Z., Marea tabla de sah, Ed. Universul Enciclopedic, 2000, ISBN 973-9436-24-2

Brown, L.R., Flavin, C.F. Starea lumii 2001: raportul Institutului Worldwatch asupra progreselor spre o societate durabila, Editura Tehnică, București, 2001

Heery, Ed., Noon, M. A Dictionary of Human Resource Management, Oxford University Press, UK, 2001, ISBN: 0-19-829-619-3.

Ionescu, C. Curs - Politici de management de mediu, descărcat 03.03.2009 de la adresa www.hydrop.pub.ro/polcurs1.pdf

Lachman, B.E., Linking Sustainable Community Activities to Pollution Prevention: A Sourcebook, Critical Technologies Institute: April ,1997.

Lester, R.B. Plan B 2.0: Rescuing a Planet Under Stress and a Civilization in Trouble, Earth Policy Institute, 2006

Miller, R.A, Synthetic Telepathy and the Early Mind Wars, Presented at the Consciousness Technologies Conference, in Sisters, July 19-21, 2001

Perkins, J. Confesiunile unui asasin economic, Editura Litera International, 2007

Skyrme, D.J, Dr. From Information Management to Knowledge Management: Are You Prepared? David Skyrme & Associates Publishing House, 1997

Zaglar, Z. Arta Vânzării, Editura Amaltea, București, 2002

www.agenda.ro

www.razboiulnevazut.com

www.romanialibera.ro

www.scienceline.ro

www.wall-street.ro

www.wider.unu.edu

ro.wikipedia.org/wiki/Dezvoltare durabila

www.yuppy.ro.

INFORMATION SYSTEM DEVELOPMENT: ARE MANAGERS AVOIDING THE "TRAPS"?

Gorski Hortensia

Romanian-German University of Sibiu Economic and Computer Science Faculty Calea Dumbravii, no. 28-32, Sibiu Email: tenzig11@yahoo.com Telephone: 0269 233568; 0744 475361

Dumitrescu Luigi

Lucian Blaga University of Sibiu Economic Science Faculty Calea Dumbravii no. 17, Sibiu Email: dumitresculuigi@yahoo.com Telephone: 0741086668

Fuciu Mircea

Romanian-German University of Sibiu Economic and Computer Science Faculty Calea Dumbravii, no. 28-32, Sibiu Email: mirceafuciu@yahoo.com Telephone: 0269 233568; 0743149696

The present paper aims to outline some of the "traps" that might appear during the development and implementation of an information system. Managers, as promoters of change generated by the implementation of new information technologies, should know these traps, in order to be able to take quality decisions and to undertake timely the adequate measures when there are problems that might affect the quality of the information systems. In practice, these traps might come from different area: the feasibility study; the risks' analysis; the users' demands; the cooperation with the stakeholders.

Key Words: Information System, Feasibility Study, Risk, Manager, Stakeholder.

Cod JEL lucrare: M10, M15, M19

Introduction

Under the circumstances generated by the transition from the industrial society to the information society, the development and implementation of a competitive information system – based on the new instruments provided by the information technology – may represent an important step for obtaining competitive advantage over the business rivals. Relying on the opportunities provided by the information technology, organizations may bring on the market more diversified, more qualitative products and services and in a shorter period of time.

As a results, there can be higher sales and profit increases. However, many voices claim that the development process of an information system has a number of "traps" that must be had in view both by the IT specialists and by managers, as promoters of change which is based on the new information technology, in order to be able to take the necessary measures in due time (it increases the probability of overcoming the problems).

The objective of this paper is to present some of the "traps" related to the information system development. Based both, on theoretical research and on long-term practice experience (as expert in information systems development), we can underline that these "traps" might come from the following areas: the feasibility study; the risks' analysis; the systems ability to meet the users' demands; the cooperation with stakeholders.

The information systems feasibility study

The development of an information system may cost – according to its complexity – from a few thousands of euro to hundreds of euro. As a consequence, it is necessary that managers do not start such a wide-spreading project until they have made some serious feasibility studies.

The feasibility study has as purpose to demonstrate whether a new project should or should not be started or whether an already-started project should or should not be continued. An operation system's feasibility study is made by a team which includes both specialists in the technical field and economists and experienced persons from the organization implementing this system. Moreover, to

make the most rigorous analysis, the team must have managers and representatives of the information system's final users.

To get the anticipated performances, before developing an information system, a proper attention should be given to the feasibility study. The feasibility studies related to the information system are various: organizational feasibility; technical feasibility; economic feasibility; exploitation feasibility or operational feasibility.

Organizational feasibility. The organizational feasibility examines how well the proposed information system supports the organization's objectives as a whole. Even from the beginning the systems that do not facilitate reaching the organizational objectives, which do not support the organization's mission and which do not comply with the established strategy, should be rejected. Technical feasibility. The technical feasibility refers to the abilities related to hardware and software and to the system's ability to provide the users quality information. Can the managers get valuable information to support their decisions? Can the employees get the information they need to accomplish the tasks assigned to the job? Is this information available when is needed? If the answer to these questions is negative it means that the information system is not properly planned / designed / implemented. Other important questions are related to the existence of IT and necessary human resources: Can the information system be created, implemented and exploited using the existing IT in the company or should there be made any purchases? Can the hardware and software instruments support the established objectives? Does the company have the human resources capable of developing, implementing and using, with the desired performances, the information system? If it does not have these persons, the organization should - totally or partially - resort to external consultants and/or to specialized companies, therefore outsourcing the system.

Economic feasibility. Regarding the economic feasibility and Cost/Benefits Analysis there are some questions: Is the project possible, taking into account the resource constraints? What are the tangible and intangible benefits related to the information system? Are the benefits worth the costs? What are the tangible and intangible savings that will be obtain from the system? What are the development and operational costs? What are the hidden costs of ownership?

From the point of view of the economic feasibility there are two problems: whether the costs justify themselves (financial, human, material, time resources consumption); whether the organization has the necessary finances for the information system's development.

From the financial point of view, investing in an information system implies a very big capital expense (invested capital). This expense has to be compensated, in the future, by the positive cash flows, generated by the new information system. The investment's opportunity is established based on the initial expenses with the investment – called negative cash flow or cash outflow – and on payments and income that occur at regular periods (annual) as a result of the information system's exploitation.

Concerning the future cash flows' estimation, a delicate problem appears: while the initial expenses are relatively simple to be estimated – based on the general estimate – the future cash flow estimation is relatively difficult to be realized because of the following reasons: there always is an estimations' uncertainty; It is difficult to separate the information system's effective contribution to the organization's future total cash flows.

It is always necessary to check, before starting the effective design of an information system, if the expected benefits will exceed the anticipated costs. The information systems for which benefits - quantifiable and non-quantifiable – do not exceed initial costs, and operating costs, must not be approved unless there are other reasons (such as, for example, legal regulations).

In practice, managers have to decide whether or not, economically speaking, the development of an information system is feasible. Sometimes they have to choose between various information system projects. For solving these aspects, managers have various methods of capital allocation, respectively of investments' choice; Payback Period – PBP; Net Present Value – NPV; Internal Rate of Return - IRR; Modified Internal Rate of Return – MIRR.

Operational feasibility. The operational feasibility or the exploitation feasibility focuses on the behavior, knowledge and ability of all those involved in operating and using the information system. To get the anticipated performances, it is important that the ones involved support the information system's development at all stages: from proposal to effective implementation and exploitation. Even from the beginning it is necessary to establish the stakeholders – persons/groups that are interested in the information system's development and utilization. If the relevant stakeholders – managers, employees, clients, suppliers – do not support the system's usage, it is very likely that it will fail. For example, if the system is too difficult to be used by the employees, they will avoid it, reject it or even sabotage it or will resort to other methods to do their tasks.

Moreover, the negative consequences will spread and affect the ones situated along the informational circuit. Every employee, in his/her job, is an information receiver and sender. If somewhere along the track an employee refuses to use the implemented information system, his/her decision may affect everyone who should get information from him/her. As a consequence, opportunities may be lost or problems may occur due to the fact that information is not at all received, is received too late and/or is of poor quality.

Risk analysis in information system development

In the new era, information systems and their operation medium become more and more complex. Consequently, the projects for these information systems' development also become more and more difficult to control. Under this context, it is important that anyone involved in the development of an information system be aware of the risks that might occur.

Risk management encompasses three processes: risk assessment, risk mitigation, and evaluation and assessment. Risk management is the process that allows IT managers to balance the operational and economic costs of protective measures and achieve gains in mission capability by protecting the IT systems and data that support their organizations' missions ¹⁰²

In practice, any investment in an information system or information technology system is risky. Unfortunately, however, risk management is frequently ignored, although it should represent an essential step in the development process of an information system or of the informational technology implementation. The absence of such a study may seriously affect the results and may have as an effect the project's failure. The failure of an adequate risk management leaves the effects of a software project into the hands of luck or irrelevant optimism. The systematic risk management offers the frame, the perspective and the necessary techniques for replacing luck with engineering discipline.

The first step in the risk management is to identify and analyze risks, and the second is to establish the strategies to overcome these risks. The risk analysis was the subject for studies made by various specialists, who tried to identify a list of the most common risk factors ¹⁰³. Based on the specialists' experience in information systems, the list containing the risk factors and their analysis may be a highly important guidebook for the project managers. It would be interesting and at the same time useful to have such a research in Romania as well. To collect the risk factors one may use the Delphi method, and for establishing the panel project management, experts may be used. The study might emphasize the risk factors mentioned by the experts and it might realize a comparison of these factors with others got from theory or from researches in other countries.

Investments in projects concerning the information systems always raise difficult problems. The investment decision is, within its nature, risky and uncertain; it is based on a number of

http://csrc.nist.gov/publications/nistpubs/800-30/sp800-30.pdf Accessed: (2008/11/29). 103 Schmidt, R., Lyytinen, K., Keil, M., Cule, P., (2001), Identifying Software Project Risk: An International Delphi Study", Journal of Management Information Systems, Vol. 17, No. 4, pp. 5-36.

¹⁰² Stoneburner, G., Goguen, A., Feringa, A. (2002), Risk Management Guide for Information Technology Systems, National Institute of Standards and Technology Special Publication 800-30, available at: http://csrc.nist.gov/publications/nistpubs/800-30/sp800-30.pdf Accessed: (2008/11/29).

predictions and these may or may not accomplish. Under this circumstances, it is necessary that project risks are always properly evaluated and their analysis be based on quality information.

The information systems ability to meet the end-users' demands

Another aspect that the specialists should have in view when they get involved in the design of information systems is related to their ability to meet the end-users' demands. The information systems' investigation, analysis and design processes may be time-consuming and very expensive. Often, time and costs generate pressures upon designers and make them resort to "shortcuts", which may lead to the development of less qualitative information systems, full of "cracks" and which do not meet the users' demands. Failure in meeting the users' needs and demands may also occur because users do not always properly describe what they want from the informational point of view. This issue may be aggravated when information system experts have little or at all experience in this matter. Therefore, the situation when the designed information system can not handle the users' needs and demands may occur. Another possible problem might be generated by the fact that, as users become more familiar to the system, their needs and demands may grow, change. Therefore, the designed system must be flexible, adaptable and this change possibility – even from the beginning be foreseen.

Another aspect that the senior managers, the project managers and the information systems' specialists should have in view is the resistance to change. This situation often occurs when, for different reasons, end-users fear that: (a) the new information system, based on new IT, might make certain jobs useless; (b) they will not be able to learn how to handle the IT, and how to use the new IS; (c) they will lose the position, power, status within the company. Generally, the resistance towards using the new information system is higher when the end-users are excluded from its design. Excluding the users from the information system's design may lead not only to an incomplete and incorrect analysis and an incomplete IS project, but it may also generate resentments towards the new information system.

Cooperation with stakeholders

Knowing, understanding and fulfilling, as possible, the interested parts' needs, expectations and demands is of vital importance for the success of any investment, especially the ones related to information technology and information system. Under these circumstances, it is very important to identify all interested parts, known as stakeholders.

For the success of an information system it is important that network era managers understand the importance of having collaboration relationships with all the people or groups that might affect or be affected by the projects regarding the information system. It is essential for companies to build long-term relationships – based on trust and mutual respect – with the stakeholders: managers, shareholders, employees, clients, suppliers etc¹⁰⁴. To facilitate the successful introduction of new IT applications, issues of project risk must be addressed, and the expectations of multiple stakeholders must be managed appropriately¹⁰⁵.

Organisations and their managers should understand that information system specialists, no matter how professional they are, can not insure the success of an investment in information technology or information system. They must be team players, communicate and cooperate with the other interested parts: managers and users.

In many cases, the managers' and other stakeholders' expectations from the information technology or other types of implemented information systems are too high. Some authors capture the importance of reaching the expectations of the parts interested in the success of an

104 Svendsen, A., (1998), The Stakeholder Strategy: Profiting from Collaborative Business Relationships, Berrett-Koehler Publishers, San Francisco.

105 Keil, M., Tiwana, A., Bush, A. (2002), Reconciling user and project manager perceptions of IT project risk: a Delphi study, <u>Information Systems Journal</u>, <u>Vol. 12</u>, <u>No. 2</u>, pp. 103 – 119.

information system¹⁰⁶. They claim that an information system's failure is actually a gap between the interested parts' expectations, expressed through an ideal or a standard and the real performances.

Conclusions

In practice, during an information system's development, a series of risks may occur, which might have negative consequences on the subsequent implementation and usage of the information system and, implicitly, on its performances and success.

Managers, as new-information-technology change promoters, must know these risks, in order to take the necessary measures in time (it increases the probability of avoiding/overcoming them). In practice the information system's development traps might occur from the following fields: the feasibility study; the risks' analysis; the system's ability to meet the users' demands; the cooperation with stakeholders.

Often, the information technology is regarded as a "saviour" for the organization, although, in practice, in many cases, the results have been far beyond the ones expected. In reality, not the information technology is the key problem. After all, its success or failure is independent of the way in which the organization, the specialists, the managers and the employees know to comply with the information technology's abilities, to the organization's strategy and to the users' and organizations' real needs.

Selective References

- 1. DeMarco, T., Lister, T. (2003), Waltzing With Bears: Managing Risk on Software Projects, Dorset House Publishing Company, Incorporated.
- 2. Henry, J. (2004) Software Project Management, A Real-World Guide to Success, Addison Wesley, Boston, MA.
- 3. Keil, M., Tiwana, A., Bush, A. (2002), Reconciling user and project manager perceptions of IT project risk: a Delphi study, Information Systems Journal, Vol. 12, No. 2.
- 4. Lyytinen, K., Hirschheim, R., (1987), "Information Systems Failures A Survey and Classification of the Empirical Literature", Oxford Surveys in Information Technology, Vol. 4.
- 5. Schmidt, R., Lyytinen, K., Keil, M., Cule, P., (2001), Identifying Software Project Risk: An International Delphi Study", Journal of Management Information Systems, Vol. 17, No. 4.
- 6. Schwalbe, K. (2007) Information Technology Project Management, 5th edition, Cengage Learning, South-Western.
- 7. Stoneburner, G., Goguen, A., Feringa, A. (2002), Risk Management Guide for Information Technology Systems, National Institute of Standards and Technology Special Publication 800-30, available at: http://csrc.nist.gov/publications/nistpubs/800-30/sp800-30.pdf Accessed: (2008/11/29).
- 8. Svendsen, A., (1998), The Stakeholder Strategy: Profiting from Collaborative Business Relationships, Berrett-Koehler Publishers, San Francisco.

_

¹⁰⁶ Lyytinen, K., Hirschheim, R., (1987), "Information Systems Failures - A Survey and Classification of the Empirical Literature", Oxford Surveys in Information Technology, Vol. 4, pp. 257-309.

THE USE OF FUZZY LOGIC IN THAT THE DECISION-MAKING PROCESS

Grădinaru Dorulet

University of Pitesti Faculty of Economic Sciences gradinary dorulet@yahoo.com 0752458187

The present study is a short introduction in the theory of the fuzzy sets. It also presents some aspects of the application of the fuzzy logics in founding the decision-making process related to the firm's management. In the end there are presented some average operators that express the idea of compromise in making a decision.

Keywords: fuzzy logic, decision-making process, classical theory of the crowd.

JEL Code:L23, C02, C44.

1. Introduction

Crowds' fuzzy theory was developed from years 60, in response to poor consistency rules Deterministic type "YES" or "NO", trying the formalization of judgments such as "More or less. In classical logic, sentences can be true or false, no possibility of intermediate values. In the case of models approach concrete, real world, there was some tricky situations: not all are clear and real Deterministic (as such cannot be described accurately on the basis of classical logic), and a full description of the system requires a real range of information not known or fully supplied, and often are not understood exactly.

This came as a necessity to use fuzzy logic and resulting from the use of fuzzy instead crowds classic crisp.

2. Fuzzy crowd

Definition 1: Let X a lot nevoid. A lot fuzzy (vague) A is characterized by its membership function

$$\mu_A: X \rightarrow [0,1]$$

Where $\mu A(x)$ is interpreted as the degree of membership of element x in A fuzzy crowd, for any $x \in X$.

It is clear that A is completely determined by the crowd tupelos $A = \{(x, \mu A(x)) \mid x \in X\}$ and therefore we will write A(x) instead of μ A(x). Family crowds all fuzzy in X us note F(x). If A = (x1... xn) is a finite lot X, we use notation

$$A = \mu_I/x_I + ... + \mu_n/x_n$$

Where the term $\mu i / xi i = 1... N$ implies that μi is the degree of membership of xi in A, and is the plus sign.

Suppose that a person wants to buy a car cheap. "Cheap" can be a lot like the fuzzy world prices. For example (see fig. 1) "cheap" can interpret:

- Under \$ 3000 cars can be considered cheap, and prices are not too differentiated eye purchaser;
- Between \$ 3000 and \$ 4500, a change in price induces a slight preference (poor) to cheaper car;
- \$ 6000 beyond the costs are too high (not interested).

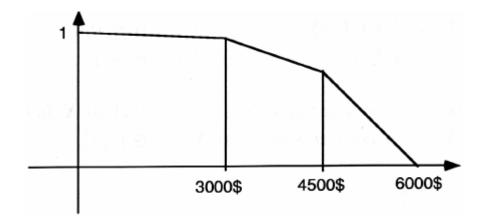


Fig.1: Discrete membership function for cheap

Definition 2: A fuzzy number A is called triangular fuzzy number with peak (center) a, left width of> 0 and right width of> 0 if its membership function has the following form:

A (t) =
$$\begin{cases} 1 - \frac{a - t}{\alpha}, & \text{if } a - \alpha \le t \le a \\ 1 - \frac{t - a}{\beta}, & \text{if } a \le t \le a + \beta \\ 0, & \text{otherwise} \end{cases}$$
And notes A= (a,\alpha,\beta).

1 and a and

Fig.2: Triangular fuzzy number

A triangular fuzzy number with center can be seen as vague and quantity: "x is approximately equal to a".

Definition 3: A fuzzy number A is said trapezoidal fuzzy number with the tolerance [a,b] width to the left and right width, 8 if its membership function has the following form

$$A(t) = \begin{cases} 1 - \frac{a - t}{\alpha}, & \text{if } a - \alpha \le t \le a \\ 1, & \text{if } a \le t \le b \\ 1 - \frac{t - a}{\beta}, & \text{if } a \le t \le a + \beta \end{cases}$$

$$0, & \text{otherwise}$$

A trapezoidal fuzzy number can be seen as the vague "x is approximately in the range [a, b].

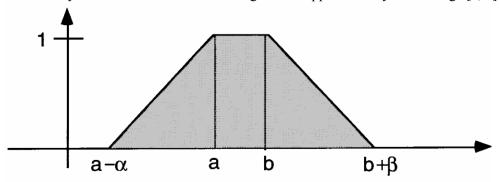


Fig. 3: Trapezoidal fuzzy number

3. Operations with fuzzy crowd

In this section expand the operations of the classical theory of the crowd. To note that all operations that are extensions of crisp concepts are reduced to their usual meaning when they under the crowds have fuzzy degrees of membership in the crowd {0.1}. Therefore, when expanding operations in fuzzy variety, use the same symbols as in theory crowds crisp. In what follows, A and B are two fuzzy under-lots same lot of classical X.

Definition 4: Say that A is a under-lots of B if A (t) \leq B (t), whatever the t ε X. **Definition 5:** The crossing of A and B is defined as $(A \cap B)(t) = min\{A(t), B(t)\} = A(t) \wedge B(t)$, for all t ε X.

 $A \cap B$ can be construed as "x is close to x and is close to b".

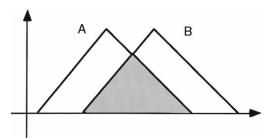


Fig. 4: Intersection of two triangular fuzzy numbers

Definition 6: The meeting of A and B is defined as (AUB) (t) = max (A (t), B (t)) = A (t) \vee B(t) for all t \in X.

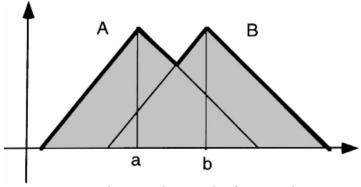


Fig. 5: Meeting the second triangular fuzzy numbers

Definition 7: A complementary fuzzy set is defined as $(\neg A)(t) = 1 - A(t)$ for all $t \in X$. It can be construed as "x is close to", and $\neg A$ can be read as "x is not close to" or "x is far from".

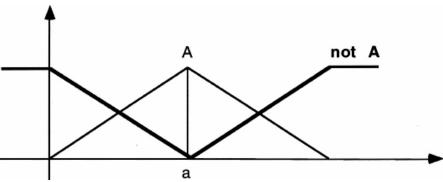


Fig. 6: Crowds vague A and A

Definition 8: A fuzzy under-lot and B are equal say, A = B, if $A \subset B$ and $B \subset A$ if A(t) = B(t) for any $t \in X$.

An under-lot fuzzy blank of X is defined as $\phi: X \to [0, 1], \phi(t) = 0$, for any t εX .

I can see that $\phi \subset A$ for any vague under-lot A of X.

Universal fuzzy under-lot of X is defined as $l_x: X \to [0.1]$, lx(t) = 1, ε t to X.

It is noted that the l_x is most vague under-lot of X, $A \subset l_x$ for any vague under-lot A of X.

Moreover, $l_x = \phi$ and $\phi = l_x$. However, unlike the classical theory of the crowd, and the third non-compliance and the third excluded are not satisfied, meaning $A \wedge A \neq \phi$, and $A \vee A \neq l_x$.

De Morgan's laws are satisfied by the fuzzy under-lot X, meaning

$$(A \wedge B) = A \vee B$$

 $(A \vee B) = A \wedge B$

4. That the fuzzy logic and decision-making process

Crowds fuzzy theory was developed by L. Zadeh [Zad75], who noted that the mathematical models and various classical methods in that the present flawed decision-making process and are difficult to apply the complex reality of economical factors .As increasing complexity as an economic process can reach a critical point, the accuracy and significance of claims about the incompatibility incompatible. The incompatibility process are defined by Zadeh, converge to vague statements (fuzzy) and fuzzy logic tries to establish a formalism for uncertainty and ambiguity specific natural language. And this new language, to shape the natural language, created a new type of mathematical model. Reporting on fuzzy logic is always time for a decision-making process; values are associated with membership in the [0,1]. Adoption and complex decisions based education becomes possible through the various methods and techniques that facilitate decision-making choice optimal variant, each of which is falling in a given decision-making model. Depending on volume, structure and quality of information they receive may be making Models: Deterministic, centered on information with high precision, complete indeterminists and probabilistic. Using these methods and techniques result in a decision to increase the degree of rigor and, implicitly, the effectiveness of decisions, varied in relation to the typology of decision-making situations involved. Correspondence between the quality of information - as expressed by the parameters of accuracy and completeness - and decision-making models (economic or economic-mathematical) was suggestive graphic stressed by some experts as Fig. 7:

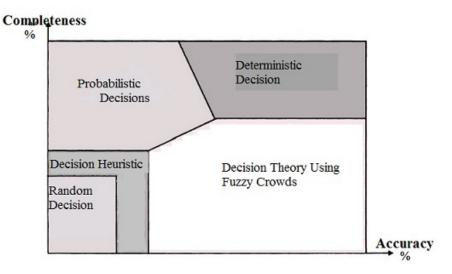


Fig. 7: Completeness and accuracy in decision-making models

The examination of the graph that the two characteristics of information (and not only them) determining one or other methods of decision theory that management put them in practice disposal economy. Thus, if a low degree of accuracy and completeness corresponds Heuristic and random decisions based on intuition, reasoning and decision-experience, as information is more complete and more precise, the possibility of using methods and techniques focused on algorithmic procedures, which allow adoption of decisions with high background.

Models based on theory crowds vague (fuzzy), the information transmitted for the substantiation of the decisions are highly completeness, but least accurate, probabilistic models used in the existence of accurate information, but less complete, and Deterministic models are in our opinion, the most significant.

Besides these there are many methods and techniques, among which we mention methods of operational research, provided by mathematical programming, inventory theory, graphs theory, theory of firms' waiting game theory, simulation decision theory equipment that can be used with successful business practice.

Methods and techniques to group decision making, depending on the type of decision-making situations involved in 3 categories:

- Methods and techniques to optimize decisions, conditions certainty: Electric, the global utility, the additive, Deutch's algorithm-Martin, decision table, decision simulation;
- Methods and techniques for optimizing decisions under uncertainty: technical optimistic, pessimistic technique (A. Wald), the technique optimum (C. Hurwicz), the technique of proportionality (Bayes-Laplace) technique to minimize regrets (L. Savage);
- Methods and techniques for optimizing decisions in conditions of risk : decision tree, the mathematical expectancy.

Techniques for optimizing decisions under uncertainty, which included those related to fuzzy crowds through their Heuristic generates obtain different optimal choices. Emphasize that some experts in management recommended that the use of one or another of these techniques to consider the habit decision to operate with a technical manager and psychology and, especially, the economic-financial company. The firm has an economic and financial situation better, so it is possible to assume risks higher, so much more optimistic view on the probability of obtaining superior results for resources is that there is compensation in case of failure.

5. Average operators

In a decision process, the idea of compromise corresponds to an overall view assessment as an action between the worst and the best evaluation. This occurs in the presence of conflicting objectives, where compensation is allowed between proper compatibility. Operators' average achieved compromise between objectives, allowing a positive compensation between their assessments.

Definition 9: An average operator M is a function

$$M: [0, 1] \times [0, 1] \rightarrow [0, 1]$$

Satisfying the following properties:

M1. M(x, x) = x, x [0.1].

(Idempotență)

M2. M(x, y) = M(y, x) x [0.1].

(Switching)

M3. M(0.0) = 0, M(1.1) = 1

(Extreme conditions)

 $M4. M(x, y) \le M(x', y') \text{ if } x \le x' \le y \text{ and } y' \text{ (Sameness)}$

M5. M is continuous.

If M is a mean operator, then

 $\min(x, y) \le M(x, y) \le \max(x, y), x \in [0.1]$

In fact, the monotony idempotenta and that of M

 $\min(x, y) = M(\min(x, y), \min(x, y)) \le M(x, y)$ and

 $M(x, y) \le M(\max(x, y), \max(x, y)) = \max(x, y)$

An important family of operators is the average time to the quasi-arithmetic:

M (a₁, a2... an) =
$$f^{-1}\left(\frac{1}{n}\sum_{i=1}^{n}f(a_i)\right)$$

Kolmogorov characterized this family as all the class average and decomposable.

Examples: quasi-arithmetic average of a1 and a2 is defined as: $M(a_1, a_2) = f^{-1} \left(\frac{f(a_1) + f(a_2)}{2} \right)$

$$M(a_1, a_2) = f^{-1}\left(\frac{f(a_1)+f(a_2)}{2}\right)$$

The uses of average operators are:

- Media harmonic: $\frac{2xy}{x+y}$

- Geometric Average: \sqrt{xy}

- Media arithmetic: $\frac{x+y}{2}$

- Duala geometric average: $1-\sqrt{(1-x)(1-y)}$ - Duala average harmonic: $\frac{x+y-2xy}{2-x-y}$ - Median: $med(x,y,\alpha) = \alpha$, if $x \le \alpha \le y$ x, if $\alpha \le x \le y$

- P-average general: $[(x^p+y^p)/2]^{1/p}$

The aggregation of information occurs in many applications related to the development of intelligent systems: neural networks, fuzzy logic controllers with, vision systems, expert systems, multi-criteria decisions, etc.

Bibliography

- 1. Gh Băilesteanu Economic Logic. Vol.I logic diagnosis, Mirton Ed, Timișoara, 2002.
- 2. I. Despi, Luke L Toward a Definition of Fuzzy Processes, Proceedings of the 5th International Symposium on Human Informatics, Bucharest, pp 855-859, May 2001.
- 3. L. Luca spaces of fuzzy processes, Ed Mirton, Timişoara, 2003.
- 4. Nicolescu Ov., I. Verboncu Management, Economic Publishing House, Bucharest, Ed III of the revised 1999.
- 5. Taču A., R. Vancea, Holban St., Burciu A. Artificial Intelligence. Theory and applications in economics, Economic ditura, Bucharest, 1998.

APPROACHES OF THE ENVIRONMENTAL MANAGEMENT OF INDUSTRIAL PRODUCTION

Grădinaru Dorulet

University of Pitesti Faculty of Economic Sciences gradinary dorulet@yahoo.com 0752458187

The article treats the environmental management of industrial production, which aims the management of the environment as a concern both for the economic operators, the public administration and national or international institutions. In the presented conception, the environmental management of industrial production or the "green" management of production is a part of the production management, ensuring that the progress and the development of the production to be without negative consequences on the environment. Starting from the fact that the company is organized and managed so as to achieve, at any cost, his purpose, namely to obtain profit, which may represent a threat to the environment, in the need to constrain this organization through a series of laws and regulations, the paper presents a form of audit of the evaluation of the strategy of transformation in terms of performance security / environment.

Keywords: environmental management, industrial production, strategy.

JEL Code: L23, Q57.

1. Environmental management of industrial production: content, development, approaches

Management of environmental is a science with an interdisciplinary character and integrity, having as object of study and research environment as a public good and auto-reproduction based system, taking into account the close relationship of interdependence that the economic environment. It aims to achieve a rational management of resources, to assess damages and costs related to the environment, establish economic instruments of environmental policy, repercussions micro and macro-economic measures and means of environmental protection etc. Environmental management must assume a major role in decisions that the efficient management of the environment by man, it must be in the position of partner nature, are held and work in accordance with the laws of nature.

Environmental management of industrial production and managing "green" production is part of production management, ensuring that the pursuit and development of production, means that the production management, to do without negative environmental consequences. He is to study, so, environmental industries.

In Western Europe, while, three steps are outlined in the Heads of businesses and staff education, in relation to the environment, namely:

- Rationalized denial:
- Therapeutic shy:
- The management responsibility.
- a) *Denial rationalized* was a dominant attitude of those responsible for businesses in Western Europe until the early 70s. They argued on the basis of demonstrations supported by industry figures that do not pollute and services. In very rare cases, they showed that the phenomenon existed, but the balance is very positive, including the environment and are not cause for concern. Also responsible businesses claimed that any industrial process is under control, except for a few unforeseen accidents.

In Eastern Europe, until before 1990, the environment was considered as an acceptable price to be paid to improving the living of the population.

b) Therapeutic shy appeared in major industrial groups in the early 70s.

Due to public pressure and legislation increasingly sensitive to it and aware of their responsibility to their immediate managers of the industrial and services are even more equipped with technical means to fight against pollution. At the same time, they invent more effective ways to combat environmental degradation. The so-called *risk management* began to develop at least the heavily polluting enterprises or high-risk environment.

Currently, the concept of negative therapeutic shy of fighting against pollution and substituted the concept of a positive *policy environment*. In parallel, experimental methods are developed to put in the work of such a policy, devansand of the limited technical and technological issues relating to the environment.

It points out however that these methods are now confidential, closed to both having the size necessary to invest. They are, however, ignored the small and medium enterprises, although they also need methods.

c) The management responsibility, in the sense of a coherent environmental policies and responsibility dates from the 80s.

Method legal environmental audit came from the need to follow, to understand and apply the increasingly numerous, complex and often contradictory to the laws and regulations require.

Ensemble methods and policies for environmental management have been summarized in a green strategy by the heads of enterprises, the need to ensure a certain consistency in policy to promote the environment.

For each area of activity of the answer to the question: What should I know a director of production, marketing, human resources, research, etc.. About environmental issues?

The next activities (functions) are analyzed: trade, the production, the administrative, legal and financial activities of human resources, research-development activity in the general direction.

The production or processing. This is the most profound implications on the environment and for these reasons, the question stăpânirii processes processing or processing strategy and green feature is directly related to the economic sector analysis.

The need to measure and optimize the processes of transformation from upstream during the phases of processing or manufacturing and execution, and downstream activities.

Diagnosis of "green" of the transformation process are the:

- Supply strategy;
- Transformation strategy;
- Strategy development studies and methods;
- Strategy of finished goods and services after sale.

There is a close link between the promotion of an enterprise-wide green and functions related to the production and quality control and assurance of security and organization, so that in some companies, a single service that manages the three activities: security service-quality environment.

Transformation processes or processing, and other economic activities can have a strong negativ impact on the environment, a framework biogeologic such as nuclear activities, mining and processing of minerals (gold, zinc, aluminum, copper, etc..) construction of dams, the extension of airports, motorways etc existence. It is necessary to ensure a balance biogeologic in any situation in which industry and services have their role, not only neutral (no influence), but positive (improving). Be measured by, for, example, infiltration of zinc and aluminum in soil, groundwater contamination of water and water flowing.

It is estimated that the model based methods and tools of management and business planning are not adapted to take account of environmental responsibilities, which should be the concern of any manager.

Maladjustment mentioned is because the methods and tools for management and planning are based on postulated traditional consumption, which is undertaking a coherent set of individuals and groups, having a single identity, namely that of their enterprise, and one end all the enterprise.

That enterprise is organized and managed so as to achieve at any cost making its purpose, namely obtaining a profit, can represent a threat to the environment. For these reasons, in all countries with advanced economy, it was necessary to hold this organization through a series of

regulations and laws to reduce the destructive capacity in relation to the environment.

2. The concept of sustainable development

Omission of the costs and negative effects to environment and health human economic activities have led some consequences to be borne by the whole society. Imposed rethinking and redesign the organization and how to conduct economic activities and achieve the transition to a new behavior and way of life and admitted under controlled environmental and human aspect.

The last decade of the century XX century brought to the fore, the problem of sustainable development, a concept which is more comprehensive compared to the ecological development. An essential factor of the rapid spread of this concept is linked to the end of the Cold War and the installation of the democratic system in the countries of Central and Eastern Europe.

At present, the international community is unanimous agreement to consider that we live in a "global risk society" (Risk Society World - WRS), because the challenge of risk as a result of human actions, in a limited space and time, spreads globally.

Perception state of WRS is in three areas: global society itself becomes an object of study, admission risk on a global scale will lead collaboration within the international community, the need for urgent measures perception of risk is determined on a global scale will impose pressure on political factors to reduce risks industrial activity, which may lead to a collapse of society, without achieving sustainable development.

The concept of sustainable development (SD) with guidelines for the future was launched at the presentation of the report entitled "Our Common Future "(known as " The BRUNTLAND Report") in the work of the World Environment and Development, is defined as" type development ensure that the needs of present without compromising the ability of future generations to meet their own requirements."

This concept has been accepted and supported by the scientific, political and economic world, and being taken by the Conference in Rio de Janeiro in 1992.

In general, the concept of sustainable development involves ensuring performance on three coordinates:

- 1. *In economic*: increased resource recovery and removal losses of non-renewable resources;
- 2. On the ecological: avoiding environmental degradation:
- 3. *On the socio-cultural*: ensuring living conditions and human achievement.

As a general objective of sustainable development, shall be a finding optimal interaction of four systems: *economic, human, environmental and technological*, are in a dynamic and flexible working to meet targets. Under these conditions achievement of SD requires major change in economic policies and environment, leading to reduced resource inputs per unit of useful effect.

For the World Commission for Environment and Development, SD is defined as the transformation process in which the exploitation of resources, targeting of investments and targeting techniques and institutional changes taking place in harmoniously.

Achieving sustainable development involves meeting several requirements, namely: resizing economic growth based on a more equitable distribution of resources and a stronger emphasis on the qualitative side of production; eliminate poverty with basic needs relating to employment, housing, food, energy, water and health; population growth to ensure an acceptable level in order to brake the uncontrolled population growth; conservation and enhancement of natural resources, monitoring the impact of economic development on the environment, technology shift and control risks arising from it; decentralization forms of governance and increased participation in decision making; unification decisions on the environment and economy; maintaining and broadening the diversity of ecosystems.

Sustainable development is a model of economic growth in which is placed restrictions related to the necessary balance between the economic system (created by humans) and natural, which created the man.

To achieve sustainable business must take into account in determining the value in equal measure, economic, ecological and socio-cultural, based on applying the concept of balance.

Currently, the classical approach tends to business, that the main objective is to maximize profits through a fierce competition on the market, to be replaced by a holistic approach and pursuing other goals: that all those involved, environmental protection, social responsibility, etc.. It follows therefore that a business relationship with the company includes positioning its products or in relation to environmental dimensions.

Ultimately, sustainable development involves stimulating firms to design and put into service production systems "friendly to the environment."

As was mentioned in connection with sustainable development have emerged many new definitions of activities, processes and business results, such "green competitiveness", "green productivity", "green marketing", "green technology", etc. All of these approaches was based on the importance of sustainable development impact in the socio-cultural.

3. Environmental externalities (external costs) and internalize costs of environmental protection

The activity of producing goods economic effect on two plans:

- Recover higher material factors, natural and human;
- May cause a degradation of the natural environment, due to the use failure of these factors.

A shortcoming of the financial management in market economies is that prices for a base purchase decisions and guide resource allocation rarely reflect the true costs of environmental degradation.

In a market economy, the pursuit of obtaining a higher profit leads to accelerated environmental degradation, a fact illustrated by a rich literature in the field.

Externalities are defined as any gain or loss is sustained (sustained) from outside, as a result of action initiated by producers or consumers and not paid any compensation.

A creative activity of economic assets which depends on externalities can be described using the following relations:

 $P= f(A_1, A_2... A_n, E)$, in which:

P is Profit Company;

A1, A2, ..., An - business activities that depend on profits

E - business-to influence other companies, called externality.

Externalities E is not compensated in any way and it appears if there is an interdependence between the activities of at least two firms, but lack any form of mutual reward of any kind.

Therefore, one can say that externalities occur where an economic activity is not determined exclusively by the variables that he controls, but also the external variables of his decision.

In the analysis externităților, intervening two categories of costs, as social cost (SC) and the cost of private (CP), called the corresponding marginal costs.

Social cost (SC) consists of all costs incurred by community members as a result of an organization, being composed of the private cost of achieving product (CP) and the cost of pollution or, more generally, external costs (EC) that is: SC = CP + EC.

It was assumed that a manufacturer who produce a quantity of products Q and pollute the environment, in which case the demand curve for its products is C, and the private marginal cost of product completion is CP. Marginal social cost (CS) and the realization of related pollution (EC), obviously, is higher than HP, this results in Fig. 14.2.

In Fig. 14.2 are given these types of costs.

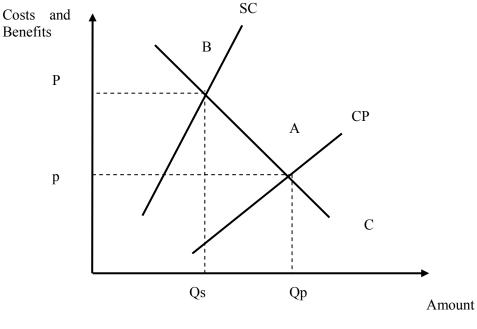


Fig. 14.2

If the manufacturer is not obliged to take measures against pollution, he will seek equilibrium point A, which corresponds to the price p and quantity Qp, acting at the same time to maximize profits related quantity Qp. This behavior is not beneficial to society because it does not bear the negative consequences of pollution.

If it is taken into account the costs of pollution, the efficient production of QS is obviously smaller than Qp.

Behavior corresponding to point A firm and level of production Qp characterized by the following: the company achieved a production quantity Qp greater than the optimal level of production qs corresponding to point B, when taking into consideration the costs of pollution, the firm emit additional pollution environment at the situation depicted is effective B; product price rise of pollution is lower compared with the situation taking into account the cost of pollution (p<P) company is stimulated to reduce pollution as long as it does not bear the costs of pollution; Whereas it is cheaper to pollute the environment, implementation of effective measures to eliminate pollution is discouraged.

Resource allocation through the free market is distorted is the existence of externalities. In order to correct the distortion allocation and to internalize externalities (external costs), was created polluter pays principle (Polluter Pays Principle) = PPP, which has two important functions:

- a) establishes liability for the pollution produced:
- b) determines the setting of prices for environmental resources, so that producers take account of their importance in the production.

To ensure an effective use of the real factors of production, the emphasis on the impact of human activities on natural environment, the only viable solution is to include expenses for environmental protection in production costs.

Need internalize external costs in market economy is necessary for the following reasons:

- External costs are part of the total cost of production which has the effect of environmental negative and are therefore cost effective;
- Whereas prophylaxis reduces or eliminates the therapy is important to consider since phase studies on economic and technical investments, the setting of targets and their realization antipoluante, while running with the entire investment;
- To establish the total cost must be taken into account the economic efficiency of the technique new dependent care expenses on the manufacturer to make them assimilate them in order to avoid degradation of the natural environment. For these reasons, should be excluded from consumption goods, works, services and technologies that have a social cost (or damage caused to society) beyond individual benefits. The current re-restructuring and economic branches are the new guidelines in the field of technical progress to ensure the restructuring of energy and polluting industries.

4. Economic and financial instruments and administrative costs relating to the internalization environment and natural resources

Rational management of natural resources, as noted, must be based on a coherent set of tools, methods and strategies, which are known and applied by managers.

Integration of environmental protection in economic and management practices and market mechanism presupposes the existence of tools consisting of:

- a) standards;
- b) permits, licenses and other authorizations;
- c) economic and financial tools and specific administrative:

Arsenal of these tools should consider the ability and breeding regeneration of resources for environmental and market requirements of goods and production inputs (machines, plant, machinery, equipment).

- a)Standards are technical regulations are standards that define the environment and determine the permitted level or concentration of substances (particles released in water, air, soil or existing products). They differ most categories of standards related to environmental protection, as environmental standards, emission standards in the tributaries, technological standards and performance standards, product standards, process standards.
- b) *Permits, licenses or other authorizations covers* assigned based on compliance certain rules and standards, along with fulfilling other specific conditions conducive to minimizing the negative effects of human activities on the environment. Such tools include mandatory environmental controls and may be withdrawn or suspended in relation to the environment.
- c) Economic and financial instruments relate primarily to various charges for land use or emission of polluting waste. Thus, "land use fee for state property for purposes other than agriculture and forestry", nr.69 regulated by law since 1993, was introduced to avoid removal from circulation of some important economic agricultural area. It is awarded annually by the autonomous, companies and other legal entities for state-owned land under administration or use them with other destinations than agriculture or forestry. Tax on the emission of polluting waste is designed to fit all economic agents that cause pollution in the maximum allowable. The fee for the use of state-owned roads is determined according to the situation existing at the first land in January of each year, based on the declaration made by the payer.

It is emphasized that the widespread application of the concept of sustainable economic development, to internalize social costs and accurate assessment of the effect of global production and consumption is a prerequisite for maintaining a healthy environment that is transferable to future generations.

Bibliography

- 1. Ardelean A., Maior C. Management of Environmental, Masthead Servo-Sat, 2003;
- 2. Camasoiu C. Economy and defiance of nature, Masthead Economic, Bucuresti, 1999;
- 3. Coman Gh., Murgu Z. Economic Environment, Masthead Moldovita, Iasi, 1996;
- 4. Heza M. Inteprinderea secolului XXI Inteprinderea inteligenta, Editura Economica ,Bucuresti , 2001;
- 5. Jaba O. Production and Operations Management, Masthead Sedcom Libra, Iasi, 2007;
- 6. V. Mandroviceanu Renewal strategy of the firms in machine building industry, PhD Thesis, University Al.I. Cuza, Iasi, FEAA, 1998;
- 7. Paul de Backer The green management, Masthead Demod, Paris, 1992;
- 8. V. Soroceanu Economic Growth of the natural environment, Masthead Economic, Bucharest, 2000.

THE LASTING EXCELLENCE OF THE INDUSTRIAL ENTERPRISES

Grădinaru Puiu

University of Pitesti, Faculty of Economic Sciences, 71 Republicii Boulevard, gradinarupuiu@yahoo.com, 0745902875

The excellent companies are considered to be those that, by proper strategies, owning an outstanding leadership, an organizational culture and a valuable tradition, have a higher profit than the competitors. We can make out the excellence as the successful combination between resources, the way of organization and the efficiency of the managerial process. By its nature, the excellence involves a join and an inspired and efficient use of the existing resources or of those attracted by the company. The analysis of the role of synergy appears as imperative in obtaining the excellence. The effort to maintain the excellence, for lastingness, is provided by the process for the engendering of the synergies resulted from the harmonization between strategy – organizational culture.

Keywords: lasting development, lasting excellence, attributes of excellence, productivity by people, synergetics

JEL Code: L25, L29

1. The concept of lasting excellence

The excellence of the companies and the lasting development are subjects in vogue. Debated on a large scale, both by the ordinary public, and in the academical field, the two collocations receive a content and a meaning based on the context and on the subjective interpretation of those who approach this theme.

In order to avoid the possible misunderstandings that might subsequently appear, we will demarcate the ordinary meaning, the colloquial, from the one that it is used in the present paper.

The Dictionary of Neologisms of the Romanian Academy /5/ defines the word **excellence** as a title whereby some persons are honored, either a high degree of perfection: the quality of being **excellent**, very good, out of the ordinary, high, wonderful. Thus, the word has the significance of a special appraisal, a form to accentuate the success.

Lasting means the quality to persist for an extended period of time (lastingness), to resist – durabilitas in Latin – indicating the durability. Associated with the term of development, we obtain the term of **lasting development**, a collocation which indicates the maintenance of the system – in the general environment – in an uncontaminated state, without degradation.

The meaning of the collocation **lasting development of the enterprise** can be larger, then it can regard the entire life of the accounted organization, not only its interests regarding the presentation of the environment. In an identical manner, the lasting development of the national economy and of the world economy implies multiple aspects, not only the environmental ones.

In the present paper, we will use the term **excellence** to appoint the enterprises, the companies, that have recorded or which can record an outstanding, worthy of imitation success. These companies represent a model that is worthy to be followed by other companies in the industry field, of the entire economy of a country, a goal that can be reached by perseverance, readiness, truthfulness and qualification.

We will use the collocation **lasting excellence** to refer to a company which maintains in worthy of imitation situation – success, profit – a long period of time and which it adjusts correctly and in an efficient manner to the exigencies of the social-economic environment.

2. The excellence of the industrial companies

The evolution of the thinking in the business field, especially of the strategical thinking regarding the business company, the industrial firm or company, is a process of gradual settlement of the

accumulated knowledge and less a process of exclusion of some old ideas. This evolution is marked out by two main trends of thought that appeared at the middle of the 60s.

The two paradigms are:

- The paradigm of the strategic rationality.
- The paradigm of the strategic conduct.

Our interest is focused on the latter one, whose representatives (Lindblom, Peters, Waterman) put their efforts in a field rather opposed to the schools of strategic rationality.

Tom Peters and Robert Waterman, in the paper "**Lokking for Excellence**" (1982), a bestseller of that period, spread in the academic and business environment the term of culture of enterprise or organizational culture. The term of excellence has been frequently used since then to characterize the successful companies (the excellent companies, according to the authors).

They plead that the excellent companies accomplish better than the competitors a number of eight important actions. Tom Peters and Robert Waterman showed that, the eight attributes of the excellence, applied by the successful companies, have positive results because they have a theoretical ground tested for a long time in practice. This, even it was ignored by the majority of the managers, passed the test of time and its application is attractive for the endorsed ones.

The excellent companies led to the appearance of the champions of the productivity, group of individuals who strongly believe in their ideas, which blots out the bureaucracy and promote their projects within the system and outside it, to the clients. These champions represent a permanent source of innovation; the knowledge and initiative are their favourite weapons.

The **eight attributes of excellence** are:

- The predisposition for action: the preference to do something, instead of convey an idea on endless cycles of analysis and at the reporting committees;
- To remain close to the client: to find out the preferences of the clients and to fulfill them;
- Independence and entrepreneurship: to divide the corporation into small companies and to encourage them to think independently and in a competitive manner;
- Productivity by people: to create in all the employees the conscience that their efforts are essential and they will enjoy themselves of the reward of the success recorded by the company;
- The company must be run by values: to insist for the managers to keep focused on the essential business of the company and to promote a strong culture;
- Maintaining within the base business: to remain within the business that is better known by the company (to decide which is the essential speciality of the company and to fight for its development);
- Simple organization, the allocation of the exact staff that is necessary: to maintain a minimum number of hierarchical levels, with a small number of employees at the superior levels; a sole structural dimension must take precedence (the product, the function, the geographic area);
- Keeping of the flexibility and firmness: to stimulate a climax of high devotion to the essential values of the company, correlated with the preferences if the employees who accept the fundamental values (a paradoxical combination of the directing from the center with the individual autonomy).

From the eight attributes if the excellence, the comlpex and tight connection is revealed in a transparent way, which denotes in fact the harmonization between the strategy of the company and its organizational culture.

The achievement of the excellence within an enterprise implies policies which should mobilize the staff for their performance. Thus, for example, some enterprises included in the project for the achievement of the excellence the implementation of the method regarding "the multiple zero" in the enterprise, according to which the activity must performed with zero flow, zero stocks, zero delays, zero paper, zero troubles, zero accidents and zero conflicts.

The internal effects of the application of the method mentioned above are: cost cut, flexibility, better information, reliability and efficiency, improved conditions of labor, and, from the external

effects we can mention: the image of the products in point of quality and prices, feedback in point of the competitive environment, reacting, reliability of the couple product-system, a favourable social image.

In the paper "In Search of Excellence" (1994) Robert Waterman launches a new solution for the achievement of excellence: "the self-directed work team". The message, presented right in the subtitle of the book is that we must learn from the companies that give the right of way to the use of human potential. The author advises us to learn from the best as long as they head and continue to gain on. Even the best are not always as good as they seem to be. A lot of companies hid their weaknesses behind the gigantic dimensions. A new type of excellent companies is asserting: they are flexible, fast in reactions, daring. Their characteristic feature is the permanent improvement and change.

A decade and half later, in Europe, Robert Heller continues, completes and updates the studies of Peters şi Waterman. In the paper "In Search of European Excellence" (1998), Heller analyzes the main ten strategies, implemented by the European companies to achieve excellence.

He believes that the **rebirth of the European companies** is pursued by ten ways:

- 1. the conveyance of the authority (a profound delegation of it) without involve the loss of the control or of the final decision;
- 2. the conversion of the enterprise structure in the secret to gaining a long term success;
- 3. the start of some radical changes, in the entire system of the corporation and not only in a division which proves to be in the red;
- 4. the division of a company in order to reach success, by keeping or gaining the advantages which marks the small sized firms, while the company remains or becomes bigger;
- 5. the use of the organization's potential by new ways to approach the leadership of a company;
- 6. the maintaining of the company at the head of the competition, in a world in which the old ways to win have started to work;
- 7. the achievement of a constant renewal, the avoidance of the contamination of success with the virus of decadence;
- 8. the leadership of those who motivate of the managers in order for the employees to motivate themselves;
- 9. to make the work teams to perform successful actions becomes a needful ability to reach excellence;
- 10. the achievement of the total quality management by the better administration of all the activities

From the more cautious analysis of the work of Robert Heller issues that the companies do not apply a sole method in an absolute manner. Indeed, confronting the valuable ideas of R. Heller with a European reality on the whole, the managers are noticed to prove creativity, where there is no necessary need or it is indesirable.

We believe to be excellent the companies which, by adequate strategies, having an outstanding leadership, an organizational culture and a value tradition, succeed in recording profit regard the competitors, facing with success the adversity of the economic environment, improving with high efficiency its opportunities.

An important role in the achievement of excellence could belong to the application of the method OPT (Optimized Production Technology). According to this method, the goal of an enterprise to achieve excellence in business is to increase the sales and to diminish the stocks and the operating costs, proving that a rise of the net pay off, of the capitalization and of the treasury can be obtained in this manner. The implementation of this method imposes the observance of two basic rules, supporting in this way the idea that the sum of the local optima is not the optimum of the global system. Thus, at the level of an enterprise, to be efficient means to deliver quality products, in short time and at competitive prices. At the level of a workshop (department), to be efficient means quality products and a production as big as possible, in a unique preparation-closing time.

Therefore, we can conceive the excellence as the successful combination between resources, the way of organization and the efficiency of the managerial process. By its essence, the excellence implies a combination and an inspired use of the existing resources or of those attracted by a company. The analysis of the role of synergy in reaching excellence appears to be imperative. The systematic generation and the maintaining of the positive synergies, on long term, seem to be the essence of the lasting development of a company.

3. The integration of excellence with lastingness in the case of the industrial companies. The accumulation of the synergies of a company

There are three pillars of the lasting development, accepted by the specialists.

- The economic development: the generation of wealthiness especially for the poor ones in ways that are consistent with the other two pillars;
- The environmental protection: the avoidance of the negative impact on the natural and social systems (pollution, depopulation etc.);
- The social inclusion: the avoidance of the too large inequalities of fortune, health, chances for life.

The fact that the business can be lasting is a disputed one. The difficulties in the application of the principles of lasting development at the level of the enterprises result from the following grounds:

- The lasting is a property of the systems (for example, economy) rather than of the components, such as the enterprises. Nevertheless, the majority of the companies are relatively complex systems;
- The nature and the importance of the lasting varies a lot in accordance with the industrial branch
- The concept of lasting is still a disputed one, both because of the lack of some statistics, and because of the social and cultural frictions.

Another problem that can be discussed is that of the type of lastingness. The defenders of the hardline type of lasting development tend to se the environmental protection and the social inclusion as being utterly and they do not want to make any compromise in favour of the economic development. The partisans of the lasting development of a weak / moderate type accept to negotiate to foster the economic development. The lasting development that endorses the environment and that regarding the lasting of the development of business, of the enterprise are more and more taken into discussion. Forward, we will focus on the durability of a business.

A lasting business has a few of important objectives outside the profit. These result right from the essence of the lasting development, as a principle: the environmental protection, which consists in the maintaining and even the extension of the value of the natural capital; the social inclusion, which consists in the improvement and the enhancement of the existing values of the authorised capital.

As the economic development has been largely reckons upon **knowledge and human competence**, we can add another objective of the durability of an enterprise or of a business, that of **the increase of the human capital** by education, training and other ways. The **role of the investment in knowledge** has become increasingly important.

The strategy of the business company must be focused not only on the objectives mentioned above, no matter how important they are. The strategy must create a shared vision, a common one, for the direction where the enterprise turns to. Only a strategy that is accepted by the entire staff is likely to be implemented with success, to be flexible and lasting.

This depends on the understanding of the essence of strategy, by the attractivity carried out by this on every employee. From this reason, the strategy is desired to be achived up, to be inspired by the realities of each job. In this way, the strategy of the company will present vitality and it will be harmonized with the organizational culture.

By the persistent propagation of the binomial strategy – organizational culture is made up and the main source of positive synergies which propel the company to excellence and provide its lastingness. The harmonization between strategy and organizational culture represents in this way the essence and the guarantee of the lasting excellence.

The companies that rejoice a high level of harmonization strategy-culture have an increased flexibility (which develops even the flexibility of the technological processes and of the equipment in the manufacturing halls. This flexibility allows the faster adjustment of the company to the needs of the economic environment.

In the periods of economic recession, the company will successfully survive, and if the opportunities appear, the unit will be able to see and to improve them, assuring a stable prosperity. At a high level of the harmonization between strategy and organizational culture, the company will be able to build gradually its own ways to weather the deadlock, even if the momentary opportunities are absent.

The excellence of the company is followed by an organizational culture at the same level. The goal of the companies is to serve their clients, because they are the ultimate masters. The clients are not "treated" with untested technologies or with products with needless additions. The clients receive durable products and services delivered in the right time. The high quality and the out of hand service invariably represent the hallmark of excellence.

In order to be obtained, the co-operation of all is necessary, not only the power and the effort of the leadership. The excellent companies need, claim and obtain extraordinary performances from the usual people, the ordinary ones. The carefulness, the strong decision and the permanent stimulation of the ordinary person, named "**productivity by people**", is required.

The leadership induces the process, and, subsequently, it has an active role, to settle and to maintain the initial impulse. The effort to maintain the excellence, for durability, is provided by the process of the generation of synergies resulted from the harmonization strategy – organizational culture.

Professor Herman Haken, from the University of Stuttgart, defines the **synergetics** in this manner: the science of the auto-organization and of the auto-structuring of the systems, independent on their nature, on the ground of collaboration, of the organic co-operation, of the pieces and composing subsystems. The influx of energies or information, due to the previous accumulations, produces the passing to a state of equilibrium, characterized at microscale by a chaotic movement, by a new dynamic equilibrium, with a clear superior efficiency. Thus, the order appears from chaos. This effect is peculiar to the processes of auto-organization of the open systems and it is accentuated by synergetics.

Synergetics represents a field which, properly, attracts in a larger percentage the heed of the experienced managers who are determined to get a competitive advantage for the enterprise they run, to improve their strategic effort.

The symbol equation of synergy "2+2 =5", denotes the fact that the business portfolio of the company means more than the partly business, stand-alone. Thus, the synergy provides a rational support to the interest of managers for **the diversidification and the permanent improvement** of a business.

The synergy represents a measure of the effects of **complementarity** between two or more activities that, once as they are grouped in a convenient way, produce an effect that is clearly superior to the algebraic sum of the effects obtained in an individual way. The null synergy could be represented by the formula "2+2=4", a situation in which we have a simple arithmetic addition, the grouping of the elements having no effect to increase the technological, commercial, financial, innovation or motivation possibilities, but only an acculmulation of elements which, sometimes, can generate complications in the processes of communication, co-ordination or control.

The negative synergies, symbolized by the equation: "2+2 =3" show that the grouping of the elements produces an effect which is low grade to the sum of the individual arithmetic sums. This

kind of situations in which the negative synergy manifests can be found in the case of the overplus of staff at an employment or in a certain technological area, to the agglomeration of the SDVs or AMCs within a manufacturing department etc.

The managers use the possibility to acquire positive synergies, in order to improve the efficiency of their own strategy by the correlation of this with the elements which they do not include directly in the strategy, but which are the subjects of the strategic action (the improvement of the location, of the way in which the human resources react etc.). Thus, the increased performances of a multidisciplinary group, especially in the situations in which an intense creative effort is necessary, requiring for multiple skills, represent an example of positice synergies accumulated and put into action. The pooling of the business of two or more companies – what justifies and recommends the strategic alliances – is another example of synergies put into action.

The concept of synergy allows to the strategic analysis to mark out the connections between various strategic activities of a company, to designate **the characteristic power**.

Two or more strategic activities that are related by synergy have an important part of shared costs, of know-hows and or skills, of values of the organizational culture and of objectives grouped together, in order to reach success, to get **the lasting competitive advantage** in regard to the competitors.

Bibliography

- 1. Bărbulescu, C., The Performant Steering of Enterprise, Economical Publishing House, Bucharest, 2000
- 2. Cârstea, Gh., Pârvu, Fl., The Economy and the Administration of Enterprise, Economical Publishing House, Bucharest, 1999
- 3. Mayo, A., The Human Value of Enterprise, London, Nicholas Brealey, 2001
- 4. Peters, T., Waterman, R., The Price of Excellence: the Secrets of the Best Enterprises, Editions France Loisirs, Paris, 1983
- 5. Raţiu-Suciu, C., The Management of the Dynamic Systems, Economical Publishing House, Bucharest, 2000
- 6. Stoica, M., Hâncu, D., Spiridon, L., "The Use of the Subtle for the Appraisement of the Socioeconomic Phenomena", in Studies and Researches of Economic Computation and Economic Cybernetics, No. 4/2003, A.S.E., Bucharest
- 7. Vasilescu, I., The Efficiency and the Appraisement of the Investments, EfiCon Press Publishing House, Bucharest, 2004

CONSIDERATIONS ON THE DECISION PROCESS WITHIN THE ENTERPRISES

Grădinaru Puiu

University of Pitesti, Faculty of Economic Sciences, 71 Republicii Boulevard, gradinarupuiu@yahoo.com 0745902875

The process of taking decisions is focused on the increase of the competitiveness of a company, namely of its maintenance on a market of competition and evolutive, in conditions of profitability. The quality of a decision is essentially influenced by the available information, by its relevancy and credibility and the ability of the person who takes a decision to use them. An important role in taking decisions is represented by the classical and probabilistic logical reasoning, useful tools and the assessment regarding the stability of the economic measures. The performance rate of the internal environment and of the external environment specific to a company have priority in substantiation of the decisions.

Keywords: optimality criteria, reasoning, dashboard, performance rates, coefficient of variation. JEL Code: M10. M19

1. Considerations on the decisions

In the theory of decision, the so-called optimality and satisfaction criteria are encountered. The optimality can be mathematical and logical. The mathematical optimality is defined by the maximum and minimum values of the commensurable indexes. Examples:

- the rate of the economic efficiency of an investment → maximum value
- cost → minimum value

The logical optimality is also named the paretian optimality (Vilfredo Pareto) and it represents the social consensus: "the achievements of a person must not affect in a negative manner those of any other person". In the case of two companies that cooperate, both of them must win in order for the issue to be solved in an optimal way.

The satisfaction criterion (sufficiency) is necessary because, even if a version to include optimality can be achieved, in some cases this might not be satisfactory.

The concept of decision is used in a large scope of senses:

- from the time of a simple reaction to the economic decisions;
- from the elementary psychic acts to the complex processes of deliberation and choice (the conduct of the consumer);
- from the individual activity to that of the collectivities (the group decision).

The process of taking decisions is a process of mental elaboration, of processing the information that is received, followed by a selection between more versions from which one is chosen. There is no process of taking decisions without information.

From the perspective of the business management, the decisions are divided in two categories, based on the stage of a business:

- The decisions to draft a new business. It refers to the way of conception and the building of a business and mainly contains: the choice of a field, the establishment of the objectives, the establishment of the organizational structure, the establishment of the necessary resources and of the main indexes of earning capacity.
- The decisions regarding the operation of an existing business that contain the main stages of the strategic, tactical and operational management.

The establishment of the typology of decisions involves two different aspects:

- the typology of decisions per se, done based on certain criteria assigned beforehand;
- the typology of the persons who take decisions based on certain individual peculiarities expressed in that respective process.

In conclusion, the process of taking decision is a mix between the logical types for classification of the decisions and the psychological peculiarities of the persons who take decisions.

The process of taking decisions is focused on the development of the competitiveness of a company, namely of its maintenance on a market of competition and evolutive, in conditions of profitability.

The quality of a decision is essentially induced by the available information, by its relevancy and credibility and the ability of the person who takes decisions to use them.

From the point of view of the process of taking decisions, the essential problem is represented by the selection at each level of decision of the relevant information, in which absentia a lot of decisions are wrong.

In the selection of the relevant information, an increased attention must be given to the usefulness in direct connection with the importance and credibility, according to the relation: usefulness = importance x credit.

An information of maximum credibility and of zero importance has a zero usefulness in taking a decision, and one of huge importance but wrong has also a zero usefulness.

2. Concepts regarding the types of reasoning in process of taking decisions

The classical logical reasoning operates only with two "truth values":

true – is shown using the figure 1

fals – is shown using the figure 0

On this ground, all the assertions are included in two categories. There is a third category of assertions: those who are not entirely true or false, whereon the classic logical reasoning has no answer.

The probabilistic logical reasoning. The probabilistic logic takes into account the assertions from which none is entirely false and neither entirely true. The assertions are ordered in relation to their degree of truth, stating how much or how less one is plausible compared to another. The probabilistic logic is not limited only to two truth values (0 and 1) but uses an infinity of values expressed by figures between 0 and 1. The main characteristic of the probabilistic logic is that it provides the best type of answer regard the available information.

The probabilistic logic provides the degree of trust that we are entitled to give to an assertion.

Example: Question: How will the turnover of a company for the n year reach? (question asked on October of the year n-1)

Answer:

Classical logic: The turnover will reach ROL 85 billion

Probabilistic logic: The turnover will reach ROL 85 billion with a degree of trust of 0.9.

Let us consider an experiment that can lead to N various events. Let us presume that from the N events we consider $n \rightarrow$ favorable, respectively the appearance of any of these events is that we are interested in.

The objective probability P(E) of the event E is defined by the relation:

$$P(E) = \frac{n}{N}$$

If E appears in all of the N possible events, then $P(E)=1 \rightarrow$ certainty. If E does not appear in any of the N events, then n=0 and $P(E)=0 \rightarrow$ impossibility.

Let us start from the structure of the Romanian economic agents, according to the table presented below:

Table 1.1

Number of employees	Share from the total
0 - 50	97,16
over 51	2,84
Total	100,00

In this experiment, N = the total number of companies.

In terms of probability, if we consider an urn with N balls, corresponding to the N economic agents, with two colors suiting to the companies with more than 51 employees (black) and less than 50 employees (white), we can say that if we take out at a venture a ball from this urn, the probability to have a white ball is 97,16% and the probability to take out a black ball is 2,84%.

The result of any experiment regarding the N elements is subjected to the basic relation

$$N = \frac{n}{N} + \frac{(N-n)}{N}$$
, where $\frac{n}{N}$ = the share of the positive results = p (probability of success) and

$$\frac{(N-n)}{N}$$
 = the share of the unfavorable results = q (probability of failure).

The basic relation that results is: p + q = 1

3. Useful tool in the process of taking decisions Dashboard

The dashboard is an ensemble of relevant information regarding the results obtained in the field that is administrated, presented in a synthetic manner, preset and conveyed in an effective way to the beneficiaries. For each level of decision, the dashboard that gathers the relevant information represents the support of the processes of taking decisions.

The dashboards are peculiar:

- to the strategic level of an enterprise (General Manager);
- to the particular functions of an enterprise (managers on fields).

The most important dashboard is that referring to the strategic level of a company that always contains three sections corresponding to the three environments of an enterprise:

- the general external environment that refers to: the factors related to the intervention of state, factors related to the economic conjuncture, technological factors, social factors, judicial settlement;
- the particular external environment, that includes the structure of the competition, the commercial structure of the markets and technological structure;
- the internal environment, with analysis on the directions: marketing, human resources, technology, financial and exploitation.

The ability to select the relevant information for the strategic dashboard is an attribute of the management of performance (the table 1.3).

The typology of the information related to the environments of an enterprise

		1 abel 1.3
No.	Environments of the	Types of information
crt.	enterprises	
1.	The general external environment	 The inflation rate The average monthly salary The unemployment rate Strikes at the main suppliers The rate of exchange RON/ EUR The monthly rate of the interest of loans Changes in the prices of utilities Changes of charges and taxes Funds for the development of the enterprises provided by EU
		 The evolution of the market share regard that of the competitors The rate of the general profit of the main

2.	The particular	competitors				
	external environment	• The back payments of the main				
		competitors				
		• The result of exploitation of the main competitors				
		• The financial expenses of the main				
		competitors				
		• The labor productivity at the main				
		competitors				
		• The share of the salary expenses in the				
		added value at the main competitors The geographical group of interest of the				
		• The geographical areas of interest of the main competitors				
		• The debts of the main competitors				
		• The rate of the exploitation result				
		(Exploitation result/Turnover, %)				
		• The rate of the salary expenses (Salary				
		expenses/Net added value, %)				
		• The rate of the back payments (Back payments/Turnover,%)				
		• The rate of the financial expenses				
		(Financial expenses/Turnover,%)				
		The ratio between back payments and debts				
		• The rate of general profit (Gross				
		result/Turnover, %) • The rate of indebtment (Total debts/Total				
		assets,%)				
3.	Th. :	• The labor productivity (The net added				
	The internal environment	value/number of employees) in				
	Chvii onincit	comparative prices				
		• The rate of self-financing capacity				
		(Capacity of self-financing/Turnover,%) • The level of wages of the staff in				
		comparative prices				
		The bank account (RON and currency)				
		• The period for the recovery of debts				
		(Debts/Turnover x 365days)				
		• The dynamics of the turnover in comparative prices				
		The intensity of export (Revenues from				
		export/Turnover,%)				
		• The degree of defrayal with cash of the				
		monthly expenses of exploitation,%				
		• The energetic efficiency (Energetic				
		expenses/Net added value,%)				

The selection of the information must be correlated with its periodicity: at the appearance, day, week, month, quarter, year.

The first five rates from the **internal environment** assessed in a dynamic manner define in a percentage of over 80% the performance of any company, irrespective of its field of activity. Therefore, we appreciate these rates as being of high priority in taking decisions.

We appreciate some of the rates that were presented as having alarm thresholds, for example: the rate of the back payments $PR/CA \ge 50$ % or the rate of the financial expenses $ChF/CA \ge 25$ % that represent alarm thresholds referring to the inability of payment; the rate of the salary expenses ChST/Va net = 80%, at a bigger value, the company recording losses in exploitation; the degree of defrayal with cash of the exploitation monthly results Ga < 80 %, that represents the financial safety of a company; the rate of indebtment DT/AT = 60%, that represents the measure of the degree of defrayal of the debts by the total asset of a company.

On the ground of the afferent data of the **particular external environment**, the manager makes a dynamic assessment of the fixed market, induces its degree of concentration, makes the static and dynamic diagnosis per each company, determines the trend and takes the right decisions in the establisment of the company's strategy to act on the actual and potential markets. The competitive management converts the economic agent from an entity prevailing **introvert** (inclined to himself, to his internal problems), to an extravertit entity (open to the global environment, with fast feedback and adaptive).

4. Minimal statistical abstract for the assessment of the stability of the economic measures The simple sequence of statistical data is a sequence of numerical data which measure the value of a characteristic quantity of the phenomenon that is analyzed.

Example: A company whom is measured the value of the turnover of every year. The statistical sequence is the following: $y_1, y_2, \dots y_n$, where y_i the turnover in the year "i" and n – the number of years.

The basic indexes of a static sequence are:

The arithmetical mean:
$$\bar{x} = \frac{\sum_{i=1}^{n} x_i}{n}$$
 The standard deviation: $S = \sqrt{\frac{\sum (x_i - \bar{x})^2}{n-1}}$

The coefficient of variation is defined as the percentage rate between the standard deviation and

the mean
$$V = \frac{S}{m} \times 100$$

The coefficient of variation takes values between 0 and 100%.

If V = 0, it means the lack of variation

If $V \rightarrow 0$, the variation of the characteristic is small

If $V \rightarrow 100\%$, the variation of the characteristic is big

No description of a social – economic phenomenon is complete in the absence of the computation of the mean, of the standard deviation and of the coefficient of variation.

The most important error in the assessment of the economic and social events is the exclusive use of the mean as an index of estimation.

Example:

Levels of monthly wages (ROL):

a. 2.000.000 2.500.000 3.000.000 3.500.000 4.000.000
$$\overline{X} = 3.000.000 \quad S = 790.569 \quad V = 790.569 / 3.000.000 \times 100 = 26.4\%$$
 b. 1.000.000 2.000.000 3.000.000 4.000.000 5.000.000
$$\overline{X} = 3.000.000 \quad S = 1.581.139 \quad V = 1.581.139 / 3.000.000 \times 100 = 52,7\%$$

c.
$$1.000.000$$
 $1.500.000$ $2.500.000$ $4.000.000$ $6.000.000$ $\overline{X} = 3.000.000$ $S = 2.031.009$ $V = 2.031.009/3.000.000$ x $100 = 67,7\%$

In the three cases, the mean \overline{X} is the same, but the wage policies are very different. The measure of the difference is given by the coefficient of variation V, % = S/mx100.

The most important index of the impact of the disturbing factors is represented by the coefficient of variation V. On the whole, irrespective of the number of the terms, a coefficient V that is bigger indicates an increase of the influence of the perturbing factors.

The increase of the coefficient of variation represents the greatest danger, because the large variations hide the causes.

Bibliography

- 1. Drucker, P., The Effective Executive. The Definitive Guide to Getting the Right Things Done, Meteor Press Publishing House, Bucharest, 2007
- 2. Grădinaru, D., Grădinaru, P., Ghițescu, T., Simulations and Management Projects, Sitech Publishing House, Craiova, 2007
- 3. Grădinaru, P., Management, University of Pitesti Publishing House, 2002
- 4. Nicolescu, O.(coordinator), The Decision System of the Organization, Economical Publishing House, Bucharest, 1998
- 5. Nicolescu, Ov., Verboncu, I., The Profit and the Managerial Decision, Economical Tribune Publishing House, Bucharest, 1995
- 6. Stăncioiu, I., Militaru, Gh., Management. Essential Elements, Teora Publishing House, Bucharest. 1998
- 7. Verboncu, I., Dashboards. Theory, Methodology, Applications, Tehnical Publishing House, Bucharest, 2001

DEVELOPING PERFORMANCE INDICATORS FOR BUSINESS IMPROVEMENT

Grigore Ana-Maria

Academia de Studii Economice București, Facultatea de Management, Piața Romană, nr. 6, sector 1, București, e-mail: ana grig2006@yahoo.co.uk, Tel: 0724924757

Bâgu Constantin

Academia de Studii Economice București, Facultatea de Management, Piața Romană, nr. 6, sector 1, București, e-mail: bagucmaster@yahoo.com, Tel: 021.319.19.00

Radu Cătălina

Academia de Studii Economice Bucureşti, Facultatea de Management, Piața Romană, nr. 6, sector 1, București, e-mail: kataradu@yahoo.com, Tel: 021.319.19.00

The leading indicators of business performance cannot be found in financial data alone. Quality, customer satisfaction, innovation, market share- metrics like these often reflect a company's economic condition and growth prospects better than its reported earning do.

More and more managers are changing their company's performance measurement systems to track non-financial measures and reinforce new competitive strategies. The purpose of the paper is to present the most important performance indicators that can be used by organizations. The paper is designed to provide details on how to measure organizational performance.

Keywords: performance indicators, business process, performance measurement, management

JEL Code: L25, M10.

1. Introduction

In today's business environment, every conceivable advantage is being pursued by companies. They have implemented improvement tools and techniques, such as Total-Quality-Management (TQM), Just in Time Manufacturing (JIT), benchmarking, time-based competition, outsourcing, partnering, and reengineering and change management.

Companies have tried different organizational structures, changing reporting structures, upsizing, downsizing, contracting out, and empowering teams in an attempt to manage better their business and to obtain high values of performance. However, the majority of companies have not been able to effectively measure performance. The single largest contributing factors to this have been the lack of a proper understanding of the management functions and the development of measurement and control systems for organizational performance.

2. Performance Measures

Performance measures have been misunderstood and misused in most companies today. Performance indicators are just that, an indicator of performance. They are not to be used to show someone is not doing their job in the company and how, now that they are exposed, they can be dismissed. Performance indicators are also not to be used for "ego gratification" that is, to be used for comparison with another company to show how much better one company is than another. Nor are performance measures to be used to show "we are just as good as everyone else in our market, so we don't need to change". 107

Properly utilized, performance indicators should highlight opportunities for improvement within companies today. Performance measures should be used to highlight a soft spot in a company and then be further analyzed to find the problem that is causing the indicator to be low. Ultimately, they can point to a solution to the problem.

107 T. Wireman, "Developing Performance Indicators for managing maintenance" 2nd edition, ed. Industrial Press, USA, 2005, p. 9.

This implies that there should be multi-level indicators. One layer of indicators is at a corporate strategic level. A supporting level is the financial performance indicator for a particular department or process. A third level is an efficiency and effectiveness indicator that highlights what impacts the financial indicator. A forth level is a tactical level indicator that highlights the department functions that contribute to the efficiency and effectiveness of the department. The fifth level of indicator is the measurement of the actual function itself. Figure 1 shows this tiered approach to performance indicators.

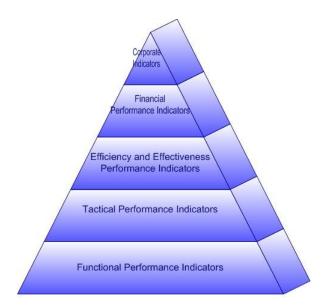


Figure 1: The Hierarchical Performance Indicators 108

While the pyramid provides the hierarchical relationship of the performance indicators, it should be noted that the indicators are determined, not from the bottom up, but from the top down. The corporate indicators are measuring what is important to senior management to achieve the corporate vision. Corporate level indicators will require the entire organization to focus their efforts on achieving the corporate vision.

The corporate indicators will vary from company to company, depending on their current market condition, business life cycle, and corporate financial standing. Even different parts of the corporation may be measured with different indicators. For example, in energy exploitation and production, a particular field will be measured based on where it is in its life cycle. A new field will tend to have higher spending levels for operations and maintenance; whereas a field that is nearing the end of its life cycle tends to have lower operating and maintenance expenses.

Because corporate indicators focus on achieving the long-term vision, all subsequent indicators must focus the organizational levels on supporting the corporate direction. If the indicators are not connected, the overall organizational effort is sub-optimized, endangering the corporation's survival when faced with competitors who have grater focus.

3. Objectives of Performance Indicators

Performance indicators should be integrated and interdependent in order to provide an overall perspective on the company's goals, business strategies, and specific objectives.

During the process of developing performance indicators, the following should be considered:

¹⁰⁸ T. Wireman, "Developing Performance Indicators for managing maintenance" 2nd edition, ed. Industrial Press, USA, 2005, p. 10 (Introduction).

- 1. Make strategic objectives clear, in order to focus and bring together the total organization. Senior manager must clearly communicate the company vision.
- 2. Tie the core business processes to the objectives. Maintenance is a core business function if you have assets or equipment.
- 3. Focus on critical success factors for each of the processes, recognizing there will be variables.
- 4. Use the indicators to track performance trends and to highlight progress and potential problems.
- 5. Identify possible solutions to the problems.

Many companies need a performance indicator system that truly pulls together all parts of the organization in a strategic model. This model allows for optimum return on the investment in the business, thus constantly attracting investors. Keeping the five points above in mind will assist in assuring development of a good performance indicator system.

4. Examples of Performance Indicators

The correct way to develop performance indicators is to work from the top or corporate level, and then develop indicators at each subsequent level to allow the indicators to be connected. If the indicators are selected at the bottom and then built upward, they may be conflicting rather than supportive.

4.1. Corporate Indicators

These indicators are the long-term strategic indicators that upper management utilizes for business planning. The window of planning is typically for the three-to-five-year strategic plan.

Table 1: Examples of Corporate Indicators ¹⁰⁹

Corporate Indicators	Observations				
Total Cost to Produce	This indicator compiles all the costs needed to produce a product. It				
(Manufacture)	is used to calculate the profit margin because the difference				
	between this cost and the sales revenue is profit.				
Total Cost of Occupancy	This facility measure compiles all the costs needed to occupy a				
	facility.				
Return on Net Assets	This indicator measures the profit earned compared to the net value				
(RONA)	of the company assets.				
Return on Fixed Assets	This indicator compares the profit earned to the net value of the				
(ROFA)	fixed company assets.				

4.2. Financial Indicators

These indicators are used to insure that the departments in a company are meeting the financial goals set in the strategic plan. These indicators are monitored annually. If the annual figures are not in compliance with the forecast then the analysis would start at the next level in the hierarchy. No organization will use all of these indicators, but will choose the ones that support the selected corporate indicators.

¹⁰⁹ T. Wireman, "Developing Performance Indicators for managing maintenance" 2nd edition, ed. Industrial Press, USA, 2005, p. 207

Table 2: Examples of Financial Indicators used by Maintenance Management 110

Table 2. Examples	of Financial Indicators used by Maintenance Management
Financial Indicators	Observations
Maintenance Cost per Estimated Replacement Value of the Plant or Facility Assets	This indicator is becoming standard. It is an accurate measure for plants and facilities because the cost is usually fixed. This aspect also makes the indicator easy to use to trend any increases over time.
Stores Investment as a Percentage of Estimated Replacement Value	This indicator is also becoming standard for measuring stores investment. The indicator is easy to use to trend any increases over time. If the percentage of stores costs increases, then the efficiency and effectiveness indicators should show what maintenance or stores function caused the increase.
Value of Asset Maintained per Employee	This indicator is another measure for plants and facilities because the asset cost is usually fixed.
Maintenance Cost per Unit Processed, Produced, or Manufactured	This indicator, which is the maintenance costs divided by the volume of production, is a common measure of maintenance performance, although it is not necessarily one of the best. The production volumes vary for reasons not under the control of the maintenance department. If the maintenance department is held accountable for this indicator, then poor decisions will he made related to the maintenance strategies. The organization will be upsized, downsized and otherwise impacted due to the fluctuations of the indicator. This indicator is good for a broad, trending indicator, but should never be used as a sole performance indicator.

4.3. Efficiency and Effectiveness Performance Indicators

Effectiveness emphasizes how well **a** department or function meets its goals or company needs. It is often discussed in terms of the quality of the service provided, viewed from the customer's perspective. Efficiency is acting or producing with a minimum of waste, expense, or unnecessary effort. Efficiency compares the quantity of service provided to the resources expended: Is the service provided at a reasonable cost? Efficiency measures concentrates on how well a task is being performed, not whether the task itself is correct. Effectiveness concentrates on the correctness of the process and whether the process produces the required result.

A common problem in efficiency and effectiveness performance measurement is the reporting of process measures (workload) or input measures instead of output measures (e.g., effectiveness and efficiency).

¹¹⁰ T. Wireman, "Developing Performance Indicators for managing maintenance" 2nd edition, ed. Industrial Press, USA, 2005, p. 209.

Table 3: Examples of Financial Indicators used by Maintenance Management 111

Efficiency and Effectiveness Performance	Observations				
Indicators					
Work Order Systems	This indicator can be calculated as percentage				
	of work distribution by type of work order				
Technical and Interpersonal Training	This indicator can be calculated as estimated				
	lost time due to lack of knowledge or skills on				
	total worked time				
Operational Involvement	This indicator ca be calculated as current				
	maintenance costs on maintenance costs prior				
	to predictive program.				

4.4. Tactical Performance indicators

The tactical performance indicators monitor the function indicators in a longer-term window of a quarterly or 90-day timeframe. This window allows time for trends to develop. By monitoring the tactical indicators, companies can identify required changes highlighted by pyramiding of the functional indicators. Changes can then be made to all processes before the efficiency and effectiveness of the organization is impacted to the degree that the annual financial performance indicator targets are missed.

Tactical indicators focus on the individual processes. However, optimizing one process may have a negative impact on other processes. Therefore, the efficiency and effectiveness indicators are important; they *evaluate* the overall organization whereas the tactical indicators evaluate only specific processes.

The following list of tactical indicators can be used by different organization. No organization will use all of these indicators, but will choose the ones that support the selected efficiency and effectiveness indicators

Table 4: Examples of Financial Indicators used by Maintenance Management

Tuble 1. Examples of I maneral materials asea by maintenance management					
Tactical Indicators					
Preventive maintenance tasks completed/Preventive maintenance tasks scheduled					
Total number of orders not filled/ Total number of orders requested					
Hours of maintanance activities performed by operators/Total hours in time period					

4.5. Functional Maintenance Indicators

Functional indicators derive their name from the word function. Simply put, the indicators show how one of the five management-specific functions is performing. The following list reviews the specific functions required of or expected of a organization.

- Preventive Maintenance.
- Stores and Procurement.
- Asset Management Systems (EAM).
- Work Flow Systems.
- Operational Involvement.
- Predictive Maintenance.
- Technical and Interpersonal Training.
- Continuous Improvement.
- Statistical Financial Optimization.
- ETC.

111 Idem, p 212.

The functional indicators mentioned previously in this book show how well the parts of the function are doing in supporting the tactical issues. No organization will use all of these indicators, but will choose the ones that support the selected tactical indicators.

5. Conclusions

The corporate mandate is to keep the costs low while insuring the long-term viability of the company assets. Each company function that contributes to production costs must be as efficient and effective as possible. The tactical focus is one of insuring optimization of the overall costs on a quarterly basis. The functional support focus on optimizing each component of the business processes.

This paper tried to offer a larger image on what performance indicators could be used by companies in order to measure their viability. In summary, the performance indicators are the key to the continuous improvement process. As a future area of research we would recommend finding other indicators which could be included in one of the five main categories: corporate, financial, efficiency and effectiveness, tactical and functional performance indicators.

Bibliography

- 1. R. Eccles, "The performance measurement manifesto" from Harvard Business Review on Measuring Corporate Performance, ed. Harvard Business School Press, USA, p. 25-45, 1998.
- 2. G. Coking, "Performance Management- Finding the missing pieces", ed. John Wiley&Sons, USA, p. 1-9, 2004
- 3. E. Nica, "Management Performantei- Perspectiva Umana", ed. Economica, București, p. 57-82, 2006.
- 4. T. Wireman, "Developing Performance Indicators for managing maintenance" 2nd edition, ed. Industrial Press, USA, p. 9-10, 207-211, 2005

THE STRATEGIC PERFORMANCE MANAGEMENT PROCESS

Grigore Ana-Maria

Academia de Studii Economice București, Facultatea de Management, Piața Romană, nr. 6, sector 1, București, e-mail: ana grig2006@yahoo.co.uk, Tel: 0724924757

Bâgu Constantin

Academia de Studii Economice București, Facultatea de Management, Piața Romană, nr. 6, sector 1, București, e-mail: bagucmaster@yahoo.com, Tel: 021.319.19.00

Radu Cătălina

Academia de Studii Economice Bucureşti, Facultatea de Management, Piața Romană, nr. 6, sector 1, București, e-mail: kataradu@yahoo.com, Tel: 021.319.19.00

Contemporary trends in global competition, rapid technological developments and increased use of management information systems and the Internet, developments in planning and control and management thinking, and changing demographics are putting pressures on profit and nonprofit organizations. As a consequence, companies are having more and more difficulty in achieving sustained performance. They are forced to look for new management methods and to develop cutting-edge processes to deal with existing trends and developments.

The paper focuses on describing how strategic performance management supports organizations in their pursuit of better performance.

Keywords: strategy, performance management, strategic objectives, management.

JEL Code: M12, L25, L10

1. Introduction

Performance management is important because it plays a pivotal role in any organization's human resource framework. There are clear benefits from managing individual and team performance to achieve organizational objectives. Similarly, compensation in the form of pay, bonuses, stock options and other benefits can be linked to the achievements of particular goals. But such links do not necessarily produce extended results. This is a problematic and complex area in which common-sense solutions do not work.

A well-designed performance management process stimulates managers to develop high-quality strategic plans, set ambitious targets, and track performance closely-all activities which help to achieve strategic objectives and consequently sustained value creation¹¹².

The purpose of this paper is:

- to underline ideas and developments in the field of performance management which will help managers to improve the performance management process in their organization.
- to investigate how performance management can be used to reinforce an organization's human resource strategies;
- to consider whether or not performance management really encourages desirable work behavior:

Performance management processes have come to the fore in the recent years as means of providing a more integrated and continuous approach to the management of performance than was provided by previous isolated and often inadequate merit rating or performance appraisal schemes. Performance management is based on the principle of management by agreement or contract rather than management by command. It emphasizes the integration of individual and corporate objectives as well as the initiation of self managed learning development plans. It can play a major role in providing for an integrated and coherent range of human resource

112 C. Lobo, D. Cochran, J. Duda, "Using axiomatic design to support the development of balance scorecard" In Performance Measurement Past, present and future, ed. A Neely, p.347-357, 2000.

management processes that are mutually supportive and contribute as a whole to improving organizational effectiveness.

Performance management can be defined as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors¹¹³.

Performance management is strategic in the sense that is concerned with the broader issues facing the business if it is to function effectively in its environment, and with the general direction in which it intends to go to achieve longer-term goals.

2. Purpose of performance management

Performance management strategy aims to provide the means through which better results can be obtained from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. It involves the development of processes for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way that increase the probability that it will be achieved in the short and longer term. Evaluating periodically the human resource inside the organization can increase the motivation and commitment of employees and enable individuals to develop their abilities, increase their job satisfaction and achieve their full potential to their own benefit and that of the organization as a whole. Unfortunately not all organizations provide opportunities for personnel evaluation.

An example: Personnel evaluation in Latin America and Spain. 114

A study by Bumeran, a HR technology company owned by Terra Lycos, focused on personnel evaluation in Latin America and Spanish companies. The study looked at the issue from both company and employee perspectives. The online survey received a total of 3500 responses from all countries combined. This represented 450 companies.

Results from the employee perspective included: 35% of responses stated that they never received evaluations from their employees, 53% of Brazilian responses said that they were never evaluated, and 49% of Spanish respondents said that they received annual evaluation.

From the company side: 50% of Brazilian companies stated that they never evaluate their employees, 50% of the companies from Spain said that they conduct annual evaluation of their personnel, and in Brazil, Mexico and Spain a similar percentage of both employers and employees indicated that they know the internal procedures and evaluation methods, and when evaluations are done, they are clear and understandable.

Results varied considerably in Argentina, Chile and Venezuela but this may be due to the high level of unemployed respondents. Obviously the unemployed group does not receive any kind of evaluations

3. The process of performance management

Performance management strategy has to focus on developing a continuous and flexible process that involves managers and those whom they manage acting as partners within a framework. This should set out how they can best work together to achieve the required results. It focuses on future performance planning and improvement rather than on retrospective performance appraisal. It provides the basis for regular and frequent dialogues between managers and individuals or teams about performance and development needs. Performance management is mainly concerned with individual performance and development but it can also be applied by teams.

¹¹³ M. Armstrong, "Strategic Human Resource Management", 3rd edition, ed. Kogan Page, London, p. 142, 2006.

¹¹⁴ Source: HRM Guide.com (www.hrmguide.com), 20 June 2002

Performance management measures outputs in the shape of delivered performance compared with expectations expressed as objectives. In this respect, it is concerned with targets, standards and performance measures or indicators. But it also deals with inputs- the knowledge, skills and competencies required to produce the expected results. It is by defining these input requirements and assessing the extent to which the expected levels of performance have been achieved by using skills and competencies effectively that developmental needs are indentified.

4. Components of the strategic performance management process

Strategic performance management is defined as: the process where steering of the organization takes place through the systematic definition of mission, strategy and objectives of the organization, making these measurable through critical success factors and key performance indicators, in order to be able to take corrective actions to keep the organization on track¹¹⁵.

The strategic performance management process consists of various sub-processes: strategy development, budgeting/target setting, forecasting, performance measurement, performance review and incentive compensation. These integrated sub-processes create the performance-driven behavior of employees that is needed to become and stay world-class.

4.1. Strategic development

The strategy development process results in clear strategic objectives and action plans for measurable performance improvement. These are based on a through understanding of the key value drivers that are aimed at achieving a competitive advantage. Business issues that drive organizations to improve the strategy development process are the lack of focus of the strategic plans and the low quality of the strategic targets. The strategy development process often focuses too much on meticulously calculating future financial results instead of planning for value creation. Strategic plans tend to look inward, resulting in unrealistic long-term views that do not take environmental developments into account and that focus insufficiently on competitive advantage and true differentiation.

4.2. Budgeting/target setting

The budget/target setting process results in clear operational action plans for improving the key value drivers, for committing resources, and for setting financial targets for the coming year. Business issues that drive organizations to improve the budgeting/target setting process are the low reliability of the budget data and the too high level of detail of the budget. Because of the volatility of the business environment and the organization itself and the early start of the budgeting process in the year, the targets in the budget tend to be out of date the moment it is set. In addition, the budget tends to be detailed with too many parameters on all management levels, and therefore takes too much time to prepare.

4.3. Forecasting

During the forecasting process organizational members execute the activities that have to lead to the desired results. Regular forecasts are made to predict whether the organization is still on track or whether corrective and/or predictive actions are needed to solve current or predicted problems.

4.4. Performance measurement

The performance measurement process collects, processes (including consolidation), and distributes data and to allow an effective execution of the other sub-processes. The information is represented in the form of critical success factors (CSFs) performance indicators (KPIs). A business issue that drives organizations to improve the performance measurement process is the low quality of management information and management reports. Often management information does not fully satisfy management's needs and does not stimulate proactive behavior because the reports lack non-financial information, are not sufficiently exception-based, do not include

¹¹⁵ A. Wall, "Power of performance management: How leading companies create sustained value", ed. Wiley, New York, 2001

corrective and preventive actions, and are incomplete because data collection is very time-consuming.

4.5. Performance review

The performance review process periodically reviews actual performance, targets, and forecasts in order to ensure that timely preventive and corrective action is taken to keep the company on track. Business issues that drive organizations to improve the performance review process are the low quality of forecasts and bad timing of performance reviews. The added value of forecasts is relatively low because their accuracy is often insufficient, they are usually too financially oriented, they do not provide enough explanatory information about future issues, and it takes too much time to prepare them. Performance review meetings generally take place on a regular basis rather than as an exception when there really is a problem. As a result the performance reviews take up too much time when there are no problems in the organization and when there are real performances issues and problems the reviews are either not held or held too late.

4.6. Incentive compensation

This process links strategic and operational actions for key value drivers, in a balanced way with compensation and benefits policies. The main business issue that drives organizations to improve the incentive compensation sub-process is that this process is not sufficiently aligned with the other sub-processes; therefore it does not reward the right performance-driven behavior of organizational members.

5. Conclusions

In conclusion it must be emphasized that strategic performance management is not about establishing a top-down, backward-looking form of appraising people. Neither is it just a method of generating information for pay decisions. Performance management is a strategic process because it is forward-looking and development. It provides a framework in which managers can support their team members rather than dictate to them, and its impact on results will be much more significant if it is regarded as a transformational rather than as an appraisal process.

To be successful in the long run, an organization strives for organizational fitness, which is defined as an organization's ability to adapt and survive in the ever-changing business environment.

Organizations that have implemented a performance management system, and are using it, perform both financially and non-financially better than organizations that are less performance management driven.

Bibliography

- 1. M. Armstrong, "Strategic Human Resource Management", 3rd edition, ed. Kogan Page, London, p. 142, 2006.
- 2. C. Lobo, D. Cochran, J. Duda, "Using axiomatic design to support the development of balance scorecard" In Performance Measurement Past, present and future, ed. A. Neely, p.347-357, 2000.
- 3. A. Wall, "Power of performance management: How leading companies create sustained value", ed. Wiley, New York, 2001.
- 4. A. Wall, "Strategic performance management- a managerial approach and behavioural approach", ed. Palgrave Macmillan, New York, p. 19-53, 2007.
- 5. HRM Guide.com (www.hrmguide.com), 20 June 2002

ENTREPRENEURSHIP AND FEMALE ENTREPRENEURSHIP IN MARAMUREŞ COUNTY

Hahn Rada-Florina

Universitatea de Nord Baia Mare Facultatea de Științe Str. Victoriei nr. 76 hahn florina@yahoo.com 0761 683 987

Sabou Simona

Universitatea de Nord Baia Mare Facultatea de Științe Str. Victoriei nr. 76 simona sabou@yahoo.com 0766 207 401

Zima Liliana Adela

Universitatea de Nord Baia Mare Facultatea de Științe Str. Victoriei nr. 76 lili_zima@yahoo.com 0741 289 893

Initiating and developing a business involves a considerable risk and a sustained effort in order to defeat the inertia against what is new. The person initiating a business, assuming the responsibility and risk of its development and benefiting from the results of this work is the entrepreneur. In the context of economical development, the number of entrepreneur-women has increased significantly in comparison with the past periods. The spectacular modification of family life and professional activity made that more and more women got involved in businesses. The entrepreneur-women differentiate from the other women by the fact that they are more inclined to assume the risk, they are much more determined and firm and have a greater wish to control their own destiny.

Keywords: entrepreneurship, female entrepreneurship, profit, businesses

M: Business Administration and Business Economics; Marketing; Accounting

1. Dimensions and evolutions of the entrepreneurial phenomenon

Ever since the notion of "entrepreneur-woman" was elaborated by specialists in entrepreneurship and small enterprises in the mid '70s (Catley şi Hamilton, 1998), the research among entrepreneur-women has extended and developed considerably (Carter et all, 2001). Nevertheless, there are some little studied areas in the research about entrepreneur-women, linked mostly to the way in which the social environment is built and how it affects the entrepreneurship (Ahl, 2002:168, Driga, O., Lafuente, E. – Female entrepreneurship in Romania: Personal characteristics and the effect of socio-cultural variables. Centre for Entrepreneurship & Business Research. CEBR working paper series, WP 02/2007, page 3).

Following is the diagnosis for Maramureş County from the small and medium entreprises point of view

Table 1. Evolution of the number of small and medium enterprises in Maramureş County, on size categories, in the period 2000-2007.

-in absolute size-

	2000	2001	2002	2003	2004	2005	2006	2007
Total	6157	6725	7553	8944	9705	10402	12150	12628
Microenterprises	5200	5740	6529	7868	8596	9232	10957	11345
Small enterprises	825	839	845	878	902	924	935	993
Medium enterprises	132	146	179	198	207	246	258	290

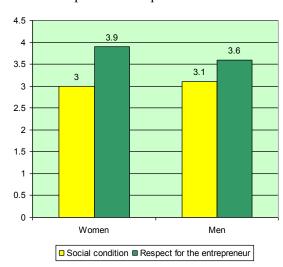
Source: County Direction of Statistics Maramures, 2008.

The companies led by women in Romania, benefit from an increase of 39%, much faster than those led by men, with a development percentage of only 31%. Although relatively small, the difference is significant, is shown in a study of CEBR (Centre for Entrepreneurship & Business

Research), company of consultancy and research in businesses. There is not any relevant study yet, regarding the possibility of delimiting in Maramureş County, as exact as possible how many companies are led only by women, in order to establish an evolution of this situation or the percentage of entrepreneur-women in total companies led by men.

2. Stimulating factors

The decision of a woman-person, to get involved in entrepreneurship by setting up and managing a business, can be affected by a series of perception variables, which refer to the perceptions regarding the way in which the society "regards" entrepreneurship and success, as the case, failure in their businesses. Thus, in the societies where entrepreneurship represents an admired activity (due for example, to the independence and courage that often associate with the entrepreneurs), the entrepreneur persons can realize that getting involved in such activities, will bring them, besides economical benefits, also a certain social statute, admired by the other members of the society. In such conditions, this factor, can therefore act as a stimulus to become an entrepreneur-woman.



Graphic 1. Perception variables

Adaptation after source: Otilia Driga (CEBR), Esteban M. Lafuente González (CEBR) Working Paper Series, 02-2007- Female entrepreneurship in Romania: personal characteristics and effect of sociocultural variables, August, 2007, page 6.

In Maramureş County, the stimulating factors of entrepreneurship, are linked to business opportunities, like: maintaining services, activities regarding wood processing, crafts based on traditions, unique in the country and in the world, tourism and mainly rural tourism, confections, constructions, food industry

(http://www.infofirme.ro/oportunitati+de+afaceri Maramures simpla.html).

Other stimulating factors, are linked to the existence of the Business Incubator from Maramureş County, of organizing, annually, by the Chamber of Commerce, the top of companies in Maramureş County, after different performance criteria, of exhibitions and fairs, like Fair Rivulus Dominarum, Tourism fair, Traditions and Culture, Fair of educational offers, Fairs of health-nutrition, Fairs of Furniture (http://www.ccimm.ro/search/events_list.php?reset=1&menu_id=15, page 1). Will be organized also by the Chamber of commerce, in the period 16-18 May 2009, first European week of small and medium enterprises, a campaign of promoting entrepreneurship in Europe and of informing the entrepreneurs from the county, about the help they could benefit from at European, national and local level. This event puts at the disposition of small and medium enterprises from

Maramureş, a large variety of information, advice, support and ideas, in order to develop their activity. The most important Informative Bulletin of the Chamber of commerce is Hermes Contact Maramureş, in which there appear all the press communicates, monthly, regarding entrepreneurship in the county, and also a Catalogue with the exporters from Maramures.

3. Disparities of gender in the female entrepreneurial field

The annual statistic data, state substantial differences between the situation of women and men, and data comparison in time, reveals the fact that the differences on economic plan between the situation of women and men, have an increasing tendency. The data from the last 50 years show that in the assembly of population, the percentage of women was situated in average, at over 50%. If at the end of 1999, the women represented 46.2% from the total busy population, fact that reveals the tendency of diminishing the differences, other data come to complete and nuance this image. The salaries from the sector in which the proportion of women is the majority among the employees, are lower than those of men who detain the weight. The salaries from the budgetary sectors, in which over 2/3 from the personnel are women, are situated under the average level on economy (Coica, Liliana, Conțescu Valentina, Dimitriu Doina, Ilinca Cristina, Negruțiu Florentina – National report regarding the equality of chances between men and women, Bucharest, 2002, page 4).

The women work mainly in the following fields of the national economy: health and social assistance (78.8%); financial, banking activities and insurances (71,3%); education (69,5%); hotels and restaurants (66%); commerce (55,4%); post and telecommunications (53,9%); agriculture (50,4%). As along years the above percentages suffered **insignificant** modifications, we can state that traditionally in these fields of activity work majority women (National report regarding the equality of chances between men and women, Bucharest, 2002, page 5). Housewives occupy a percentage of 50%. 40% from the women in rural environment are interested in the rights on the work market, and 20% in initiating a business. Most women from the rural environment have incomes under 500 lei, they take care of the house, get informed from television, go to vote, but get little involved in taking decisions, according to a study of the National agency for equality of chances between women and men made public in March 2008.

The National agency for equality of chances between women and men (ANES) developed in the period January - February 2008, an analysis at national level regarding the situation of women in rural environment. Concerning the professional situation, the study shows that the women in rural environment address mainly to fields like public administration, health, agriculture, social assistance or education. Women are interested in the fair of work places, in proportion of 56%, according to this study.

4. Particularities of female entrepreneurship

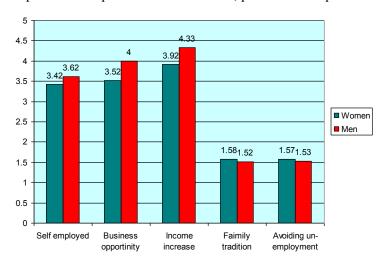
The number of entrepreneur women has seriously increased in comparison with the past periods. The modification of family life and professional activity, made more and more women get involved into businesses. The entrepreneur women are different from the other women by the fact that they are more inclined to assume the risk, they are much more determined and firm and they have a greater wish to control their own destiny. **The particularities of female entrepreneurship** can be mentioned by means of the analysis of differences between entrepreneur men and women in Maramures County.

Differences between entrepreneur men and women

Although the characteristic features of entrepreneur men and women are generally very much alike, the entrepreneur women differ from men under the following aspects: motivation, reasons, financing sources, instruction, personality characteristics, environment conditions, support groups, business field.

Regarding the reasons to create a new business (graphic 2): the main motivation seems to be that of increasing the income by developing your own business. This reason seems to have a greater

importance in the case of men, thus confirming an idea postulated in the specialty studies, according to which, women are less interested in financial award, they aiming through businesses to reach other purposes like, gaining a plus of independence or completing the family life with the working one.



Graphic 2. Entrepreneurial motivations, potential entrepreneurs

Adaptation after source: Otilia Driga (CEBR), Esteban M. Lafuente González (CEBR) Working Paper Series, 02-2007- Female entrepreneurship in Romania: personal characteristics and effect of sociocultural variables, August, 2007, page 4.

Motivation. Women tend to be more motivated by the need of achievement resulted from the frustration at the working place caused by the lack of promotion possibilities and manifestation of talent. Reasons. Both men and women have similar reasons to get involved into businesses. Both of them generally have a strong interest and a rich experience in the business field in which they want to get into. Women often leave the former working place with a deep feeling of frustration and a special enthusiasm for a new business, without taking experience too much into account, making transition more difficult in a way. Financing sources. Women generally rely on personal premises and savings. This is because women obtain loans more difficult than men from banking institutions. Instruction. Most women have an administration experience, limited to average levels of management, mainly in services field. Personality characteristics. Most personality characteristics are similar both to entrepreneur men and women. Both men and women are energetic, independent, sociable. Yet men are often more self-confident and less flexible and tolerant than women, fact that can lead to the existence of some very different management. **Environment conditions**. Most women are a bit older than men when they start businesses (35-40 years old, compared to 25-30 years old). Support groups. Women ask first for husband's advice, then their close friends' and only after that the specialists'. Also women ask for the support of different commercial associations and feminist groups. **Business field**. The nature of businesses made by men and women differs too. Women tend to start businesses especially in the field of services and retail commerce. Consequently, businesses owned by women are often smaller and lower income than those of men. Yet, business opportunities for women have an increasing tendency without precedent as the field of services registers a strong tendency of development.

Difficulties faced by entrepreneur women

Women face a series of difficulties that men do not usually have. Banks and other financial institutions are more conservative in giving loans to entrepreneur women. An explanation is the fact that some banks see characteristics of successful entrepreneurs mainly in men. In

Maramureş County, women get into business mainly in the field of services and retail commerce.

Entrepreneur women face an additional difficulty also by the fact that they have to deal with family problems too. Some researches reveal the fact that there is a direct connection between satisfaction in business and family happiness. Moreover, entrepreneur women have a greater satisfaction in work than those who are managers, satisfaction generated by the possibility of controlling their own destiny. In the following table, we present the results of a study regarding the main difficulties that entrepreneur women face both in initiating businesses and during their development.

Table 2. Difficulties faced by entrepreneur women in Maramureş County

Difficulties in initiating businesses	(%)	Difficulties during the business			
		development	. /		
Lack of instruction in business	30	Lack of experience in financial planning	28		
Obtaining credits	28	Affecting personal relations	25		
Lack of experience in financial	20	Obtaining credits	23		
planning					
Lack of guarantees	21	Lack of guarantees	13		
Lack of support and counseling	1	Lack of instruction in business	11		

Source: CEBR Romania, female entrepreneurship, entrepreneurial studies and businesses.

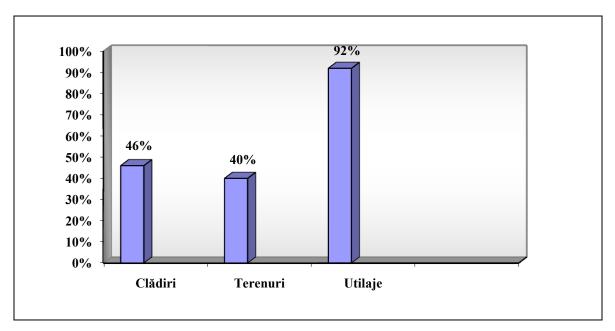
5. Case of success: women companies managers, entrepreneur – women in Maramureş County

Confstil Aura SRL Baia Mare, entrepreneur Ungureanu Aurelia. The company was founded in 11.01.1996, with business activity the production of clothes, ready-made clothes from woven or knitted materials for women, men and children, clothes, suits, jackets, trousers, skirts, plus custom tailoring. The company Confstil Aura was in 2007 on the 20430rd place in profit top, on the 46411rd in income top, on the 52727rd in expenses top and on the 5795rd on employees top. Today it has 3 branches. The financial data regarding the evolution of Confstil Aura SRL, are:

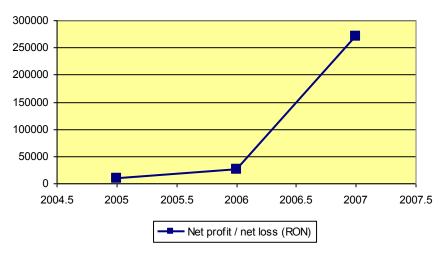
Table 3. Financial data regarding Confstil Aura SRL Baia Mare, between 1999-2007

Balance	Turnover	Income	Expenses	Net profit / Net	Number of
year	(RON)	(RON)	(RON)	loss (RON)	employees
1999	702.211,10	747.602,70	745.163,70	2.439,00	58
2000	312.567,70	392.555,70	372.354,90	20.200,80	77
2001	363.501,80	364.872,00	359.312,20	4.556,40	79
2002	575.909,00	579.733,00	570.612,10	3.843,10	81
2003	858.416,40	858.460,40	853.296,20	2.453,10	81
2004	1.048.988,30	1.049.020,70	1.039.099,40	4.640,40	105
2005	875.341,00	877.089,00	864.126,00	8.778,00	106
2006	1.117.294,00	1.125.556,00	1.091.613,00	26.315,00	114
2007	980.288,00	1.584.981,00	1.261.440,00	270.064,00	97

Source: http://www.totalfirme.com, www.mfinante.ro



Graphic 3. The profitability evolution (RON) at Confstil Aura SRL. Baia Mare, between 2005-2007



Adapted after the source: http://www.totalfirme.com, www.mfinante.ro

During 2005-2007, the profit rose, suited the data and the graphical representation of those. The profit rate in 2007 (the last year with profit > 0), at Confstil Aura SRL Baia Mare, was 27,55%, which is an positive aspect in the evolution of economical and financial results of the company.

Bibliography

1.Coica, Liliana, Conțescu Valentina, Dimitriu Doina, Ilinca Cristina, Negruțiu Florentina-National report regarding the equality of chances between men and women, Bucharest, 2002.

2.Driga, O., Lafuente, E. - Female entrepreneurship in Romania: Personal characteristics and the effect of socio-cultural variables. Centre for Entrepreneurship & Business Research. CEBR working paper series, WP 02/2007.

3.***- Ten successful women from România, managed by manager women.

4.***- The global monitoring of entrepreneurship. National Romanian raport, 2007.

5.*** - CEBR Romania, female entrepreneurship, entrepreneurial studies and businesses.

- 6.*** Informative Bulletin of the Chamber of commerce is Hermes Contact Maramureş Nr. 148
- 7.***- http://www.kfacts.com/uploads/File/WP022007.pdf
- 8.***- http://www.travelweek.ro/, Author Mona Scărisoreanu.
- 9.***- Otilia Driga (CEBR), Esteban M. Lafuente González(CEBR) Working Paper Series, 02-2007, Female entrepreneurship in Romania: personal characteristics and effect of socio-cultural variables, August, 2007
- 10.***- http://www.totalfirme.com, www.mfinante.ro
- 11.***- http://www.infofirme.ro/oportunitati+de+afaceri Maramures simpla.html

PATRIARCHY IN THE SCHOOL: COVARIATES OF GENDER TRADITIONALISM IN ADOLESCENCE

Hatos Adrian

Universitatea din Oradea Facultatea de Științe Socio-Umane ahatos@gmail.com 0744-262126

Gender traditionalism is one of the cultural traits of contemporary Romania which has severe consequences on the effectiveness of human resource allocation. How is this cultural framework produced and reproduced in time is a major question for any attempt at promoting gender equality. My research investigates the covariates of attitudes regarding gender equality of 2485 teenage students enrolled in high schools in Oradea surveyed in 2007. The results show that gender traditionalism correlates strongly with gender itself, religious membership, socio-economic status and educational achievement. Consequences for policies and further research are discussed.

Keywords: gender, traditionalism, attitudes, regression

JEL code: Z13

Introduction

Equal access to entitlements, including jobs or public offices between man and woman is not only a benchmark of modernity and a political and cultural objective but an issue of effectively making use of one's country's human resources. Romania is, obviously, one of the most patriarchal societies in the European Union. Pasti & Miroiu referred to gender relations, metaphorically, as being the "last inequality" in Romania (Pasti & Miroiu, 2003). In a more nuanced description one says that the socio-politic landscape of today's Romania is `an original overlapping of traditional patriarchy on a modern patriarchy assorted with equalitarianism in the public sphere` (Dascal, 2005, p. 108)¹¹⁶. International comparisons of value surveys are placing Romania constantly among the nations least available to offer equal opportunities to men and women (Voicu, 2007).

The school itself plays, according to Arenas, Rus & Rus (2005, p. 4) a crucial role in transmitting gender stereotypes, inclusively through noticeable hidden agenda mechanisms to be found, for example, in textbooks (Grunberg, 1996). In the IEA civic education survey of 1999, Romanian teenagers recorded among the worst in acceptance of gender equality among the 29 participant countries, better only than the subjects from Bulgarian and Lithuania (Torney-Purta, Lehmann, Oswald, & Schulz, 2001).

Theoretical background and aims of the study

My study aims to contribute to the understanding of the construction of representation of the relations between men and women in adolescence.

Assessing the equity of the distribution of authority among men and women reflect a certain culture of gender relations. The patriarchal, or traditional culture is widespread even in most modern societies (Brownson & Gilbert, 2002; Paterna & Martínez, 2006). This differentiated perception dims within more modern conceptions which have, among their core rules, gender equality. Therefore, searching for the covariates of intolerance towards gender equality means, in a good measure, to identify the factors associated with traditionalism.

Gender itself has to be one of the important predictors of attitudes referring to gender relations. The sexist conception is part of gender role internalized by boys following various socializing influences, regardless of social or economic position. This hypothesis is sustained by previously obtained results at international level (Petterson, 2003). Significant differences have been recorded, thus, among boys and girls in all 28 nations participating in the IEA survey on civic education (Kerr, Lines, Blenkinshop, & Schlagen, 2002).

116 In Romanian in the original text. Translated by the author.

Moral traditionalism is correlated with religious belonging and some religious denominations – the neo-protestant in Romania – are promoting a conservative attitude towards gender relations. North-American studies have systematically shown a link between the membership in fundamentalist religious groups and conservative attitudes concerning gender relations (Brinkerhoff & MacKie, 1984; Hoffmann & Miller, 1997). This is why I consider membership in neo-protestant movements an important factor behind gender attitudes.

The traditionalism of male priority should be associated with appartenance to deprived socio-economic categories. One's position in the social stratification is generating gender attitudes through interactional mechanisms within the families or the peer-group. Recent international comparisons show that teenagers from poor countries have more traditionalist gender attitudes than those from more developed countries (Gibbon & Stiles, 2004). Using IEA data, Petterson proves that accepting gender equality is stimulated by the index of socio-economic status of the parents (Petterson, 2003) which is best indicated by the parents' educational and occupational status. We expect that teenagers coming from families with low educational capital or those with parents with low status occupations to display sexist attitudes.

Another expected indicator of traditionalism is urban/rural residence. In Romania is almost a truism that rural population is attitudinally more conservative that the urban one. I expect students with a rural background to hold significantly less tolerant attitudes toward gender equality than those with an urban background.

Moreover, it is likely that family structure, more exactly the absence of one of the parents, to affect significantly the attitudes towards gender relations. Since in families in which one or both parents are absent is less probable the unfolding of interactions prone to transmit gender role prescriptions, it is plausible to expect significantly different distribution of gender attitudes in families with a non-intact structure.

It is important, at this level, to discern long term from short term effects. The absence of one the parents can be definitive, temporary or just recent. We have several indicators of the situation of temporary or recent absence of parents: divorce occurred in the previous year and migration for work of one or other of parents. I will try to ascertain the impact of these variables upon gender attitudes, contrasting them with the effects of more general measures of mother's and/or father's absence.

Since we associate one's position towards gender relations with the position on the traditionalism vs. modernity axis, we can attribute part of the variation in the dependent variable to cognitive sophistication, or to the presence/absence of cognitive constraints, beyond the influence of background educational resources. Similar theories make a link between moral conservatorism or modernism and more or less modern attitudinal structures and the older distinction from social psychology, between persons with open thinking, as opposed to those with a close, dogmatic thinking (see Stes & Leik, 1993). These statements receive a support in Petterson's study (2003) where the covariates of educational results (and of socio-economic status as well) like exposure to media news and school climate resulted to be in positive relationship with the acceptance of women in public life. If we admit that one's cognitive potential is reflected in a certain measure in school results and in the type of educational institution in which is enrolled, it is plausible to suppose that all these variables significantly influence attitudes towards the equality between men and women. Due to the same reason we expect that one of the predictors of this variable is age: learning that comes together with age brings about a more complex and autonomous understanding of social relations.

Data and method

I have built a causal model of attitude towards gender equality of teenage students using the data collected in the 2007 survey of the research project `Adolescents – future citizens. Longitudinal study of processes of social exclusion suffered by teenage students`. I have used a random sample of 2961 students from grades 8-12 from high schools and vocational schools of Oradea, Bihor

county, Romania. The survey has included a set o items designed for the measurement of attitudes concerning gender equality adapted from the IEA survey questionnaire. In the technical report of the 1999 international survey, they were called simply "attitudes towards women" (Schultz & Sibberns, 2004).

Table 1. Distribution of answers to the tolerance items (%)

		Totally against	Partially against	Rather agree	Totally agree	DK/NA
1.	Women should run for public office and take part in the government just as men do	7,6	15,2	25,5	37,6	14,1
2.	Women should have the same rights as men in every way	3,1	8,8	24,2	54,3	9,6
3.	Women should stay out of politics	30,4	24,6	17,0	13,7	14,3
4.	When jobs are scarce, men should have more right to a job than women	28,2	26,4	16,8	12,1	16,4
5.	Men and women should get equal pay when they are in the same jobs	4,1	7,1	19,6	57,2	12,0
6.	Men are better qualified to be political leaders than women	15,9	17,4	23,3	23,3	20,2

Confirmatory factor analyzes underpin the face validity of the scales, extracting a sole component that corresponds, evidently, to attitudes towards women's. The sole inconsistencies concern the inverted items. In order to preserve the consistency of the scale measuring the attitudes towards the rights of the women, in comparison with the scale that had been used in the IEA survey, I have dropped two items (3 and 4), thus computing the subject score using items 1, 2, 5 and 6. The scale has an alpha greater than 0,7. The index of attitudes towards gender equality constitutes the dependent variable in my study. It has a minimum of 4 and a maximum of 16. The larger the score, the more tolerant is the subject vis-à-vis gender equality.

In the successive models I have built in order to test the theoretical propositions I have used the following independent variables.

- -Gender (dummy, 1=male)
- -Age (numeric)
- -Urban/ rural provenience (dummy, 1= rural)
- -Measures of socio-economic status
- -Mother's education (one dummy for mother holding a less than high school certificate, and a dummy for mother with higher education)
- -Mother's occupation (one dummy for worker or housekeeping)
- -Index of material endowment of household (number of household appliances at the home from a list of 7)
- -Index of cultural endowment of household (number of cultural items at the home from a list of three)
- -Measures of family structure
- -Number of siblings
- -Absence of parents (one dummy for the absence of mother and one for the absence of father)
- -Parents' migration for work (one dummy for mother's migration and one for father's migration)
- -Parents divorced within the last year (dummy)
- -Religious membership (dummy, 1=neoprotestant)
- -Measures of cognitive sophistication
- -GPA in previous half year
- -The type of high school attended (dummy, 1=theoretical lyceum)

The hypothetical statements detailed in the previous sections have been tested first using ordinary least squares regression. Starting from the results of the linear regression I have deepened the hypotheses testing and the construction of the causal model using path analysis.

Results

Attitudes concerning gender equality

The relatively large number of missing values prevented me from imputing some values – computed through regression for example, or simply some indicators of central tendency – for the subjects which chose the DK/NA answers to the attitude items. Computing the score of attitude towards the women was possible on a subsample of 2488 cases, while 477 cases have at least one missing values per scale. While the index of attitude concerning gender equality has a minimum of 4 and a maximum of 16 the average for the 2485 teenagers used in the analysis is 11. Student collectivities seem to display a certain homogeneity concerning the distribution of the focus variable. ANOVA tests applied on classes and schools reveal, at both levels significant interspecific differences. They could indicate some biases generated by the conditions in which the data were collected.

OLS model of gender ideology

Multiple ordinary least square regression model in table 2 allows several interesting conclusions concerning the genesis of attitudes about gender equality.

Table 2. OLS regression of attitude concerning gender equality $(R^2=0.25)$

V	Non-standardized		Standardized	t	Sig.
	coeeficien		coefficient		
	В	Std.	Beta	В	Std.
		Error			Error
(Constant)	8,305	1,057		7,85	,000
Mother's education (higher education = 1)	,431	,159	,063	2,71	,007
Mother's education (less than high school=1)	-,441	,252	-,040	-1,74	,081
Religious membership (Neoprotestant=1)	-,528	,225	-,057	-2,34	,019
Number of siblings	-,188	,059	-,078	-3,18	,001
Gender (Male=1)	-2,488	,139	-,426	-17,93	,000
Age (in years)	,105	,043	,055	2,44	,014
GPA in previous half-year	,300	,081	,091	3,68	,000
Type of school attended (theoretical lyceum=1)	,348	,143	,060	2,43	,015
Father migrated for work during the previous	-,432	,207	-,047	-2,08	,037
year					
Variables not in the model (no significant effect	et on the de	pendent var	iable)		
Father's occupation (worker=1)					
Cultural endowment at home					
Father's education (higher education=1)					
Material endowment at home					
Mother's occupation (retired, unemployed,					
housekeeper, farmer =1)					
Urban rural background (small town=1)					
Urban/rural background (rural=1)					
Mother absent					
Mother migrated for work in the previous					
year					
Parents have divorced during the previous					
year					
Father absent					

Based on the standardized coefficient, the most important determinant of gender attitudes is gender itself. It accounts for approximately 15% of the variance of gender attitudes¹¹⁷. Boys have measures of tolerance regarding gender equality with almost half standard deviation smaller then girls while controlling for the variation of the other variables, the non-standardized effect being of almost two and a half points using the metric of the dependent variable. The strong effect of gender is proof of the fact that boys, regardless of socio-economic context, acquire strong sexist attitudes, in contrast with girls which display more tolerant views. We can talk easily of a macho culture that transcends all social boundaries and makes boys hostile to attempts of equalization of social chances of men and women.

According to the model, the background socio-economic status has a significant impact on the dependent variable but only through the educational resources of mothers. The model suggests that the more educated are the model the more likely are the teenagers to acquire the modern ideology of gender equality. However, parents' occupational status or the economic capital of the family does not influence the considered attitudes. The model suggests that mother's authority in the family, as well as the predominant family model acquired by the children, depends mostly on the mother's educational capital than on other measures of status.

The hypothesis that more educated women are more able to negotiate a fair distribution of authority in the family is plausible, but my data lack appropriate measurements needed to test the conjecture. The fact that the number of siblings correlates negatively with the acceptance of gender equality suggests again the importance of family roles, if we accept that a large number of children correlates with a precarious status of women, not only on the labor market but similarly in the family since caring for a sizeable family supposes the acceptance of dependency on a male or on extended family. It is certain that teenagers raised in families with many children tend to express patriarchal attitudes regarding the relations between men and women.

According to our expectations, membership in a neo-protestant church constitutes a predictor of conservative beliefs even after controlling for measures of social status. The causal mechanism may not be as clearly weberian as it may look after a superficial consideration. The strong relationship between the measures of socio-economic status and membership in neo-protestant denominations can be bases of a situation in which religion is a mere mediator. More robust methodologies (structural equations and/or longitudinal analysis) might bring clarifications in this matter.

Variables that measure the structure of the family and its eventual defects have a surprising behavior relative to gender attitudes. While most of the indicators of temporary or long term absence of one or both parents do not have a significant effect, the migration for work of father during the previous year produces an important decrease in the dependent variable. This merely suggests that, on one hand, absence of any parent does not influence children's gender attitudes while, on the other hand, father's migration for work is occurring more likely in patriarchal families in which is at work a traditional perspective on the relationships between women and men. Even this single significant parameter in the OLS model may indicate the mediation of a causal relationship, considering the circumstance that international migration for work is more probable in families with low socio-economic status Pong & Ju, 2000; Toth & Toth, 2007).

My data contradict the hypothesis of rural or provincial traditionalism. Holding social and economic conditions equal, teenager raised in villages or in small towns have similar gender attitudes with their colleagues from larger, and presumably more modern, Oradea. However, we can suspect here a selection bias – opting for learning at one of the schools in Oradea can be indicator of modern attitudes and of availability for ascendant social mobility, at least at the level of aspirations, if we consider parents' aspirations or their answers to their children's socio-professional aspirations.

¹¹⁷ Computed comparing R2 of model with gender with R2 of model without gender.

On the other hand, the effect of cognitive constraints appears to be significant according to the regression model. Both school results and the type of school have a positive effect on the dependent variable. Students with higher GPAs and those from the more academically oriented theoretical lyceums perform better in accepting equality between men and women. Since these results are obtained after controlling for the effect of measures of socio-economic status and of educational and cultural resources in the family – which are all correlates of school achievements – one can say that accepting equality between women and men supposes a certain degree of cognitive complexity, which may be necessary to overcome the sexist prejudices and the patriarchal worldview that dominates traditional culture.

Conclusions

My article aimed at explaining the variation in attitudes of teenager students from Oradea about the equality between men and women. Multivariate analyzes of data from a random sample of students in grades from 8 to 12 in Oradea, show that attitudes about equality between women and men have a complex determination.

The most important cause can be identified in the large difference in attitude between boys and girls which is evidence of a generalized patriarchal culture. It is transmitted, through various socialization mechanisms, mainly to boys. This difference between boys and girls in the way they see gender equality attests potentially great difficulties in any attempt of promoting a culture of gender equality. Socio-economic status explains, as well, the more or less tradition attitudes of teenagers from Oradea. The paths through which teenagers of low status families become having patriarchal gender attitudes can be: 1) through membership in a neo-protestant religious movement, which involves a serious degree of moral conservatism besides a socio-economic status that lower than that of the majority; 2) through less successful educational careers, indicated by educational underachievement or by the type of school followed. My research suggests, however, that gender traditionalism is not reproduced intergenerationally in a simple manner but only in contexts that have a class meaning. Finally, gender attitudes depend, as my analyzes show, directly upon the degree of cognitive openness of the concerned teenager. The older ones, those with better educational achievement or those who are following an academic track are ready to accept women holding social positions similar to those of men.

On the other hand, the intactness of the family seems not be having an influence on the dependent variable, showing that the effect of interactions within the family require a more nuanced treatment.

Longitudinal models can clarify in future research the relationship between my dependent variable and other psychosociological measurements which, for reasons of methodological caution I have not used in the models in the present article.

References

- 1. Arenas, M. B., Rus, C., & Rus, A. (2005). Depășirea stereotipurilor de gen prin educație. Timișoara: Institutul Intercultural.
- 2. Brinkerhoff, M. B., & MacKie, M. M. (1984). Religious Denominations' Impact upon Gender Attitudes: Some Methodological Implications. Review of Religious Research, 25(4), 365-378.
- 3. Brownson, C., & Gilbert, L. A. (2002). The development of the discourses about fathers' inventory: Measuring fathers' perceptions of their exposure to discourses. Psychology of Men and Masculinity, 3(2), 85-96.
- 4. Dascăl, R. (2005). Gender Studies in Romania: between Subversiveness and Conservatism Paper presented at the Gender Equality in Higher Education: Miscellanea: Third European Conference 13-16 April 2003, Genoa.
- 5. Gibbons, J. L., & Stiles, D. A. (2004). The thoughts of youth: an international perspective on adolescents' ideal persons. Greenwich: Information Age Publishing.
- 6. Grünberg, L. (1996). Stereotipuri de gen în educație: cazul unor manuale de ciclu primar.

- 7. Hoffmann, J. P., & Miller, A. S. (1997). Social and political attitudes among religious groups: Convergence and divergence over time. Journal for the Scientific Study of Religion, 36(1), 52-70.
- 8. Kerr, D., Lines, A., Blenkinshop, S., & Schlagen, I. (2002). England's Results from the IEA International Citizenship Education Study: What Citizenship and Education Mean to 14 Year Olds: National Foundation for Educational Research.
- 9. Pasti, V., & Miroiu, M. (2003). Ultima inegalitate: relațiile de gen în România: Polirom.
- 10. Paterna, C., & Martínez, C. (2006). Fathers and Gender Traditionalism: Perception of Inequality and Life Roles. The Spanish Journal of Psychology, 9(2), 171-181.
- 11. Pettersson, T. (2003). Basic values and civic education. A comparative analysis of adolescent orientations towards gender equality and good citizenship, World Values Survey. Available online at: http://www. worldvaluessurvey. org/library/latestpub. asp (accessed 5 January 2005).
- 12. Pong, S. L., & Ju, D. B. (2000). The Effects of Change in Family Structure and Income on Dropping Out of Middle and High School. Journal of Family Issues, 21(2), 147.
- 13. Schulz, W., & Sibberns, H. (2004). IEA Civic Education Study Technical Report. Amsterdam: IEA.
- 14. Stets, J., & Leik, R. K. (1993). Attitudes about Abortion and Varying Attitude Structures. Social Science Research, 22, 265-282.
- 15. Torney-Purta, J., Lehmann, R., Oswald, H., & Schulz, W. (2001). Citizenship and Education in Twenty-Eight Countries: Civic Knowledge and Engagement at Age Fourteen.
- 16. Toth, A., & Toth, G. (2007). Efectele migratiei: copiii rămasi acasă: Fundatia Soros România. 17. Voicu, B. (2007). Între tradiție și postmodernitate? O dinamică a orientărilor de valoare în România: 1993-2005. In B. Voicu & M. Voicu (Eds.), Valorile românilor (pp. 271-305). Iași: Editura Institutului European.

ROMANIAN HIGHER EDUCATION FINANCING IN A EUROPEAN CONTEXT

Iatagan Mariana

Spiru Haret University, Faculty of Marketing and International Business Economic 313, Splaiul Independentei, iatagan.mariana@yaho.com 0722507728

Ionita Ion

Academy of Economic Studies Faculty of Management ionita ion@yahoo.com

In the category of many difficulties facing today Romanian higher education, an important financial issue is taken by financial issue, providing the necessary funds necessary to the activity development, that being, as a rule, at the origin of many other imbalances manifested in the organization and functioning of the educational system.

Although funding of research results is a viable alternative to sustain the system of higher education, there is found out that in most countries in the European Union, the state continues to be the principal financier of education. We must have in view as investments in human capital are investments with positive and long-term, both at individual level and at macroeconomic one.

Therefore, we consider that the largest share in the financial resources allocated to higher education must be at the part of the additional funding over.

Keywords: higher education, financing sources, investment, scientific research

JEL classification: A23, I22

1. Evolution of financing public higher education in Romania

Until 1990, the main financing source of the Romanian public higher education was represented by the budget allocation destined for such purpose. Due to the changes occurred at the level of the higher education system, during the period of time between 1990 -1996, certain changes were brought also within its financing principles, which are similar to the changes at the level of the OECD countries, as follows:

- a system of budget funds allocation, corroborated with the increase of the universities' financial autonomy;
- the diversification of the financing sources by distributing the costs for education also to its beneficiaries and to the economic agents introducing for this purpose the schooling fees;
- a clearer distinction between the funds for education and those for research.

Even in such conditions, the budget allocations continue to represent the most important financing source for the Romanian public higher education.

An important stage in the reform process was represented by the replacement of the budget financing with the university global financing based on an institutional contract with the Ministry of Education and Research. This change represented a method to obtain better performances in education and in research by a better financial resources management. Thus, the level of financing a public university was mainly determined by performance and by efficiency criteria.

Starting with 1999, the forms for financing higher education were modified again, passing to a methodology of distributing the budget allocations based on a formula (*quantitative component*) in compliance with the fundamental principle "resources follow students". Since 2002, the methodology is completed as well by a qualitative component, permanently updated during the period between 2003-2007.

The evolution of the basic financing during the period 1998-2007 is shown in the table no. 1.

Table no.1

	1999	2000	2001	2001	2003	2004	2005	2006	2007
Basic financing (mil.Euro)	106	133	145	149	164	205	263	327	439
GDP (mil. Euro)	33388	40346	44904	44402	52613	60842	79551	97118	99993
%FB in GDP	0,32%	0,34%	0,32%	0,31%	0,31%	0,34%	0,33%	0,34%	0,38%
Euro exchange rate (annual average)	1,630	1,996	2,603	3,126	3,756	4,053	3,623	3,540	3,35

acc. to CNFIS, June 2008

Except the budget resources, the universities can mobilize supplementary income sources, according to the legal stipulations. The funds coming from the state budget represent approximately 50-70% of the total budget. The rest are funds coming from taxes, research contracts, services and other types of activities.

The comparative analysis with the main countries in the EU shows that in Romania a very low level of expenses for education is recorded, as a percentage of the Gross Domestic Product, even tough the allocations increased significantly during 2006. This situation is presented in table no.2

Table no 2

•	uoic 110.2	_								
	2000	2001	2002	2003	2004	2005	2006	2007	2008*	l
	3,4	3,6	3,6	3,5	3,5	3,9	4,9	5,0	5,1	l

^{*} Statistics Report no.3 – 2008 (* estimated)

Another important component of the higher education financing system in Romania is represented by the complementary financing, meant to cover the complementary expenses for the direct expenses, determined by the didactic process, which are important both for sustaining the development in optimal conditions and for the development of education (such as: allocations for laboratories equipment, capital repairs, investments and research), as well as for performing other university objectives or services (research, micro-production, administrative services for students etc). In this field as well, the income sources for the complementary activities are made up of public incomes (amounts allotted from the state budget) and own incomes (donations, sponsorships and taxes got, according to the law, from individual and legal entities, be Romanian or foreign ones, and from other sources), which can have a greater importance depending on the involvement of universities in activities generating income.

Regarding the topic related to equipment and investments, the proposals of the National Authority for Scientific Research (ANCS) take into account the distinction between investments such as constructions, consolidations and the independent equipment, but also the necessity of financing with priority the construction of educational and social premises. Regarding the distribution per universities of the funds approved for capital repairs for buildings and constructions, the real technical condition of the buildings and constructions for which are required funds for capital repairs is kept in mind.

The university scientific research represents another field for the higher education financing, and the distribution per universities of such funds is performed on competitive bases, by means of

evaluation, monitoring and financing procedures issued by CNFIS through which the budget allocations were increased for the research grants which fit in the strategic directions on a European level and in the priority domains on a national level for research, development and innovation programs.

In order to render more effective the use of the complementary financing, CNFIS intends that the complementary financing for the scientific research be performed also for sustaining the universities, to increase the visibility of the research activity and of its results (financing for establishing famous publishing houses/publications; the elaboration of annals, scientific publications, conferences organized in the country, publications subscriptions, access to on-line databases and scientific articles etc.). Also, a complementary financing fund was initiated in order to support students, aiming at the financial support for student mobility (Erasmus complementary), financing programs for master's degree, doctor's degree and post-doctoral degree.

The education financing systems are in a continuous improvement. In this sense, we consider that an effective solution for the financing problems related to education in Romania is the financing of study programs and not of equivalent students. The State will compare the costs of a study program running at various universities (which propose such programs) and it will then establish an average cost/program/student. The State will cover then from the public budget only this average cost, and the public universities shall then be forced to ask for study fees at the level of their own costs for a smaller number of students, in order to cover partially the costs of a greater number. The universities which will have real costs under the average cost shall have an advantage, receiving the amounts according to the average costs and not to the number of students or to their own costs.

Another improving directions of financing the education and the professional training, which must have the attention of the Ministry of Education and Research and that of the universities are: diversification of the public financing funds for sustaining the differentiation of the system and the focusing of the resources according to quality; multi-annual financing, per cycles of study; encouragement of universities to get funds for research from private companies; introduction of a correct system of evaluation of the universities responsibilities in managing public funds, so that the autonomy increase associates strictly with the increase of public responsibility.

2. Scientific Research – an Important Financing Resource for Education

Although certain measures for education financing development were applied, at present the Romanian university environment is characterized by an excessive homogenization of resource distribution. We refer here to the fact that the present financing system is not based on a hierarchy of universities according to the quality of the education they provide and of the scientific research results. Related to the level of graduate knowledge, we can note that a medical university, for example, with a graduation percentage at the residency examination of 70%, receives the same amount per student equivalent as another medical university with a percentage of 30% of residency graduates. A law faculty, which provides 30-50% of the students admitted at the National Institute of Judiciary, receives the same financing per student equivalent as any other law faculty having no graduate admitted in such institute.

Regarding the scientific research, taking into account the more and more important role that higher education institutions have in performing the national programs which are and will be initiated in this field, we consider that one of the university financing criteria should be the results obtained in the research activity. We take into account especially that the improvement of the didactic process is strictly connected to the proper scientific research. As a result, we should stimulate first the universities which have, at the same time, an education and a research profile. Such an orientation would radically change for both the financing sources and level, as well as the budget financing system for higher education.

The doctoral schools, which along with the doctor's degree leaders and the research groups from universities might take over projects from the national programs for scientific research, should have a decisive role in this orientation. We also mention that in this aspect positive results are already noticed after the implementation of the present organization system for the university scientific research, materialized in national grants offered by CNCSIS and by the government and in international grants financed by the EU funds. The deficiency of this system consists in the fact that, because of the reduced available contracts, it does not allow the complete valorisation of the entire research potential in education. The same situation can be found in the business environment offer, where the small and medium enterprises, which represent more than 98% from the entire number of enterprises, do not have available funds for research-development.

In the most high performance education systems, the differentiation and the concentration appeared as a result of a natural evolution. In the USA, for example, from the 4000 higher education institutions, only 3% are considered *research-intensive*, only 550 (13%) grant doctor's degrees and 50 of them offer more than 50% of the doctor's degrees. In Canada, only 109 universities grant doctor's degrees, and five of them cover more than 50% of the accredited doctor's degree programs.

On the other hand, where the differentiation and the concentration did not appear as a result of natural evolution, substantial efforts are made in order to quickly implement them. Germany launched the "excellence initiative" in order to identify the elite universities, *research-intensive* universities for which a supplementary financing of 2 billions euro will be allotted. France has similar initiatives of concentration and differentiation for the system, and at the European level important steps were made such as the establishment of the European Institute for Science and Technology.

In average, in Europe, approximately 82.8% of the resources allotted to the higher education institutions come from the public sector and only 5.1% from the non-profit organizations and from enterprises. In Hungary, Netherlands, Sweden, Great Britain, Croatia and USA, more than 10% of the higher education institutions funds come from the non-profit organizations and enterprises. These finance, in general, the research-development activity. The amounts paid by students and their families for covering the expenses related to education itself or to other adjacent are very different form country to country. These expenses represent less than 5% in Denmark, Greece, Malta, Finland, Sweden, Island and Norway, while in Spain, Cyprus, Latvia, Poland, Bulgaria, Japan and USA they exceed 20% of the total.

3. The Experience of Developed Countries in Financing Education

The analysis of the present situation and of the trends shows that the European Union suffers from an insufficient investment in the development of human resources. In average, the European Union member states spend a little more than 5% of the GDP for education and training (financed from public funds), but with substantial differences from one country to another. According to the information provided by the Ministry of Education and Research, in the Report concerning the state of the national education system for 2006, the average recorded by the European Union member states in 2002 was of 5.2%. As indicated in table no. 3, at present, the percentage of the GDP allotted for education is very high as compared to the European Union average, precisely in the countries with a higher quality of life level.

Public expenses for education (% of GDP)

Table no. 3						
	2003	2004	2005	2006	2007	
Denmark	8,33	8,43	8,28	8,3	8,4	
Norway	7,54	7,47	7,02	7,9	7,8	
Great Britain	5,34	5,25	5,45	6,0	6,2	
Germany	4,7	4,59	4,53	5,2	5,2	
France	5,88	5,79	5,65	5,6	6,3	

From this perspective, the convergence of the Romanian education with those of the main countries belonging to the European Union can only be assured on a long term, requiring investments for the development of the two great categories of infrastructures, of physical and human type. The granting of a percentage of 6% from the GDP for education might make available such resources.

The consolidation of a development pattern on these two directions, under the terms of insuring the coherence and complementarities with the already existent strategic-programmatic instruments (The National Plan for Development 2007-2013, the National Program for Reforms 2007-2010, The National Strategic Reference Frame 2007-2013, The Durable Development Strategy 2025, the Governing Programme 2004-2008, the Convergence Program 2007-2010, the National Strategic Report on the Social Welfare and Social Inclusion 2006-2008) reflect the strategic hierarchy of Romania's development objectives, the priority being imposed by the limited character of the available resources.

In the countries where the individuals contribute significantly to the financing of their own education, the governments offer them a considerable support by providing the financial subvention granted for students. These countries have at their disposal various financing schemes for the higher education, either through directly financing the education, or through indirect financing, by supporting students living costs or schooling expenses, or by combining both systems.

The public authorities from the Czech Republic, Greece, Spain, France, Poland, Portugal and Switzerland grant more than 90% of the total public expenses for higher education directly to the education institutions.

The transition from the education system to the labour market is an important factor in evaluating the human resources quality. The long term unemployment, the professional declassification are factors that lead to the depreciation of knowledge, abilities and capacities acquired during the schooling period, namely to the depreciation of the human capital. Romania has, at present, an unemployment rate quite low (5.3%) comparatively to the other European Union member states (9.2%), but also an increased part of the population involved in agriculture (27.41% as compared to 5% in the EU) and industry – namely the fields of activity where the level of qualification required is also reduced. The lack of educational and professional training or its reduced level will render quite difficult for the future the integration of high performance technologies necessary, for increasing productivity.

Conclusions

In our study, we have tried to underline the idea that investment in education, and especially in higher education, is a profitable investment which guarantees positive long-term effects, both upon the individual as well as upon the social-economic progress of the entire society.

The financing of public universities in Romania has started to improve since 2006. However, in order to reach the "Lisbon goals" by Romania (established by the European Committee, having the deadline 2010), which dovetail with the deadline for the foundation of the European Framework for Higher Education, we should have our government financing us with at least 2% of the GDP by 2010 in point of higher education only.

But, at present, the financial level in Romania is even much lower. Between 1999-2005, it represented 0,45%-0,46% of GDP for public outlay (besides research and repayable loans), 0,69%-0,78% for total outlay in point of higher education. Thus, as experts state, investment in education would be one of a best efficiency. It is true that once the level of education has increased, the income would also raise much above the average. The advantages are more obvious as regards the developed countries. Let's take into consideration the USA, for instance – the difference in average income between university graduates and high school graduates was between 40-50% at the beginning of the '60's and has continuously grown since then.

The economic analysis can underline the reason why in the course of the history there were countries which experienced an extended and continuous growth of the income per individual. Thus, countries such is the USA and Japan have experienced a continuous growth in individual income for over 100 years or even longer than that period. The explanation relies in the expansion of the scientific and technical knowledge, which helps production and labor productivity grow.

The systematic application of scientific knowledge in the production of goods has enormously increased the value of education, especially of the technical one. It is obvious that there is a positive relationship between investment in education and technological progress, the latest having a great influence upon all the fields of the social-economic life.

As a conclusion, one can finally say that education, information and knowledge actually stand for power.

Bibliography

- 1.Adrian Miroiu (coord)–2005, Funding Higher Education in Romania. Evaluation and Proposed Policies. The paper was developed in the Center for Institutional Analysis and Development, Bucharest.
- 2. European Commission document -2007, "A Coherent framework of indicators and benchmarks for monitoring progress towards the Lisbon objectives in education and Training", Brussels.
- 3. European Commission document-2004, European Economy. Economic Paper 217. "Investment in education: the implications for economic growth and public finances , www.ec.europa.eu
- 4. National Plan of Development 2007-2013 Romanian Government- 2005, Ministry of Public Finance.
- 5. Report on the Educational National System- 2007, Ministry of Education, Research and Youth.
- 6. www.eurostat.com
- 7. www.insse.ro
- 8. www.cnfis.ro

THE USE OF 360-DEGREE FEEDBACK METHOD

Ilies Liviu

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania liviu.ilies@econ.ubbcluj.ro, 0264-41.86.52/3/4/5

Crisan Emil

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania emil.crisan@econ.ubbcluj.ro, 0264 41.86.52/3/4/5

Salanță Irina

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania irina.salanta@econ.ubbcluj.ro, 0264 41.86.52/3/4/5

Butilcă Delia

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania delia.butilcă@econ.ubbcluj.ro, 0264 41.86.52/3/4/5

Analysis of human resources activity, also called control, appraisal, or evaluation, is viewed by human resources as feedback. Multi-source feedback methods are the new wave in human resources appraisal. We have chosen to give several details about the most used multi-source feedback method: 360 degree feedback.

Before presenting an example on how it is used in a Romanian company, with the main strengths and weaknesses in usage, we present the method, according to several authors. The second chapter of this paper contains the example – the use of 360 degree feedback inside a Romanian organization. The last chapter is dedicated to conclusions regarding the use of the method for the future. Some of the mistakes made in using 360 degree feedback in the example are identified and final conclusions are presented.

Key words: human resources, appraisal, feedback, multi-source

The article's JEL code: M12

1. Introduction

The 360-degree feedback process taps the collective wisdom of those who work most closely with the employee: supervisor, colleagues (peers), direct reports (subordinates), and possibly internal and often external customers. The goal of this paper is to present this new method as it was applied in a Romanian company by us and to analyze whether 360-degree feedback is an alternative for traditional appraisals used by the old-school.

Inside the first chapter we analyze the theories regarding human resources appraisal, human resources performance management, human resources development. The opinions differ from author to author. An important part of this chapter is dedicated to the presentation of the 360-degree feedback from theory, insisting on defining the method and its principles.

The second chapter is a 360-degrees usage example. We have used the method for a big Romanian service company. All details regarding to these example are presented in the second chapter. Conclusions regarding the example and the possible usage of the method are in the final part of the paper.

2. Human resources performance management and appraisal

Performance management has been defined as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors (Edenborough and Kogan: 2005, p.2).

There are many **types of appraisals** and many sources for evaluating human resources performance. London identifies the types of performance and the sources (London: 2003, p.67-70):

Contextual performance comprises behaviors that show: job dedication (job-task conscientiousness), organization dedication (organizational citizenship performance), and interpersonal facilitation (interpersonal citizenship performance);

Task performance consists of activities that directly transform raw materials into the goods and services produced by the organization or maintain the technical core of the enterprise by replenishing supplies, distributing products, and providing planning, coordination, supervision, and staff functions that allow for efficient functioning,

Adaptive performance, or learning, a third element of performance, can be construed as separate from task and contextual performance. It is the proficiency with which employees change their behavior to meet changing situational demands.

Jobs vary in the extent to which each of these categories of performance are relevant. Supervisors should understand the relative importance of these different job elements to the particular job they are evaluating. This also implies that supervisors should vary the type of support they provide for employees to help them perform well.

Feedback is the information people receive about their performance. It conveys an evaluation about the quality of their performance behaviors. Giving feedback is "the activity of providing information to staff members about their performance on job expectations". Feedback is an important part of the education process. People at work give feedback to reinforce others' good behavior and correct their poor behavior. The recipient of feedback judges its value and determines whether to accept and act on the feedback, reject it, or ignore it. It helps newcomers learn the ropes, midcareer employees to improve performance and consider opportunities for development, and late career employees to maintain their productivity. Managers are an important source of feedback because they establish performance objectives and provide rewards for attaining those objectives. Other sources of feedback are coworkers, subordinates, and customers (London: 2003, p.11).

Taking into account the types of performance which could be evaluated, we have identified two different **types of performance evaluation methods** – the classical one and the multi-source feedback.

The **typical performance appraisal** becomes just another dreaded experience that must be repeated at least once a year (Garber: 2004, p.7). Classical performance feedback is in the form of an annual evaluation in which your performance is measured against pre-established criteria. A standard form or format is usually followed with checklist-type criteria measuring the individual's performance against the organization standards.

Garber identified ten common pitfalls of classical performance feedback systems (Garber: 2004, p.7-15): performance feedback in the organization is given only during annual performance evaluations, performance appraisals are based on a single evaluator's feedback, feedback is presented only by the supervisor, performance evaluations are more of an argument built to support the overall performance rating that is being given, performance feedback is negatively based, performance feedback addresses only the formal aspects of job performance, performance feedback is not specific enough about the person's performance, formal performance reviews are full of surprises, the design of many performance appraisal systems results in making 80 percent of those affected by them mad.

Multi-source resources measurement systems

In each of the previous levels of performance feedback, there has been at least one common factor: The supervisor has been the source of the performance feedback. Even though in most circumstances the supervisor would likely seek input from others in the organization, he or she is still the focal point for providing this information to the individual (Garber: 2004, p.80).

Multiple-source performance feedback provides an individual a number of different perspectives about how others in the organization see him or her. This can be particularly valuable feedback for the individual because it eliminates many of the inherent problems of single-source feedback

discussed earlier. For instance, biases that one might perceive their supervisor has against them can distract from any feedback received from their boss. Multi-source feedback refers to ratings that can come from subordinates, peers, supervisors, internal customers, external customers, or others (London: 2003, p.84-86). This main feature in comparison to classical feedback is exposed in the next figure. When feedback comes from all the locations around a person (boss, subordinates, suppliers, customers) it is also called "360-degree" feedback. Usually, multi-source feedback is collected for managers or supervisors, but it could be collected for any employee, with the raters depending on the employee's role in the organization.

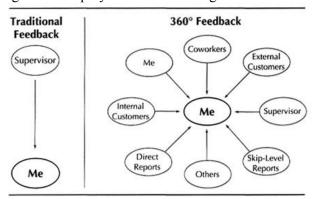


Figure 1. 360-degree feedback versus traditional feedback, Edwards and Ewen: 1996, p.8

The 360-degree feedback model differs substantially from the traditional single-source assessment completed by the supervisor. Supervisor-only appraisal typically occurs once a year with the express purpose of providing employees with an assessment of their work performance and management with information it needs for decisions on pay and promotions.

As the name implies, a person receives feedback from the "full circle" of other people who work around him or her. Feedback is provided by others from every direction including peers, subordinates, supervisors, and even the individual him- or herself.

360-Degree feedback systems provide the individuals with feedback from a variety of levels in the organization. In a traditional supervisor-subordinate performance evaluation, the supervisor looks at a person's performance from an evaluative viewpoint. In 360-degree reviews, the purpose of the information is more from a feedback viewpoint. This is a very important distinction: The focus is on feedback rather than evaluation, taking this information out of the organization's formal evaluation process with all its implications on the person's career and future.

360-Degree feedback processes involve a standardized questionnaire that looks at a number of dimensions of an individual's job performance. Typically, forms are sent to a person's supervisor(s), peers, and direct reports, creating the full circle of feedback. There is also a form that the individual completes about his or her self-perceptions. Once sent in, the completed forms are summarized by the company who developed the feedback tool, and a confidential summary report is sent to the individual. How are people typically viewed by those from various perspectives at work? Are their peers and direct reports more or less critical than their supervisor? How do people see themselves compared to these others? Of course, there are many different ways this data will result depending on the people involved.

Again, the greatest advantage of this type of performance feedback (and team and self-directed feedback, to be discussed later) is that they typically are used as a developmental not evaluative tool. They are most effective when they are used on a non-consequential basis. In other words, a person should not feel that their future or career is "on the line" as a result of the feedback they receive. 360-Degree feedback is presented in a confidential manner, and the information is shared only if the person chooses to do so as part of their developmental plan.

Multiple-source feedback systems such as this also take into account the fact that we interact differently with different people. An individual might be a very effective supervisor, but might not be as good at being a subordinate, or vice versa. 360-Degree feedback gives a more accurate description of the person's total skill and performance capabilities. By better understanding how others see us, we can identify opportunities to continue to grow and improve our job performance.

Most commonly, 360-degree feedback serves as a supplement to, not a replacement for, supervisory review. It blends the multi-source feedback on behaviors or competencies with the supervisor's assessment of results. Individuals are evaluated both on how they do the job that is, their behaviors and what they do their results or outcomes (.The 360-degree feedback process offers extensive and diverse **benefits to key stakeholders** in the organization and the organization too:

Customers – the process gives customers a chance to strengthen the customer-supplier relationship. The 360-degree feedback captures the relevant and motivating information from internal and external customers while giving them a voice in the assessment process.

Team members – the only option for identifying team and individual members' effectiveness is 360-degree feedback. Failing feedback from multiple sources, team members lack the information necessary for effective individual development

We can't say that there are no disadvantages. It depends very much on how you use this method. A final conclusion regarding this method is that it is a very cultural sensitive method – it depends very much on the organizational culture how you implement it and how you can use the results.

3. The use of 360 degree feedback in practice – example

We have used the method in December 2008 to evaluate the shifts chiefs from a big Romanian company, which we shall further call Romgroup.

Name of the evaluated group: shifts chiefs of Romgroup

Date of the evaluation: 2.3.4.5 December 2008

Number of the interviewed persons: 197 (including superiors and subordinates)

Number of the usable questionnaires: 180 360-degree feedback method had consisted in:

Each participant performed a self-evaluation, each participant has been evaluated by the direct supervisor, and each participant has been evaluated by hers / his colleagues, the persons which have management positions have been also evaluated by subordinates.

Main goals of the process were to build a coherent framework, a 360-degree view regarding each person's individual competencies and to identify high-flyers and drag-feet employees.

The evaluation instrument. Based on the discussions with Romgroup management team, a questionnaire has been developed with low difficulty level, considering the level of knowledge of operational workers:

Circle the number corresponding to the affirmation which best fits the evaluated person (including you):

Quantity of work: (1)He/she solves very few of the received tasks; (2)He/she solves few of the received tasks; (3)The number of solved tasks is acceptable; (4)He/she solves most of the received tasks; (5)He/she solves all of the received tasks;

Quality of work: (1) He/she never performs the work with accuracy; (2) He/she rarely performs the work with accuracy; (3) Most of the times he/she performs the work with accuracy; (4) He/she almost always performs the work with accuracy; (5) He/she always performs the work with accuracy;

Complying with the term: (1) He/she never finishes the tasks in time; (2)He/she rarely finishes the tasks in time; (3) Most of the times he/she performs the tasks in time; (4)He/she almost always finishes the tasks in time; (5) He/she always finishes the tasks in time;

Work knowledge: (1)He/she doesn't have the knowledge for the performed work; (2)He/she has poor knowledge for the performed work; (3) He/she has acceptable knowledge for the performed work; (4) He/she has good poor knowledge for the performed work; (5) He/she has very good knowledge for the performed work;

Team working: (1)He/she works very hard in a team; (2)He/she works hard in a team; (3)He/she works acceptable in a team; (4)He/she works well in a team; (5)He/she works very well in a team; **Complying to the discipline rules:** (1) He/she doesn't comply at all with the disciplines rules; (2)He/she doesn't breaks often the disciplines rules; (3)He/she complies mostly to the disciplines rules; (4)He/she complies almost always to the disciplines rules; (5)He/she complies always to the disciplines rules;

Initiative: (1)He/she makes never any suggestions for activity improving; (2)He/she makes rarely suggestions for activity improving; (3)He/she makes from time to time suggestions for activity improving; (4)He/she makes seldom suggestions for activity improving; (5)He/she makes very often suggestions for activity improving;

Leading capacity: (1)I would not trust him or her if he/she were my chief; (2)I would have few trust him or her if he/she were my chief; (3)I think he/she would be an acceptable chief; (4)I would trust him or her if he/she were my chief; (5)I would have maximum trust if he/she were my chief.

4. Conclusions Results centralization

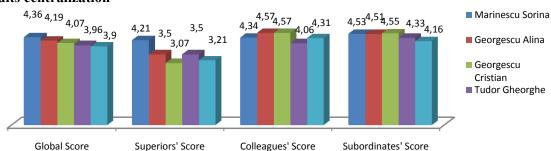


Figure 2. Score of evaluated persons per sources

From this figure we see that the worse scores were given by the superiors, thing which is abnormal at this kind of evaluation, at least at international level. Colleagues' and subordinates' scores are above 4 for all persons, which could mean that there is no true feedback culture inside Romgroup organization.

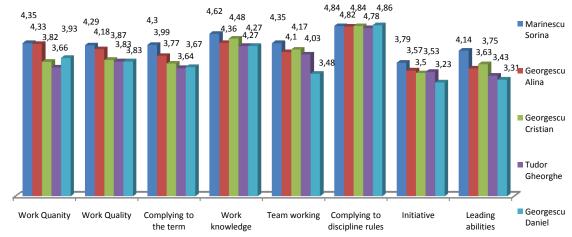


Figure 3. Score of evaluated persons per sources

We can see that the worse score is for initiative, probably influenced by superiors' opinion. The question is whether there is a leadership style which permits such initiative to appear. It is clear from the evaluation that all the persons involved are trustful and willing to perform a good job. There are not very clearly high-flyers and draw-feet, at least these is not an evaluation which performs to drive out such a conclusion, given the fact that the differentiation was made mostly on supervisor's opinion. We think that there should be created on long term a feedback culture which will permit for the future better results at such evaluations, more accurate and more trustful.

Problems related the example

There are several issues in the performed study which did not take into account the theories related to 360-degree feedback construction in the evaluation we have performed at Romgroup:

The elements which were measured did not take into account which factors contribute to attaining firms' objectives, the method was applied more as an evaluative method – one goal was for the firm the dismissal of the person with the worse score.

The focus should be in developing these persons / the report should contain recommendations regarding what abilities, competencies should be improve at organizational level and for each evaluated person individually;

Only the supervisors realized the importance of the evaluation, while the others considered the evaluated persons just some friends which need help.

Considering these problems, we consider for our next studies several ways for improvement in usage:

- -The most productive way to introduce the method is to use it *first for development alone*. Then, after employees become used to the technique and the resulting data, and receiving feedback becomes routine, the organization can begin to incorporate it into administrative decision making. -In any case, all raters and those rated should be clear about the purpose of the process.
- -Generally, managers tend to be more accepting of multi-source feedback when the organization provides training to help managers improve on the performance dimensions rated;
- -Multi-source feedback surveys usually should have some space for open-ended comments. Managers often say that this qualitative information is the most useful, and they tend to rate them heavily in determining areas for improvement. They do not require digesting numbers and comparing scores. Recipients may feel that the evaluators wrote comments about areas that were of most importance to them, and that they thus deserve attention. Also, because the raters took the time to formulate and type in specific comments, the recipients will feel obligated to take them seriously.

References:

- 1. Bracken, D., Timmreck, C., Church, A., The handbook of multisource feedback, Pfeiffer, 2001;
- 2. Edenborough, R., Kogan, P., Assessment Methods in Recruitment, Selection and Performance, Kogan Page London, 2005;
- 3. Edwards, M., Ewen, A.,360-degree feedback: The powerful new model for employee assessment and performance improvement, American Management Association, 1996,
- 4. Fleenor, J., Taylor, S., Chappelow, C., Leveraging the Impact of 360-degree Feedback, Pfeiffer, 2008;
- 5. Garber, P., Giving and Receiving Performance Feedback, Human Resource Development Press, 2004;
- 6. London, M., How people evaluate others in organizations, Lawrence Erlbaum Associates, 2001:
- 7. London, M., Job feedback: Giving, seeking, and using feedback for performance improvement, Lawrence Erlbaum Associates, 2003;

- 8. Smith, F., Organizational Surveys: The diagnosis and betterment of organizations through their members, Lawrence Erlbaum Associates, 2003;
- 9. Zigon, J., How to measure employee performance, Zigon Performance Group, 2002.

WAREHOUSE PERFORMANCE MEASUREMENT – A CASE STUDY

Ilies Liviu

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania liviu.ilies@econ.ubbcluj.ro, 0264-41.86.52/3/4/5

Turdean Ana-Maria

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania a m turdean@yahoo.com, 0742790666

Crisan Emil

Babeş Bolyai University, Faculty of Economics and Business Administration, 58-60 Teodor Mihali Street, Cluj-Napoca, Romania emil.crisan@econ.ubbcluj.ro, 0264-41.86.52/3/4/5

Companies could gain cost advantage using their logistics area of the business. Warehouse management is a possible source of cost improvements from logistics that companies could use during this economic crisis. The goal of this article is to expose a few best practices used in warehouse performance measurement which lead to performance improvements. Warehouse performance measurement refers to the measurement of: optimal use of storage space, customer relations activity, quality level, assets usage and costs. What are the warehouse performance indicators? How are they calculated and how are they interpreted? How can a manager use them in order to improve the warehouse performance? This paper will answer all these questions and will also present the way in which using performance indicators in a warehouse belonging to a company from Romania, S.C. TUDOR S.R.L., can lead to specific solutions.

Keywords: performance measurement, performance indicators, logistics, warehouse management The article's JEL code: M19

1. INTRODUCTION

The purpose of companies is to gain competitive advantage. One way to achieve this is by lowering logistics costs. The reduction of logistics costs diminishes the total cost of goods sold and therefore it helps companies have a higher profit margin or a cost advantage in comparison with their competitors. The present article brings solutions regarding one side of logistics: warehousing.

In 2008, there were a few reports around the world regarding logistics costs, respectively warehousing costs. The first one, done by *Establish Incorporation*, emphasised costs as the strongest force in driving decisions in logistics. The warehousing costs decreased due to rationalisation of locations. In 2008, warehousing costs were about 20% of the total logistics costs in North America. The same study suggests that in Europe warehousing costs were higher. *The European Logistics Report* 2008 considered the reduction of costs essential in warehousing. In the Central and Eastern Europe there was a strong construction activity last year, but despite this fact, the direct investment in warehousing property decreased by 38%. Warehouse construction increased in Romania because of low cost, a growing consumer market and the growing activity around the Constanta port. *The European Distribution Report* (2008: 5) revealed the rent for warehousing purposes, the land price and the building costs in major cities from Romania. These studies emphasise the importance of logistics and warehousing costs at international level. That is why we consider improving management best practices regarding logistics, in general, and warehousing, in particular, a must for Romanian managers.

The structure of the article is as follows: the first part is a literature review for warehousing performance management (the goal is to present several indicators used at international level), then we try to solve the problems related to a warehouse from Romania, belonging to S.C. TUDOR S.R.L.

2. LITERATURE REVIEW

Performance refers to the way in which work is done. There can be a good performance or a poor one. But what is **performance measurement?** Neely et al. (1995: 86 - 146) defined it as the

process of quantifying the efficiency and effectiveness of an action or activity. The purpose of performance measurement is to find out whether things are going the right way and, if not, to find what were the causes that generated a poor performance. After this step, there have to be found solutions for improving performance. There are several reasons for measuring performance: for improving performance, for avoiding inconveniences before it's too late, for monitoring customer relations, for process and cost control and for maintaining quality (Ackerman, 2003: 1). The main instruments for assessing performance are performance indicators, also named key performance indicators. They are specific characteristics of the process which are measured in order to describe if the process is realised according to pre-established standards. The best way to use indicators is to compare process values with normal, standard values. If there are poor results, poor performance, in reality, improvements for the process have to be made. Indicators are used basically for comparison with expected values. They are the control system of the studied process. In our case, setting an indicator system for warehousing activity is the key for performance improvements, as it shall be presented in our example. We present here some key *indicators that are used around the world to measure warehouse performance*:

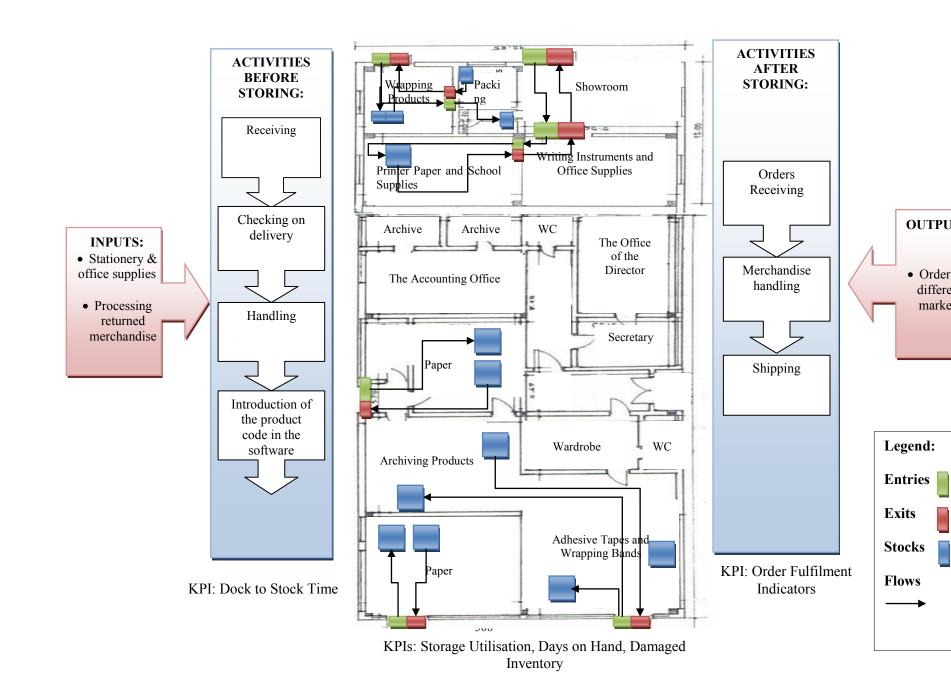
- Colson and Dorigo (2004: 332-349) present a software tool which allows selecting public warehouses according to the following criteria: storage surface and volume; dangerous items; possibility for temperature control; separation of storage areas; geographical distance to highway connection, train, waterways; certification; opening hours; assistance with customs; use of technology; handling equipment; number and characteristics of docks etc;
- Krauth et al. (2005: 5-6) classify around 130 indicators used for assessing warehouse performance, such as storage surface, storage volume, storage racks, number and characteristics of docks, pallets per hour, pallets per square meter, opening hours, and assistance with customs;
- Last but not least, John M. Hill (2007: 20-23) uses three types of indicators: order fulfilment, inventory management and warehouse performance. Some of the indicators proposed by John M. Hill are relevant for S.C. TUDOR S.R.L. activity, so we have decided to use them.

3. CASE STUDY

3.1. SHORT PRESENTATION OF THE COMPANY

S.C. TUDOR S.R.L. was opened in Bistriţa in 1992 as a family company with three associates. Until 1997, the firm functioned sporadically, producing and selling knitwear. In 1997, the firm changed its field of activity into wholesale and retail of stationery, office supplies, consumables and wrapping products. Nowadays, the company has three shops and two warehouses – one rented and one owned by the enterprise. S.C. TUDOR S.R.L. has 30 suppliers and about 500 customers. In 2008, the firm had a turnover of 4.850.710 lei, being the leading firm selling stationery and office supplies from Bistrita-Năsăud district in the last four years.

The warehouse owned by the company is located in Bistriţa and was acquired in 2003. The location of the warehouse was chosen for the following reasons: it is placed near the trucks route, there is an easy access to the facility, and it has a parking area for the cars of the firm.



The building has 467 square meters; it has few rooms for storing the products (on shelves or on pallets), and offices for the whole firm.

3.2. WAREHOUSE DESCRIPTION

For describing the warehouse we have performed a process mapping. It is a useful way for depicting all operations that take place in the warehouse. On the bottom of the map, we also provide the indicators to show at what operations of warehousing they refer. The warehouse has three zones: the first one (the bottom of the map) has three rooms for storing products: one for adhesive tapes and wrapping bands, one for paper and one for archiving products; a toilet and a wardrobe; the central zone of the warehouse - a room for storing paper, a delivery area, the offices, two archives and a toilet; the last zone (the upper part of the map) - a room for printer paper and school supplies, one for writing instruments and office supplies, two for wrapping materials, and a showroom. The warehouse stores about 1700 different types of products. You can check the process map in the figure above.

3.3. USING PERFORMANCE INDICATORS

We shall use for performance improvement the performance indicators we have described above in the literature review area. The purpose is to identify the poor performance inside the warehouse. As we mentioned above, we are using John M. Hill's indicators to assess the performance of the warehouse, grouped into three categories: "Inventory Management", "Warehouse Performance" and "Order Fulfilment" (2007: 20-22). The values written in green indicate that the operation is going smoothly and red means that there are problems. The indicators followed by "min." should be as small as possible and the ones with "max." should have values as high as possible.

Table 1. Inventory Management

MEASURE	CALCULATION	VALUE
Damaged Inventory (min.)	Total Damage (lei) / Inventory Value	0.4 %
Days on Hand (min.)	Avg. Month Inventory (lei) / Avg. Daily	41 days
	Sales/Month	
Storage Utilisation (max.)	Avg. Occupied Sq. m. / Total Storage	80 %
	Capacity	
Dock to Stock Time (min.)	Total Dock to Stock Hrs. / Total Receipts	0.75 hours (45 minutes)

Table 2. Warehouse Performance Indicators

MEASURE	CALCULATION	VALUE
Orders per Hour (max.)	Orders Picked or Packed / Total Warehouse Labour	
F ()	Hrs	4 orders/hour
Items per Hour (max.)	Items Picked/Packed / Total Warehouse Labour Hrs	
		80 – 100 items/hour
Cost Ondon (min.)	Total Warehouse Cost / Total Orders Shipped	
Cost per Order (min.)		5.042 %
Cast as 0/ afficient (min.)	Total Warehouse Cost / Overall Sales	
Cost as % of Sales (min.)		2.08 %

Table 3. Order Fulfilment Indicators

MEASURE	CALCULATION	VALUE
On-Time Delivery (max.)	Orders On-Time / Total Orders Shipped	98 % on-time deliveries
Order Fill Rate (max.)	Orders Filled Complete / Total Orders Shipped	98 % complete deliveries
Order Accuracy (max.)	Error-Free Orders / Total Orders Shipped	98 % deliveries are error-free
Order Cycle Time (min.)	Actual Ship Date – Customer Order Date	1 – 48 hours
Perfect Order Completion (max.)	Perfect Deliveries / Total Orders Shipped	99.8 % of the orders are perfect

3.4. PROBLEMS AND CAUSES

Taking into account the red values from performance indicators and also the warehouse process map, we have identified several problems regarding warehousing, related to space usage (based mostly on process map), inventory management, warehouse performance and order fulfilment (performance indicators), that are presented in the next table:

Table 4. Problems and Causes

CATEGORY	PROBLEMS	CAUSES
1. SPACE	- only 59.83% of the surface allocated to the	- the building had a different use before (it was a
	storing of goods;	bakery facility).
	- excessive division of the space.	- the building had a different use before (it was a
		bakery facility).
2. INVENTORY MANAGEMENT	- a too high value of Days in Hand (41 days);	- the contracts with the suppliers aren't negotiated; the costs with the immobilisation of inventories aren't evaluated.
	- a too high value of Dock to Stock Time (0.75	- the firm doesn't use barcode readers and a

		hours).	barcode software.
3. W PERFORMANCE	VAREHOUSE	- a too small value of Orders per Hour;	- the excessive division of space; the firm doesn't use barcode readers and a barcode software.
		- a too small value of Items per Hour.	- the excessive division of space; the firm doesn't use barcode readers and a barcode software.
4. ORDER FULFILM	ENT	- the superior limit of Order Cycle Time is too high.	- the goods arrive late from the suppliers; the firm doesn't use barcode readers and a barcode software.

3.5. SOLUTIONS

3.5.1. Space

The main problem of the warehouse is the poor utilisation of space. It can be solved by breaking some walls so that to have only a room for storing the merchandise. One of the archives, the two halls and one of the toilets should be eliminated. The offices of the firm should be moved on one side of the warehouse, so that access to goods be direct. The current Office of the Director should be divided in two halves: one used by the director and the other by the accountant and moved on the left side of the warehouse. These modifications would result in a gain of 55.83 sq.m. There should be two main docks in the warehouse: one for receiving the products and one for delivering them. They should be situated on opposite sides of the warehouse. In this way, there will be a better access to all the products. Before making these modifications, the opinion of a construction engineer should be taken into account. Another solution is related to the fact that there are multiple flows which intersect each other. One solution which would improve space utilisation is a new design of flows inside the warehouse – it looks like possible to establish one different entry and one different exit for each stored product category.

3.5.2. Inventory Management

"Dock to Stock Time" can be reduced by introducing portable barcode readers and a barcode software. The time for entering the products or for preparing them for delivery will be shortened also by solving the problem related to space. "Days on Hand" indicator will have a lower value if contracts with suppliers are renegotiated and if are kept only the ones who are able to deliver products fast. The firm should also use an ABC analysis in order to know what products to place near the exit dock.

3.5.3. Warehouse Performance

The problems related to warehouse performance can be solved by improving the space utilisation and by introducing portable barcode readers. We recommend a performance indicators continuous monitoring, in order to observe the improvements while they appear.

3.5.4. Order Fulfilment

Delivery problems can be solved by collaborating with suppliers that have the possibility to deliver merchandise fast or by investing in cars, and all that results from this investment (hiring a driver).

These solutions could be implemented, in our opinion, in about 3 months, and this is because the whole architecture of the building has to be changed. These solutions support the short and long-term objectives of S.C. TUDOR S.R.L.

4. CONCLUSIONS

The main solutions we propose in this article regarding warehouse management are performance indicators and process mapping. These two solutions complete each other. It is easier to establish key performance indicators for a warehouse after a process map was drawn, considering also other indicators used at international level. The process map is the helicopter view needed for establishing relevant performance indicators.

Performance indicators are useful for identifying the problems – red or abnormal values of the indicators are as a control system for a warehouse.

In order to solve the problems, we have used a very simple methodology: identify the causes of the problems and then try to diminish their impact or just eliminate the causes. It is a cause-effect approach, easy to be applied by any manager.

Warehouse performance measurement means, in our opinion, discovering the problems of the warehouse and solve them before is too late. It is a way to reduce costs by improving operations that take place in a warehouse, and having low costs is an essential feature of differentiating logistics firms. We applied the key performance indicators to a small company, but they can be calculated also for large firms. Even on a small scale, they helped us discover a lot of problems, out of which the poor utilisation of space was the essential one.

REFERENCES

- 1. Ackerman, K. (2003), "Why Audit Warehouses", Warehousing Forum, Vol. 18, No. 9, available on-line at http://www.warehousingforum.com/news/2003 08.pdf
- 2. Colson, G. & Dorigo, F. (2004), "A Public Warehouse Selection Support System", European Journal of Operational Research, Vol. 153, No. 2
- 3. Cushman & Wakefield (2008), European Distribution Report 2008, available on-line at http://www.cushwake.com/cwglobal/docviewer/EuropeanDistributionReport2008.pdf?id=c18100124p&repository Key=CoreRepository&itemDesc=document&cid=c15500119p&crep=Core&cdesc=binaryPubContent&Country=G LOBAL&Language=EN
- 4. Establish, Inc. (2008), CSCPM Annual Global Conference 2008. Logistics Cost and Service 2008, available online at http://www.establishinc.com/pdfs/2008 CSCMP Presentation.pdf
- 5. Hill, John M. (2007), Warehouse Performance Measurement, Esync, Chicago
- 6. Jones Lang LaSalle (2008), European Logistics Report. Trend & Prospects October 2008, available on-line at http://www.rakli.fi/attachements/2008-10-17T12-09-2286.pdf
- 7. Krauth, E., Moonen, H., Popova, V. & Schut, M. (2005), Performance Indicators in Logistics Service Provision and Warehouse Management A Literature Review and Framework, available on-line at http://www.cs.vu.nl/~schut/pubs/mcs-Krauth2005a.pdf
- 8. Neely, A. D., Gregory M. J. & Platts, K. W. (1995), "Performance Measurement System Design: A Literature Review and Research Agenda", International Journal of Operations and Production Management, Vol. 15, No. 4

PERSPECTIVE AND STRATEGIES IN AUTOMOTIVE INDUSTRY

Isac Nicoleta

University of Pitesti, Faculty of Economic Sciences Blv. Republicii no. 71, postal code 110014, Piteşti, Argeş nicoleta isac2004@yahoo.com 0722.25.34.33

Manole Victor

Bucharest Academy of Economic Studies Faculty of AgroFood and Environmental Economics victormanole@eam.ase.com 0722.32.97.33

In 2008, all that has changed. The momentum of optimism has been checked: companies are now confronted with a world gone into reverse, where growth is highly uncertain and where prices and financial conditions are highly volatile. This change is visible in many areas. It is visible in lower expectations for revenues and profitability, higher expectations of bankruptcy, and more pessimism on the speed at which the industry can adapt to challenging conditions. More companies expect overcapacity to emerge in key regions, and that sales and production growth will fall in emerging markets in particular.

Key words: quality, management, automotive industry, crisis

Cod Jel: L 16, L 62

According to the Economist Intelligence Unit (EIU), global passenger car sales are expected to rise at an annual average of 4.0 percent during 2008 – 12 (reaching approximately 67 million units in 2012), a slight improvement on the 3.4 percent rate recorded during 2003 – 07. The increase will be driven by demand in China and India. However, automobile sales in the developed world will remain disap-pointing.2 According to a global automotive outlook survey conducted by Dykema in 2008, approximately 98 percent of participants suggested that in 2008, pas-senger vehicle sales will drop below 16 million units in the US.3 According to Carlos Gomes of Scotiabank Group, approximately 13.7 million passenger cars will be sold in the US during 2008.4 Figure 2 presents the forecast for passenger car sales across geographies in 2012 and the compound annual growth rate (CAGR) for the period 2007 – 12.

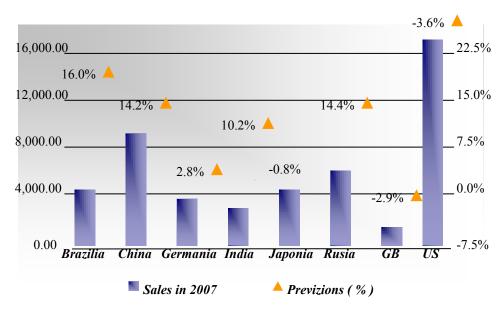


Figure 1: Forecast for passenger vehicle sales in 2012 and the CAGR for 2007 – 12 Source: World Data, The Economist Intelligence Unit, 2008

It is clear that the near future is going to be very tough for the automotive industry, also shows that long-term many companies are well aware of the concerns have not greatly changed but on long-term trends, opportunities and challenges, companies continue to say they retain a long-term focus on innovation and technology – particularly fuel technologies.

The 2009 Survey suggests that innovation and technology are likely to be at the heart of industry efforts to recapture profitability in the coming months and years. For example, innovation – especially process innovation – is still seen by companies as the best way to cut costs, rather than attacking direct overheads. Companies also believe that product innovation will be key to rebuilding sales: it is notable that despite the fall in energy costs during the last few months, expectations of sales of hybrid and other fuel-efficient vehicles continue to rise sharply compared with previous years.

Still, the mood of the world's auto industry has reversed: after the relative optimism of 2007 with its expectations of a gradual return to stability and prosperity, expectations in 2008 have changed for the worse.

The most important issues for the industry overall – the question that reveals the relative weight of long-term concerns – in 2008, the deterioration of the global economy rose to second place (from fourth place in 2007). While traditional long-term concerns hold their place in the rankings of overall issues (product quality remains the most cited issue, for example) companies have been consistently forecasting a deterioration of overall global growth for the last four years, with concerns about the global economy rising year on year from 2005. However, the number of companies citing labor relations as important has fallen in 2008: just under half of companies rate labor relations as unimportant in 2008, compared with 59 percent in 2007. The number of companies rating labor relations as unimportant has also risen sharply from 9 percent in 2007 to 16 percent in 2008. This is consistent with the deterioration of confidence in other areas in 2008: while last year companies remained concerned about labor shortages – especially in the fastest expanding markets – in 2008, they appear to expect their key labor markets to loosen.

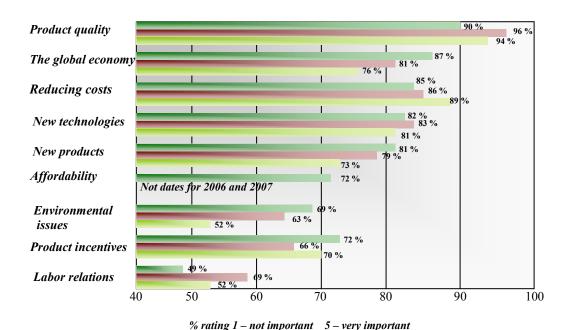


Figure 2. Haw important is each of the following issues to the current state of the auto industry Source: KPMG Global Auto Executive Survey 2009

When Companies were asked: which of these is the main business growth strategy for your company over the next five years? report that their growth strategies are more concentrated on winning new customers and new business in existing markets than on entering new markets. However, in interviews, companies stress that in many cases they are already active in new markets, and therefore count.

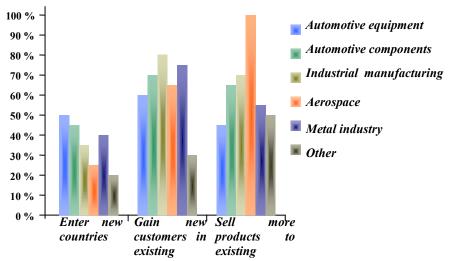


Figure 3. The main business growth strategy for company over the next five years Source: KPMG International 2008

Two issues dominate corporate concerns regarding sourcing from or manufacturing in low cost economies: cost and quality. Some companies surveyed also voice concerns about the challenges of managing through joint-venture approaches, but these are in the minority as most companies report that the manufacturing that they consider critical is almost always accomplished through wholly owned subsidiaries.

Many companies surveyed remained concerned about the achievement of quality in emerging market locations. However, companies with manufacturing operations in intermediate cost locations – such as economies on the European periphery – frequently report very positive results on both cost and quality. "We have more quality issues in high-cost countries than in low-cost countries," says one European industrial machinery maker. "We make all our critical components in places such as the Czech Republic and Portugal: we have low cost and the highest quality." And this company adds: "achieving quality from low-cost markets is entirely dependent on how long you have had to manage the issue".

Manufacturing in low-cost east Asia – especially China – is more problematic, although several companies argue that quality failings are often the fault of the manufacturer rather than the location. The CFO of one large east Asian auto components maker says that his company remains reluctant to commit to manufacturing in China on quality grounds: "quality is very important to a manufacturer in our business. We make things like brakes – these are critical components that lives depend on. We would do a lot more manufacturing in low-cost locations if we could be sure of the quality".

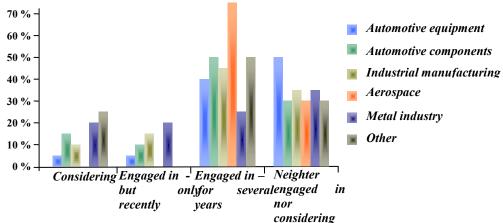


Figure 4. The importance of low-cost country sourcing for production

Source: KPMG International 2008

A large Indian auto parts maker with global auto customers adds that "on quality, we consider India to be as good as it can be. China is not so good, but training and investment will push that quality up. There is no doubt that quality is the biggest challenge in low-cost country sourcing, and getting and keeping the right skills is the next most difficult issue".

Almost without exception, companies report that productivity rather than direct labor cost is the key to profitable manufacturing operations in new markets. "Labor costs are not increasing," says a large Indian auto components maker with global customers. "The cost per person is increasing, but so is productivity – so overall there is no cost increase.

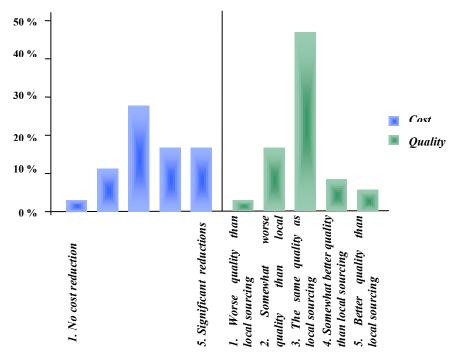


Figure 5. Significant low-cost country sourcing was in terms of cost and quality on a scale of 1 - 5 *Source:* KPMG International 2008

Conclusions:

The automotive sales outlook for key markets in 2008 is gloomy. In addition, with increasing commoditization of vehicles and very little to differentiate among them, the emphasis shifts towards a better retail strategy. In most of the major automo-tive markets, vehicles are sold mainly through franchised dealers. There has been a shift towards multi-brand dealerships in almost all the key automotive markets, which allows customers to test and compare various vehicles at the same loca-tion. Another major trend seen in the automotive retail industry is the consolidation of automotive dealerships. However, despite consolidation, global automotive markets remain fragmented with scope for further consolidation.

The automotive industry is cleary facing an unprecedend crisis, a crisis that companies fully expect will reshape the industry. But even amid crisis conditions, the long – term concerns of automotive companies remain strikingly stable: developing and leveraging technology in an era of gradual but inexorable shift away from oil dependence. One of the lessons of the 2009 survey ist hat companies thet manage that shift successfully are likely to be the industry leaders of the future.

Bibliography:

- 1. Achterholt U., Kimble B. New Markets cost, insight and opportunity, KPMG International
- 2. Achterholt U., Schmid R., Sheridan F., Becher D. Momentum: KPMG's Global Auto Executive Survey 2009, Industry concerns and expectations 2009 2013
- 3. Becher D., Issues Monitor Sharing Knowledge on the Automotive Industry, november 2008, vol.2
- 4. A rough road , The effects of today's financial crisis on the global automotive industry KPMG International

CLUSTERS - BENEFITS AND RISKS ROMANIA'S CASE

Jeleriu Daniela - Claudia

Romanian American University, Faculty of Internal and International Commercial and Financial-Banking Relations, 1B Expozitiei Blvd., Sector 1, Bucharest, e-mail: jeleriu daniela @yahoo.com, phone: 0724.269.966

A cluster is a geographical concentration of related and supportive industries which compete and cooperate with each other. A famous example of cluster is Silicon Valley in the USA, which concentrates a great part of the cybernetic industry in the USA. The cluster is made up of competitive firms in an industry, plus the supplying and the beneficiary firms, which make up the competitive environment in which the company functions and which benefit from the local infrastructure.

In what way does the existence of the cluster influence the competitiveness of the firm?

First of all, the related or supportive industries which make up the cluster stimulate the creation of the factors or the specialized mechanism of those which contribute to the improvement of the firm's competitiveness.

A concentration of domestic competitors encourages the creation of the new factors – local labour.

Keywords: cluster, competiveness, economic development.

JEL: M13,M16

Context marked by the intensification of interactions between nations, with direct implications on increasing competition, resulted in increased interest of the economic environment on ways of obtaining success in the market. Globalization has forced companies to be competitive, innovative and dynamic in order to pass the market test

Romania, country reminiscent of communism, difficult to overcome, adapts pretty ponderous to the new requirements of global markets, as in Western firms, the practice of capitalism is more easily applied. Getting forms without substance remains the approach of our country. The problems and solutions to increase the degree of competitiveness are valid on the whole Romanian economy

Competitiveness is applied not only on firms, as one might think, but also on nations, or newer regions. Just as competition between companies increases, all the same happens between nations and regions. Thus, creating a competitive environment will also depend on firms operating in that environment and the rules established by the state. On one companies struggle to gain market share as well, and therefore a higher profit, developing strategies and policies as appropriate which differentiate them from competition. On the other hand, the regions or nations have to struggle to get the competitive advantage to attract on their territory as many investments. The reasons why some nations or regions are more attractive to firms than other economic and fiscal policies of these countries are: the existence of adequate infrastructure and the low level of bureaucracy.

Romania must submit further effort to become a business environment attractive to investors. Moreover, our country must develop a well articulated strategy by which to achieve the final goal: getting a real competitive advantage based on innovation and without artificial support.

Clusters theory

Regional specialization and the tendency of firms with the same activity profile to crowd in a particular geographical area has been held by economists for a long time. The notion of national and regional specialization, which leads to higher productivity has been stated since the nineteenth century by David Ricardo. A century later, Alfred Marshall presents the causes leading to a higher productivity of industries, such as geographical proximity of firms, labor market specialization, the effects of propagating the knowledge or specialized suppliers.

Many current theories have introduced the concept of "market forces" which tends to focus investments in areas where they offer infrastructure, better access to market specific human capital, and lower risks.

Theory locating economic activities, known as the theory of clusters, launched by Michael E. Porter¹¹⁸, refers to the ways and the contributing factors of increasing "competitiveness at the local, national, regional and global market" and is, finally, a way in which a country may face fierce competition of the capitalist economy. This theory justifies the importance of locating, while factors of the development relating to climate and natural conditions, the fertile soil, proximity to geographical location help to the development of the cluster.

Porter's success with theory clusters is largely due to this theory's pragmatism, which is not only a purely theoretical debate, but is also conceived as a useful method for managers, governments, and economic development policy in today's stiff competition. Unlike similar theories, launched by geography, Porter's theory is like a "business strategy, focusing on the idea of productivity, competitiveness and performance. Porter's cluster comes as a solution for companies, but also for savings.

118 Michael E. Porter - Clusters and the New Economics of Competition Harvard Business Review, November-December 1998.

The word custer means to "gather in one place, the group after certain criteria" to get its definition of 'initiator' concept¹¹⁹ namely, cluster is "a geographical concentration of companies that compete but also cooperate, suppliers of goods and services and institutions which are associated with them."

The definition may seem a little unclear and too general, being criticized in this respect by specialists in geography, such as Ron Martin - Professor at the University of Cambridge and Peter Sunley University of Edinburgh. According to their idea of cluster, this is not just an invention of Porter's, but is a redescovery of Marshall's idea of the importance of geographical location in the business. This vague definition of the generic term is used intentionally, to cover a wide spectrum of groups and industrial specializations Cluster is, indeed, a theory approached by Marshall, but Porter's contribution is quite substantial. The concept itself means much more than theory agglomerations. As for the generality of the definition, it is due to existing diversity of clusters. Industrial clusters are agglomerations of companies with similar and interdependent activities, located in a geographic area, operating on a common market and having the same needs, technology and specialization of labor. Firms within clusters develop their comparative advantage in the immediate neighbourhood competitors using the skilled labour, specialized suppliers and, ultimately, the exchange of information between firms These agglomerations combine development needs of local / regional business with internationalization through Foreign Direct Investment - FDI, putting the value in local resources, know-how, labour force, traditional products and practices, information and network Public and Private Partnership (PPP).

This means to cluster firms in a given region, which results in further exchanges between them, favouring and improving communication and trust aiming to achieve efficiency and flexibility.

Clusters, in essence, assume the existence of interdependent firms whose collaboration is an important factor of competition and the necessary infrastructure and research centres to generate specific innovation in the field.

The latter produces infusion of money, which translates into the development of regional and national economy. Optional, clusters may include government institutions, NGO's or educational institutions.

The purpose of the cluster, besides reducing costs of the immediate neighbourhood companies involved, is to create competitive advantage for that specific location, employees, suppliers, infrastructure, research potential and innovation

Opinions on the factors that determine the performance of firms in industrial clusters are different. Most opinions support geographical proximity and intense networking between firms as essential elements in increasing performance. Firms present in competitive agglomerations are considered members of a collectivity which facilitates the diffusion of innovation (Abrahmson and Rosenkopf, 1993, and St. Pouder. John, 1996The effects of spillovers generated by firms most developed, leading to the emergence of a process of mimicry and imitation (mimetic isomorphism) of the cluster competitors (DiMaggio and Powell, 1983) and, consequently, enhance competitiveness.

Recently, however, a number of studies have brought to the scene a different opinion on the factors that decide innovation in a cluster. According to the authors of these studies, geographical proximity is not essential in determining innovation. Rather than this, the companies are part of an "elite society" formed in a selective process that has strengthened the position of certain companies to the detriment of others. According to these authors, there is a relationship between the intensity of interactions within small businesses and the higher degree of innovation of the first firm.

Benefits and risks of clusters

Main benefits identified after adoption of the model clusters are in organizational productivity, regional specificity and increased mobility of information.

Productivity, along with increasing wage levels of employees, are considered the main causes for which there is increased interest for the formation of clusters. Opinions on the subject of "clusters" vary. Productivity achieved by firms within a cluster can only be verified through empirical study of each case. One such project, so difficult to achieve, is now run by Harvard Institute - Cluster Mapping.

Increased mobility of information published online, represents the third main benefit of clustering. It is well known that technology and innovation does not develop in isolated companies but in open environments, where interaction between individuals of different competent organizations appears. The latter, leads to constructive interaction asimilating existing knowledge and generating ideas, products and processes of production. Studies show that the exchange of ideas happens frequently, either directly through the association of member firms, for the purpose of research (Cooke 2004) or indirectly due to labor mobility between firms (Power and Lundmark 2004).

A region may become vulnerable if cluster owned portfolio is too concentrated. Moreover, the cluster can often be not only the answer to increasing the competitiveness of a region, bur also the source can come from elsewhere. Opinions on the ad-hoc formation of clusters, following the deliberate intervention of external forces (eg. local government), are controversial. The reason is that investment risk is high and the result is not predictable.

-

¹¹⁹ Michael E. Porter - Clusters and the New Economics of Competition Harvard Business Review, November-December 1998.

Cluster structure can also be the source of unfortunate events. For example, a cluster made up of small firms may be vulnerable to market disturbances, as clusters of platform anchor on the first firm like a hub and spoke. They may become vulnerable if the first firm goes bankrupt.

Clusters in Romania

A feature of developing economies is the tendency of concentrating economic activity around the capital or cities with great political influence. This happens either on purely objective grounds, or because of government intervention, aiming to concentrate competition around the capital.

Implementation of a "cluster policy" could be regarded as less feasible for countries in developing countries. Generally, clusters in transition economies are less powerful, often lacking FDI support and competition between companies is poor Among the differences between transition economies and developed countries, there is the transition from planned economy to a market economy, which means lack of experience in competition, lack of collaboration among institutions and lack of trust in government initiatives.

At this time, our economy is in the phase of comparative advantages such as those arising from the production of consumer goods from cheap labor and the less processed natural resources. These benefits are not only temporary and questionable, but they also have devastating consequences, in some cases.

If we view the development stages, according to Dunning and Narula, Romania is located somewhere in the stage two of development, which is dominated, on one hand, by the stage of easy production of goods, with processing that needs cheap labor, and, on the other hand, by the export of raw materials needed for processing standardized goods, of course in search of lower costs and increased efficiency.

In Central and Eastern Europe, according to OECD statistics in 2004, Romania is situated on the lowest level in terms of technological potential. This awareness has made between 2001 and 2004, industrial policy discourse to present clear concepts, in which competitiveness is the key word: "Under the new concept, the European industrial policy of the governments should have as fundamental objectives the increasing of competitiveness." Therefore, Romania should create competitive advantages with the positive effect of duration.

Nowadays, cluster formation in Romania is still poor. They are mostly only at the level of proto-clusters, lacking the mature clusters. Low potential competitive dynamics in the Romanian economy is reflected most directly in the connections between the competitive firms - the debut of clusters - which are found in the first stages of the production process or in final stages. Usually, the final stages, by their nature, need not to generate very large horizontal land vertical links, and do not propagate effects (spillover effects).

On one hand, the Romanian state has tried to promote the agglomeration of firms by public policies, giving rise to "public" clusters, which by law, have the status of industrial, scientific and technological parks. On the other hand, the clusters can be identified by means of statistical and quantitative analysis. Various studies and research projects have been identified several potential clusters in Romania.

The Applied Economics Group¹²⁰, in their study on the emerging clusters in our country, talk about clusters, such as IT in Bucharest, textile clusters in Timisoara or ceramic clusters in Alba Iulia. They have used different methods of study, which is why results have not coincided, and clusters identified were numerous and diverse.

Therefore, the issue of clusters in Romania remains, for now, an open one. Time will show which of these emerging clusters crosses the road to a mature cluster, present in developed countries. In my opinion, the transformation of proto-clusters into mature clusters can be achieved through mutual support and cooperation among the public, private and academic media.

References:

- 1. Asheim B. Localised Learning, Innovation and Regional Clusters. Cluster Policies Cluster Development. Age Mariussen Ed. Stockholm 2001;
- 2. Mariussen Oge Cluster policies cluster development? : a contribution to the analysis of the new learning economy. Stockholm, Nordregio, 2001;
- 3. Michael E. Porter Clusters and the New Economics of Competition Harvard Business Review, November-December 1998:
- 4. Michael E. Porter Location, Competition and Economic Development: Local Clusters in a Global Economy, Economic Development Quarterly 14, no. 1, February 2000;
- 5. *** www.cluster-research.org
- 6. *** www.clusterobservatory.eu
- 7. *** www.oecd.org/dataoecd/36/11/31798594.pdf, Prospects and challenges for cluster development.

¹²⁰ www.gea.org.ro/documente/ro/clustere/identificareclusteredragospislaru.pdf, accessed on 5.05.2009.

MANAGERIAL COMMUNICATION AND TIME MANAGEMENT – NECESSARY "WEAPONS" IN ACHIEVING SUCCESS

Jianu Elena

Universitatea din Pitesti Facultatea de Stiinte Economice Str Aleea Teilor, bl 2C, sc B, ap 2 Pitesti Email:ejianu@yahoo.com tel: 0723.201.399

Cioboata Roxana

Universitatea din Pitesti Facultatea de Relatii Internaionale Stefanesti, nr 156 B, str Gorgoiesti Email: roxanaeltra@yahoo.com tel : 0746.127.845

Managerial communication is a subdivision of interpersonal communication, a leadership tool with the help of which the manager exerts his specific attributions: planning, training, organization, coordination, control, evaluation. Due to the fact that the manager's attributions are varied and complex managerial communication becomes a real force, occupying a central place in the activity of any manager. Time management and managerial communication are correlated.

Time management can refer to all of the practices that individuals follow to make better use of their time. In conclusion, modern management places a special emphasis on communication and time management, as a vital component of the managerial system of any organization, either in the private sector (under the jurisdiction of private management) or in the public sector (private management).

Keywords: communication, management, time, system, organization;

Managerial communication is a subdivision of interhuman communication, a leadership tool with the help of which the manager exerts his specific attributions: planning, training, organization, coordination, control, evaluation¹²¹. As part of the leadership process (Henry Fayol added communication to planning, prevision, organization and command as one of the fundamental elements of management)¹²², through which the manager understands subordinates making himself understood to them, managerial communication is oriented not only towards the transmission of messages, but also towards changing mentalities and their psychological adaptation to the institution's objectives. Managerial communication represents an auxiliary to management, placing in circulation information about decision results, which return to the decision centre, thus making possible the action comming to terms with objectives and results with planning. The importance of communication in organizations is owed also to the complex character that this process has at this level. Thus, in every organizational framework there are numerous communication networks, that is groups of communication channels in specific configurations which all form the communicational system. That is why communications have a big role in the decisional frame, of amplifying relationships between group components, of consolidating their cohesion.

It is compulsory that every manager develops and promotes a policy based on communication which permits him the permanent adjustment of the structure and organizational system to the changing conditions inside and outside the organization. Moreover, through his role of negotiator, of promoter of the organizational policy and its transmitter, the manager has to put together and maintain an entire network of contacts with the organization's partners, for the realization of external policies and an informational network useful for the maintenance of internal politics. In conclusion, modern management places a special emphasis on communication, as a vital component of the managerial system of any organization, either in the private sector (under the jurisdiction of private management) or in the public sector (private management).

One of the important components of management is represented by the exchange of informations and messages between the manager of the organization and subordinates, as well as between employees with the same hierarchical level, with no management attributions. The particularities of managerial communication in comparison with the other existent communication types are generated by the aim, objectives and roles of this communication, by the frame and structure of organizations as well as by the context of the organizational culture. Similarly, managerial communication in any type of organization is subject to certain ethical norms which are part in the organizational culture, in the organizational policies and obviously, in the individual ethics of the manager. Sometimes communication is deficient because of a rigid system of communication. It has to be conceived as a

Sometimes communication is deficient because of a rigid system of communication. It has to be conceived as a dynamic organism, capable at any time to adapt to the information needs of employees. Managerial communication in any organization must inform correctly and efficiently vertically and horizontally. For this, in the managerial communication process there are certain communicational needs of any employee that need to be fulfiled:

- need to know professional knowledge necessary for accomplishing tasks or even the position;
- need to understand it is not enough to know how to do a certain thing, but also to know why it has to be done
- need to express themselves to bring your opinion to the knowledge of those in hierarchically superior positions Communication between manager and subordinate represents a key point in the vertical ascendent or descendent communication in organizations. This should also allow subordinates to ask questions about the roles of their work

_

¹²¹ HINTEA, Calin, Management strategic in administratia publica, Ed. Gewalt, Cluj-Napoca, 2000.

¹²² FAYOL, Henry, General and industrial management.

and to come up with suggestions about improvement. There are always communicational barriers in this communication, the most frequent being the status of the position and organizational stress.

The effect of the status is that the managers lays too little price on communication with their subordinates, because it creates the tendency to communicate to people with similar positions.

As a social and psychological element, especially an element of group psychology, there is a direct relation between the image that the collective staff and each of its members create about the manager and the degree to which they accept his authority. Subordinates want to feel their manager sensitive to their expectations and feelings, to their ideas and suggestions, to inspire trust and respect through his attitude and behavior.

Managerial communication has to focus on the realization of permanent managerial objectives, which have to be correlated with the functions of management: planning, organization, coordination, training, evaluation-control.

For understanding the place and role of communication at the level of each function, we must know the significance of these functions at a managerial level. This helps in deciphering the structural mechanisms of any organization.

- a) At the level of general management, planning or prevision function consists of work processes through which the main objectives of the company are determined, as well as the resources and main means necessary for their achievement. The role of this function is to establish what has to be accomplished, how, by what means, in what conditions and time. These objectives are realized through planning according to the criteria: detailiation, obligativity and horizon, prognosis, plans and programes. It is obvious that the base for making up these prognosis, plans and programs consists of a large process of data collection, documentation and processing information, a communicational process, actually. In a nutshell, communication represents an essential component of the planning function, without which this could not be applicable. At an internal as much as external level it is unconceivable to exert the planning function without a real communicational support. This is because only through communication plans and action policies can be done, information can be transmitted at hierarchical levels, and employees can be trained in decision-making, by encouraging to take part in this process within meetings and discussions.
- b) The second function, organization, designates the management processes through which physical and intellectual work processes and their components (movements, time, operations, work, sessions) are established and delimited, as well as their grouping in jobs, work formations, compartiments and their assignment to personnel, according to certain managerial, economic, technical and social criteria, with the aim of better realizing the objectives. The role of the organizing function is to accomplish objectives previously established by efficiently combining human, material, informational and financial resources, by a correct occupation of jobs, at the level of compartments and of the whole organization. We observe the double valence of the organizing function: we speak of organizing of the whole institution as well as of each department, direction, office, service. At the same time, the organizing function means communication, means building formal relationships of the internal and extarenal informational system, means receiving, soliciting and using feedback.
- c) The coordination function at the level of general management consists of "the work processes through which the decisions and actions of the staff and its subsystems are harmonized within the previsions and the organizatoric system previously established"¹²³. In the specialty literature, coordination is appreciated as being "a dynamic organization" thanks to the fact that:
- -the economic agent and the environment are undergoing continuous change which is impossible to reflect fully in foreseeings and in the organizatoric system;
- staff reactions demand a permanent feedback.

In organizations, coordination function focuses on the collaboration of activities and optimally allocated resources with the aim of realizing objectives. In order to ensure a good coordination it is essential to have an adequate communication at every level of management in an organization. This communication has to focus mainly the transmission of information, the whole perception of the message. In its turn, for communication to be efficient, it depends on a series of factors like:

- the quality of management (leadership style; the realism of objectives proposed through specific policies, the experience of managers, the concordance between their experience and the requirements of their positions);
- quality of the excutive apparatus (their experience, aptitudes, interest for problem solving, receptivity degree).

At the management level in an organization the coordination function takes two shapes according to the criteria of communication making:

- bilateral coordination based on communication of a linear type, realized between manager and subordinate for obtaining a feedback; this is time consuming;
- -Multilateral communication based on a communication of a network type, implying a large number of subordinates exchanging information with the manager; it is usually done in meetings.

Certain qualities are needed in order to be a good manager. Not all the people are made for this profession. The skills and qualities required are depending on managerial competence, which refers to the manager's capacity to

¹²³ NICOLAE, Tudorel, Comunicare organizationala si managementul situatiilor de criza, Ed. Ministerului Administratiei si Internelor, Bucuresti, 2006.

perform in his activities, not just do them. A competent manager must possess 3 types of skills: technical, conceptual and human. They refer to the manager's qualities to work with people and consist of being aware of one own's actions, perceptions and opinions, of seeing the utility and limits of one's own attitudes, emotions and feelings. There is a set of skills necessary for being named a good manager: double professionalization – reflected by the knowledge and qualities which emphasize the capacity to lead; the capacity of developing an efficient system of relationships, through which a positive favorable work climate is built; modelling one's own behaviour which would influence the subordinates' behaviour also and orient it towards performances; formal authority; creativity – necessary for delaing successfully with technological, social changes; resistance to pressing solicitations – decisional stress, deadlines, responsibility.

Some conclusions can be designed therefore: the manager is a professional, behavioural and attitudinal model for subordinates and partners; he develops his own leading style, in accordance with his personality, experience and preparation and with the precise situation in which he has to take action; the manager must never forget that he takes action on people and the results obtained are not only his, but of the entire team; by his behaviour, he has to encourage change and creativity¹²⁴.

We can affirm that in an organization, internal communication is influenced by a series of factors:

- a) organizational structure;
- b) the type of communication implemented;
- c) communicational barriers;
- d) the importance of informal communication;
- e) the manager-subordinate relationship;
- f) the climate of communication.
- g) time management

We live and work together, that is why we have to know our needs and interests mutually. Mutual knowledge is the base of our existence. Any professional group has a leader, any institutions, irrespective of its profile and mission, has a certain structure. The entire activity of an organization is developed by people, employed according to specific principles, work criteria, with certain professional roles, have a status and a statute. And precisely because it is developed by people, any organization is founded primarily and inevitably on the principle of communication, in all directions and in all the senses possible.

Time management is an esential component in the art of communication. If you want to be a good manager you have to know how to manage your time.

Time management is commonly defined as the management of time in order to make the most out of it. The management of our own activities, to make sure that they are accomplished within the available or allocated time, which is an unmanageable continuous resource"

You can't manage time, it just is. So "time management" is a mislabeled problem, which has little chance of being an effective approach. What you really manage is your activity during time, and defining outcomes and physical actions required is the core process required to manage what you do.

Time management can refer to all of the practices that individuals follow to make better use of their time, but such a definition could range over such diverse areas as the selection and use of personal electronic devices, time and motion study,[3] self-awareness, and indeed a great deal of self-help. As narrowly defined, it refers to principles and systems that individuals use to make conscious decisions about the activities that occupy their time.

Time management strategies are often associated with the recommendation to set goals. These goals are recorded and may be broken down into a project, an action plan, or a simple task list. For individual tasks or for goals, an importance rating may be established, deadlines may be set, and priorities assigned. This process results in a plan with a task list or a schedule or calendar of activities. Authors may recommend a daily, weekly, monthly or other planning periods, usually fixed, but sometimes variable. Different planning periods may be associated with different scope of planning or review. Authors may or may not emphasize reviews of performance against plan. Routine and recurring tasks may or may not be integrated into the time management plan and, if integrated, the integration can be accomplished in various ways. It is always good to write what you want to do. It increases your productivity manifolds. Further you never miss any important task. Remember " Even faintest ink is stronger than the strongest memory"

task list (also to-do list) is a list of tasks to be completed, such as chores or steps toward completing a project. It is an inventory tool that serves as an alternative to memory.

Task lists are used in self-management, grocery lists, business management, project management, and software development. It may involve more than one list.

Some people study in different ways so you are to find out how you are able to study and put that into action. Some people are able to understand their work if they can see it. Some need to touch and feel whatever is being spoken

_

¹²⁴ TRIPON Ciprian, Human Resources Management, suport de curs.

about in the book. Some people need to see what they are studying in order to understand what is coming out of the book.

Techniques for setting priorities

A technique that has been used in business management for a long time is the categorization of large data into groups. These groups are often marked A, B, and C—hence the name. Activities that are perceived as having highest priority are assigned an A, those with lowest priority are labeled C. ABC analysis can incorporate more than three groups. **POSEC METHOD**

POSEC is an acronym for Prioritize by Organizing, Streamlining, Economizing and Contributing.

The method dictates a template which emphasises an average individual's immediate sense of emotional and monetary security. It suggests that by attending to one's personal responsibilities first, an individual is better positioned to shoulder collective responsibilities.

Inherent in the acronym is a hierarchy of self-realization which mirrors Abraham Maslow's "Hierarchy of needs".

- 1. **Prioritize-**Your time and define your life by goals.
- 2. **Organizing-**Things you have to accomplish regularly to be successful. (Family and Finances)
- 3. **Streamlining-**Things you may not like to do, but must do. (Work and Chores)
- 4. **Economizing-**Things you should do or may even like to do, but they're not pressingly urgent. (Past-times and Socializing)
- 5. **Contributing-**By paying attention to the few remaining things that make a difference. (Social Obligations) Time management becomes a real force, occupying a central place in the activity of any manager. It is compulsory that every manager develops and promotes a policy based on communication which permits him the permanent adjustment of the structure and organizational system to the changing conditions inside and outside the organization.

Bibliography:

- 1. Nicolae, Tudorel, Comunicare organizationala si managementul situatiilor de criza, Ed. Ministerului Administratiei si Internelor, Bucuresti, 2006
- 2. Tripon Ciprian, Human Resources Management, 2000
- 3. Covey, Stephen (1994) First Things First
- 4. Fiore, Neil A (2006). The Now Habit: A Strategic Program for Overcoming Procrastination and Enjoying Guilt-Free Play. New York: Penguin Group. Forster, Mark (2006-07-20). Do It Tomorrow and Other Secrets of Time Management. Hodder & Stoughton Religious, 224. I
- 5. Lakein, Alan (1999). How to Get Control of Your Time and Your Life.. New York: P.H. Wyden.
- 6. Morgenstern, Julie (2004). Time Management from the Inside Out: The Foolproof System for Taking Control of Your Schedule--and Your Life, 2nd ed, New York: Henry Holt/Owl Books, 285.
- 6. Le Blanc, Raymond (2008). Achieving Objectives Made Easy! Practical goal setting tools & proven time management techniques.. Maarheeze: Cranendonck Coaching.
- 7. HINTEA, Calin, Strategic management in public administration, Publishing House Gewalt, Cluj-Napoca, 2000
- 8. Fayol, Henry, General and industrial management, 2000.

EMPLOYEES MOTIVATION THEORIES DEVELOPED AT AN INTERNATIONAL LEVEL

Lefter Viorel

Academy of Economic Studies of Bucharest Faculty of Management 6 Piata Romana, sector 1, Bucharest, Romania vlefter@ase.ro 021 319 19 00

Manolescu Aurel

Academy of Economic Studies of Bucharest Faculty of Management 6 Piata Romana, sector 1, Bucharest, Romania aurel manolescu@yahoo.com

Marinas Cristian Virgil

Academy of Economic Studies of Bucharest Faculty of Management 6 Piata Romana, sector 1, Bucharest, Romania Cristian_marinas@yahoo.com

Puia Ramona Stefania

Academy of Economic Studies of Bucharest Faculty of Management 6 Piata Romana, sector 1, Bucharest, Romania ramonapuia@gmail.com 0744 565 062

International specialized literature speaks about motivational strategies, about methods of increasing the employees' satisfaction at work and of obtaining the best results by increasing work motivation. But what does motivation really represent? Which are the most modern motivational theories? How do HR specialists choose to evaluate work satisfaction and the motivation degree of the employees? The purpose of the article is to make radiography of the main traditional motivational theories, but also the modern approaches related to motivation, sometimes contrary to the traditional opinions and evaluation techniques of employees' satisfaction at work applied in the EU.

Keywords: employees' motivation, evaluation of work satisfaction, The European Employee Index, human resource management.

JEL article code: M54: Labor Management.

Foreword

Certainly, motivation is one of the main factors that determine the work performance of employees. But what does motivation really represent? We may say that a person, man or woman, is motivated when he or she wants to do something. The reason does not represent the same thing as the stimulus. While a person could be enthusiastic about a stimulus, her main reason for achieving something could be the fear of failure, the desire to distinguish herself from the others, the wish of acquiring knowledge, etc. The motivation of a person covers all the reasons for which he choses to act in a certain manner (Adair, 2006).

Professor Frederick Herzberg dichotomized, suggesting that the factors which make people experience satisfaction in their work situations are not the opposite of the factors inducing work dissatisfaction. The dissatisfaction is determined by deficiencies in the work environment and the context of the job; work satisfaction depends of the content of the work and the career opportunities, the accomplishments, the recognition and the personal growth.

International motivation theories

The most influent theory in the specialized literature is the theory of **Maslow's Hierarchy of Needs**. Maslow published in 1954 a volume of articles and papers made during 13 years of research, under the name "Motivation and personality". "A theory of motivation" appears in chapter 5 and classifies people needs in 5 well-known categories: physiological needs, needs of security and safety, social needs (sense of belonging), needs of self-esteem and the needs of self-actualization.

Through this theory, Maslow mentioned that, when an inferior rank need is satisfied (for example, assuring food, clothing, the need of breathing, etc), the next level need becomes dominant, and the attention of the person is dedicated to the accomplishment of this higher rank need. The need of self-actualization can never be satisfied; Maslow mentions in this sense that "man is a perpetually wanting animal" and only an unsatisfied need can motivate the behaviour, the dominant need being the primary factor for behaviour motivation. During the evolution of needs towards the top of the hierarchy of needs, there is also a psychological evolution, but it doesn't happen necessarily as a direct progression. The inferior rank needs continue to exist, even if temporarily in a latency state as motivation factors, and people constantly come back to previously satisfied needs.

Maslow's theory has had a great influence over the organizations, but it was also very criticized, especially for its rigidity, because people are different and have different priorities. Even Maslow mentioned that it is hard to accept that people's needs advance progressively and constantly towards the top of the pyramid, in a very orderly manner. Another motivation theory is **Frederick Herzberg's Two Factors Theory**. He made an investigation about the sources of professional satisfaction and dissatisfaction for accountants and engineers. Hertzberg ascertained that their statements about the good periods were mostly related to content elements of the professional activity, especially professional acknowledgement, achievements, promotions, responsibilities and the nature of work itself.

The frustrations of the interviewees were frequently related to the context of their work: the company policy, the management, the surveillance system, the salary, the work conditions.

Hertzberg considers that motivation and the increase of work performance can be only obtained through the action of the motivational factors, which directly reflect the content of the executed work by the employee on his position. The contextual factors represent only the conditions necessary for the execution of work processes.

This theory was often criticized, especially because it does not make any evaluation of the relation between satisfaction and performance. Many critics also suggested that Hertzberg drew deductive conclusions, with general incidence, unjustified by the utilization of significant interviewees.

Douglas McGregor developed one of the best known motivational theories, **Theory X and Theory Y**. In the process of work, McGregor separate employees in two categories. Employees that align to the X theory are predisposed to negligence, by avoiding work as much as possible, by lacking ambition and avoiding responsibilities. Considered a medium level person, the X employee is indifferent to the needs of the company that he belongs to, and has certain inertia towards change, by resisting it. In consequence, at the workplace, the X employee must be forced, threatened with punishments, permanently controlled and penalized in order to be determined to make the efforts necessary to attain the company objectives. According to the Y theory, the employees consider it normal to make physical and intellectual efforts at work, by voluntarily taking upon themselves different assignments and responsibilities and by being motivated by the associated rewards. The Y employee must not be forced by different means to obtain performance, because he is motivated by the content of his work. McGregor's view can, of course, be considered simplistic, because external and internal factors can often decisively influence his work performance.

Along with those three content theories, there are also different process theories. If in the content theories the accent is on the specific factors that motivate the employees regarding certain necessities and aspirations, in the process theories the accent is laid on the processes, on the psychological forces that have an effect on motivation. They start from the premise that motivation begins with the wish of doing something, generating expectations. The process or cognitive theories are more useful to the managers than the content theories because they offer more realistic principles regarding the motivation techniques. The best known process theories are: the expectancy theory, the goal setting theory and the equity theory.

The expectancy theory, also named the VIE theory was initially elaborated by **Vroom** (1964) and then developed by **Porter and Lawler** (1968). This theory establishes a connection between the employees' motivation and the certitude of their expectancies. The motivation is possible only when there is a clear relation between the work performance and its results and the results are means to satisfy a certain need.

The goal setting theory, developed by Lotham and Locke (1979) states that the level of motivation and performance is higher when the individual has specific objectives established and when these objectives, even with a high level of difficulty, are accepted and are offered a performance feedback. The human resources specialists have an important role to play in establishing organisational objectives. The employees must participate in the process of goal setting in order to obtain their approval when setting higher and higher targets and the human resources people can help them to understand the consequences of these targets over their entire activity. Feedback is also vital to maintain employees motivation, especially when targeting even higher objectives.

The equity theory speaks about the people perceptions regarding the way they are treated in comparison with others. Actually, the theory states that the people are higher motivated when they are fairly treated and less motivated when there is no equity between employees. This theory only explains one of the features of the motivational process, but an important one at an ethic and moral level.

The theory of group personality and group needs is a recently debated theory. In the last years the team work and the project based work developed rapidly across worldwide organisations. Their advantages are definitely known and were proved in the business practice. Though, we must ask ourselves which are the actions that motivates the entire team and not only some of the individuals in the team.

Adair (2006) brings some new issues in the theory of group personality and group need. He developed the idea that working groups resemble individuals in that although they are always unique, developing its own group personality, yet they share, as do individuals, certain common needs. There were identified three areas of needs present in such groups. Two of these are the properties of the group as a whole, namely: the need to accomplish the common tasks and the need to be maintained as a cohesive social unity, called by Adair "the team maintenance need". The third area of needs is constituted by the sum of the individual needs of group members: physical needs, social needs, intellectual and spiritual needs, which can be accomplished or not by participating to group activities.

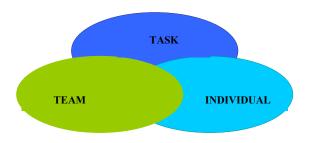


Figure 1. Interaction of needs (Adair, 2006)

As we can observe in the upper figure, that the three types of needs interact and influence one another inside the group. For example, if a group fails to achieve a specific goal, this will intensify the disintegrative tendencies present in the group and produce a diminished satisfaction for its individual members. Though, if there is a lack of harmonious relationships in the group this will affect performance on the job and also individual needs. On the other side, the achievements of the team build a sense of group identity and close the psychological gaps between team members, automatically rising their morale. An individual whose needs are recognised and who feels that he or she can make a significant and worthwhile contribution both to the task and the group will tend to perform in both these areas.

Adair (2006) developed a **new theory of motivation** also named **The Fifty – Fifty Rule.** Its fundament is the intersection of the three circles. Adair took into consideration the Pareto Principle and suggested that a similar principle is at work in the field of motivation. Its theory does not claim to identify the exactly fifty proportions in the equation. It only says that a substantial part of motivation lies within a person while a substantial part lies outside and beyond its control.

From many perspectives this theory is contrary to the general theories developed by Maslow and Herzberg. They put into light only the intrinsic and extrinsic motivation of an individual. The Fifty – Fifty rule enlarges the motivation understanding and suggests that 50 per cent of our motivation lies without us. Of course, this does not mean that it is pointless to study the very much known theories. The two researchers contribution lies in the fact that they map out the internal needs and motivations of an individual, many times accomplished through work. Maslow's sketchmap is more general and more original. Herzberg continued and applied Maslow's theory into practice. He dichotomized the human needs into satisfiers and dissatisfiers, or motivational and hygiene factors. The Fifty – Fifty rule covers both perspectives: the internal perspective of an individual and its inner motivational factors and also the external perspective, when the employee motivation is influenced by others and the instant circumstances. "When someone is motivating you, he or she is consciously or unconsciously seeking to change the strength and the direction of your motive energy" (Adair, 2006).

The European Employee Index

The European Employee Index was developed by some human resources specialists in the northern European countries (Sweden, Denmark, Norway). The research and the developing of the model were based on annual questionnaires conducted in more than 20 countries which offered the best international benchmark. Accordingly to this model, the employees' motivation, their job satisfaction and sense of loyalty are the result of a large number of factors directly related to the employees' perception of job and work environment. In the European Employee Index, these factors were gathered into seven dimensions, levers that the company and the individual manager can pull in order to improve motivation.

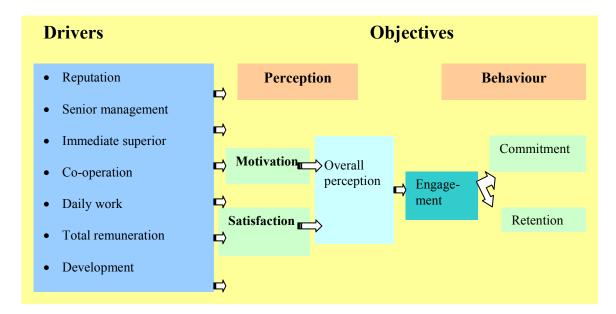


Figure 2. The European Employee Index Model¹²⁵

Reputation is the employees' perception of the general knowledge of the organisation and how this is perceived externally, both as a workplace, as a player in society and in relation to the products that the organisation delivers. Senior management is the perception of the general direction of the organisation and the people in charge.

Immediate superior is the quality of the management and support offered by formal immediate superiors as perceived by the individual employee in the daily work and which is reflected in an assessment of the qualifications of these superiors.

Cooperation is the quality of the interaction between people in the organisation – in relation to the performance of a specific task, the general sense of community and atmosphere as well as the social interaction with colleagues both in and outside the workplace.

Daily work is the employees' general perception of the specific content of their daily activities in the workplace and the working conditions related to the performance of these activities.

Total remuneration is the employees' perception of all the elements involved in the compensation that they receive for performing their job.

Development is the employees' perception of the individual acquisition of competences (both professional and personal) which takes place in connection with the employment in the company. Competences can be acquired in connection with formal education, courses, on-the-job training, everyday challenges and feedback from managers.

The last study conducted in 2008 shows no change in the top two countries that have the highest motivation and satisfaction: Denmark and India, two very different countries. For every country, a different driver was found to be the most important, definitely influenced by the cultural features. For instance, senior management is especially important for employees in Ireland, the United States and Japan. Immediate superior is important in United Kingdom and Japan, while co-operation means a lot for the employees in Netherlands. In the Czech Republic and Russia remuneration plays the most important role. The study also brings into light the fact that, no matter the country, the development of human resources and the daily activity are very important factors for increasing employees' satisfaction.

References

1. Adair, J. (2006), Leadership and motivation. The fifty-fifty rule and the eight key principles of motivating others, Kogan Page, London and Philadelphia.

- 2. Armstrong, M (2001), Managementul resurselor umane, Editura Codecs, Bucharest.
- 3. Eskildsen, J. K., Kristensen, K., (2003), Work motivation and job satisfaction in the Nordic countries, Employee Relations, Vol. 26, No.2, pg. 122-136.
- 4. Nicolescu O., Verboncu I., (2008), Fundamentele managementului organizației, Editura Universitară, Bucharest.
- 5. Robinson, D.G., Robinson J.C., (2005), Strategic Business Partner A critical role for human resources professionals. Aligning people strategies with business goals, Berret-Koehler Publishers, Inc., San Francisco, California.

¹²⁵ http://www.ennovaconsulting.com/Employee-surveys-318.aspx

- 6. www.oecd.org, (2004), Human Resources Management Working Party Trends in human resources management policies in OECD countries. An analysis of the results of the OECD survey on strategic human resources management, octombrie 2004.
- 7. http://www.ennovaconsulting.com/Default.aspx?ID=363

A SUCCESSFUL SALESMAN FEATURES: FROM NEEDED TALENTS TO A GENERIC MODEL OF COMPETENCE

Lukacs Edit

"Dunarea de Jos" University of Galati Faculty of Economic Science Balcescu Street, No. 59-61, Galati, 800001 elukacs@ugal.ro

David Sofia

"Dunarea de Jos" University of Galati Faculty of Economic Science Balcescu Street, No. 59-61, Galati, 800001 sofia.david@ugal.ro

Nicolai Maria

"Dunarea de Jos" University of Galati Faculty of Economic Science Balcescu Street, No. 59-61, Galati, 800001 nicolaimaria9@yahoo.com

It is very important to know the needed features of a successful salesman in order to recruit and select the most suitable persons for such a job. If the native talents are imperative in a view of getting high performance, then qualification, experience and knowledge also have an important role. They are an intensifier of individual talents in order to develop them and convert them in competence. In this paper we intend to refer to the employment of a salesman that belongs to the commercial domain. The present paper tries to identify the needed features of a salesman for accomplishing high performance.

Keywords: talent, competence, high performance, salesman

The article's JEL code: M50

1. Salesman: the multiple facets of an employment

According to an old saying, "every one earns his existence selling something". If we take into consideration the fact that most of us are employed, earning a salary and at a certain time we were in the position of being a salesman of our own abilities, the above approach doesn't seem to exaggerate.

In order to be able to delineate the area of the present issue, we started from the definitions and the descriptions of this occupation, which shows us which are the attributions and the responsibilities that are required, and then we focused to the necessary talents and competences for being able to practice successfully in such position.

A concise definition of a salesman is given in Wikipedia Encyclopedia, according which a salesperson is a person employed to sale different products or services. 126

According to Robert N. McMurry, the salesman term covers a wide range of functions, where there are more differences than similarities. Thus, a salesman can belong to one of these categories:

- Supplier, having as a main responsibility the delivery of products.
- Receptor, with the responsibility of taking over the orders for products.
- Missionary, when the salesman visits the clients to consolidate the company reputation that he represents.
- Engineer, a position that emphasizes the salesman's technical knowledge.
- *Demand creator*, position that requires presentation in a creative way of tangible and intangible products, in order to market them. ¹²⁷

This list encompasses positions from the sales department, requiring often different creativity degrees, starting from lower levels to higher ones. The first ones require the employees to offer services to the clients and to take over their new orders, while the latter ones pretend that the potential clients should be searched and influenced to buy.

According to the employment standard of a salesman, developed by COSA (Council of Occupational Standards and Certification), his responsibilities are the market prospectation to be able to identify the main sales opportunities, the negotiation of the sale conditions with potential buyers, creating the sale conditions and the exposition of sale object, monitoring the clients and their satisfaction, and also ensuring service and merchandising activities. ¹²⁸

In order to accomplish successfully the activity, the salesman must have some competences such as interactive communication, team-working, daily individual activities planning, promoting firm image, professional development, selling specific products, merchandising, negotiation and others.

Although there is a wide opinion, according to which everyone can be a salesman anywhere, the practice reveals that it is totally unrealistic.

Not every person is able to sell because the constant success in salesman career requires some born talents.

2. Sales myths

¹²⁶ http://ro.wikipedia.org/wiki/Agent-de-vânzări

¹²⁷ McMurry, R., The Mystique of Super – Salesmanship, Harvard Business Review, după Kotler, Ph., Managementul marketingului, Editura Teora, București, p. 873.

¹²⁸ http://cnfpa.ro

There are some prejudgments about the sales efficiency. They are wrong beliefs regarding the determinants of the success, like the following myths.

The educational and the experience myth promote the idea that graduated courses and experience years influence miraculously the performance in the sales field. Even if their important role can't be denied, the Gallup's researches have emphasized that not the postgraduate degrees and longevity on the job make the difference between an excellent salesman and a medium one, but talents developed in a proper job.

The "good salesman can sell everything" myth leads us to the aggressive sales. The sale doesn't consist only in the drawing on customers and determining them to buy something they are not interested in. It is a process that a salesman develops for the client or with the client in order to discover their needs and desires. ¹²⁹ This myth may also have another interpretation. We can see that if a salesman was efficient in a company selling some products, he will have the same success in another company, selling other products. In reality, there are considerable differences regarding style and the necessary abilities for a real estate salesman and a pharmaceutics products salesman.

The money myth asserts the idea that the salesmen's main motivation is to get important earnings. But the researches show that different salesmen have different motivations. Some of them are often animated by their desire of being important or their competition spirit; others have a feeling of accomplishment when they succeed to save a company in difficult financial situation.

People need certain skills in order to be successful in a profession. In the sales field, these refer to the ability of solving clients' problems, of establishing lucrative social relationships, of having influence on others, the ability of planning the job in order to keep engagements to the clients.

3. The required talents of salesmen

The dictionary of psychology defines the talent as being a special ability in a field, like engineering, science, art and so on. Relying on some natural maximal dispositions of the organism, the talent is an aptitude, a natural or gained superiority of doing something. The talent emerges early, develops mostly up to 20 and often has longevity. ¹³⁰

To define the talent in the sales field is ineffable because this talent doesn't exist as such. More precisely, there isn't just one talent in this field. The native talents of the great salesmen may be totally different from person to person.

In a developed research relying on thousands interviews of sales department representatives, the Gallup organization's goal was to identify the features and the talents of the greatest salesmen of different companies in order to help them to hire only the individuals who could become "stars".

The Gallup researchers found out that these talents may be grouped in zones, that we called *themes*. A theme is a grouping of features and talents that together become an individual's strength establishing a certain approach of his work.

After a fine analysis of the data base, thirty-four themes have been selected and widely described in a Benson Smith and Tony Rutigliano's book. 131

These talent zones are presented using examples of specific features and behaviors as following:

Activator. He is anxious to action; doesn't need all information at once; believe that action is the best way to learn; always brings new ideas; has no patience with long meetings.

Adaptability. Although has plans, he shows availability for solving present problems; a very flexible person, which can be efficient when he is called on different actions at once.

Analytical. He considers himself as an objective and impartial person; has many information for making decisions; deeply researches until he find the determinant cause of a problem. A logical and compelling person.

Competition. He is naturally aware of others' competences; makes comparisons between him and others; likes the competitions where he can get the first place.

Communication. He likes to explain, describe, to be a host, to speak in public, to write; is able to animate with images and metaphors the simplest idea; wants the information sent by him to be retained.

Leadership. He likes to take control and impose his point of view; isn't afraid of confrontations, but, on the contrary, considers it as the first step of solving a problem; feels that he must present the facts and the truth no matter how disagreeable are; makes the others to take risks as soon as a goal was established, he will be restless until everyone around him will be mobilized.

Discipline. Because he likes everything around to be organized and planned, he establishes naturally rules and a structure for the surrounding environment. He focuses on scheduled activities and deadlines. He doesn't like surprises and is impatient with mistakes.

_

¹²⁹ http://www.wall-street.ro/articol/Management/6234/Mituri-despre-vânzări

¹³⁰ Șchiopu, U., Dicționar de psihologie, Editura Babel, București, 1997, p. 682.

¹³¹ Smith, B., Rutigliano, T, quoted paper.

Empathy. He can feel the others' emotions like his own feelings. He doesn't necessary agree with the others' opinions, but he understands them. When other people cannot express themselves, he easily finds the right words and tone.

Organizing. When he faces a complex situation that involves a lot of factors, he likes to analyze again and again, aligning and realigning until he is sure they are the most efficiently hierarchical distributed. He is able to assume the responsibility of some big projects and to simplify them.

Accomplisher. The individual feels that everyday, until the end of the day, must accomplish something tangible in a view of feeling well. In his soul is burning a flame that makes him to aim always more. It is the energy source for working all day without feeling tired.

Responsibility. This individual needs to recognize "the psychological paternity" for any action where is involved and, no matter important or not important, he feels obliged to accomplish the task. He has a strong consciousness and is guide by unimpeachable ethical values.

All the thirty-four themes of the above research were found at the interviewed salesmen, but none of them had the same talents. Most people have some themes, not many, which are more intense than others'. These are the definitive themes or the ruling talent zones. But, consequently everyone has themes with medium intensity and hardly observable themes.

For salesmen, being aware of the definitive themes means the ability of finding the best approach of their jobs. This kind of knowledge can help them to improve a sales style, where they can use constantly their natural talents.

4. A generic model of competence for the sales personnel

Even if the presence of a talent to an individual may predict his success in a certain field, he will not reach a high efficiency until he will be competent. Being competent is more than having a natural talent, but undeveloped. In order to become competent in a field, besides talent, education and experience are required.

The competence represents knowledge, personal abilities and features required in a view of accomplishing an activity, and the applying way of these attributes.¹³² Abilities and knowledge are just potential competences until they are proved by carrying in to effect through behavior. They will be put to account depending on the individual's motivations, values and self-image.

To be competent in an occupation requires: to apply technical knowledge; to analyze and to make decisions; to use creativity; to work as a team member; to efficiently communicate; to adapt to the environment, where the job takes place; to cope unforeseen situations. 133

Distinctive competences of the salesmen, who achieve high performances, vary with order-sending cycle's length and complexity (interactions number and the time between first client contact and sale accomplishment), product features and consumer type. ¹³⁴ The features of sales positions with short, medium and long order-sending cycle are presented in table 2.

Table no. 1 The features of sales positions varying with order-sending cycle's length 135

Short	Medium	Long	
Retail	Some retails, more industrial sales	Complex and industrial sales	
One buyer	Usually one buyer or a small group.	Many buying influences	
Personal impact	Low or medium impact on business	Strong impact on client business	
Short interactions, usually, once	Short interactions, but recurrent	Complex and long relations; deep involvement in client decisions	
A great many clients	Many clients	A few clients	
Small sales income per sale	Medium sales income per sale	Great sales income per sale	
Frequent denials	The denial number varies	Rare denials	
Varied products, easy assembly	Other sellers offer similar products	Technical complex products, which can be customized; assisted assembly.	

330

¹³² Adkin, E, Jones, G., Leighton, P., Resurse umane – ghid propus de The Economist Books, Editura Nemira, București, 1999, p. 53.

¹³³ http://cnfpa.ro

¹³⁴ Spencer, L.M., Spencer, S.M., Competence at Work, John Whiley& Sons Inc., New York, 1993, p. 171.

¹³⁵ Idem, pg. 112.

Starting from the present models reanalysis and combining the results of a research, that included representatives from over 200 job types, L.M. Spencer and S.M. Spencer have developed a generic model of competence for the sales personnel, widely described alongside other competence types, in "Competence at Work". 136

The model presented in table no. 3 includes some competences that tell the high performance salesmen from the mediocre ones.

Table no. 2 Generic model of competence for salesmen¹³⁷

Relative importance	Competence
x x x x x x x x x x x	Impact and influence
xxxx	Orientation to accomplishment
x x x x x	Initiative
x x x	Interpersonal skill
x x x	Orientation to the client's requirements
x x x	Self confidence
x x	Building relationships
x x	Analytical thinking
x x	Conceptual thinking
x x	Information search
x x	Organizational conscience
Basic requirement	Technical expertise

The number of "x" symbols from the table shows the importance of the respective competence.

Impact and influence. Influencing others in a view of buying products needs most of the salesmen time. It is very important when the selling takes place in an intercultural environment. The salesman addresses to the client understanding the most important needs and problems. The "impact and influence" competence is more important in long sales cycles than in the medium and short ones. In the case of industrial buying, the salesman will thoroughly prepare the presentation offering a lot of technical data and emphasizing the product's advantages.

Orientation to accomplishment. Even less frequently mentioned than "impact and influence", the orientation to accomplishment may be more important for high performance. The researches emphasize the important role of accomplishment need for sales personnel.

The orientation to accomplishment starts with a great self-management: choosing provocative goals, but achievable, using efficiently the time and "enjoying" the competition.

The orientation to accomplishment, which had the highest frequencies in the medium sales cycles, requires personal efficiency, improving the operations for clients, cost-benefit analysis and, sometimes, assuming calculated risks.

The initiative often takes the shape of tenacity and perseverance to the salesmen: they try again and again, in different ways, working many hours and not giving up in front of denial.

In the long and medium sales cycles, the initiative includes identifying opportunities, immediate action, facing the competition threats and, altogether, doing more than the job requires.

Interpersonal skill is the ability of understanding others' skills, interests, needs and perspectives and translating non-verbal behavior. Interpersonal understanding is used in order to explain or specify someone behavior, to influence or to better meet the clients' requirements.

In the long sales cycles, a high performing salesman needs sometime to coordinate the effort of some persons (technical experts, finance person) working in a team. In this case, what distinguishes the high performing salesman is his ability of accommodating the colleagues to the clients, using his sensitivity both for colleagues' style and the client one.

Orientation to the client serving varies from prompt and courteous attend to the assuming his consulting role in important decisions. The essence of the orientation to the client serving is the allocation of the necessary time for finding out the consumer real needs and their adjustment to the offered products and services, making an extra effort for satisfying consumers' needs.

A high performing salesman often is the client's confident consultant. As a consequence he must be very familiar both the product's characteristics and the client's business.

Self confidence, expressed by a confident attitude to challenging situations, is the dominant personality feature of the salesmen. It seems that it is the main feature in the models where the technical expertise is less important.

-

¹³⁶ Spencer L.M., Spencer S.M. – quoted paper.

¹³⁷ ibidem.

In the short sales cycles, where there are many denials, the high performing salesman doesn't feel sorry for denials and most often attributes the failure to external causes or doesn't explain it at all. On the contrary, the medium performer usually looks for possible reasons why he lost the sale.

Building relationships is usually considered an important part of the sale activity. This is true for some product types selling, especially the daily-use products. The selling of high technology products and the selling consulting depend less on building relationships and more on technical expertise and post-selling services.

Analytical thinking. In long sales cycles and financial transactions, the analytical thinking may require problems solving, technical processes or improving processes for the consumer. Otherwise, the competence content refers to how to understand and influence the client. Analytical thinking of sales personnel has in general a medium level of complexity.

Conceptual thinking. This competence was most often found as basic to moderate level at salesmen. Nevertheless, some top executives have build theories and strategies very complex in order to influence the client-organization. Searching information about products, clients, potential consumers, their needs and competition is a constitutive part of every sales model.

<u>Technical expertise</u>. In the retail trade, technical expertise is assimilated by the search for superior knowledge about products. In intermediate sales, the technical knowledge wasn't mentioned as distinct competence of high performers. A certain level of expertise is still required for keeping the job, but the additional knowledge doesn't differentiate a high performing salesman from a mediocre one. In long sales cycles, the technical expertise is an essential requirement.

Conclusions

Regarding the accomplishing of high performances, the salesman needs:

- to identify his own talents, the specific features that could become strengths if they are properly developed;
- proper specialty training;
- experience in that field for consolidating the strengths and developing a selling style where he can use invariably his naturally talents;
- to apply efficiently the acquired knowledge and experience, adapting him to the work environment, using his creativity and the ability of making decisions in order to face unforeseen situations.

Bibliography

- 1. Adkin, E, Jones, G., Leighton, P., Resurse umane ghid propus de The Economist Books, Editura Nemira, București, 1999
- 2. Kotler, Ph. Managementul marketingului, Editura Teora, București, 1997
- 3. Sîrbu, I. Cum este privită în România profesia de agent de vânzări, http://www.athenaconsulting.ro
- 4. Smith, B., Rutigliano, T., Descoperă-ți punctele forte în domeniul vânzărilor, Editura Alfa, București, 2006
- 5. Spencer L.M., Spencer S.M., Competence at Work, John Whiley Sons Inc., New York, 1993
- 6. Șchiopu, U., Dicționar de psihologie, Editura Babel, București, 1997
- 7. http://ro.wikipedia.org/wiki/Agent-de-vânzări
- 8. http://so.cnfpa.ro
- 9. http://www.wall-street.ro/articol/Management/6234/Mituri-despre-vânzări

PROTONEGOCIATIONS - SALES FORECAST AND COMPETITIVE ENVIRONMENT ANALYSIS METHOD

Lupu Adrian Gelu

ASE Bucureşti, Facultatea de Management Ploiesti, Str. Grigore Alexandrescu nr.1, 0721227256, adrian lupu06@yahoo.com

Abstract:

Protonegotiation management, as part of successful negotiations of the organizations, is an issue for analysis extremely important for today's managers in the confrontations generated by the changes of the environments in the period of transition to market economy and the economic crisis we are going through. Marketing researches have identified many techniques and method of analysis of clients preferences correlated with the attributes of the products and services and the positioning or repositioning of new products on the market. This article will try to prove the importance of protonegotiations in the business system, it will point out the fact that protonegotiation may lead to a sales forecast for the offered product or service. The results of the protonegotiations in different moments of their development can also be used as method of analysis of the competitive environment that competition carries out its activity in.

Keywords: protonegocitions, sales forecast, competitive advantage

Jel classification: M19, M20

1. Considerations about protonegotiations

Apart the proper negotiations that suppose a meeting between authorized representatives of the parties, having an order of the day and a commonly-established procedure in order to reach an objective under the form of a written agreement, there is between the parties a constant activity of tacit accommodation and harmonization of attitudes¹³⁸. All negotiations suppose an activity significantly oriented towards the other¹³⁹. The absence of a formal and organized framework does not allow us to call this kind of activity 'negotiations'. The fact that they have the basic features of negotiations suggests the introduction of the term 'protonegotiations'. Protonegotiations consist in a unilateral action that is taken as signal by the interested parties, it is decoded, interpreted and commented by the party that feels targeted.

We are, under these circumstances, able to define the situation of *simple protonegotiation* as the purchase reaction of the end user to the stimuli of promotion of the product-service offered by the seller in the conditions known or indicated in the message of promotion of the offered product-service. As a matter of fact, simple protonegotiation is an exception with regard to the other protonegotiations due to the fact that it is the only transaction situation that ends without a concrete negotiation, provider-beneficiary, client-buyer to mark the agreement. The consumer of promoted product accepts the product sales conditions without other negotiations regarding the product purchasing conditions. In case of major transactions with complex aspects that are going to be negotiated protonegotiation is still very important but it will have a completely different dimension.

Communication is only one of the conditions of negotiation ¹⁴⁰.

In these situations, the activities of communication with potential partners will be part of a major campaign of promotion of the targeted interested to the potential segment of partners, as much as possible to the targeted partner. In this case, the protonegotiation activity cannot replace the effort of formal negotiations subject to a complex of principles and by their initiation they express an affirmation of the common will to reach a result.

We can say that the protonegotiation that is not limited to the mere promotion of product-service but is part of evolved campaigns of communication and promotion that do not conclude the proper transaction without the need of other negotiations between partners in order to reach the purchase agreement, irrespective of the nature of the agreement, is a *complex protonegotiation*. Unlike the situations of simple protonegotiation, where the agreement is concluded between the parties without the need for a meeting between the parties and which can be approached as a distinct process with its own objective, complex protonegotiation is only a separate activity within a larger process that shall ideally end up with the conclusion of the agreement, after passing through all the intermediate stages of common negotiations. Also, in the context of complex protonegotiation, the proper activity represents a easing of the way that the negotiator team must go in the phases of the negotiation process. A well-defined protonegotiation campaign, prepared in detail that reaches its objectives, bringing the negotiator teams together and making them decode the issued signals correctly, can mean in the economy of a negotiation more than the sum of the efforts that a company must make in order to prepare a team of experimented and trained negotiators¹⁴¹. Depending on the ability of its use, the degree of knowledge of negotiation and sales techniques, the

¹³⁸ Lupu Adrian-Gelu, Protonegocierea-comunicare indirecta in negocieri, Simpozion International "Comunicare, Competenta, Competitivitate", ASE, Bucuresti 2007.

¹³⁹ Thuderoz Christian, Negociation. Essai de sociologie du lien social, Presses Universitaires de France 2000.

¹⁴⁰ Deac Ioan, Introducere în teoria negocieri, Editura Paideia, Bucuresti, 2002.

¹⁴¹ Lupu Adrian-Gelu, Eficiența protonegocierilor în procesul negocierilor comerciale, Simpozion International EFINV 2007", București.

protonegotiation activity can be directed for the resolution of other intermediate objectives followed by the negotiator team.

2. Protonegotiations – a sales forecast method

In the light of the idea according to which protonegotiations are simple and complex, naturally the analysis of protonegotiations as a sales forecast method must be made in two dimensions. In each of these two situations protonegotiations materialize through different negotiation methods, techniques and tooling.

In the case of simple protonegotiations, where the transaction is concretized without holding actual negotiations, the traceability of the interlocutor must be ensured by an expansion of the product promotion. The most adequate form that simple protonegotiation can have so that sales forecast can be quantified is product questionnaire, an actual opinion poll.

Questionnaires are a flexible research tool that allows primary data collection through questions structured with well-defined principles so that they arouse interest and involve the subjects so that they answer as sincerely and clearly as possible to the questions addressed to them through the questionnaires. Relevant and objective, questionnaires or opinion polling through questionnaires have advantages and, of course, disadvantages.

The advantages of an opinion poll based on a form with questions are that in a short period of time information can be obtained from many people and the appreciation is possible in a short time interval as well. Some of the advantages of its use in market research are the following: thematic richness of the data that can be collected through it, accessible handling and processing, possibility to repeatedly pass it on to the same different subjects; also, in the panel-type longitudinal market researches the questionnaire is able to collect from the bearers of the application both quantitative and qualitative information.

The disadvantages are the limitation of the possibilities to answer the question, problems regarding data interpreting and possible technical appreciation means. The latter are inevitable, if the objective is the analysis of the relations between questions or the inter-relation of certain questions. Although with regard to the necessary costs it is not the cheapest research tool, it is used mainly for the collection of the necessary data on the most varied issues. Thus, it can be used in both selective researches performed among economic agents (industrial survey) and for the investigation of clients with regard to many aspects.

Philip Kotler believes that for the collection of the data necessary for marketing research, 'two categories of tools can be used: questionnaires and specialized devices'. Considering the opinion of other marketing specialists as well, the instruments considered to be most frequently used during marketing research are the following: interviews and questionnaires.

In the specialized literature and practice of marketing researches questionnaires are the most important and most frequently used tool for the collection of the necessary information for market research. In this sense, a reputed professor of the University of London, the English specialist C. A. Moser stated in his works that: '...an investigation cannot be better than his questionnaire', pointing out this way the central position of this tool in the methodology of social investigations.

But in order to adopt the form of protonegotiation, to be more precise, simple protonegotiation, apart from the opinion polling function, the questionnaire must contain a message that stimulates the respondent's interest and decision to purchase the indicated product or service. The questionnaire – protonegotiation must ensure a communication of the interests of the part that generates the negotiation. The questionnaire must also promote the product or service so that the answer to the questionnaire can really express the buyer's decision to purchase the promoted product or service. Only now in this situation can we say that the questionnaire represent a simple protonegotiative method meant to forecast sales.

Forecast can be performed over sales in case of simple protonegotiations, it is based on comparative methods regarding the evolution of sales in the intervals of time without protonegotiative monitoring and the one in which the organization management adopts the study of promotion of sales through simple protonegotiations. Following the analysis of the sales situations performed in the two sales intervals, the one with application of sales forecast protonegotiative method and the one in which no method is applied, the first important quantifiable conclusion regards the modification of the sales volume following the application of that method. In the past people used to believe that the sales force had to sell, sell and sell again. Of course, the ideal sales case from the point of view of the economic efficiency of the sale is when with loc sales promotion costs major transactions as volume, values, etc. can be performed. The practice of the last period in which sales operations do not only consist in proper sales but also in services associated to sales, such as: servicing or technical assistance sales placed at the clients' disposal that accompany the traditional form of selling through sales agents or other specially arranged location proves that the efforts made by the sellers are greater every time.

Another application of this method consists in the fact that by proportional multiplication of the capital allocated to the promotion of sales and their forecast by protonegotiative methods sales can be taken to the desired level of

¹⁴² Kotler Philip, Managementul Marketingului, Ed.IV, Editura Teora, 2005.

volumes and profit. Also, applying the protonegotiative method the future sales levels can be guessed and at the same time following the analysis of the sales forecasts the position of the offered product or service can be seen by the curb of the lifecycle of that particular product or service.

In case of complex protonegotiation, the questionnaire can play a forecast role, with the observation that in this case negotiations must be held in order to conclude the transaction. The questionnaire in this case only plays the role of stimulus to dialogue and initiation of the negotiation. It is obvious that in the case of complex protonegotiative situations, any form of indirect communication used in protonegotiation can be used as a sales forecast tool.

The sales forecast using this method is performed after quantifying the interest showed by the people that responded to protonegotiative actions, the assessment and forecast of the sale of that particular good or product depending on their answer.

As compared to the sales forecast, in the case of application of the method based on complex protonegotiation, the sum of conclusions that can be drawn by analysis is much higher. In this case, elaborate buyer behaviour studies can be carried out, as well as forecasts regarding the product lifecycle, sales forecasts, studies regarding the investments necessary in the product production process or in the modification of the organization's management itself

As stated above, citing C. A. Moser: '... an investigation cannot be better than his questionnaire', the quality and quantity of the information obtained after the application of the forecast methods based on the application of protonegotiative models is directly proportional with the quality of the transmitted messages, the quality of the interpretation of the received messages, the level of training of the negotiation team and quantity of financial resources that can be attracted in these activities.

The main issue at the manager's discretion is the type of protonegotiative forecast that needs to be approached. The resolution of this issue lays mainly in the strategic objectives established for the product or organization or the medium and short-term objectives considered during the application of the protonegotiative models for the desired forecasts.

3. Protonegotiations – a method of analysis of the competitive environment

Marketing researches have identified numerous techniques and methods of analysis of clients' preferences correlated with the attributes of the products and services and the positioning or repositioning of new products on the market, such as for example: the multi-dimensional scale, BCG analysis, price analysis in correlation with product attributes, etc. Starting from the idea according to which the efficiency of a company depends on the class, quality and cost of the offered products, the management system must be conceived so that it is capable of keeping up with the strategic evolutions and innovation on world market. In Ridderstrale and Nordstrom's opinion¹⁴³, these strategies consist in: combining operation and creation, using markets and human beings; imposing the innovation of supply and demand, rational and emotional monitoring of imperfections. McKinsey¹⁴⁴ points out the fact that innovation refers to the reconfiguration of the company, rearrangement of the 'value chain', change of the rules of the game so it is necessary for the company to capitalize distinct competences and create barriers in order to protect the created advantage. According to Prahalad and Hamel, innovation is all-embracing and defies stereotypes¹⁴⁵.

After the launch of the protonegotiative messages, through the received signals, the analysis of the steps taken by rival companies, a synthesis image of the profile of the existing or new rivals in the competitive context and their strategic intentions can be obtained and strategic counter-measures can definitively be elaborated in order to take the own product, service to the preferences of the targeted clients and, why not, obstruct rival products or services.

The analysis of the feed-back of messages of protonegotiative nature is the base of the analysis of the competitors on the targeted market segment. The competitor analysis is meant to:

- foresee rivals' future strategies;
- foresee reactions to the company's strategic initiatives;
- determine rivals' behaviour so that it can be influenced into company's favour.

These are all referred to the knowledge and understanding of the rivals, strategies, tactics and reactions to market movements. The analysis requires the intelligence of the competitor (of the competing company). Competitor's intelligence implies continuous information, a systematic collection of data and analysis of the publications about all rivals, and not only.

In order to analyze and understand rivals' behaviour, the competitor analysis model¹⁴⁶ can be used, which supposes five analysis and forecast directions, briefly presented in chart 1:

¹⁴³ Ridderstrale Jonas, Kjell Nordstrom, Karaoke Capitalism, Management pentru omenire, Ed. Publica București, 2007, pg. 300.

¹⁴⁴ McKinsey, New thinking for a new financial order, Harvard Business Review, September 01, 2008, pag54.

¹⁴⁵ Prahalad C. K., Gary Hamel, Competiția pentru viitor, Ed Meteor Press, București, 2008, pg. 154

¹⁴⁶ Grant R.M., Contemporary Strategy Analysis, Blackwell Business, Oxford, UK, 1998, p.217-232.

- 1) Identification of the current strategy, observing what the rival does and says. Mintzberg (1988) points out the difference between the *intended strategy* and *performed strategy*. The intended strategy is presented in the annual balance report and the performed strategy consists in the actions performed and decisions made.
- 2) The identification of the objectives implies the analysis of the rivals' performances, prices and profit.
- 3) The assumptions of the rivals of the industry regarding the perception about the industry, the business in general, stability in time.
- 4) Foreseeing the rivals' behaviour using any possible information.
- 5) Identification of the rivals' capabilities, with reference to the potential for change, for a quick adaptation to the constraints of the environment.

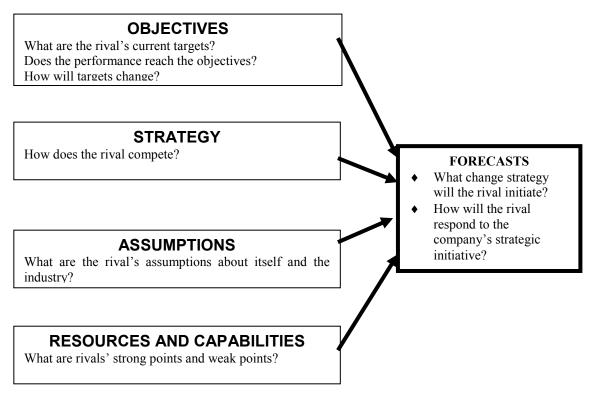


Chart 1: Competitor analysis model

The main objective of this analysis is to identify the threats that the company may be exposed to. In order to find the adequate means and strategies in order to be successful in competition with other companies, it is necessary to know in detail the advantages of the company, plastically speaking, the 'war arsenal'. The knowledge of the position, competition structure, competitive structure and competitive advantage lead to the elaboration of the competitive strategy of a set of alternative strategies. In Grant's vision 147 competitive advantage represents the company's ability to have a performance higher to its competitors with regard to the basic purpose of existence. namely profitability. If the adopted strategy is not efficient or if the competitive environment imposes the adaptation of the company to new environmental conditions, to new requirements, change is adopted.

Theoretically there are no limits for a company in offering to its clients and consumers a wide range of opportunities associated as a matter of fact to the characteristics of the products and services.

Another strategy applicable in the competitive environment of the company that can be applied after the analysis of the results of the protonegotiative messages is differentiation. Differentiation in the competitive environment¹⁴⁸ refers to the promotion of what is 'unique', except for the practicing of a lower price. Differentiation as a strategy does not mean the promotion of 'oneness' only to be 'unique', but to create value by understanding the products and services, understanding the clients and consumers and identification of the unique opportunities and their creative use.

There are many models of creation of the differentiation, the most frequent being the following: the offer's market route (to the clients and consumers) by examining the resources and capabilities the oneness and route of the demand on the market can be created, by examining the consumers' needs and preferences.

Analyzing the answers obtained from the messages of protonegotiative nature launched by the organization, the information referring to the analysis of the competitors in the targeted segment can be used, corroborated with the strategy applicable in order to promote the differentiation of the organization in the competitive environment for

¹⁴⁷ Grant R.M., Contemporary Strategy Analysis, Blackwell Business, Oxford, UK, 1998, p.217

¹⁴⁸ Grant R.M., Contemporary Strategy Analysis, Blackwell Business, Oxford, UK, 1998, p.217

the identification of the organization's success factors. Except for the aforementioned situations, the results of the protonegotiative forecast of sales analysis can be applied successfully in the analysis of the competitive advantage, analysis of the competition context that the future activity is targeted in, harmonization of the product lifecycle with the product and activity portfolio, elaboration of managerial strategies in the competitive environment, strategy monitoring and assessment of the strategies of the competitive environment, change of the managerial strategies and of course, the spectrum of applications can be extended.

In order to survive and become prosperous in a certain industry, a company must comply with the two criteria proposed by Grant ¹⁴⁹ namely it must offer what the clients and consumers want to buy and must fight and survive the competition. In order to cope with the second criterion, the company must therefore analyze the context and identify its success factors. The information generated for the company by the protonegotiative methods of analysis of the competitive environment completes the image of strong points necessary for decision-making and the substantiation, establishment and implementation of the strategy necessary to the organization.

Conclusions

Far from being exhaustive, the study is trying to prove both the importance of protonegotiations as sales method and the importance pf protonegotiation as method of analysis of the competitive environment.

The novelty of this study consists in the introduction of the method of analysis of the competitive environment with the help of protonegotiative practices. It is obvious that the use in the analysis of the competitive environment of this innovation and the efficient balancing of its component parts could generate special savings of financial resource, time and last but not least special efficacy. As any real information used at the right moment, in organization management, in the elaboration of managerial strategies, as essential part of the strategic management applied in a competitive environment, the information generated by the protonegotiative methods of sales analysis can be used in different analysis, studies, forecasts etc.

The applicative dimensions of these methods are going to be practically and analyzed comparatively with the already recognized analysis models. The study represents an improvable, efficient analysis that can be, I hope, handy to successful managers to whom it can directly or indirectly a competitive advantage.

References:

- 1. Deac Ioan, Introducere în teoria negocieri, Editura Paideia, Bucuresti, 2002.
- 2. Grant R.M., Contemporary Strategy Analysis, Blackwell Business, Oxford, UK, 1998.
- 3. Kotler Philip, Managementul Marketingului, Ed.IV, Editura Teora, 2005.
- 4. Lupu Adrian-Gelu, Eficiența protonegocierilor în procesul negocierilor comerciale, Simpozion International EFINV 2007", București.
- 5. Lupu Adrian-Gelu, Protonegocierea-comunicare indirecta in negocieri, Simpozion International "Comunicare, Competenta, Competitivitate", ASE, Bucuresti 2007.
- 6. McKinsey, New thinking for a new financial order, Harvard Business Review, September 01, 2008, pag. 54.
- 7. Prahalad C. K., Gary Hamel, Competitia pentru viitor, Ed Meteor Press, București, 2008.
- 8. Ridderstrale Jonas, Kjell Nordstrom, Karaoke Capitalism, Management pentru omenire, Ed. Publica Bucureşti, 2007.
- 9. Thuderoz Christian, Negociation. Essai de sociologie du lien social, Presses Universitaires de France 2000

ANALYSIS OF THE ALTERNATIVE INVESTMENTS AS BASES FOR THE BUSINESS DECISION MAKING

Lupu Felicia Adriana

ASE București, Facultatea de Management Ploiesti, Str. Grigore Alexandrescu nr.1, 0722 156 506, felilupu@yahoo.com

Abstract

In the process of investment decision making it is not only the question if some investment has to be made, but it has frequently appear the problem of selection the best investments between two or more alternatives. For selection of investments that compete to be implemented in an enterprise it is necessary to estimate those investments represent alternatives.

The aim of this article is to understand the concept "time value of money" which is used in the evaluation of investments projects expected to provided benefits over a number of year and to develop a theoretical basis refering to the adequate models and methods, to find out which are the dynamic indicators used for evaluation the efficiency of investments.

Key words: investment decision, economic indicators, net present value

Jel classification: D 61, M19

Introduction

An important characteristic of investments that is usually linked with the investment process is uncertainty of expected benefits. As longer is investment period, as higher is uncertainty of future effects.

If the leading principal investment goal is profitability, in the case when we have at disposal mutually exclusive investment projects, the investor would tend to invest available financial resources into economically most profitable solution. In the process of selection between possible investment project alternatives, the decision will be made in favour of the alternative with highest profitability degree, with greatest amount of profit in an enterprise. It is necessary to emphasize that it is started from preposition that management team makes choice between two possible investment alternatives economically justified in an absolute sense with given calculative interest rate. That is why the solving of this problem is in making choice of those investment projects which could be more profitable for the investor.

If management team has at disposal amount of financial resources sufficient for implementation of only one of possible two alternative investments, then profitability level of chosen investment alternative should not be lower than minimal profitability level investor would like to achieve in the process of investment into enterprise. In that case the investor limits itself into the project that promises the highest level of economic effectiveness. In that way there have been adjusted amounts of available financial resources with investment possibilities in an enterprise.

The concept "time value of money" is used in the evaluation of investments projects expected to provide benefits over a number of years. Money can be thought of a having a time value. In others words, an amount of money received today is worth more than the same Ron amount if it were received a year from now.

Because of the fact that the processes and the phenomena from the investment field are influenced by the implications of the time factor, it is necessary to valuate dynamically the parameters of the investment projects (the investment value, the project incomes and costs, the profit or the net cash flow etc.).

The dynamic valuation of the effort and effect indicators within the analysis of the economic efficiency provided by the investment projects has a significant relevance, when the value indicators defining the investment activity involve an unfolding, an evolution in time and consists in recalculation of the investment parameters, their presentation depending on the reference chosen moment, an operation that requires the use of the up-dating procedures. So, the up-dating is a specific method for the dynamic valuation of the investments economic efficiency, giving the possibility to calculate certain adequate dynamic indicators that allow expressing and estimating the economic efficiency of the investments.

1. Methods and Models for evaluation the efficiency of investments

Static models¹⁵² - Only one period is being analysed while applying a static model. It is a particular period of exploitation that should be considered as an essential period of exploitation, or, in hypothetical terms, it is a medium period. In such a case, all the data from the planned period are received, which characterize the relative medium period. The question arises if it is justified to rely on one objective function or it is possible to ignore relations between other areas of enterprise activities in the process of decision making. Moreover, the problem of static model should be assessed critically¹⁵³.

¹⁵⁰ Moyer, C., & McGuigan, J., & Rao, R., Fundamentals of Contemporary Financial Management, Second Editions, Mason: Thomson, 2007, pg. 161

¹⁵¹ Bradu, M., Statistical-Financial Valuation Methods of the Investment projects, Theoretical and Applied Economics Review, 508, 2007, pp.49-52.

¹⁵² Perridon L., Steiner M., Financial economy of the enterprise, 10 Edition, Munich, 1999.

¹⁵³ Blohm, H., Lüder, K., Weak establishments in the field of industrial investments and ways of their elimination, 7 Edition, Munich, 1991.

Dynamic models¹⁵⁴- Investment projects are described by instalments and payoffs, which should be paid while realizing the projects in the particular period of time. The assumption is usually related with this, that major influence of alternatives is limited by definite specified instalments and payoffs. Their values can be determined in terms of time intervals. Instalments and payoffs accounting as well as the analysis of dynamic indices in the particular periods is an essential feature differentiating the dynamic models from the statistical ones. It should be noted, that the dynamic evaluation of utility model in comparison with the static model is closer to reality, because, in this case, several periods are analysed. Therefore, even though the application of the dynamic model requires more time, it is more efficient compared with the static model.

When we have to evaluate the efficiency of investment projects with a number of objective functions we use:

- 1. Methods based on quantitative measurements consists in methods within multicriteria utility theory¹⁵⁵.
- 2. Methods based on initial qualitative assessments, the results of which later take a quantitative form. This group consists of analytic hierarchy method 156.
- 3. Methods based on quantitative measurements but using a few indices to compare the alternatives (comparison preference method). This group consists of comparison preference methods ¹⁵⁷.
- 4. Methods based on qualitative data not using a shift to quantitative variables. This group comprises verbal decision analysis (VDA) methods¹⁵⁸.

It is possible to use methods from different groups of the classification above to analyze the effectiveness of investment policies. However, one should take into account peculiarities of individual investment problems.

A major goal of research is to develop a theoretical basis for creating a decision support system aimed to increase efficiency by applying multiattribute decision making approaches and mathematical modelling.

2. Dynamic indicators used in estimating the economic efficiency of the investments

The capital commitment (engaged capital/ up-dated total costs)

The capital commitment indicator expresses the initial total costs of the investments for building the projected production capacities and the ulterior costs for commissioning, for their operation minus the redemption expressed in the present value for a certain reference moment, usually, at the moment of beginning the investment works (t_0) .

The time horizont for calculation of the engaged capital is (d+D), namely the duration of executing the investments works (d) and the duration of efficient operation for the investment objective (D). Therefore, the capital commitment is calculated according to the relationship¹⁵⁹:

$$K_{t}^{up} = I_{t}^{up} + C_{t}^{up} = \sum_{t=1}^{d+D} \frac{I_{t} + C_{t}}{(1+r)}$$
 (1)

where:

 K_t^{up} – the total capital commitment up-dated at the moment t_0 ;

 I_{t}^{up} – the total investments up-dated at the moment t_{0} ;

 C_{t}^{up} – total operation costs up-dated at the moment t;

I, – annual investments;

 C_t – annual operation costs;

r – up-dating rate.

It is aimed to minimize the capital commitment at a given level of the storage capacity, total incomes and total economic advantages.

The Payback Period (PP)

The payback period of the investments is a segment of the useful life concerning the operation of the capacities provided through investments. The payback period of the investment represents the period of time that begins at the moment of commissioning the storage capacities, when the cumulated sum of the provided economic advantages equals the volume of the investments allocated in the project. In a dynamic approach one calculates the updated term of the investment payback, starting from the equality:

$$\sum_{t=1}^{d} \frac{I_t}{(1+r)^t} = \sum_{t=d+1}^{d+T} \frac{P_t}{(1+r)^t}$$
 (2)

¹⁵⁴ Heinhold M., The preliminary estimate and the account of profits and losses in examples, Schäfer-Poeschel publishing house, Stuttgart, 1997

¹⁵⁵ Triantaphyllou E., Multi-criteria decision making methods a comparative study, Kluwer Academic Publishers, Boston, 2000.

¹⁵⁶ Saaty T. L., Fundamentals of Decision Making and Priority Theory with the AHP, RWS Publications, Pittsburgh, PA, USA, 1994

¹⁵⁷ Roy B., Multicriteria Methodology for Decision Aiding, Kluwer Academic Publishers, Dortrecht, 1996, 293 p.

¹⁵⁸ Larichev O. L, Olson D. L., Qualitative methods of decision making, Kluwer Academic Publishers, 2001.

¹⁵⁹ Stoian M., Ene Nedea, Practica gestiunii investițiilor, Ed. ASE, 2002, pg.92.

This one is the variant when the calculations are done from the beginning of the investment works on the assumption that the annual profits Pt are generated only after commissioning the objective. Therefore, during the execution period are partially put in exploitation certain storage capacities that will generate certain advantages. If the calculations are done at the moment of putting the objective into operation, then we have:

 $\sum_{t=1}^{d} I_{t} (1+r)^{d-t+1} = \sum_{t=1}^{T} \frac{P_{t}}{(1+r)^{t}}$ (3)

where T – term of payback the investments.

If more variants of the investments projects are compared, then is preferrable the project providing a minimum payback period.

The use of the payback term analysis in the economic and financial valuation of the investment decision is considered as a way to take into account the risk of the projected investments. By giving the priority to the more advantageous projects, characterized by short payback periods, it is accepted the conclusion that the future incomes and economic advantages will not be affected by incertitude and risk at the same scale as in case of variants with larger payback periods.

Another argument in the favor of this method is represented by the fact that the companies confronted with a cash shortage will give more importance to the rapid recovering of the invested funds and, respectively, to the possibility to satisfy other necessities.

The net present value (VAN)

This indicator, being a fundamental criterion for the economic and financial valuation of the investment projects, characterizes, as absolute value, the advantage gain of an investment project, the investor's gain for the invested capital expressed as cash-flow in present value.

Defined in comparison with the cash-flow, the VAN provided the scale of comparison between the total present cash-flow generated during the life of the project (CF up) and the total investment effort provided by that project, expressed in present value $(I_t^{up})^{160}$.

VAN is an integral indicator of investment efficiency and strikes off the register the total surplus of cash-flow in comparison with the investment cost. The reference moment for the NPV calculation is that of the works start ¹⁶¹:

VAN = CF^{up} - I_t^{up} =
$$\sum_{t=1}^{d+D} \frac{CF_t}{(1+r)^t} - \sum_{t=1}^{d} \frac{I_t}{(1+r)^t}$$
 (6)

Defined by means of the net value, NPV expresses the algebraic sum of the present net value upon the horizon of time (d+D). By annual net value VN it is understood the difference between the annual volume of incomes (receipts) generated during the all operating period of time Vt and the volume of the total annual costs (investments and operation in the year t (Kt=It+Ct).

According to the criterion VAN, must be accepted the projects and the project variants for which VAN > 0. This fact means that the corresponding project has the capacity to reimburse during the economic life (D) the invested capital or, in other words, has the capacity to generate an income flow in excess, providing a certain volume of net value.

A project with VAN < 0 has to be rejected because its rentability will be smaller than the updating rate. VAN remains one of the best criteria for selecting the investment projects. But, in order to exclude the risk of certain incorrect decisions it is recommended the analysis of this indicator together with other ones, namely the profitability index, the internal rate of return, the updated term of the investment collection.

The profitability index (PI)

During the calculation and the analysis of the investment project one uses this index when the investment projects or the projects variants are differentiated between them through the necessary investment effort, because this index takes into account the size of the investments, the necessary investment costs, element that is not provided when we use the VAN indicator. The profitability index is calculated according to the relationship 162:

¹⁶⁰ Stancu I., Finante, Ed. Economică, București, 1997, pg.291.

¹⁶¹ Cistelean L., Economia, Eficiența și Finanțarea Investițiilor, Ed. Economică, București, 2002, pg.319.

¹⁶²Cistelean L., Economia, Eficiența și Finanțarea Investițiilor, Ed. Economică, București, 2002, pg.333.

$$PI = \frac{CF^{up}}{I^{up}} = \frac{\sum_{t=d+1}^{d+D} \frac{CF_t}{(1+r)^t}}{\sum_{t=1}^{d} \frac{I_t}{(1+r)^t}}$$
(7)

An independent investment project must be accepted only if PI > I and has to be rejected if PI < I. The project having PI = I (same as when VAN = 0) will provide the recovering of the investment expenditure only, without generating some profit. The more PI is the more profitable are the projects.

The internal rate of return (IRR)

This is defined as the updating rate that provided equality between the updated value of the net cash-flow incomes and the updated value of the investment costs. It results that *RIR* represents that discounting rate for which the *VAN* value is equal with zero.

The internal rate of return is one of the most significant indicators for the efficiency of the investments project, because it expresses the investment capacity to generate profit during the all operating period of the objective by fixing its economic power.

The \widetilde{RIR} value can be calculated through the *interpolating method*¹⁶³. The application of this method implies to find such two updating rates that for a rate r_{min} results an updated positive net value (VAN+), and for r_{max} an updated negative net value (VAN-). The values of the VAN level for these two updating rates are placed within a rectangular system of coordinates, expressing on X-axis various updating rates, and on Y-axis the progress of the updated net value.

The difference between rmax and rmin must not exceed 5 percentage points. Otherwise, by using a larger distance an error will be generated. RIR will be larger than the real value. Given the fact that the differences between r_{max}

and r_{min} are small enough, we can take into consideration the existence of a linear dependence between VAN and the updating rate (r). Therefore, for finding with exactness the RIR one uses the relationship:

$$RIR = r_{\min} + (r_{\max} - r_{\min}) * \frac{VAN(+)}{VAN(+) + VAN(-)}$$
(8)

When we compare alternatives of investment projects or project variants, characterized through *VAN* close values the priority is given to the project (variant) having a maxim RIR.

Conclusion

A complex analysis of methods and techniques currently used by the researchers of various countries to determine the efficiency of investments was made.

In the analysis of the economic efficiency concerning the investment projects, a significant importance has the number of the analyzed projects, either a sole project or a set of investment portfolio when there are independent projects and projects that exclude themselves reciprocally is in discussion. The analysis of a sole project is a particular case of a portfolio of investment projects when the criteria *VAN,RIR* and *PI* leads to the same conclusion concerning the acceptation or the rejection of the investment project. This happens because between these indicators there are relationships of interdependence.

Selection between two alternative investments can be also done on the basis of the rate of effective invested capital compounding, i.e. on the basis of their internal rates of return. An investment is economically more effective if its internal rate of return is higher than determined calculative interest rate. In other words, for investor one investment is more favorable if the rate of effective invested capital compounding is higher than required degree of minimal compounding (determined by level of calculative interest rate).

In the case of selection between two alternative investments, we could conclude that for investor the more favorable investment is the one which enables higher rate of effective invested capital compounding. Similarly as in the case of net present value method utilization, procedure of economic effectiveness comparison between two alternative investments on the basis of their internal rate of return depends on the fact if analyzed investments represent full alternatives, or they differ in investment amounts, or expected utilization period. In the cases when those two parameters (investment amount and utilization period) are the same in two investments, criterion for selection of economically more effective investment alternative is the following: Investment I is economically more effective than Investment II if it has higher internal rate of return.

If they have equal projected investment values, equal period of exploitation and equal annual cash flows by particular years, then we can conclude those investments represent full alternatives. In that case, decision on selection could be made on the basis of the model for comparison of economic indicators for particular alternatives. For one model it is important to be given starting suppositions concerning type and conditions of financing into

_

¹⁶³ Stoian, M., & Ene N., Practica gestiunii investițiilor, Ed. ASE, București, 2002.

particular alternatives. Then, it is necessary to be defined the business goal and appropriate constraints. It is evident that establishment of an investment model is aiming at achievement of the basic economic goal- maximal degree of invested capital compounding.

References:

- 1. Bradu, M., Statistical-Financial Valuation Methods of the Investment projects, Theoretical and Applied Economics Review, 508, 2007.
- 2. Blohm, H., Lüder, K., Weak establishments in the field of industrial investments and ways of their elimination, 7 Edition, Munich, 1991.
- 3. Cistelean L., Economia, Eficiența și Finanțarea Investițiilor, Ed. Economică, București, 2002.
- 4. Heinhold M., The preliminary estimate and the account of profits and losses in examples, Schäfer-Poeschel publishing house, Stuttgart, 1997.
- 5. Larichev O. L, Olson D. L., Qualitative methods of decision making, Kluwer Academic Publishers, 2001.
- 6. Moyer, C., & McGuigan, J., & Rao, R., Fundamentals of Contemporary Financial Management, Second Editions, Mason: Thomson, 2007.
- 7. Perridon L., Steiner M., Financial economy of the enterprise, 10 Edition, Munich, 1999.
- 8. Roy B., Multicriteria Methodology for Decision Aiding, Kluwer Academic Publishers, Dortrecht, 1996.
- 9. Saaty T. L., Fundamentals of Decision Making and Priority Theory with the AHP, RWS Publications, Pittsburgh, PA, USA, 1994.
- 10. Stancu I., Finante, Ed. Economică, București, 1997.
- 11. Stoian M., Ene Nedea, Practica gestiunii investițiilor, Ed. ASE, 2002.
- 12. Triantaphyllou E., Multi-criteria decision making methods a comparative study, Kluwer Academic Publishers, Boston, 2000.

INVESTMENT DECISIONS IN DISTRIBUTION FOR FOOD PRODUCTS COMPANIES

Lupu Felicia Adriana

ASE București, Facultatea de Management Ploiesti, Str. Grigore Alexandrescu nr.1, 0722156505, felilupu@yahoo.com

Lupu Adrian Gelu

ASE Bucureşti, Facultatea de Management Ploiesti, Str. Grigore Alexandrescu nr.1, 0721227256, adrian lupu06@yahoo.com

Abstract

Efficient planning and management of investments have become not only an important problem but also a complicated problem in the dynamically changing environment.

The goal of this article is to develop a theoretical basis for creating a decision support system for distribution for food products companies. To achieve the goal, the following problems have to be solved: determination of the characteristics of merchandise distribution companies, determination of the adequate methods, and identification of the recommended values of dynamic indicators for the determination the eligibility of the investments.

Keywords: investment decision, economic indicators, present value, future value, distribution companies

Jel classification:D39, M19

1. Characterisc of distribution

The term *distribution*, in Patriche's vision¹⁶⁴, designates the complex of means and operations ensuring the placement at the users' or final consumers' disposal of goods and services provided by manufacturing enterprises. Or, in other words, distribution represents the process by which the goods and services are placed at intermediate or final consumers' disposal, providing them with the facilities of location, time, size, etc.

The term *distribution* designates the complex of means and operations ensuring the placement at the users' or final consumers' disposal of goods and services provided by manufacturing enterprises. Or, in other words, distribution represents the process by which the goods and services are placed at intermediate or final consumers' disposal, providing them with the facilities of location, time, size, etc., according to the requirements they express on the market¹⁶⁵.

Clients appreciate the immediate availability of the merchandise, being ready to pay an additional amount for this facility. As a result of this decision, the distributor now supplies in a profitable way the market at the national level, whereas manufacturers benefit from a uniform demand. The distributors that feel that they are in a partnership relation with their suppliers can influence their clients to purchase a certain product. Briefly, distributors can achieve the differentiation of the product.

The means and operations designated by the term *distribution* are classified into two big categories that can be designated by the notions *commercial distribution and physical distribution*. The commercial distribution consists in the transfer of the ownership title over the product from the manufacturer to the consumer. That distribution can be ensured by distribution agents. They can be individual, such as the sales agents of an enterprise, or wholesale enterprises, companies whose object of activity are mail order selling or retail trade etc. Physical distribution, in its turn, consists in placing from the material point of view the goods and services at consumers' disposal, with the help of the means of transport and stocking. The physical distribution can also be found in the specialized literature as commercial logistics.

In a society based on knowledge, distribution exceeds the limits of a mere transmission of merchandise, adding or associating to it a constantly-increasing range of services, as well as an active influence of production, based on the detailed knowledge of the consumers¹⁶⁶.

Distribution is meant to regularize the circulation of goods and services between production and consumption and satisfy consumers' needs, providing them with a series of services, giving them the possibility to choose from a wide range the goods and services that better correspond to their needs and exigencies etc.

Among the main function of the distribution, the specialized literature mentions the following:

- change of the ownership over the product, namely the performance of the successive transfer of the ownership right from the manufacturer to the consumer via sale-purchase agreements;
- displacement of the products from the manufacturer to the consumer through activities of transport, stocking, conditioning, handling, dismounting or assembling, packaging, exposure for sale, sale etc.;
- information, consultancy and provision of after-sale servicing in order to ensure a good information of the clients about the possibilities to satisfy various needs, facilitate the operations of choice of the necessary products and assistance in the process of maintenance and use of the different purchased goods¹⁶⁷;

¹⁶⁴ Patriche D., Economie Comercială, Ed.Institutul National Virgil Madgearu, Bucucurești, 1993, p 35.

¹⁶⁵ Dayan A., Manuel de la distribution, Les Editions d'Organisation, Paris, 1987, p.23.

¹⁶⁶Gnetta J., A chaque type de client, un marché specialisé, Rev. "Le nouvel economiste" nr.932/1999, Franța.

- financing of commercial operations, a function that considers the existence of cases in which distribution agents finance manufacturing enterprises in the product purchase and stocking process in intervals in which the merchandise is produced and not sold to the client immediately.

The enumerated functions point out the fact that distribution plays a multiple and beneficial role for both the manufacturer and the consumer.

With regard to the manufacturer, distribution operates a regularization of the manufacturing activity, allowing the manufacturer to break down production all over the management year by advance orders and stocking, operations that annihilate the effects of the seasonal or circumstantial oscillations of the demand, the distribution participating in the financial efforts of the manufacturers, paying for the goods stocked without having the certainty of their sale. By its functions, distribution also allows the manufacturer to orient its production and send its products everywhere, by the participation in the organization and performance of promotional actions meant to ensure a better sale of its products or services.

With regard to the consumer, distribution also plays an essential role. It places at the consumer's disposal, wherever it is and whenever it wants, the necessary goods in the requested quantities. By such facilities, distribution spares the consumer of long trips, efforts to perform big purchases and immobilizations of amounts that, made available this way, can be used for other purposes.

Contemporary economy, by the complexity of the phenomena it generates, makes distribution methods evolve constantly. In such a context, new forms of wholesale and retail sale as well as new retail distribution systems appear¹⁶⁸.

Manufacturing companies, from the perspective of the distribution companies, are at both ends of the chain, as both receiver of raw materials and components and product offerors. The thinking style of commerce business is based on the improvement of the relation between sales and purchases and as the sum between efficacy and efficiency by a constant reconciliation between standardization (avoidance of the renunciation to a commercialized product) and flexibility (introduction of a new product in sales) and by the monitoring of the performance indicators for cost/price, quality and delivery time. Productivity is extremely important when we are talking about market share and even competitiveness level. The factors influencing the productivity level in distribution companies are the following: supplier management and 'best practices' conception, company losses, competition monitoring and constant improvement of the client relation. In synthesis, the distribution business process is as follows: suppliers, logistics, storing, sale, clients.

2. Investment decisions

Investments have a determining role in the development of a business, as any mistake in this domain endangers the life of the organization, investments representing in fact a certain expense for a future full of uncertainty¹⁶⁹. Generally speaking, *the notion investment comprises all expenses or funds an allocation from which future income is expected*. The investment process supposes the allocation at a given moment of a quantity of currency to a direction that may produce income in several successive periods of time.

In their restricted meaning, investments represent expenses performed to obtained fixed assets, namely for the construction, reconstruction, expansion, modernization and purchase of fixed assets such as machines, equipment, means of transport, etc.. By the investment process in restricted meaning, currency is turned into fixed assets, we are therefore talking about the allocation of funds for activities of replacement or expansion of working tools.

The investment decision must be based on complex and exact information referring to the necessity, opportunity, volume of the expenses and financial resources, fund receipts and disbursements during the whole period of operation of the fixed assets, provision of profitability and liquidity, recovery of invested capitals, duration of execution and operation of the investments, etc.

The investment decision corresponds to the top management of the enterprise, as it engages in general wide-span actions involving major consumption of capital.

When a project is started, the management team naturally becomes aware in a certain extent of the probabilities not to achieve the proposed objective. It I therefore necessary to know the risk and uncertainty and select the action measures meant to prevent or diminish those risk factors.

At the same time, successful companies are periodically performing critical reassessments of the allocation of the resources in investments in order to see whether the current performances and estimations for the business products, services or segments are still in the same line with the organization's global strategic position. Should an attentive analysis reveal economic results or estimations about a certain market or activity below expectations, then the disinvestment, seen as diametrically opposed to investment, becomes a decision-making option. The activities with weak result are responsible for the destruction of the business value. The sale of the assets afferent to these activities or the sale of the operational units in block, using the principle of the continuation of the activity, allows

¹⁶⁷ Montgomery St. L.: Profitable Pricing Strategies, Mc Graw-Hill Book Company, New York, 1988, p. 151-160.

¹⁶⁸ Kotler Ph., Managementul marketingului, Ed. Teora, București, 1997, p. 684.

¹⁶⁹ Vasilescu I, "Pregătirea, Evaluarea și Auditul Proiectelor Economice", Eficon Press, 2006, pg. 89.

the recovery of the invested funds and their reallocation for other activities in a more advantageous way, by making new investments, reducing indebt ness or redemption of own shares from the market. Also, the sale of fixed assets and their replacement by new ones create by their sale, financing sources for the new acquisitions.

The references necessary for the selection of the investments or disinvestments are general economic performance criteria. They are based on cash flows, measuring the influences of the option between the fund invested at present and the cash flows expected in the future from operational activities and residual values of the investments performed. The financial measure tools based on cash flows are the following: the net present value - VAN, the internal rate of return - RIR, the profitability index - PI.

On the other hand, the usual references used to measure the existing investments are generally based on the data and relations of the accounting of the companies. Indicators such as profitability of the invested capital, profitability of the net assets and profitability of the operation assets link the data existing in the accounting balance and the ones of the profit and loss statement.

According to Cocriş and Işan¹⁷⁰, no matter the decision-making situation (certainty, uncertainty or risk), the investment decision has three dimensions: the strategic dimension, investment dimension and financial dimension.

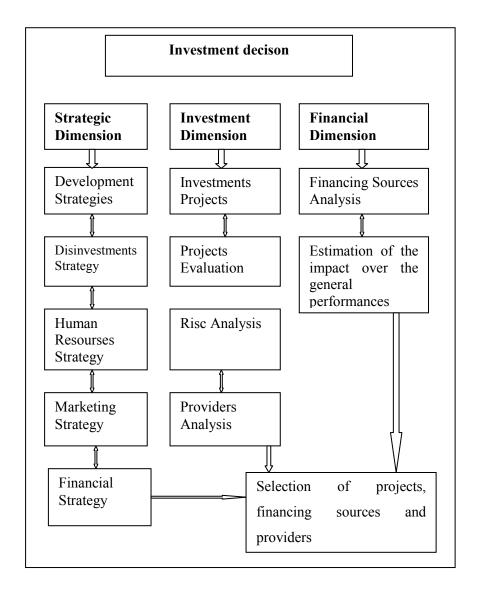


Table 1 – Dimensions of the investment decision

Investments of the food distriburion companies represent acquisitions(or constructions under own contracting) of real estate properties, mobile assets, commercial investments and human resources investments.

The investments in mobile assets of the merchandise distribution companies consisted especially in means of transport and stock.

Investments in human resources of merchandise distribution companies basically represent the key of success of these companies, the distribution activity implying a direct contact between people. No matter how good the client

¹⁷⁰ Cocriș V., Işan V., "Economia Afacerilor", Editura Graphix, Iași., 1995, pg. 114-118.

service strategy, people will be the ones to apply it, and client' perception over the provided services will lead to the failure or success of the organization. The penetration of the strategic human resources management concept as well as the models practiced by international companies require a sustained training programme, career development, motivation, delegation, performance assessment and employee satisfaction measurement. Investments in the human capital give value to an organization to the same extent as any type of investment.

Românu and Vasilescu¹⁷¹ believe that all investments are defined by four characteristics: the individualized concrete content of resources, the time factor, the efficiency or future effect of the use of the resources at present and the investment risk.

In the restricted meaning, in the studied situation of merchandise distribution investments represent expenses made in order to obtain fixed assets, namely for the construction, reconstruction, expansion, refurbishment and purchase of fixed assets such as deposits, means of transport for sales agents, means of transport for merchandise, PCs and online communication systems, etc. Other expenses are assimilated to investments, such as: expenses referring to design works, training of the staff necessary for objectives under construction, etc. By the investment process in its restricted meaning, currency is turned into fixed assets, so that we witness the allocation of funds for activities or replacement or expansion of working tools.

For the manager of the organization, investment is first of all a decision to immobilize a capital in order to obtain good profitability. His/her main role is to find the financing sources necessary for the investment assess and obtain an adequate profitability. From the financial point of view, an investment characterizes by very high expenses by fund receipts during all its operation intervals.

3. Dynamic indicators used in estimating the economic efficiency of the investments in distribution for food products companies

Construction of the alternative investments' models in a distribution companies is based on determination of inputoutput indicators and relations. In analysis of alternative investments in an enterprise we could get answers on the following questions:

- What investment alternative in enterprise is the most profitable one?
- Determination of choice between alternative investment possibilities.

In the process of finding out the answers on above-mentioned or similar questions, it is necessary to define the investment goal. If the leading principal is profitability, in the case when we have at disposal mutually exclusive investment projects, the investor would tend to invest available financial resources into economically most profitable solution. In the process of selection between possible investment project alternatives, the decision will be made in favour of the alternative with highest profitability degree, with greatest amount of profit in an enterprise. It is necessary to emphasize that it is started from preposition that management team makes choice between two possible investment alternatives economically justified in an absolute sense with given calculative interest rate. That is why the solving of this problem is in making choice of those investment projects which could be more profitable for the investor.

If management team has at disposal amount of financial resources sufficient for implementation of only one of possible two alternative investments, then profitability level of chosen investment alternative should not be lower than minimal profitability level investor would like to achieve in the process of investment into enterprise. In that case the investor limits itself into the project that promises the highest level of economic effectiveness. In that way there have been adjusted amounts of available financial resources with investment possibilities in an enterprise.

The concept "time value of money" is used in the evaluation of investments projects expected to provide benefits over a number of years. Money can be thought of a having a time value. In others words, an amount of money received today is worth more than the same Ron amount if it were received a year from now.

Because of the fact that the processes and the phenomena from the investment field are influenced by the implications of the time factor, it is necessary to valuate dynamically the parameters of the investment projects (the investment value, the project incomes and costs, the profit or the net cash flow etc.).

The dynamic valuation of the effort and effect indicators within the analysis of the economic efficiency provided by the investment projects has a significant relevance, when the value indicators defining the investment activity involve an unfolding, an evolution in time and consists in recalculation of the investment parameters, their presentation depending on the reference chosen moment, an operation that requires the use of the up-dating procedures. So, the up-dating is a specific method for the dynamic valuation of the investments economic efficiency, giving the possibility to calculate certain adequate dynamic indicators(engaged capital/ up-dated total costs, the Payback Period - PP, the net present value - VAN, the profitability index - PI, the internal rate of return - RIR) that allow to express and estimate the economic efficiency of the investments.

¹⁷¹ Românu I., Vasilescu I. (coord.), "Managementul investițiilor", Ed. Mărgăritar, București, 1997, pg.15.

¹⁷² Moyer Charles, J.McGuigan, Ramesh P. Rao, Fundamentals of Contemporary Financial Management, Second Editions, Ed.Thomson, Mason, USA, 2007, pg.161.

Conclusion

In distribution companies, it is aimed to minimize the capital commitment at a given level of the storage capacity, total incomes and total economic advantages.

According to the criterion VAN, must be accepted the projects and the project variants for which VAN > 0. If more variants of the investments projects are compared, then is preferable the project providing a minimum payback period. A project with VAN < 0 has to be rejected because its rentability will be smaller than the updating rate.

An independent investment project must be accepted only if PI > I and has to be rejected if PI < I. The project having PI = I(same as when VAN = 0) will provide the recovering of the investment expenditure only, without generating some profit. The more PI is the more profitable are the projects.

When we compare alternatives of investment projects or project variants, characterized through *VAN* close values the priority is given to the project (variant) having a maxim RIR.

References:

- 1. Cocriş V., Işan V., "Economia Afacerilor", Editura Graphix, Iaşi., 1995.
- 2. Dayan A., Manuel de la distribution, Les Editions d'Organisation, Paris, 1987.
- 3. Gnetta J., A chaque type de client, un marché specialisé, Rev. "Le nouvel economiste" nr.932/1999, Franța.
- 4. Kotler Ph., Managementul marketingului, Ed. Teora, Bucureşti, 1997.
- 5. Montgomery St. L.: Profitable Pricing Strategies, Mc Graw-Hill Book Company, New York, 1988.
- 6. Moyer Charles, J.McGuigan, Ramesh P. Rao, Fundamentals of Contemporary Financial Management, Second Editions, Ed.Thomson, Mason, USA, 2007.
- 7. Patriche D., Economie Comercială, Ed.Institutul National Virgil Madgearu, Bucucurești, 1993.
- 8. Românu I., Vasilescu I. (coord.), "Managementul investițiilor", Ed. Mărgăritar, București, 1997.
- 9. Vasilescu I, "Pregătirea, Evaluarea și Auditul Proiectelor Economice", Eficon Press, 2006.

PREPARING A DRAFT STRATEGY FOR THE DEVELOPMENT OF THE PRISON SYSTEM IN ROMANIA

Manolache Relu

Academy of Economic Studies Bucharest Bucharest, Sector 5,Cal. 13 Septembrie no. 224, ap. 46 Telefon: 073210.86.85 E-mail: ReluManolache@gmail.com

Păcesilă Mihaela

Academy of Economic Studies Bucharest Bucharest, STR. DRUMUL Timonierului, sector 6, Cal. 13 Septembrie no. 12, ap. 66 Telefon: 0724.548.505 E-mail: PacesilaMihaela@gmail.com

This project propose a strategy focused on the realization of some measurable, well definited objectives, and on a series of strategically options, supported by actions with clear dead-lines and with direct implications on the entire system of Romanian penitentiaries.

In order to determine the essentials elements of the strategy, we took into consideration the aim of this institution and the necessity to adopt a development strategy, in the context of lining-up the penitentiaries from Romania to conditions enforced of the FII

Through the strategic objectives and the suggested actions for the system of Romanian penitentiaries, we followed as the suggested strategy for insuring a competitive durable advantage and to offers the funds required of the development.

Key Words: management of penitentiaries, development strategy, strategic objectives, risks analyse Jel Code: K

Introduction

Aspects of execution of penal punishments are largely unknown to the public because of lack of transparency that the administration of the prison showed at 1948 until 1990.

There are relatively few works in the world - and also romanian specialized bibliography - on the work performed in detention and management organizations in the prisons, although the issue has an extreme actuality through its social implications.

The prison management issues is addressed in scientific publications devoted to particular subsequent periods in which the negative events of prisons become public or after extensive protests or strikes caused the detainees or even the guardians.

The implementation of penitentiary system reform in Romania is ongoing, from the month of October 2006 when has entered into force the new law of penal punishment (Law no. 275/04.07.2006). So, I consider that aims to present work is presentation a management study in a special type of organization from environment of deprivation of liberty – for improving and adapting the work of these organizations to the new realities of the Romanian society. At present, in Romania, from a herd of more than 36.000 prisoners, operating a number of productive 9.600, in direct coordination and supervision of more than 2000 employees of the National Administration of Prisons (ANP). Their work is conducted in a number of 48 units subordinated ANP and 5 branches of the autonomous institution specialized in work with this category of staff - Multiproduct RA.

1. Assessing the external environment of the penitentiaries system

After a diagnostic analysis of the prison, I concluded that the evaluation of the influence of external environment on the prison system presents a particular interest, as long as it is a open socio-economic system, in which entries in the system are material, human and information resources, but particular the prisoners which are in middle of the transformations. This transformation held at social, educational and psychological behavior taking place in order to obtain results (output) to meet the society, that is concerned for the provision of safe conditions of detention and the preparation of social return of prisoners.

2. Evaluation responses to the environmental constraints

In assessing of the prison system responses to environmental constraints, I considered necessary to obtain additional information from the prison employees, from prisoners and of civil society represented by the main partner NGOs.

2.1. Resultats of polls at level of the prisons employees

Considering the staff from prison as the main catalyst for reform of professional standards and mentality in the prisons system, I appreciate that their views can help to assessment of the effectiveness of the system in relation to his mision and internal factors that determine responses to the penitentiaries system of environmental constraints. Through Compartiment Research and Studies from National Administration of Prisons, have been distributed questionnaires to a number of 399 persons. To build the sample was used on quota sampling method combined with the random and is considered representative for the research, with a margin of error of the study is \pm 5% and a confidence level of 99%.

The study was descriptive in nature and main objectives were:

- Identifying the opinions of employees of units subordinated to the National Administration of Prison on the institutional and informal relationships at work;
- Identification perception prison employees on the prisoners;
- Identifying prison employees perception of the quality of vocational training and working conditions;
- Identifying prison employees opinions on the mission prison system.

Following the study were obtained the following results:

A. The appreciation of the role of the prisons

It was noted that a proportion of 42.3% of the sample of employees of the penitentiary system, consider that the main role of the prisons is social reintegration. 17.6% of the respondents consider that can not split the role of social reintegration of the custody, while less than one quarter of prison officials see in their work only important custodial role. 17.2% have not reponse to question.

B. Assessment of the management of the institution

The assessment on a scale of 1 to 10 the care shown by the leadership of the institution from achieving the objectives of management of the ANP, and to the employees ANP has generated an overall average of perception with regard to the care shown by the leadership of ANP from the tasks is of 8.56, while care for subordinates is perceived by study subjects as less - 6.60. Thus, employees consider that the level of decision-making act, directors of prisons are concerned more tasks than the subordinates. I wanted also to know what is, in the opinion of respondents, the degree of involvement of management staff in process of decision-making at the prison. In general, workers in the penal system are not considered to consult before making a decision, 63% stating that they are rarely consulted or very rarely. Even if the decision is taken without being seen and subordinates in nearly 50% of these cases the decision is not even explained, it is a simple order that a large proportion of staff (third) do not understand the meaning. Where employees are, however, consulted by senior decision-making, most of them stated that their opinions are rarely or very rarely taken into account. Specifically, only 15% of prison employees feel that they are seen and believe that personal matter and is taken into account in decision-making.

C. Evaluation sectors of activity

Respondents appreciated, by providing notes from 1 to 10, the quality of activity for each sector of activity. Almost all sectors whose work does not involve working directly with the prisoners, have over 8 note, as proof that their work is appreciated positively in the prison system. It should note the modest appreciation of activity for Social Reintegration Service (instead of 8 in quality rankings activity) which indicates a major dissatisfaction on the competence and efficiency of this sector, or dissatisfaction of the security sector employees who claim that often are not supported their work by specialists other services that work with prisoners. The biggest complaints is about the quality of medical assistance activities.

D. Vision of the overall needs of the organization

At the request to mention what would change in their unit, if they have this possibility, 32.3% of those interviewed have not given any response. The fact that one third of respondents hesitate to answer such a question, although employees are clearly dissatisfied many aspects of activity in the penal system, may have different reasons: fear, carelessness, lack of imagination.

Of those who responded to this question, most responses (15.1% of the sample, and 22.2% of quantifiable responses) were referred to the desire to change the mentality of staff. Ranks second (8.2%) is intended to supplement the staff with new employees. 6.5% of the interviewed would change the relationship work, and 6.1% would create conditions and an atmosphere of more pleasant. 5% of respondents would invest in new facilities, 3.6% would make organizational changes or would change the division of tasks by sector, the same percentage of employees would insist on motivational factors and 3.6% would change the style of work management. Only 3% of respondents would dismissal (1.1% would dismiss the leadership, and 1.8% would dismiss staff in other sectors).

2.2. Resultats of polls at level of the prisoners

Considering that the prison system performance is reflected by the degree to which people deprived of freedom can return into community as citizens capable of living and is claimed by its own forces, in compliance with the laws and moral norms accepted, I appreciate that their views can help us to evaluate the effectiveness of the system in relation to its social mission.

Information obtained from a total of 681 prisoners, which is considered a representative sample for the research, with a margin of error of research \pm 5%. reveals the following perception indices on the quality of life of detention:

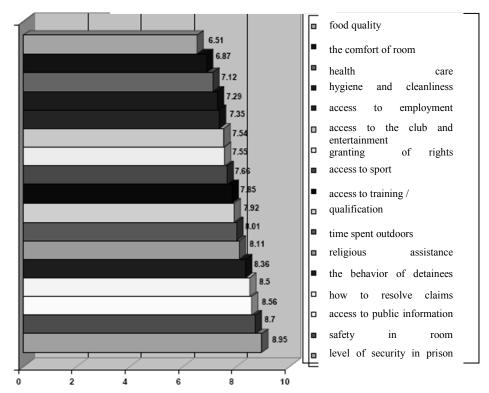


Figure 2. Notes granted to indicators regarding the quality of life in detention

Identifying the degree of satisfaction of prisoners on the quality of life in detention, was maked through the notes from 1 to 10 (10 being the maximum grade) for 17 indicators of quality of life in prison.

Results on the perception indicators for quality of life in detention shows that is an obvious displeasure of prisoners in particular towards the quality of food (the smallest average - 6.51), from the comfort of the room holding (in circumstances the index of overcrowded exceeds 150% in some prisons), compared to the quality of care and conditions of hygiene and cleanliness. The prisoners have appreciated the level of security in prison (the highest average - 8.95), and a good appreciation obtained access to public information(8.56).

Unfortunately, some of the most important issues for social reintegration effort of prisoners, namely access to work and access to education activities and training, have received little or mediocre note, compared with other indicators of life detention.

3. Proposals for the mission, vision and values for penitentiaries system

We appreciate that the formulation of a clear vision on the future development of the penitentiary system has a major importance because:

- provide guidance on the overall interests of all stakeholder;
- provides general information on the future allocation of available resources;
- provide information on the future orientation of the penitentiaries system, allowing the formulation of general goals, which can be easily measured and controlled.

Considering the issues specified above, I propose the following **strategic vision** on the penitentiaries system from Romania at the horizon 2012: Penitentiary Service will become a partner for social community, recognized as essential for ensuring public safety due to high level of social reinsertion of offenders.

We consider that the mission must made such a way as to reflect the particular interests of citizens, because they are directly or indirectly present in multiple categories of stakeholder, either as an individual (person convicted), as a group of individuals (family of convicted person), and the whole society needs public security which is provides from penitentiaries system.

Also, based on strategic vision, it is recommended formulation of a mission with a character provocative, to represent a real engine for development of the penitentiary system in our country. Therefore, we propose the following **mission**:

Penitentiary Service, as part of the judiciary services, has the mission to ensure respect for fundamental rights of the individual in the execution of punishment and measures involving deprivation of liberty, to ensure the education of prisoners in order to return and their social status and contribute to improving the safety of the community by creating and maintaining a secure environment custodial and transparent.

Through the proposed mission consider that we have a clear definition of the fundamental objectives of the penitentiary system, namely, ensuring a secure detention and transparent to ensure the reintegration into society of persons convicted and respect their rights.

In this regard, the penal system should create conditions enabling for every prisoner to have access to education, vocational training, retraining programs and social reintegration.

In order to achieve its mission, the penitentiaries system promotes the following main values:

- professionalism and integrity of personnel;
- transparency in the institution;
- the efficiency and effectiveness in achieving the objectives;
- assuming the responsibility of its social role;
- respect for individual rights and human dignity;
- respect for social values;
- appreciation potential for rehabilitation of persons deprived of liberty;
- the need to reduce the negative effects of deprivation of liberty.

4. Setting strategic objectives for penitentiaries system

In order to develop a global strategy I appreciate necessary a systemic approach of the priority directions for establishing strategic objectives and options.

It may set the following examples of strategic objectives included in the priority directions of action:

Developing educational function of the prison service

- a) psycho-social intervention programs will be available for at least X% of inmates with serious problems (alcohol, drugs, violence, etc.). at the appropriate level of quality standards assumed;
- b) It will provide a degree of inclusion minimum Y% of those who want to participate in literacy programs at the appropriate level of quality standards assumed;
- c) The share of education activities will increase by Z\% in daily program by 2010 at the quality standards;

Improving conditions at the prison

The global index of capacity of accommodation will be a value below the threshold of 100%;

The accepted value of the accomodation index will be the maximum X%;

The transport of the prison service will increase with Y% by 2010;

Providing an optimal level of resources for the operation of the penitentiary service

- a) Z% increase in the level of investments reported at the detention unit;
- b) Establishment of minimum X new places having regard to current standards by the end of 2010;
- c) Modernization for Y places having regard to current standards by the end of 2010;
- <u>Providing a positive image of the prison service to society</u> a) Until the end of 2008 will ensure total transparency, responding to all requests from the legal media and civil society:
- b) Number of active partnerships and actions taken to the local community will increase by Z% by 2012;

Increasing security for penitentiaries system

- a) Number of escaped prisoners will not exceed annual Y;
- b) The degree of modernization of access and surveillance units in prisons will increase to z% up to 2010;
- c) The acts of aggression on staff will decrease with X% up to 2010;
- d) The acts of aggression between private freedom will decrease to Y% up to 2010;

Improving health care service in prison

- a) The annual rate of deaths recorded in the system will be under Z to 10.000 people;
- b) Medical service charge (No cases / physician) to fall by X% by 2010;

Development of human resources policy

Establish at least and new posts by the end of 2012;

State of functions at the prison service will reach with Z% in X years;

c) The percentage of personnel involved in training activities or specialized exceed X% annually and over Y% at the end of 2011;

Improving service management in prison

- a) At the end of 2008, will be placed on management agreements in the X% of subordinated units;
- b) The degree of fulfillment of the objectives will be at minimum Y%;
- c) Up to 2010, the standards will exceed Z% for the prison service functions.

Improving conditions at the prison

- a) The total employment will be a value below the threshold of 100%;
- b) the accepted face value of the index of employment change will be the max. X%;
- c) The transport of the prison service will increase with Y% up to 2010;

- Providing an optimal level of resources for the operation of the penitentiary service
- a) z% increase in the level of investments reported at the unit of detention;
- b) Establishment of minimum X new places having regard to current standards by the end of 2010;

Ensure a positive image of the prison service to society

- a) Until the end of 2008 will ensure total transparency, responding to all requests from the legal media and civil society;
- b) Number of active partnerships and actions taken to the local community will increase with Z% up to 2012;

REFERENCES

- 1. Burdus E. (2006) Tratat de management, București, Ed. Economică
- 2. Burduş E. (2003) Managementul schimbării organizaționale, București, Ed. Economică
- 3. Bulman J. (1998) Les meilleures pratiques de management, Paris, Edition d'organisation
- 4. Calinescu G. (2005) Management penitenciar, București, Ed. Triton
- 5. Council of Europe (2006) European prison rules, Strasbourg- Council of Europe
- 6. Dirk von Zyl (2001)-Imprisoment Todayand tomorrow Kluver Law Inernational

THE AUDIT OF RECRUITMENT, SELECTION AND INTEGRATION OF THE HUMAN RESOURCES

Manolescu Aurel Ase Bucharest Marin Irinel

ASE Bucharest

The most well known category and also the most important is the one referring to the recruitment and selection of staff. Here, a lot of issues of legal nature may occur within the organization. This part refers to obtaining and assessing the qualified candidates for positions within the organization, from internal sources as well as external.

Content:

- 1. Overview The Role and Importance of the Human Resources Audit;
- 2. The Audit of Recruitment, Selection and Human Resources Integration
- 2.1. Practical hand book of the methodological-procedural system in approaching the audited field.
- 2.2. Norms and national and international reference standards of reporting the recruitment, selection and human resources integration audit.

1. Overview-The role and Importance of the Human Resources Audit

What does the human resources audit represent?/ How does organizations help and what kind of implications involve performing such an audit?/ What is the optimum moment of performing the human resources audit, so that to generate efficiency and effectiveness for the future activities of organizations?

Therefore, here are some of the questions that frequently occur in the international specialized literature, that led to the appearance and development of this relatively new field: the human resources audit.

As there is not a definition unanimous accepted and reckogned in the specialized literature regarding the human resources audit, each of them having as background the author's conception, the culture and the personal criterion of approach, one will try to present several **definitions** given by experts in this field.

The human resources audit is a periodic expertise performed within the administration of the human resources, which includes monitoring and collecting the information, its analysis and assessment on this basis of the efficiency on which the organization uses the human resources, with the purpose of improving continuously the performances and the work satisfaction of the employees ¹⁷³.

În 2000, the French author **Ingalens** suggests that ,, the human resources audit represents a **judgement** on the quality of the human resources of an organization"¹⁷⁴.

The American specialist in this field, **Bill Coy** argues that ,, the human resources audit represents a process of politics,procedures,documentations, system and research practices regarding the functions of the human resources within an organization ¹⁷⁵".

Therefore, through **the human resources audit** one can understand a complex of activities of monitoring and collecting information, that ensures the manager that the activities developed in the human resources field are running according to the plan, measuring the progress in the direction of the established objectives and detecting this way the deviations from the plan in order to take corrective measures. Derived from the monitoring activity of the results of the human resources, the human resources audit evolved in time and became a ground rule of the human resources management .

Except the fact that it succeeds in pointing out the real dimensions of the human resources activities, the audit helps the manager within all phases of the managing process, the decisions resulted from the information provided by the audit being well fundamented ¹⁷⁶.

The fundamental question addressed by the human resources audit- to the management audit is: Which should be the organization form of the staff administration system? Which is the number and the necessary qualification for the organization, in order to lead to an efficient achievement of the company' startegy based on the lowest costs?

Being a managing instrument, **the human resources audit** allows a global understanding of the human behaviour at the work place and its role in the management process. Therefore, it is an essential instrument for the

¹⁷³ I.G. Odegov, T.V. Niconova – "The Staff Audit", Ed. Examen, Moscova, 2004

¹⁷⁴ Jacques Ingalens – "Audit des Ressources Humaines", Editions Liaisons, 3e edition, p.91

¹⁷⁵ Prepared by Bill Coy, Senior Associate for HR Consultation L Piana Associates, Inc. - "Introduction to theHuman Resources Audit", 2002, p.162

¹⁷⁶ Marin, I. – The Human Resources Audit" – Main Function of the Human Resources Management" _ Administration and Public Management" Magazine , nr.2, Ed. ASE, 2002

¹⁷⁷ Dubuis Maryline, Rotigliano Laura, Vergeseres Szlvie; professeur: M. Rousson, asistante: V. Turansky – "L'audit En Ressources Humaines", seminaire: Changement et Intervention dans l'Organisation, mai 2002, p.6

manager who is often submitted to the pressure of decision making in promoting, offering licence, dismissal, adjusting/readjusting the work place or whatever any other element belonging to the sphere of the human resources. In conclusion, it is extremely important that the audit performers as well as the managers, to be interested in the presentation of reliable images of the real situations within the human resources department, as making decisions based on real information is favourable to the organization on long term .

Within the activity of managing the human resources function within the organization, all aspects and the corresponding behaviours of this one, must be periodically audited and assessed. The audits must be performed with the purpose of determining if different elements of the subsystem are efficient for achieving the objectives established by the management of the organization.

The complexity of the economic process determines in the immediate perspective an increase of the audit role up to turning it into a profession and officialising this type of consultancy in the human resources management. The audit does not signify a "disguised" control under a more modern form; its role is to represent a correction factor to the requirements imposed by the market evolution, so that the organizational economic efficiency to be ensured.

A human resources audit can identify the results and recommend sollutions on the basis of the feed-back between the staff and the manager, combined with the author's observations. Moreover, the human resources audit implies a systematic examination of the practices and the politics regarding the human resources from an organization. This one points out the differences between "what is done" and "what needs to be done". Eliminating the mentioned differences, the organization can ensure itself an efficient leading of the processes, by identifying the weak and strength points of the organization and of the filed in which improvements can be made. As it can be noticed, the human resources administration system requires detailed researches.

2. The Audit of recruitment, selection and integration of the human resources

2.1. Practical hand book of the methodolgical-procedural system in approaching the audited field

The purpose diversity of the human resources audit and of the work relations within an organization allow the approach of this procedure as a complex process, which should be studied individually.

The content of auditing the recruitment, selection and human resources integration will comprise the assessment of the methods and procedures used for the staff recruitment; the recruitment costs; the efficiency of the recruitment through filling in the vacant positions; filling in the possible future positions; the efficiency of the selection and integration procedures of the new employees within the organization.

In order to gather the most complete information, in order to perform an efficient audit, the necessary set of questions which is required will be used . Here are several of them:

- Who is the responsible person with the employment requests and authorization of new employments? (to be filled in: the responsible person with the requests of new employment and its position; the responsible person with the authorization of new employment and its position)
- Is the existence of a job description necessary when the staff employment is being authorized? (Yes/No)
- Is the existence of some predefined performance standards necessary when the staff employment is being authorized?(Yes /No)
- Is the internal staff employment favoured versus the external staff one? (Yes / No)
- Does the organization have a program regarding the occupancy of the vacant positions? (Yes / No) If the answer to this question is a positive one, it can be speculated in order to obtain additional data regarding the details of this program.
- Is there a promotion policy that applies within the organization? (Yes / No);
- Who determines the techniques and the employment methods? (the responsible and the position is to be filled in)
- Which of the following specifications appear in the employment announcements? (one or more of the following categories is to be marked: the name of the organization, the name of the position, the location, the phone nr., the salary, the bonuses, the requirements, the contact person's name, the confidentiality of the information, the modality of replying of the organization, others, the organization does not make public the vacancies)
- Is there a minimum nr of candidates interviewed for a certain position? (Yes / No);
- Who is in charge with the candidates' selection? (the responsible and its position, to be filled in)
- What kind of sources are used in order to obtain external candidates? (to mark one or more of the following categories: internet, head-hunting agencies, the Agency for Employment of work force, schools, consultants, newspapers adds, job events, employment placement firms, staff reconversion, internal publications, others)
- Is there a program of recommending the candidates? (Yes /No).

In the case when the answer is positive, a series of additional questions can be generated, which could bring to the listener a plus of knowledge. This way, one can ask further questions regarding the responsible persons with the special phases of a selection and the methods used, the trainings programs performed by these ones, the employment rules, the modalities of storing the information, the requirements linked to the drugs tests, psychological tests, physic tests.

Finally, one can make an option for the questions with graded levels, referring to the employee's opinion.

2.2. National and International norms and standards of reporting the recruitment, selection and human resources integration audit

The reference system used within the human resources audit is created in order to offer to any auditor or to any interested user a benchmarking, referring to the criterion the audit is being performed on. In what the **general reference points** of the human resources audit concerns, one can consider the following:

- The audit is being performed by a person or persons that own an adequate technical preparation and professional experience as revisor/inspector
- In all activities that refer to tasks, the revisor/inspector or revisors/inspectors maintain the independance within the mental behaviour
- The concern is being manifested through performing the audit and preparing the report;
- The procedures of certifying the social auditors (according to ISO standards 9002) started being applied in 1994.

In 1941, **The Institute of Internal Auditors** (I.I.A.) was founded in the United Staes of America. The Anglo-Saxon institute gained trust and international interest. This one has an important activity regarding the level of professional experience and research, publishing writings and having its own magazine.

Starting from the "Responsibilities Declaration", one has currently reached to establishing some professional norms of internal audit which: define the ground principles, provide a background, establish appreciation criterion representing a factor of improving the auditors activity.

In order to reach these objectives, the **French Institute of Audit,** elaborated a programmatic document consisting in:

- The Deontological Code
- Qualification norms (according to the international standard series 1000) that states what are the characteristics that the audit services and the people that belong to these ones, should have
- The functionning norms(series 2000) that describe the audit activities and that define the quality criterion;
- The implementation norms (series 1000 or 2000, accompanied by an enclosed letter) which reject the precedent ones in the case of specific missions.

The Recruitment and the Selection can be compared to reference points and reported to different laws as ::

- -All recruitment requests of the positions are to be based on very clear descriptions of positions;
- -Use of adequate channels in order to inform the candidates for each position, including agencies, recruitment firms, head hunters, external networks and internal vacancy channels;
- -Each recruitment source must be measured in order for the opportunity to be determined;
- -All potential employees are tested for integrity;
- -All potential employees are interviewed by at least 2 members of the management;
- -All employees are submitted to the medical analysis
- -Order nr.761 from 30th of October 2001 of the Ministry of Health and Family for approaching the methodology regarding the medical examination at employment, the medical examination of adaptation, the periodic medical examination and the medical examination for work restarting;
- -The techniques for psychological analysis are to be used when necessary;
- -The stipulations referring to the testing of work period are included in all labour contracts
- -Government Decision nr .759/2002 for approving the National Plan of action for the occupancy of work force _ Official Monitor nr. 637/29.08.2002;
- -Government Decision nr.829/2002 regarding the approval of the NATIONAL Plan against poverty and promotion of the social inclusions Official Monitor nr. 662/06.09.2002;
- -Government Decision nr. 1156/2002 for approving the Memorandum of agreement between the Romanian Government and the Labour International Organization regarding the elimination of the child's labour, signed at Geneva on the 18th of June 2002 Official Monitor nr.792/30.10.2002;
- -The staff has been entirely informed on all important regulations of their employment
- -The Government Decision nr..261/22.02.2001 regarding the criterion and the methodology of placing the position in special work conditions Official Monitor nr.114/06.03.2001;
- -The Government Decision nr.676/2001 for modifying and completing the Government Decision nr.261/2001 Official Monitor nr.424/30.07.2001;
- -The Government Decision nr. 1337/2001 for modifying and completing the Government Decision nr. 261/2000 Official Monitor nr. 36/21.01.2002;
- -The norms from 07.05.2001 of applying the Government Decision nr .261/2001 Official Monitor nr.300/07.06.2001.

Bibliography

1. I.G. Odegov, T.V. Niconova – "The Staff Audit", Ed. Examen, Moscova, 2004

- 2. Jacques Ingalens "Audit des Ressources Humaines", Editions Liaisons, 3e edition Prepared by Bill Coy, Senior Associate for HR Consultation L Piana Associates, Inc. – "Introduction to the Human Resources Audit", 2002
- 3. Marin, I. The Human Resources Audit" Main Function of the Human Resources Management" _ Administration and Public Management" Magazine , nr.2, Ed. ASE, 2002
- 4. Dubuis Maryline, Rotigliano Laura, Vergeseres Szlvie; professeur: M. Rousson, asistante: V. Turansky "L'audit En Ressources Humaines", seminaire: Changement et Intervention dans l'Organisation, mai 2002,

TRAINING AND DEVELOPMENT OF HUMAN RESOURCE AUDIT

Marin Costel - Irinel

ASE Bucuresti Bucuresti, b-dul. Decebal, nr. 17, bl. S16, sc.3, et. 5, ap. 57, sect. 3 Telefon: 0723 907915 E-mail: irmarin@ase.ro

Education, training and development refer to giving the opportunity to all employees to enrich their knowledge, to follow training programs for abilities and performances, to develop their careers by using both internal and external resources.

Keywords: Training, development, human resource, audit

JEL Classification codes: Management

Content:

- 1. Overview The Role and Importance of the Human Resources Audit;
- 2. Training and development of human resources audit;
- 2.1. A practical guide regarding the methodological and practical system for approaching the audited domain;
- 2.2. National and international reference audit reporting norms and standards regarding the development of human resources

1. Overview-The role and Importance of the Human Resources Audit

What does the human resources audit represent?/ How does organizations help and what kind of implications involve performing such an audit?/ What is the optimum moment of performing the human resources audit, so that to generate efficiency and effectiveness for the future activities of organizations?

Therefore, here are some of the questions that frequently occur in the international specialized literature, that led to the appearance and development of this relatively new field: the human resources audit.

As there is not a definition unanimous accepted and reckogned in the specialized literature regarding the human resources audit, each of them having as background the author's conception, the culture and the personal criterion of approach, one will try to present several **definitions** given by experts in this field.

The human resources audit is a periodic expertise performed within the administration of the human resources, which includes monitoring and collecting the information, its analysis and assessment on this basis of the efficiency on which the organization uses the human resources, with the purpose of improving continuously the performances and the work satisfaction of the employees ¹⁷⁸.

În 2000, the French author **Ingalens** suggests that ,, the human resources audit represents a **judgement** on the quality of the human resources of an organization"¹⁷⁹.

The American specialist in this field, **Bill Coy** argues that ,, the human resources audit represents a process of politics,procedures,documentations, system and research practices regarding the functions of the human resources within an organization ¹⁸⁰,.

Therefore, through **the human resources audit** one can understand a complex of activities of monitoring and collecting information, that ensures the manager that the activities developed in the human resources field are running according to the plan, measuring the progress in the direction of the established objectives and detecting this way the deviations from the plan in order to take corrective measures. Derived from the monitoring activity of the results of the human resources, the human resources audit evolved in time and became a ground rule of the human resources management.

Except the fact that it succeeds in pointing out the real dimensions of the human resources activities, the audit helps the manager within all phases of the managing process, the decisions resulted from the information provided by the audit being well fundamented¹⁸¹.

The fundamental question addressed by the human resources audit- to the management audit is: Which should be the organization form of the staff administration system? Which is the number and the necessary qualification for the organization, in order to lead to an efficient achievement of the company' startegy based on the lowest costs?

¹⁷⁸ I.G. Odegov, T.V. Niconova – "The Staff Audit", Ed. Examen, Moscova, 2004

¹⁷⁹ Jacques Ingalens – "Audit des Ressources Humaines", Editions Liaisons, 3e edition, p.91

¹⁸⁰ Prepared by Bill Coy, Senior Associate for HR Consultation L Piana Associates, Inc. - "Introduction to theHuman Resources Audit", 2002, p.162

¹⁸¹ Marin, I. – The Human Resources Audit" – Main Function of the Human Resources Management" _ Administration and Public Management" Magazine , nr.2, Ed. ASE, 2002

Being a managing instrument, **the human resources audit** allows a global understanding of the human behaviour at the work place and its role in the management process. Therefore, it is an essential instrument for the manager who is often submitted to the pressure of decision making in promoting, offering licence, dismissal, adjusting/readjusting the work place or whatever any other element belonging to the sphere of the human resources. In conclusion, it is extremely important that the audit performers as well as the managers, to be interested in the presentation of reliable images of the real situations within the human resources department, as making decisions based on real information is favourable to the organization on long term.

Within the activity of managing the human resources function within the organization, all aspects and the corresponding behaviours of this one, must be periodically audited and assessed. The audits must be performed with the purpose of determining if different elements of the subsystem are efficient for achieving the objectives established by the management of the organization.

The complexity of the economic process determines in the immediate perspective an increase of the audit role up to turning it into a profession and officialising this type of consultancy in the human resources management. The audit does not signify a "disguised" control under a more modern form; its role is to represent a correction factor to the requirements imposed by the market evolution, so that the organizational economic efficiency to be ensured A human resources audit can identify the results and recommend sollutions on the basis of the feed-back between the staff and the manager, combined with the author's observations. Moreover, the human resources audit implies a systematic examination of the practices and the politics regarding the human resources from an organization. This one points out the differences between "what is done" and "what needs to be done". Eliminating the mentioned differences, the organization can ensure itself an efficient leading of the processes, by identifying the weak and strength points of the organization and of the filed in which improvements can be made.

As it can be noticed, the human resources administration system requires detailed researches.

2. The Audit of recruitment, selection and integration of the human resources

2.1. Practical hand book of the methodolgical-procedural system in approaching the audited field

The purpose diversity of the human resources audit and of the work relations within an organization allow the approach of this procedure as a complex process, which should be studied individually.

In order to do this, they will always ask **questions** as:

- -Is there anybody in your company responsible with education, training and development of human resources? (Yes /No);
- -Who bring forward a training request? (choose between the following categories: employees / supervisors / supervising managers / department managers / human resources manager responsible with training program / an external consultant / others);
 - -Are there training programs for teaching the personnel other jobs within the company? (Yes / No);
 - -Do all training programs have pre-established behavior objectives? (Yes / No);
 - -Do the training programs have their results assessed? (Yes / No);
- -Who set the training domains necessary for the employees? (mention the names of the persons responsible and their positions);
- -How is the necessity of training identified? (choose between the following categories: position performance standards and objectives / performance level / changes of position's content / program of evaluation / promotion / employees' individual objective in order to develop / others);
- -How are the training programs procured? (choose between the following categories: from external sources / developed internally by training experts / developed internally by each department / developed externally by consultants / developed by schools or professional associations /others);
 - -Who perform the training programs? (name the responsible and position);
- -What type of training it is used? (group training / self training / computer assisted self training / Internet or Web self training / duty rotation).

One can use the following scheme containing several entrepreneurial training methods. Many of these versions can be applied for the human resources department too and can be successfully brought together in order to obtained as performing results as possible.

- -Must the training responsible persons have specific aptitudes? (Yes /No);
- -Are classes and seminaries considered training methods? (Yes / No);
- -Are the training costs for each program calculated regularly? (Yes / No);
- -Is the training cost carried out by the department where the trained person comes from? (Yes / No);
- -Is there any specialized catalog presenting methods and training techniques? (Yes / No).

Details will be obtained regarding this catalog if we have an affirmative answer.

_

¹⁸² Dubuis Maryline, Rotigliano Laura, Vergeseres Szlvie; professeur: M. Rousson, asistante: V. Turansky – "L'audit En Ressources Humaines", seminaire: Changement et Intervention dans l'Organisation, mai 2002, p.6

- -Is the organization paying the training programs or it is the possibility of a sponsorship? (one can choose between categories);
- -Is there a person responsible with employees' guidance towards fulfilling their future plans of development? (Yes / No);
- -Is the organization giving the possibility to discount the expenses for the training? (Yes No);
 - -Is the discount available on a special level? (Yes / No).

It is concluded with the open questions assessed on a 1 to 9 scale, representing the levels of very low or very high. The diversity of audit's goals for human resources and work relations within an organization allow the approach of this procedure as a complex process which has to be studied individually.

The content of recruitment, selection and integration audit for human resources will include the evaluation of methods and procedures which are used in order to recruit personnel; the recruitment costs; the recruitment efficiency by filling up the free jobs, filling up the jobs in the future; the efficiency of the selection and integration within the organization for the new employees methods.

The most influential and thus important category is the category related to **personnel recruitment and selection**. Here we can have the majority of juridical problems for an organization. This part can allude obtaining and evaluating the candidates qualified for jobs inside the company both from internal or external sources.

In order to gather information as complete as we can in order to have an efficient audit, one can ask as many questions as necessary. Some of the questions can be the following ones:

- -Who's the person responsible for request and certification of new employment? (fill in: a person responsible with demands of new employment and it's position; a person responsible with certifying new employment and it's position)
 - -Is there necessary a job description when certifying personnel employment? (Yes / No)
- -Are there necessary some standards of performance when certifying personnel employment? (Yes / No)
 - -Is it encouraged hiring personnel within the company against outsiders? (Yes / No)
 - -Is the organization having a program which enables job occupancy? (Yes / No)

One can try to get more information regarding the details of this program if the answer is affirmative.

- -Is there any promotion politics applicable within the organization? (Yes / No);
- -Who determine the techniques and methods of hiring? (name the person and position);
- -Which of the following specifications occur in the employment announcements? (check one or more of the following categories: name of the organization, job, location, phone number, salary, benefits, demands, name of the contact, confidentiality of information, organization's response modality, others, organization does not make the jobs public).:
 - -Is there a minimum number of interviewed candidates for a job? (Yes / No);
 - -Who perform their sorting? (name of responsible and position);
- -What type of sources is used in order to bring external candidates within the organization? (check one or more of the following categories: internet, head-hunting companies, Agency of Employment and Occupancy, schools, consultants, paper announcements, professional associations, employees' recommendations, job markets, employment companies, personnel changing, internal publications, others);
 - -Is there any candidate recommendation program? (Yes / No).

One can generate a series of adjacent questions if the answer is affirmative in order to bring to the auditor additional knowledge. Thus, as follows there are going to asked questions regarding the persons who are responsible with the selection stages and what methods do they use, the training programs performed by these ones, employment rules, ways of data storage, demands regarding the drug test requests, psychiatrical and physical tests etc.

Finally one can choose between the questions with gradual response regarding the employee's opinion

2.2. National and international reference audit reporting norms and standards regarding the training development of human resources

Education, training and development can pertain as guide marks as:

- -for all jobs were identified the necessary abilities;
- -the complex of abilities for each employee was identified and compared with the job it has in order to identify the training needs;
 - -proper training tactics were identified for the training needs of each employee;
 - -in time it is drawn up a training and development plan for all employees;
 - -the manager together with the employee set clearly and accept the objectives before each class;
- -a individual evaluation takes place after each class in order to observe if the objectives were and the level and in order to identify the necessary remedy;
 - -the abilities of each and every employee are periodically analyzed;

- -the expected performance standards which were analyzed and correspond to the employer;
- -management's periodical performances against the standard provisions;
- -the remedy process it is set together with each employee when performance deficiency;
- -the organization can contractually act if unsatisfactory performance.

Bibliography

- 1. I.G. Odegov, T.V. Niconova "The Staff Audit", Ed. Examen, Moscova, 2004
- 2. Jacques Ingalens "Audit des Ressources Humaines", Editions Liaisons, 3e edition
- 3. Prepared by Bill Coy, Senior Associate for HR Consultation L Piana Associates, Inc. "Introduction to theHuman Resources Audit", 2002
- 4. Marin, I. The Human Resources Audit" Main Function of the Human Resources Management" _ Administration and Public Management" Magazine , nr.2, Ed. ASE, 2002
- 5. Dubuis Maryline, Rotigliano Laura, Vergeseres Szlvie; professeur: M. Rousson, asistante: V. Turansky "L'audit En Ressources Humaines", seminaire: Changement et Intervention dans l'Organisation, mai 2002,

PARTICULARITIES OF THE HUMAN RESOURCES RECRUITMENT AND SELECTION PROCESS IN THE ROMANIAN COMPANIES

Marinas Cristian-Virgil

Academy of Economic Studies of Bucharest, Romania Faculty of Management cristian_marinas@yahoo.com 0722355398

Puia Ramona Stefania

Academy of Economic Studies of Bucharest, Romania Faculty of Management ramonapuia@gmail.com 0744565062

Emphasizing the main particularities of the recruitment and selection process in the Romanian companies is more necessary in the present economic, social and political environment, the main challenge in the human resources field being the management of talents. In fact, we are talking about a more and more obvious problem which not just the Romanian companies are facing on, in the context of the globalization process extension, respectively how the companies are identifying, localizing, attracting and retaining the talents on long term. For the human resources specialists, knowing the main issues of the human resources recruitment and selection process could be a way to understand the complexity of this activity and especially, a way to identify new methods, opportunities to attract and retain in their companies the best people, the most competent employees from the labor market.

Key words: human resources recruitment and selection; recruitment and selection methods; human resources management; multinational companies; competence, performance.

JEL classification: M12, M50

Introduction

The data and the opinions presented in this paper are underlying the results of a study about the human resources management in the Romanian companies. There were 150 companies involved in this research. The study was based on a questionnaire (40 items) and it was addressed to the human resources specialists which act in companies from different branches. The main aim of this study was to achieve relevant data about the main human resource management activities (human resource strategies and policies, job design and analysis, human resources planning, recruitment and selection, human resource development, performance evaluation, reward management and work relations). All the 150 selected responders, human resources specialists, were actively involved in the research and they filled in the questionnaire. 26.58% of the responders are human resource managers and 73.42% of them are performers (execution job holders).

The 150 companies are from all four branches of the national economy: agriculture (3.8%), industry (20.25%), construction (6.33%) and services (69.62%).

The structure of the studied sample of companies reflects the contribution of each branch on the Gross Domestic Product. In 2007, the contribution of each branch on the Gross Domestic Product was the following: services – 60.8%, industry – 23.46%, constructions – 9.11%, agriculture – 6.63%.

The sample of the companies was structured: small and medium enterprises - 24.05%, public institutions - 21.52 %, big companies (Romanian capital) - 16.46% and multinationals - 16.46%.

Particularities of the human resources recruitment in the Romanian companies

The short time orientation that characterized the managerial activity is underlined by the fact that the most part of the Romanian organizations are guided, in the employment process, on the evolution of their day by day activity. Although it may be surprisingly, in the Romanian companies, the spontaneous needs of human resources are the main tool used in the process of the human resources planning. 57% of the companies are using this criterion to plan their human resources necessary, while 43% of them have human resources plans.

The Romanian companies are recruiting their human resources from where? What methods and tools are they using to recruit their personnel? These are two major questions that we are trying to answer. The results of the study about the human resource management in the Romanian companies, underline the preference of the employers for the external sources to recruit their human resources. The proportion between the external sources and the internal sources is 57% to 43% (table 1). This trend is available for the entire sample of the studied companies but, certainly, there are some differences between different types of companies. Although in the public institutions, the recruitment from the external sources is dominating, though they are using it on a low level than in the other organizations: small and medium enterprises (57.21%), large companies (56.15%) and multinationals (57.2%) (Table 1).

Table 1 Methods and sources of human resources recruitment used in the Romanian companies, by type of companies and personnel (performers and managers)

				E's		blic utions	La: comp	0	Multinationa ls		
Recruitment methods and	Type perso		Type perso		• •	es of onnel	Typo perso		• -	Types of personnel	
sources	P	M	P	M	P	M	P	M	P	M	
Internal sources - 43%			Inter sour 39.3	ces	sou	rnal rces 59%	Inte sour 43,8	rces	sour	Internal sources 42,80%	
Job posting	1,87	1,98	2,08	2,10	1,59	1,82	2,30	2,50	1,78	1,87	
Employees references	2,03	2,21	1,94	1,91	2,00	2,00	1,92	2,13	2,14	2,46	
List of older employees	2,80	2,89	2,83	2,78	2,70	2,82	2,63	3,00	2,88	2,95	
External sources	- 57%		Exte sour 60.6	ces	sou	ernal rces 41%	Exte sour 56, l	rces	External sources 57,20%		
Advertising	1,82	1,78	1,62	1,45	2,00	1,92	1,75	1,56	1,86	1,96	
Temporary work agencies	2,47	2,22	2,25	2,17	2,75	2,67	2,50	2,56	2,43	2,04	
Educational institutions	2,54	2,68	2,20	2,50	2,78	3,00	2,88	2,80	2,56	2,64	
Recruitment agencies	2,45	2,27	2,38	2,33	2,50	2,60	2,67	2,56	2,41	2,08	
National Agency for Occupancy and Labor	2,59	2,58	2,92	3,00	2,38	2,67	2,60	2,50	2,40	2,31	
Internet	1,76	1,68	1,57	1,33	2,00	1,80	2,22	2,29	1,64	1,70	
Spontaneous nominees	2,21	2,23	2,47	2,27	2,00	1,80	2,86	2,75	1,92	2,20	
Head-hunting	2,40	2,17	2,10	2,15	2,57	2,40	2,43	2,44	2,48	2,04	
References	1,91	1,96	1,56	1,56	1,57	1,60	2,56	2,57	1,86	1,96	

The Internet is the most used external recruitment method of human resources, both for the performers (1.76) and for the managers (1.68). It has a higher frequency than the other external recruitment methods, mainly for the managers (table 1). But we must underline that the Romanian companies are using the Internet as an external recruitment method, mostly for the low and middle managers. The advertising and the references are used very often by the companies to recruit their personnel from external sources.

The external recruitment from the educational institutions and from the National Agency for Occupancy and Labor is used rarely. The main reason for this situation is that there is no partnership between the business environment and the educational institutions. Also, the offer of the National Agency for Occupancy and Labor is very poor. Companies do not use this external recruitment source because of the lack of the personnel competencies. Companies want to recruit people with a higher level of education and experience, but the National Agency for Occupancy and Labor doesn't offer them this kind of personnel. The Romanian companies are using head-hunting to recruit managers from the external sources. This recruitment method is used mainly to recruit the top managers. In the small and medium enterprises, the references are used very often to recruit from internal sources both, the performers (1.94) and managers (1.91). In the small and medium enterprises the references, the Internet and the advertising are the main methods used to recruit the personnel from the labor market. The managers are recruited from the external sources using the Internet (1.33) and the advertising (1.45), these two external recruitment methods being the most important. The performers are recruited from the external sources using the references (1.56) and the Internet (1.57). The small and medium enterprises are rarely cooperating with the National Agency for Occupancy and Labor, to recruit the performers (2.92) and the managers (3.00) (table 1).

In the public institutions, job posting is the most used internal recruitment method, both for the performers (1.59) and for the managers (1.82). The references (1.57) are used more frequently than the other external recruitment methods, like: the advertising (2.00), the Internet (2.00) and the spontaneous nominees (2.00). Recruiting from the educational institutions (2.78) and from the recruitment agencies (2.75) are rarely used to attract the performers. In the public institutions, the managers are recruited using the external recruitment methods like: references (1.60), the Internet and the spontaneous nominees (1.8) and the advertising (1.92). Just like the other organizations, the public institutions are rarely cooperating with the educational institutions and with the National Agency for Occupancy and Labor to recruit their managers (2.67).

The large companies recruit their human resources from internal sources using the references mostly for the performers (1.92) than for the managers (2.13) (table 1). The advertising is used as an external recruitment method both for the performers (1.75) and for the managers (1.56). The Internet offers important advantages for recruiting the performers (2.22) and the managers (2.29)

Unlike large companies, multinationals are using frequently the job posting to recruit the human resources from internal sources, both for the performers (1.78) and for the managers (1.87). In multinationals, to attract the performers, the main external recruitment methods are: the Internet (1.64), the advertising and the references (1.86). This trend is available in the case of the managers (table 1). For a better recruitment of the managers, multinationals are cooperating with the temporary work agencies (2.04) and with the specialized recruitment agencies (2.08). Unlike other organizations, multinationals are using frequently the head hunting to recruit their managers.

Particularities of the human resources selection in the Romanian companies

Which are the main selection criteria used in the Romanian companies? What is important: knowledge or experience? And how much does it matter? What methods are the Romanian companies using to select their personnel? These are other major questions and we are trying to answer by using the results of the study about the human resource management in the Romanian companies.

The most important four selection criteria used in the Romanian companies are: the individual attributes, abilities and capacities (2.00), the studies (2.04), the professional knowledge (2.30) and the professional experience (2.35) (table 2). This classification of the selection criteria shows that the employers are using many criteria to select their future employees.

The "individual attributes, abilities and capacities" criterion is used very often in all the organizations to select their future employees, unlike the public institutions which are using seldom this criterion (table 2). In multinationals, this criterion has a big importance (1.83).

The "studies" criterion is used very often in public institutions to recruit and select the new employees. Otherwise this criterion is used in all the Romanian organizations, but in the public institutions it has the biggest weight in the final employment decision, because of the employment legislation of the public servants, which states that in the public institution "the studies" criterion is the main recruitment and selection criterion (table 2).

The "professional knowledge" (2.30) and the "professional experience" (2.35) criteria have almost the same importance in the employees' recruitment and selection process (table2).

Table 2 The selection criteria used in the Romanian organizations

Criteria	SME's	Public institutions	Large companies	Multinationals	Average
Individual attributes, abilities and capacities	1,94	2,41	1,92	1,83	2,00
Studies	2,06	1,59	2,00	2,31	2,04
Professional knowledge	2,33	2,24	2,25	2,33	2,30
Professional experience	2,17	2,71	1,92	2,43	2,35
References	3,24	3,13	3,08	3,00	3,10
Age	3,00	3,87	2,73	3,31	3,26
Physique	3,56	3,93	3,27	3,73	3,66
Personal relations (friendships)	3,44	4,19	3,00	4,04	3,76
Sex	3,75	4,20	4,20	4,28	4,12
Nationality	4,40	4,31	4,00	4,16	4,23
Zodiac	4,63	4,33	4,60	4,24	4,41

Note: $1 - \overline{\text{very important}}$, $2 - \overline{\text{important}}$, $3 - \overline{\text{no matter}}$, $4 - \overline{\text{few important}}$, $5 - \overline{\text{very few important}}$

Although the "personal relations (friendships)" criterion has a low importance in selecting the new employees (3.76), we must underline that there is a big risk to appear the effect of nepotism in many Romanian organizations, mainly in the large companies (3.00) and in the small and medium enterprises (3.44). The main cause of this situation is that many Romanian organizations are applying the "entrepreneurship for my family" model of management [2, 3]. This model of management is not the best way of action, because working for the owner's family and employing the owner's cousins generate some compromises and it represents negative signs for the external employees. In many cases, the external employees are afraid for their status because they have three choices: to be a part of the "owner's family", to work for the "owner's family" or to leave the organization. Many organizations are forbidding the employment of the internal employee's cousins. In the public institutions, we are afraid that the "personal relations (friendships)" criterion is more important than the results of the study showed us (table 2). The criteria "sex", "nationality" and "zodiac" are rarely used in the Romanian organizations.

The "professional experience" criterion (61.32%) has a major importance in the recruitment and selection process of the new employees, than the "studies" criterion (38.68%).

In the large companies, multinationals and small and medium enterprises, the "professional experience" criterion has the major weight in the final employment decision of the new employees (table 3).

Table 3 The importance of the "studies" and "professional experience" criteria in the Romanian organizations

Criteria	SME's	Public institutions	Large companies	Multinationals
Studies	36,95 %	53,61%	29,13%	35,31%
Professional experience	63,05%	46,39%	70,87%	64,69%

The analysis of the data from table 3 underlines the major trend that characterizes the recruitment and selection process in the Romanian companies. Overall, the Romanian companies recruit and select their employees using the "workable competencies" criterion. This trend reflects the influences of the British, German and American systems of management, which are standing on the technical and workable competencies of their employees.

In the Romanian companies, the selection methods are customized on the different types of employees. The CVs and the cover letters (1.29) and the employment interview are used mainly to select the performers (table 4).

Table 4 The selection methods used in the Romanian companies

Selection methods	Types of	personnel
	Performers	Managers
CV and the cover letter	1,29	1,82
Employment interview (classic interview)	1,37	1,37
Behavioral interview	1,96	2,13
Tests of skills	1,95	1,30
Tests of knowledge	1,87	2,10
Tests of personality	2,11	1,86
Tests of practice	1,92	2,18
Simulations	2,30	1,82

Note: 1 - always, 2 - frequently, 3 - seldom

The differences between the selection methods of the performers are more obviously on types of organizations. In the small and medium enterprises, large companies and multinationals, the CV's, the cover letters and the employment interview (classic interview) are mainly the most used selection methods for the performers.

The simulations are seldom used to select the performers (2.30) (table 4). This trend is valid for all types of the Romanian organizations: small and medium enterprises (2.45), large companies (2.50) and multinationals (2.21). The tests of personality are rarely used in the public institutions to select their new employees.

In the Romanian organizations, the tests of skills (1.30), the employment interview (1.37), the CV's and the cover letters (1.82) and the simulations (1.82) are mainly used to select the managers. The CV's and the cover letters (1.56) are frequently used in the public institutions to select their managers. In the small and medium enterprises the tests of skills and the employment interview (1.20) are very often used to select the managers. In the large companies, the employment interview (1.21) and the tests of skills (1.33) are frequently used to select the managers. The tests of practice (2.18) and the behavioral interview (2.13) are very rarely used to select the managers.

Conclusions

The ratio between the external recruitment sources and the internal recruitment sources is over one. The employment strategy of the Romanian companies bases on the external recruitment sources. The main aim of the employment strategy is to attract and get the talents from the labor market. Hereby, the Romanian companies are trying to cancel the planning difficulties that they are facing on. Some organizations do not have enough competent employees to face on the increasing complexity of the activities. Besides it is cheaper and easier to get and to employ trained people from the labor market, than to train them. But it must be underlined that this kind of people need more time for accommodations and they are not so much trusty as the internal employees.

Though the professional experience of the candidates is very important for the employers, this situation could have some negative consequences on the behavior of the candidates, especially for the candidates that spent very much time in the training programs and they are well trained, but they didn't work during the training stages. Some candidates worked during their professional stage and they achieved some professional experience. The last ones have many chances to get a job than the other ones. The candidates that didn't work during their professional stage could be frustrated because they don't get the recognition that they are expecting from the companies. Even for the employers it could be frustrating because they couldn't benefit from the knowledge of the employees.

References:

- 1. Lefter V., Deaconu A., Marinaș C., Managementul resurselor umane. Teorie și practică, ediția a doua, Editura Economică, București, 2008.
- 2. Luca A., Employeescu, o scurtă caracterizare a angajatului român. Dimensiunile culturale și implicațiile lor în comportamentul organizațional, Editura România pur și simplu, București, 2005, pag. 141.
- 3. Luca A., Studiu privind valorile şi comportamentul românesc din perspectiva dimensiunilor culturale prin metoda lui Geert Hofstede, aprilie 2005, www.gallup.ro, pag. 4.
- 4. Manolescu A. Lefter V., Deaconu A., Marinaș C., Managementul resurselor umane, Editura Economică, București, 2008.
- 5. Marinaș C., Particularități ale procesului de recrutare și selecție a resurselor umane în Europa, Revista Calitatea-acces la succes, anul 9, nr. 4/aprilie 2008, pag. 24-29.
- 6. Marinaş C., Puia R., Human resource practices in the Romanian companies, Special Issue of Review of Management and Economical Engineering, vol. 7, no. 6/2008, pag. 108-112.
- 7. Marinaş C., Recrutarea şi selecţia resurselor umane în context multicultural, Revista Calitatea-acces la succes, anul 9, nr. 4/aprilie 2008, pag. 10-15.
- 8. Strack R., Francoeur F., Dyer A., Creating People Advantage. How to adress HR Challenges Worldwide Through 2015, The Boston Consulting Group Inc, Boston, 2008.
- 9. *** Buletin statistic nr. 11/2008, www.insse.ro.

THE COMPETITIVENESS OF THE ROMANIAN TOURISM – A GHOST OR SUSTAINABLE REALITY?

Mazilu Mirela

University of Craiova – University Centre of Drobeta Turnu Severin Faculty of economics and business administration Str. Calugareni nr. 1, Drobeta Turnu Severin Email: mirelamazilu2004@yahoo.com

Marinescu Roxana Cristina

University of Craiova – University Centre of Drobeta Turnu Severin Faculty of economics and business administration Str. Calugareni nr. 1, Drobeta Turnu Severin Email: roxanaseverineanu@yahoo.com

The integration of Romanian tourism into the European Union means making the economic activity more efficient in concordance with the natural and social environment. The tourism has the chance to develop freely without constraint from the limits imposed by the decision factors, as it happened in the cases of the agriculture and industry. The reduced competitiveness of the Romanian tourism in comparison with the member states of the European Union, even the new integrated states, can be improved through the adoption of a strategy which could establish very clearly the priorities towards which they would direct the financial resources allotted by the EU or by the state budget for the period 2007-2013.

Keywords: competitiveness, tourism, destination, economy, project, globalisation, sustainable. JEL: L83, O10, Q01

INTRODUCTION

The context of today's world, marked by the globalisation of phenomena and the acknowledgement of the interdependencies, has imposed new rules of the game: the prosperity of the nations meaning competitiveness on the international markets, and the companies integrated into the world chain of values. As a consequence, the problem of competitiveness has become a hot subject at the level of each actor on the economy scene, from the one of the economic regions to the one of each organisation. At the same time we can notice an evolution of the concept of competitiveness, that is the change from the static competitiveness where the advantage was given by the endowment with the technical factors, to the dynamic competitiveness whose factors are: the technical progress, the rise of the salaries and the modern methods of management, which have created the advantage to outrun the economic dimension: the growth of financial power and of the productive power of the country, the education, the security, the quality of life being all the components of the concept.

Being defined as the "degree to which a nation, in conditions of the free and honest market, can produce goods and services which can pass the trials of the international markets, managing at the same time to maintain and increase the real income of its citizens (Ph. Kotler, The Marketing of Places, Teora Publishing House, Bucharest, 2001, pg. 232): the competitiveness is thus a challenge which applies not only in the case of the nations but also in the case of all the regions and the cities/resorts in the world.

The competitiveness of a nation is influenced by the level of competitiveness realized at the level of each of the actors on the national economy scene. In other words, all the sectors of the national economy, and implicitly all the branches of national economy, all the organizations within each of the branches, contribute to the achievement of the competitiveness of a nation.

Thus, the productive sectors of the national economy contribute, through the increase of their competitiveness, to the increase of GP, of the VAT, while other branches contribute, through the enrolled activity, to the increase of the quality of life (health, tourism, culture, social assistance), to the formation of qualified work force (education), to the assurance of the efficient function of the justice, to the protection of the private property and of the citizen's safety.

In 2007, there were 760 millions tourists. In fifteen years there will be 1 billiard 760 millions. By generating considerable public incomes, tourism is one of the most important sectors and with the most rapid development in the national economy. But tourism is a special product.

The branch of tourism identifies with the accommodations: the national and international hotel chains as well as a lot of small companies, the majority being family businesses. The small and medium sized companies represent over 90% of the European tourism companies. The industry of tourism contains, as well, the destinations with their offers and their natural and cultural wealth, as well as professional tourist operators.

Globalisation, the promotion of a new destination, new technologies have changed the competitive environment of the European countries. Nowadays the most powerful instrument in the tourist promotion is the image of a country or of a region or of a tourist product. If we concentrate on the international dimension, the strategies for building an image or for the tourist promotion are:

- the creation of a new tourist image;
- the re-positioning of a traditional tourist destination;
- the creation of a degree of awareness within the competitive frame;
- the process of creation of the brand (which covers the regional/national level).

In the case of well-known destinations, the tourist promotion is planned and financed through the collaboration and the partnership between the public sector and the private one. This thing brings, first of all, more resources for promotion, which can be allotted using a strategy on a long term and from the perspective of marketing and communication, where the objectives and the targets are very well defined. The public-private partnership for the tourist promotion is a very important problem, because the majority of tourism companies are small and have the tendency to set for themselves shorter time horizons and to take individual decisions, while the objective should be to consider tourism within the bigger picture. This is a very important point in the involvement in activities of promotion and in the strengthening of the collaboration between the diverse actors in order to assure the participation of all the parties in this process.

The undertaken short analysis emphasizes the importance of the investment in the public relations through communication strategies which can contribute to the tourism development. The partnership and the promotion in the tourism industry must deal with the complex reality. On the one hand, the professionals/the specialists in promotion and partnership collaborates with the Coordination Institute (which represents the political, economic and productive forces) which has been established for the strategy of promotion, setting the main directions of communication, and on the other hand must take into consideration the many actors and a fragmentation of the companies: the achievement of the objectives of the strategic plan is not an easy task.

If there is not a development strategy for the implementation of a quality tourism, based on the sustained development, including a selective and planned construction of accommodation units and the reconstruction and the improvement of the already existent ones, the staged development of a supplementary offer (culture, sports, wealth, entertainment, recreation etc.), the development of family tourism, of the organisational and business tourism, activating the potentials of the whole territory, then successful results will not exist: the tourist sector must adopt a proactive attitude. And how can a tourism strategy promote the interests of all its participants on the basis of mutual advantages, how can it afford the challenges of globalisation, how can it plan new and successful strategies for the small and medium sized companies in tourism? How should a project be finalized by the promotion of the image of a country, of the Danube Bend, of the seaside, of some centres of recreation or some mountainous areas?

In the following, I will try to offer some solutions, which, in my opinion, are beneficial in such an attempt:

- 1. A project of promotion and of partnership must take into consideration all the interested entities (stakeholders) from the tourist branch. What are they? The accommodations, the tourist associations, the professional associations, the unions, the municipality, the local travel agencies, which work for the public departments, the Ministry and/or the National Committee for Tourism, the National Agencies for Tourism,
- the European Union (the Difficulties of adjustment to the external shocks at the global level, like the terrorism acts, prove to us one more time how important peace and the political stability are for tourism.). Without being aware of the relations between entrepreneurs, institutions and the public, it is impossible to initiate the planning of an efficient communication strategy
- 2. The market research is the essential tool which brings specific information, which not only offers a clear image of the actual state, but also offers the possibility of turning to quantity and quality researches of the tourist sector in discussion and of the trends in tourism in general. The SWOT analysis cannot miss from the promotion plan for tourism. It is advisable, in case there is not any, to create an observation point for the collection and the monitoring of the statistical data.
- 3. The strategic plan: the tourist sector, as a dynamic community, which consolidates the destination brand through Communication and public relations.

The first step, the internal communication: in order to complete this plan there is a fundamental condition: the consolidation of the partnership culture, the actors' information about the strategic plan and about its objectives as well as the indication of the positive aspects for the participants.

The second step: the use of promotion tools, starting with the relations with the media through press tours, and even study tours for the travel agencies, the collaboration with the National Council for Tourism, the promotion of the conferences about tourism, the organisation of meetings and events, especially at the most important holiday and tourism fairs, the participation in the promotion activities along with the tourist operators, the support for the advertising campaigns for the tourist image, in general, and for the specific products. The promotion of some quality and ecologic labels in order to increase the responsibility of businesses and of the consumers (tourism is an economic activity where there is a close relation between the suppliers of services and the consumers).

4. Last, but not least, there is the creation of a system of monitoring and evaluation with the purpose of checking the performances and the objectives achievement.

"Everything little is beautiful" says a very beautiful sentence, but in order to be and remain competitive, the small and medium sized tourist companies must connect to a bigger network. The collaboration and the partnership lead in a professional manner are the key elements for success.

The recent and the beneficial cooperation at the level of the European Union is relevant if it brings a plus of value. There have been identified three domains in which the actions of the European Union can bring a plus of value to the states member, including Romania. These are:

- 1. The improvement of the common statistical data bases in order to offer correct information regarding the tourism industry – represents a precondition for the comparative analysis, for the exchange of ideas and experience and it addresses especially to the strategic problems from the tourist sector. One of the things already accomplished in this matter is the registration of the 10 destinations from Romania. which there is the one we coordinated within the Pilot Project: "Drobeta – the Danube Bend - Ponoare", a tourist triangle of excellence, won through competition, cofinanced by the European Commission and the Ministry of Small and Medium Sized Companies, Commerce, Tourism Government of Romania through the the General Direction for Development and International Relations (Dec. 2007 - June and Professions – 2008), obtaining the Diploma of Excellence, as a result of the selection within the Project "European destinations of Excellence" with the topic "Tourism and the untouchable local heritage". Following the project, the destination benefited from the free promotion within tourism event from the country and from the ones organised at the European level. where there have been presented the elements of tourist interest of the destination, that is Mehedinti County.
- 2. The focus on the comparative analysis in order to know in detail the tourist activities from the member countries and in this way to develop the quality of the definitions and of the indicators, by formulating a vision of the sustainable tourism.
- 3. The consolidation of the tourism policy integration within the other policies with which it has a connection. Tourism is a sector with a transversal nature and it is affected by numerous policies of the European Union, and numerous common efforts should often be focused on the horizontal nature problems. The economic growth from the following years should come from the implementation of the structural reforms and from the improvement of the conditions within the general frame for the citizens as well as for the companies in the European Union.

The last point on this list is situated at the centre of the discussions which take place at the level of the European Union. The problem is that if tourism had an own horizontal policy or if tourism were considered within the EU Treaty as one of the support domains, which could play a complementary role in the European Union for the member states.

Another example of cooperation at the European level is represented by the care for the protection against the commercial effects, which leads to the bankruptcy of the tour-operators, and they represent a great part of the tourist sector.

Even if there are national protection plans for consumers, hotel companies and their suppliers, the danger still exists and a mechanism must be implemented at the European level in order to respond to the special conditions, like the time differences, the distances and the various practices in doing business.

A number of factors are expected to have a major impact on the tourist transportation and on the competitiveness in Europe in the future: the diversity of the means of transportation plays an important role in the growth of the European and international tourism – the car being the most common means of transportation, followed by the air transport and the train.

We live in a world in which the economic growth has stimulated the demand for transportation – there is a great part of the population who travels, the journeys being shorter though, but more frequent. The transportation cost will always remain a decisive part of the global cost of the tourist product, the transportation being judged correctly by the terms of quality, profitability and safety. In many cases the preference for a means of transportation conditions the type of vacation and the destinations chosen by the tourists. The traffic jams and/or the delays may make them think twice before taking a decision.

The use of information technologies in the tourism sector may modernise and improve the efficiency of the tourist infrastructure and can promote an intelligent transportation. Also, the mobility can increase.

One of the most serious problems of European tourism is whether there should be a unitary promotion or not. This is not a political problem or an administrative one, in the sense that the only thing that politicians have to do is to put together the old plans with the new ones, to work together with other professional researchers and stakeholders and decide, from one case to another, if it is more useful/more efficient to promote the entire Europe, only certain parts from the continent or to offer governments the possibility and the support to achieve the promotion locally. In the last case, it is interesting to notice if the local governments are capable to promote the cultural or the natural resources common to more regions, or the realities of isolated regions. In one word, if they have the ability to act beyond their own competences.

Thus, the implications of the adhesion to the European Union which aims directly to the tourism in Romania are already visible:

- The tourist destinations competitiveness. Because there is not only one offer of services for the satisfaction of the tourist's needs, the competitiveness of a destination depends at a great extent on the quality of the different facilities which this one has to offer. As long as there are more tourist activities practised by the public institutions, the competitiveness of a destination depends on the good function of the partnership between the public and the private. The destination is as well the best level for the creation of cooperation networks between different offers of tourist products. Moreover, the Community supports a

number of actions which emphasise first of all the quality aspects; such actions include pilot projects for the preservation of the architectural heritage, the restoration of the European monuments and of the historic objectives (for example the European City of Culture, the case of Sibiu, declared European capital in 2008, fact that attracted many appreciated merits, the European cultural month and the Kaleidoscope project) in order to encourage cultural events and the activities with a European dimension involving participants form at least three member states.

- The number of foreign tourists from EU which visit Romania is possible to grow. Still this growth is unlikely to be spectacular and it must be seen as within the general tendency of tourism growth at a European level, but also in the context of promoting Romania within the member states manifested through the growth of the interest for a new country in the EU. We must take into account that in 2004 there was a great extension with 10 new member states, many of these are veritable tourist destinations Cyprus, Malta, the Check Republic, Hungary or Poland.
- The competition growth at the level of destination as well as at the level of the tourism operators. As a holiday destination Romania will enter the competition with the new member states which entered EU in 2004. The tourism operators on the Romanian market will compete with any similar company from the unique European market.

The monitoring of the degree of Romania's tourist competitiveness is based on the data offered by the World Travel and Tourism Council (WTTC) within the so-called "Monitor of Competitiveness" elaborated in partnership with Christel de Hann Tourism and Travel Research Institute from the University of Nottingham – Great Britain. This Monitor of competitiveness is in fact an analytical framing which:

- offers a record of the policy indicators and of the evolutions which have an impact on the industry; tourism
 - compares the national statistics, the policies, the governmental engagements for 2009;
- indicates the efficiency of the national policies in order to attract direct foreign investments and the expenses of tourists on a competitive market;
- shows the importance of the strategic planning and the need for the tourism and travels industry to be included in the policies and the governmental decisions.

The competitiveness analysis in tourism is based on a series of 8 indexes – the index of price competitiveness, the index Human Tourism, the index of the infrastructure, the index of the environment, the index of technology, the index of human resources, the index of the opening, the social index – whose value on a scale from 0 to 100 shows the performance of each country in comparison to other countries. The 0 value represents the smallest value of the index, and the 100 value is the greatest. The data sources for these indicators are represented at a great extent by the development indicators elaborated by the World Bank, but also by the UNO and the WTTC reports.

Within the competitiveness analysis in tourism 8 countries close to Romania have been chosen as reference countries, considered competitor countries in tourism: Bulgaria, Croatia, Serbia and Montenegro, Hungary, the Check Republic, Slovakia, Poland and Ukraine.

If we calculate a simple average of the indexes value, supposing that all these have the same importance, we obtain a so-called "competitiveness environment index". In conformity with this, Romania is clearly outrun in the competitiveness in tourism domain by countries like Hungary (78.44) and the Check Republic (74.47), but also by Bulgaria (68.57), Croatia (68.04), Poland (66.03) and Slovakia (62.84).

Romania is more competitive than some of the competitors in the domains of prices, of the environment, of the openness towards commerce and tourism and in the social domain, but less competitive in the technology domain, the human resources and the infrastructure:

- In comparison with Bulgaria, Romania is more competitive regarding the prices domain (the tariffs per room in hotels, in 2007; the parity index of the purchasing power; at the level of the taxes on tourism), infrastructure (only the roads and the railways with superior indexes than Bulgaria), environment (fewer carbon dioxide emissions than Bulgaria, but a greater population density), technology (the high-tech exports), social (the newspapers and television sets indexes).
- In comparison with Croatia, Romania is more competitive regarding the prices domain (the taxes on tourism), environment (fewer carbon dioxide emissions than Croatia, but a greater population density), international openness (the taxes on the international commerce) and the social domain (the newspapers and television sets indexes). We must also mention that the analysis is incomplete because of the lack of data for the infrastructure and human tourism fields.
- In comparison with Serbia and Montenegro, the analysis of competitiveness is limited to two fields because of the lack of data: the technology field (Romania having a larger number of INTERNET users) and the international openness (visas and the taxes on international commerce).
- In comparison with Hungary, Romania is more competitive only regarding the prices field (the tariffs per room in hotels in 2004 and the taxes on tourism) and the social field (the television sets index).
- In comparison with Slovakia, Romania is more competitive only regarding the prices field (the tariffs per room in hotels in 2007), human tourism (the involvement of people in tourism), environment, technology

(the high-tech exports), the international openness (visas) and the social field (the newspapers and television sets indexes).

- In comparison with the Check Republic, Romania is more competitive only regarding the prices field (the tariffs per room in hotels in 2007 and the taxes on tourism) and the social field (the newspapers and television sets indexes).
- In comparison with Poland, Romania is more competitive only regarding the prices field (the tariffs per room in hotels in 2007 and the taxes on tourism), human tourism (the economic impact of tourism), technology (the high-tech exports), the international openness (the openness towards tourism index and the openness towards commerce index) and the social field (the television sets index).
- In comparison with Ukraine, Romania is more competitive regarding the prices domain (the tariffs per room in hotels, in 2007; the parity index of the purchase power; at the level of the taxes on tourism), human tourism (the population involvement in tourism), environment (fewer carbon dioxide emissions than Ukraine, but a greater population density), technology (the high-tech exports, the number of INTERNET users, the mobile phones), the international openness (visas, the taxes on the international commerce) and social (the newspapers and television sets indexes, the computers index, the human development index).
- The quality of the tourist product will become a decisive factor in order to respond the best to the tourists' needs and to cope with the competition.
- The tourists will be aware of their rights as consumers, the result of the European legislation regarding the conditions of the increase of tourist exigency towards the services offered.
- The protection of the environment and the sustainable development will condition the development of tourism. This is an imperative around which any new tourist assembly will gravitate.
- A great accent is set on the tourism development at a regional level in the context of the decentralising/regionalising tendency of the competences in the tourism field as an economic activity.
- The intensification of the cooperation between different tourism operators at the level of a tourism destination as a result of the creation of a partnership between the public and the private which is necessary for the access to the European finances as well as for offering a better competitiveness of the destination.
- The tourist marketing must constitute a priority at the level of the central authority (the National Authority for Tourism) as well as at the level of tourist destination and even at the level of each tourism operator. Image plays a very important role in the decision of choosing a holiday destination. Many of the European tourists still know very little about Romania, certain prejudices about our country still existing. The reasons for the holiday are very closely connected to images. People choose their holiday destinations if these match their reasons. The potential tourists from the member states must be convinced that their reasons to travel are satisfied in Romania, and in these conditions it is time for a strong marketing.
- The transparent access to the finances offered by the European Union will facilitate the tourism development and that of the infrastructure in the areas with tourism potential from Romania. Of course, this depends on Romania's capacity of "completing viable projects" for tourism, and the human resources play a very important part here.

On a short term the impact on tourism is not relevant. There is no guarantee that foreign tourists will be more interested in Romania once it has adhered to the EU, but only a chance that must be revaluated through the aggressive promotion in the member states markets, doubled by the offer of quality services. We must take into account the inadequate infrastructure in many regions of the country, the poor quality of the tourist services and, last but not least, the existing prejudices that the Occident has regarding our country.

On a medium and long term, if it knows how to use the opportunities offered by the quality of EU member, Romania could become a veritable tourist destination not only exclusively for the old member states, but also for the member states or not from the Central and Eastern Europe. It would be ideal to transform the GHOST into a sustainable reality, with professionalism and especially with tourist potential, even an exceptional one, and acknowledgement at the highest forums of the European and world tourism field.

REFERENCES:

- 1. Baker S., Bradley, P., Huyton, J., The Principles of the Operations at the Hotel Reception, ALL Beck Publishing House, Bucharest, 2002.
- 2. Bavoux, J., Bavoux, D, Géographie humaines des littoraux maritimes, A, Collin, 1998.
- 3. Ioncică, M., The Economy of services, Uranus Publishing House, Bucharest, 2000.
- 4. Lupu, N., The Hotel, Economy and management, the 4th edition, All Beck Publishing House, Bucharest, 2003.
- 5. Minciu, R., The Economy of tourism, Uranus Publishing House, Bucharest, 2000.
- 6. Niță, I., Niță, C., The Tourism market of Romania, Ecran Magazin Publishing House, Braşov, 2000.
- 7. Mitroi M., "The Predictions of the World Organization of Tourism: 2000 2010", Tribuna Economică Magazine, Bucharest, no. 27/2000.
- 8. Mazilu M., Ecotourism and tourist arrangements, Scrisul Românesc Publishing House, Craiova, 2004
- 9. Mazilu M., Tourist Geography, Didactical and Pedagogical Publishing House, Bucharest, 2007

- 10. Mazilu M., Le tourisme roumain dans le contexte du tourisme europeen, Universitaria Publishing House, Craiova, 2007
- 11. Mazilu M.,Marinescu R., "The Globalisation Impact on the Romanian Tourism, article defended and published on the site of the IASK Conference (International Association for the Scientific Knowledge) Advances in Tourism Research, Portugal, 26-28 May 2008, http://www.iask-web.org/atr08/programme.html, and www.iask-web-org/publications.html
- 12. Mazilu Mirela Elena, Marinescu Roxana, "Sustainable Tourism in Protected Areas Case Study of the Iron Gates Natural Park", Rural Futures Conference, organized by University of Plymouth and School of Geography, 2-4 April 2008, Plymouth, the Great Britain, ISBN: 978-1-84102-185-0,p.1-7
- 13. Mazilu Mirela Elena, "Un Tourisme fait pour durer", published in Vol. and the program Colloque international: Services, innovation et développement durable, Poitiers, France, 26-28 March 2008, file://F:/Colloque SIDD Poitiers/Communication/Mazilu Mirela.pdf.
- 14. Olaru, M., Quality Management, the 2nd edition, The Economic Publishing House, Bucharest, 1999.
- 15. Snak, O., Baron, P., Neacşu, N., The Economy of Tourism, Expert Publishing House, Bucharest, 2001.
- 16. Snak, O., Services and Quality Management, Romanian Academy of Management, Bucharest, 2000.
- 17. Stăncioiu A. F., Mazilu M, Căescu Șt. C, Constantinescu M., "Considerations regarding the strategic thinking in the marketing of the regional identity" article published in "Economica" magazine, year XIV no.4 (December) (56)/2006, ASEM, Chisinău, 2006, ISSN 1810-9136
- 18. Stăncioiu A. F.,Arsene O,Teodorescu N., Mazilu M., "The SWOT Analysis of the tourist destination conceptual aspects methodology. Case Study: Northern Oltenia or Oltenia at the bottom of the Mountain" published in the vol. of the international conference Competitiveness and stability in Knowledge Based Economy, 30-31 May 2008, Craiova, ISBN 978-606-510-162-3, pg. 600-607, Universitaria Publishing House, Craiova.
- 19. Stănciulescu G., The Sustainable Tourism Management in the urban centres, The Economic Publishing House, Bucharest, 2004
- 20. Vellas F., Tourism tendencies and predictions, Walforth Publishing House, Bucharest, 1992
- 21. The National Institute of Statistics 2006-2008.

LEASINGUL - MODERN FINANCING SOURCE

Mărăcine Mihaela Simona

Constantin Brâncoveanu University, Piteşti Faculty of Management Marketing in Economic Affairs Address: Găvana III, BL B3, Sc. A, Et. 4, Ap .9, Piteşti, Argeş E-mail: mihaela.maracine@yahoo.com Telephone: 0720004876

Scărlătescu Iuliana

Constantin Brâncoveanu University, Piteşti Faculty of Management Marketing in Economic Affairs Address: Găvana III, Bl. M5a, Sc. A, Et. I, Ap. 1, Piteşti, Argeş E-mail: iuliana_scarlatescu@yahoo.com Telephone: 0722335135

Ducu Corina

Constantin Brâncoveanu University, Pitești Faculty of Management Marketing in Economic Affairs Address: Sat Valea Stânii, Comuna Țițești , Argeș E-mail: corina ducu@yahoo.com Telephone:0765499155

Under the conditions of the rapid evolution of technical progress, when the renewal of products and the moral depreciation of equipment, respectively of the work installations are particularly accelerated, the leasing operations prove to be advantageous for obtaining some costly pieces of equipment, goods and installations, necessary to expand and modernize the production.

Key words: leasing, financing, location, user, financer.

JEL Code: M16

Leasing is an expression of modern contracting techniques in this field and it has proven very effective both in national and international transactions. Leasing is from all points of view a product of the global market economy; it is an economic business that is clinched on a certain period of time and under certain conditions included in the lease contract - which is the legal support of the action.

Thus, leasing can be considered:

- a form of commerce, because it involves a commercial contractual operation to which usually taking part the supplier of goods, in order to be leased, the owner of the goods bought that are to be the subject of the lease and their beneficiary, the person who uses the assets and who pays for them under special conditions;
- a form of financing on medium and long term by specialized financial companies, financial institutions or direct producers that offer goods under rental conditions to customers, who do not have sufficient resources to purchase them and who prefer the right to use them for a specified period of time;
- an accessible privatization form that enables some people who do not have sufficient capital to settle companies to use a leased material base within some leasing transactions.

Leasing presents some distinct characteristics, compared with other economic affairs, especially compared to the purchase-sales transaction:

- -the dissociation of the ownership right from that of possession, through leasing only the right of use (possession) is remised and the right to property is preserved;
- -the main risk is not one of production, but one of ownership of goods;
- -the leasing company that preserves its right to ownership supports the user's activity (maintenance, repairs, service);
- leasing gives its potential users the choice of goods and suppliers;
- -the triple option that the user can express at the expiration of the lease contract;
- -the leasing companies exert a significant influence on the market, especially when they are specialized in certain types of goods or on a particular market segment;

Leasing appears in economic business as a relatively new, promising formula of economic business, in which the partners are: the manufacturer, financer and the user.

The analysis of the leasing market in Romania during 2006-2008

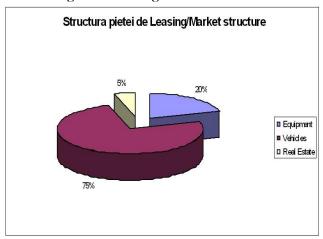
Due to the development of the market economy in Romania, leasing enjoyed a progress and an unprecedented development.

The leasing market in 2006

The economic growth in 2006, of over 7% was also advertised on the leasing market, which has developed significantly, confirming the status of the lease of financial product complementary to other banking products and accessible to a large number of economic agents, representing over 3% of the GDP, as shown in a press release of the Association of Leasing Companies and Financial Non-banking Services - ALB and of the Association of Leasing Companies from Romania – ASLR (ALCR).

In this sense, it can be argued that leasing has become a source of financing for medium-term investments able to support the development of various sectors of the national economy at competitive financing costs.

Figure 1 Leasing market structure



Source: Association of Leasing Companies and Financial Non-banking Services - ALB Romania, www.alb-leasing.ro

In 2006, financial leasing has continued to represent the main direction of development of leasing contracts, reaching a rate of 98% of the total of financed assets, the remaining of 2% being represented by the operational leasing.

The largest market share is registered by the sector of the banks' subsidiary companies with 75% of the total, followed by the sector of independent companies with 17.5% and by the sector of captive companies with 7.5%. In the dynamic the pace of growth between the total of the market from 31 December 2005 and that from the same period of 2006 is 57%. ¹⁸³

The operations of external financial leasing represented externally in 2006, a 3.6% share of the total of goods contracted by members of ASLR (ALCR), registering an increase of approximately 72% compared to 2005. The value of assets for the lease of legal entities represented 70.9% of the total market, 7.86% being represented by the public sector and NGOs, the difference of 21.24% being represented by individuals or natural persons and PFA (ANP-Authorized Natural Person). Of the total of 47,965 contracts signed in 2006 and in operation at the end of the year, approximately 56.5% are contracts with foreign suppliers and 43% represent leasing with domestic suppliers.

The leasing market in 2007

The value of goods financed on the Romanian leasing market has advanced by 51.59% to 4.94 billion euros in 2007, mainly owing to the entry of new companies, thus exceeding the initial estimates by almost 650 million euros, said the secretary general of ALB, Adriana Ahciarliu.

The initial estimates of the Association of Leasing and Financial Non-banking Services (ALB) on the local leasing market were worth 4.3 billion euros in 2007, going up by 32% compared to 2006, when there were goods financed worth the value of over 3,26 billion euros.

Figure 2 The leasing market in Romania during 2003-2007



Source: Association of Leasing Companies and Financial Non-banking Services - ALB Romania, www.alb-leasing.ro

-

¹⁸³www.ghişeulbancar.ro.

In the rankings of the volume lease financing at European level, Romania was ranked fourth. According to the European Association of Leasing, the greatest increase in the financed volume has been registered in Russia (102%), followed by Bosnia and Herzegovina (80%), Serbia and Montenegro (70%), Romania and Bulgaria, with 60%. On the opposite side there were the mature markets from Western Europe with a tradition for decades in financing through leasing. Thus, in Germany, the advance was of 6.35%, in the UK of 3.5%, and in Italy of 1.5%.

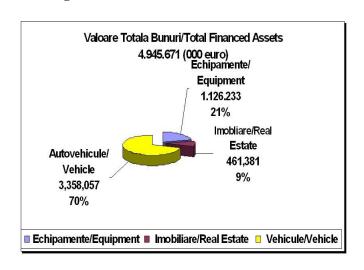


Figure 3 The Total Value of Assets in 2007

Source: Association of Leasing Companies and Financial Non-banking Services - ALB Romania, www.alb-leasing.ro

In 2007, the segment of real estate has almost doubled its share, from 5% to almost 9%, the share of equipment has increased from 20 to 21%, while the auto share remained at 70%.³

In terms of duration of the lease contract, the most common period is that of 4-5 years (31%), followed by the 3-4 years (26%), over 5 years (13%), 2-3 years (22%), 1-2 years (6%) and 1 year (2%).

The first year in which Romania was a member of the European Union appears to have been one favourable for the leasing companies, if we consider only the figures caught in the budget executions on 31 December 2007.

The leasing market in 2008

The Romanian leasing market fell in 2008 by 2.6%, until 4,817 billion euros, as a consequence of the negative impact of the introduction of the pollution tax on motor vehicles and of the difficult economic context of the last part of the year, shows the data published by ALB. The auto leasing segment, the main business of the companies on the market, advanced only by 1% in 2008 up to 3,384 billion euros, compared to 3,36 billion euros in 2007.

ALB states that the real estate leasing market has been affected significantly since July 2008. "A factor added to the international one is represented by the local one, through the high degree of taxation and notarial taxing, as well as through the non-acceptance of an accelerated depreciation during the lease contract."

Estimates for 2009

Still fewer companies will use this year firms specialized in leasing to equip themselves with cars or with various equipment because of economic evolution, but also because of the difficult situation on international markets. The leasing companies are not optimistic and it is expected to have a decrease in the market, on the whole, with 20-30% up to 3,37-3,85 billion euros in 2009 compared to last year, according to the Association of Financial Companies - ALB Romania. This, in the situation in which cars represent 71% of the total of assets financed through leasing. The forecast for reduction comes after the fact that last year the market registered a decrease of 2.6% compared to 2007, to 4,817 billion euros.

The representatives of ALB blame the auto pollution tax, but also the financial crisis, which have made their effects become obvious particularly in the last quarter of 2008 through a decrease by 60% of financing.

For 2009, ALB estimates that **car or auto leasing** will have a share of 75% of the total market, while funding for equipment will be 21%, and real estate leasing will have a rate of 4% of the total market.

² Amembal S.P. – Winning with leasing, Amembal&Associates, SUA, 2006.

³ www.wall-street.ro.

⁴ www.standard.ro.

The leasing market from Romania is a very active one and, concerning the financing of certain market segments, it is comparable to major markets across Europe. But, in some areas, such as financing vehicles, the market is somewhat more limited, innovation and sophistication being lower than in other European countries which have more experience.

Conclusion

Given the current economic and financial context from Romania, the use of leasing as a financial instrument, has become a rapid and efficient alternative of financing for the development of the companies from the private sector. The judicious use of resources, of fees management, reducing the financial effort on imports, the flexibility of the payment system, the speed and affordability make the balance tilt in favour of using leasing in the detriment of using other financing systems.

Bibliography:

- 1. Achim Monica Violeta Leasing o afacere de success (Leasing a successful business), Editura Economică, București, 2005.
- 2. Amembal S.P. Winning with leasing, Amembal&Associates, SUA, 2006
- 3. Clocotici Dorin, Gheorghiu Gheorghe Operațiunile de Leasing (Leasing operations), Editura Lumina Lex, Ediția a II-a, București, 2000.
- 4. Molico Tatiana, Wunder Eugen Leasingul un instrument modern de investiții și finanțare, (Leasing a modern investment and financing instrument) Editura CECCAR, București, 2003.
- 5. Puiu Alexandru Managementul Afacerilor Economice. Tehnici de afaceri economice interne și internaționale. Tratat, Vol.II (Economic Affairs Management. Domestic and international economic affairs techniques. Treatise, vol. II), Editura Independența Economică, Pitești, 2007.
- 6. Standardele Internaționale de Contabilitate (International Accountancy Standards) 2001, Ed. Economică, București, 2001, p. 375.
- 7. www.ghiseulbancar.ro
- 8. www.bursa.ro
- 9. www.wall-street.ro
- 10. www.alb-leasing.ro

FORMATION OF HUMAN RESOURCES – ELEMENT OF COMPETITIVENESS

Morosan-Danila Lucia

University "Stefan cel Mare" Suceava Faculty of Economics and Public Administration University st., no. 15-17, Suceava, Romania Email luciad@seap.usv.ro Telephone +40 742 900952

Boghean Florin

University "Stefan cel Mare" Suceava Faculty of Economics and Public Administration University st., no. 15-17, Suceava, Romania Email florinb@seap.usv.ro Telephone +40 230522978

Chasovschi Carmen

University "Stefan cel Mare" Suceava Faculty of Economics and Public Administration University st., no. 15-17, Suceava, Romania Email carmenc@seap.usv.ro Telephone +40 722702010

The professional formation of employee is a systematic process, intentional, for the development of specific skills and for the influence of behaviour of organization members, such as the resulting behaviour contributes to organizational effectiveness. Formation can be called also as any attempt to improve employee's performance in a currently occupied job or related to it. This usually means changes in knowledge, skills, attitudes, or specific behaviour in the interest of the employer, for whose fulfilment need to be made continuous financial investments. However, continuous formation of employees must be seen as a tool for sustainable development of the organization and increase of its competitiveness.

Keywords: human resources, competitiveness, continuous formation

Jel classification: M54

Human resources – element of competitiveness

Define mechanism, competitiveness is seen as a means of ensuring the survival of organizations. There are companies and even countries that speak about competitiveness to survive to the violent attacks of globalization, new entrants and lower profit margins. In this sense, competitiveness as a means of survival is a reactive response to the business environment. Competitiveness may increase or decrease based on the environment in which the company is found. Competitiveness as a proactive measure looks beyond the uncertainties and risks that the business environment presents and discovers hidden opportunities.

Business responds to the challenges and opportunities that the environment offers. The answer of the company depends on perception, understanding and action of the people from different levels of the company. Company responses to the changes of the environment are visible through the decisions made and emphasized priorities. These decisions create the desired benefits by the company.

Traditional way of thinking about gaining the competitive advantage focuses on the financial, strategic and technological capabilities of the company. But to be competitive in price through financial capacity, or product quality and innovation, high performance companies are committed in an explicit competition for the most capable employees. This competition goes beyond the simple employment of the best people. Organizational capacity refers to hiring and retaining the competent employees and development of those skills through actual practice of human resources.

During the industrial period, the company's physical assets - such as machinery, plants, and even land - determined how powerful they could compete on the market. After experts from Harvard, in the current era of knowledge, intellectual capital is what defines the company's competitive advantage. Human capital is the only source of knowledge and abilities that have the working force of the company. The essence of each organization is the human effort, and its efficiency and effectiveness are influenced, in a large extent, by the behaviour of people within the organization.

After Manolescu A. 187 human resources are the only resources capable of producing and reproducing all other resources available to an organization. People are active resources of the organization, because their potential, experience and passion of people, their initiatives and development contributes actively to the increase of organizational efficiency and effectiveness. Without actual presence of human is simply impossible for an organization to attain its objectives. Today's successful businesses gain through innovative ideas and top products and services - all having the origin in the knowledge and skills of employees.

According to Waterman, "which makes the best companies the best cannot be attributed to such things as technology, a bright idea, an artistic strategy, use of an instrument, or the generous followings of the guidelines outlined in the book such as *In Search of excellence* ... (The best companies) are better organized to meet the needs of its *people*, so attracting people better than their competitors and their people are more motivated to do a superior job, whatever it is." ¹⁸⁸

187 Manolescu, A., Lefter, V., Deaconu, A., Managementul resurselor umane, Editura Economică, București, 2007, pag. 18.

¹⁸⁸ Dreher, T., Dougherty, G., Human Resources Strategy, The McGraw-Hill Companies, Columbus, 2001, pg. 5.

Role of human resources formation

The companies of high performance show a great commitment to formation and skills development. This practice is a key strategy of human resource management. However the acquisition of knowledge and skills will not lead to improvement of company's performance if employees are allowed and encouraged to use the knowledge and skills related to work during the program. Thus, companies must be careful to select people with the ability and willingness to learn and develop, and they must establish pay practices that encourage employees to participate in training activities.

The formation program is a systematic process, intentional, for the development of specific skills and behaviour influence of the organization members, such as the resulting behaviour that contributes to organizational effectiveness. ¹⁸⁹ Formation can be called also as any attempt to improve employee's performances in a current job or related to it. This usually means changes in knowledge, skills, attitudes, or specific behaviour. To be effective, the formation program must involve a learning experience, to be an organizational planned activity, and be designed to fulfil the purpose of the organization while simultaneously fulfilling the individual goals of employees. The formation program should be directed to the achievement of organizational objectives, such as more efficient production methods, enhanced quality of products and services, or reducing of operational costs. ¹⁹⁰ This means that an organization must commit resources only in those formation activities that can best help to achieve its objectives, with the final goal the profit.

Why is formation necessary?

- To allow work to be done well.
- To maintain the quality.
- To maintain the quantity.
- To meet legal requirements.
- To develop a member of the company.
- To give management flexibility.
- To give someone a boost increasing morale and motivation.
- To prepare someone for the future changes in job structures.

Exits a concept supported by specialists from Harvard that training skills is a mutually beneficial arrangement: the companies that provide formation programs for effective skills, gain the benefits of employees who are experienced in the present standards and employees will retain the "occupation" and, sometimes, advance to higher levels. Thus, many companies consider the development of employees a good investment. Employees become richer in knowledge and effective, which, in turn, make your customers happier. Other companies, on the contrary, doubt the value of employees' development during the present situation of high mobility of labour. The question is when will be recover the high costs for formation in conditions that are forced to give up to these employees or they are going

This concept raises some problems, because there are sectors that have great need of employees' continuous formation, such as the technology field and engineers, whose skills are obsolete in time. The idea is hiring the right people and negotiating specific contract that includes forecasts in this respect.

to another job? The conclusion is that it may incur large costs to form the future employees of the competition.

Formation programs can be formal or non-formal. Non-formal formation is generally cheaper than formal formation methods, and it does not remove the employees from work. Formation through formal methods is more structured, is held in special rooms or held electronically. It is more expensive, because it involves the movement from the work, hiring of experienced trainers, and depends on the materials available to be developed and maintained.

Formation through formal methods is generally governed by state, but at the same time adapted to the needs of companies. In U.S.A. this is organized by "corporate universities", reaching 1700 American companies. These companies are popular because they align the formation of employees to the company's strategy and ensure continuous updating of knowledge.

Employee must follow the formation program he needs and that fits to him. Need for formation is a shortfall in performance that the formation program can correct. Amos J.A. advises to discuss with employees and see what they feel that they have a lack of skills, knowledge and experience. According to Nicolescu O. 193, the methods and techniques of formation and improvement of human resources that can be used by organizations should be interesting, attractive and effective.

¹⁸⁹ Bernardin, J., Human Resources Management: An Experiential Approach, Third Edition, The McGraw-Hill Companies, Columbus, 2003 ng 60

¹⁹⁰ Bayars, L.L., Rue, L.W., Human Resources Management, Seventh Edition, The McGraw-Hill Companies, Columbus, 2004, pg. 191.

¹⁹¹ Harvard business essentials. Hiring and Keeping the Best People, Harvard Business School Publishing Corporation, Boston, 2002, pg. 104.

¹⁹² Amos, J.-A., You're in Charge Now! The first-time manager's survival kit, 3rd edition, How To Books, Oxford, 2002, pg. 134.

¹⁹³ Nicolescu, O. (coord.), Managerii și managementul resurselor umane, Editura Economică, București, 2004, pag. 160.

Most companies use evaluated data to determine the need of staff for formation or development. Hundreds of companies, including Microsoft, IBM, and Merck, now use information from several sources (eg, subordinates, colleagues, customers etc.) in order to assess the supervisors or managers. ¹⁹⁴ The results are shared with each manager with suggestions for a specific program of formation and development (if needed). Honeywell ¹⁹⁵, for example, has specific training modules based on assessment rates for certain jobs.

Human resources formation in Romania as EU country

Currently, all Member States try to lead to the fulfilment of the strategic objective Lisbon: European Union to become by 2010 "the most competitive and dynamic economy based on knowledge from the world, capable of a sustainable economic growth, with better jobs and more and greater social cohesion". ¹⁹⁶ In this context, lifelong learning must be approached as a necessary objective imposed by the transition to an economy and society based on knowledge.

Orientation towards a knowledge-based society involves investment in human resources development to encourage employees to acquire new skills and accept occupational mobility. At the same time, it is important to promote the quality of formation offer and to ensure its relevance in relation to skills, knowledge and individual needs.

Following the creation of legal and institutional framework for continuing vocational formation, in January 2004 began the process of approval of providers of formation for adults. The legal framework for approving formation programs in Romania are regulated by the Government Ordinance no. 129/2000 regarding adults' formation, with amendments. The methodology is implemented by the National Council of Adult Formation (CNFPA) under coordination of the Ministry of Labour, Family and Social Protection and Ministry of Education and Research.

Authorization is required by those training providers who wish to organize formation programs finalised with certificates of graduation or qualification with national recognition. Approval of training providers is made, based on the assessment criteria, for a period of 4 years, for each formation program, organized for a qualification, occupation, and group of competences or a key competence.

Reducing the tax of authorisation from three net average wages in the economy to two minimum crude wages, in October 2004 had as result the increase of the number of authorized training providers. Also, an extremely important role in the authorization of organizations have had and still has the European program PHARE and the Regional Operational Program and Sectoral Operational Program for Development of Human Resources that substantially foster organizations through the financing funds allocated (www.inforegio.ro, www.fseromania.ro). The largest number of licensed providers are in the municipality of Bucharest (22%), followed by the county of Cluj and Constanta (both with a rate of 4%).

According to data provided by the CNFPA, in the period 2004-2008 were authorized for the organization of formation programs for a number of over 3,000 suppliers of training, for 10,105 formation programs, of which 6543 qualification programs, 798 initiation programs, 1834 improving programs and 905 specialisation programs.

In Romania, professional formation is based on occupational standards, the legislation providing the obligatoriness for development of formation programs subject of authorization on this basis. Insufficient number of occupational standards and that the complex task of their elaboration returns currently to training providers and other interested organizations, is an impediment to the authorization of training providers for more occupations, limiting, in some areas, the professional formation offer.

Training providers are, generally, small institutions, non-specialized, which adapts quickly their formation offer to the immediate needs of the market. In general, they offer programs for Level 2 of qualification, initiating programs for the use of computers or for acquiring language skills. There is a reduced supply of programs for skills that require significant investment by providers of training.

Offer of authorized formation programs reflects only partially the formation needs of the job. The most effective way to link the formation content to the needs of the labour market is realised when formation takes place at the request of economic agents, and the practice is conducted in real conditions of work or training providers work closely with operators from certain sectors. Formation at the workplace is the most common way of formation, being, on the one hand, inexpensive, and, on the other hand, inevitable, required by the development of work itself. Formation offer tends to focus on programs for complete qualifications or on programs for development of general competences. Also, the formation offer is still very fragmented, because it addressed more to people and not to companies, targeting the point requests of the labour market.

The system is focused mainly on the provision of certificates and less on developing the skills necessary for employment. Long duration of the continuous formation programs, make them unsuitable for employed persons. According to data provided by the European Commission Romania is on the last place in the participation of

¹⁹⁴ Bernardin, J., Human Resources Management: An Experiential Approach, Third Edition, The McGraw-Hill Companies, Columbus, 2003, pg.144.

¹⁹⁵ www.honeywell.com.

¹⁹⁶ European Commsion, www.ec.europa.eu.

population in education and training programs (1.3% of total population aged 25-64 years), placing well below the average of 10% at EU level.

Another important factor that acts as a brake on the current system of continuous formation is the fact that current legislation does not permit certification of partial qualifications, although the formation demand for labour market is often focused on narrow skills.

For many employers, especially in industries with low added value, where there is a large supply of labour and workers' wages are low, investment in continuing vocational formation is not considered a necessity.

As long as in the Romanian economy will prevail jobs with low wages that focus on industries with low added value, where education and training bring little benefit, it is possible that this situation and perception to continue.

Development of branches with high added value will help to change employers' attitudes and mentality towards investment in education and professional formation.

Low individual income and relatively high costs of the formation programs are the main obstacles to access the formation, while the formation offer has the tendency to focus on longer programs for complete qualifications. Economic units and individuals manifest a greater demand for modular courses of short duration, targeted to the acquirement of certain skills.

Employers prefer to hire a staff that is already prepared. Therefore, people who have invested in their formation are in a better situation than young school graduates, workers with no experience and those returning to the labour market after a period of unemployment.

Professional formation is seen as a cost, that must be minimized, and not as an investment. Employers' investment in human resources development is low and expenditure generated by professional formation is covered by individuals.

Conclusions

EU wants to become the most competitive and dynamic knowledge-based economy in the world, reason for which are imposed investments in human resources development to encourage the employees to acquire new skills and accept occupational mobility. Romanian State regulated legal framework for continuing vocational formation, giving the possibility to companies and employees to access formation programs that provides them modern and updated opportunities to improve their skills, knowledge and practices, and also their recognition at national and European level. Here intervenes the EU law amended by Directive 2005/36/EC, which lays the foundation for recognition of qualifications at European level, fact that should motivate and drive employees and employers to participate and to develop continuous formation programs.

However these programs are regarded as additional costs, sometimes considered too big and unnecessary for the organization, using them due to the legal work code but also as "weapon" of employees' retention for a longer period of time. As noted, implementation of these investments is quite difficult, either because of lack of employer's interest, or lack of financial sources for the persons concerned.

Bibliography

- 1. Amos, J.-A., You're in Charge Now! The first-time manager's survival kit, 3rd edition, How To Books, Oxford, 2002
- 2. Bayars, L.L., Rue, L.W., Human Resources Management, Seventh Edition, The McGraw-Hill Companies, Columbus, 2004
- 3. Bernardin, J., Human Resources Management: An Experiential Approach, Third Edition, The McGraw-Hill Companies, Columbus, 2003
- 4. Dreher, T., Dougherty, G., Human Resources Strategy, The McGraw-Hill Companies, Columbus, 2001
- 5. Harvard business essentials. Hiring and Keeping the Best People, Harvard Business School Publishing Corporation, Boston, 2002
- 6. Leopold, J., Harris, L., Watson, T., The Strategic Managing of Human Resources, Person Education Limited, Harlow, 2005
- 7. Manolescu, A., Lefter, V., Deaconu, A., Managementul resurselor umane, Editura Economică, Bucuresti, 2007
- 8. Nicolescu, O. (coord.), Managerii și managementul resurselor umane, Editura Economică, București, 2004
- 9. *** www.cnfpa.ro
- 10. *** www.ec.europa.eu

AGILE SOFTWARE DEVELOPMENT METHODOLOGIES: AN OVERVIEW OF THE CURRENT STATE OF RESEARCH

Năftănăilă Ionel

University of Economic Studies (ASE) Bucharest Faculty of Management Piaţa Romană 6, Bucharest, Romania ionel@naftanaila.ro +40213191900

Under the current economic conditions many organizations strive to continue the trend towards adopting agile processes, in order to take advantage of the numerous benefits that these can offer. Those benefits include quicker return on investment, better software quality, and higher customer satisfaction. To date, however, there is no structured body of research that can guide organizations in adopting agile practices. To address this situation, the current paper identifies and structures the main theoretical contributions to the field of Agile Methodologies research, by presenting Agile Methodologies, by analyzing the main papers on social implications of using Agile, by presenting the main studies on implementation of Agile and by synthesizing the research with regard to communication in Agile projects.

Keywords: Agile Software Development, Scrum, Project Management Methodologies, eXtreme Programming

JEL code:M10

Introduction and motivation

Since the beginning of the current world financial crisis many technology-driven companies have suffered the effects, being forced to lay off people or drastically diminish costs (Wauter, 2009). The survival of the company itself becomes dependant of the time-to-market, deliver on time to the customer and minimize costs. The scientific literature abounds of examples in which the success of projects drive the success of companies, or, the other way around, the failure of a project puts the company out of business (Charette, 2005), (Voas & Whittaker, 2002), (Jones, 1995). As a consequence, minimizing risk and approaching projects in a structured manner become critical success factors. Over the past few years software development organizations have learned about the benefits of Agile Methodologies, such as Scrum and XP. The scientific literature and business journals present numerous success stories highlighting the benefits of organizations which successfully adopted agile practices. As a result, many organizations are now aspiring to adopt agile practices.

Overview of Agile Methodologies

Agile represents a group of software engineering methodologies which promise to deliver increased productivity, quality and project success rate overall in software development projects. Such methodologies are SCRUM (Schwaber & Beedle, Agile Software Development with Scrum, 2001), XP (Beck & Andres, Extreme Programming Explained: Embrace Change, 2004), or the lesser-known Crystal (Cockburn, 2001). The outline of Agile Methodologies was laid down by the Agile Manifesto, published by a group of software practitioners (Beck et. al., 2001).

Scientific literature on the subject (Highsmith, 2002) suggests that the differences between traditional methodologies and Agile Methodologies relies on two main assumptions: First, traditional methodologies assume that customers do not know their requirements, hence they need guidance from the developers, but Agile Methodologies assume that both customers and developers do not have full understanding of requirements when the project starts. Therefore, in traditional software development environments, developers want a detailed specification, whereas in Agile Methodologies customers and developers learn together about the system requirements as the development process evolves. Second, traditional methodologies assume that customers' ability to foresee their future requirements is limited, and as such developers have to build in extra functionalities to meet these future needs, often leading to overdesigned system. On the other hand, Agile Methodologies emphasize simplicity.

Research on social implications of using Agile Methodologies

All Agile Methodologies have in common a certain emphasize on social aspects of software development, taking in consideration a series of explicit values, such as communication (Schwaber & Beedle, Agile Software Development with Scrum, 2001), or courage (Beck & Andres, Extreme Programming Explained: Embrace Change, 2004). Also, these methodologies involve a set of best practices such as pair programming, continuous integration or daily deployments (Beck & Andres, Extreme Programming Explained: Embrace Change, 2004).

It is found in the literature that usually the mature agile teams have a better social and technical cohesion, as close communication is crucial to success (MacKenzie & Monk, 2004). Code writing is often performed by pairs of developers, while the traditional roles in software development (analyst, tester, and architect) disappear (Năftănăilă, 2008).

While the traditional waterfall methodologies rely on a large number of documents and artefacts, SCRUM and the rest of Agile Methodologies use a minimum of documentation, just sufficient for the project to run under good

conditions. Two of these artefacts are the story cards and the wall (Sharp, Robinson, & Petre, The role of physical artefacts in agile software development: Two complementary perspectives, 2009), which bear two main purposes: enable the capturing of requirements and support the development process. It has been shown, though, that different teams use slightly different conventions for these artefacts, in terms of card layout, card colour and organising principles for the wall. There are, however, some common traits. For example, most teams' user stories follow are written in natural language, and use the widely known template proposed by XP (Beck & Fowler, Planning Extreme Programming, 2000), following the pattern "As a <<rol>
 role>> I want <
behaviour>> so that <
ceptenefit>>". Each card usually gets through a general life-cycle such as: story is written on the card, card is prioritized by the customer, card is estimated by the team, card is assigned to an iteration, implemented by developers, and accepted as "done" (Schwaber, SCRUM Development Process, 1995).

The wall is usually a whiteboard (in SCRUM) where team members display the user stories, and which they use as a visual "control panel" of the project. Beside the user stories, the wall usually holds other items, such as the burndown chart (measure of project's evolution). Daily stand-up meetings involved by the Agile Methodologies take place around the wall.

The study of (Sharp, Robinson, & Petre, The role of physical artefacts in agile software development: Two complementary perspectives, 2009) aims to shed light over using these rather simple artefacts in Agile Methodologies (and implicitly in Scrum) by analyzing the notational and social perspectives of using the story cards and the wall. The authors find that, besides the fact that both the users stories and the wall have their own separate meanings, they have strong *combined* meanings (meanings that occur only when they are used together). Therefore, from a notational perspective authors find that using the story cards and the wall leads to: closeness of mapping between the users' minds and what they are trying to express, appropriate level of abstraction, providing means of secondary notation (ex. by using colours, layout and labels), bringing consistency in the project, reduce diffuseness of meaning, show hidden dependencies, and improve overall visibility in the project. From a social perspective, authors infer that notation does not exist in isolation, it has to be situated in the reality of a social setting. For instance, the authors show that in relation to the story cards, the teams have developed great care and respect (especially when handling them physically, in situations like moving them on the wall, or annotating them). Authorship becomes meaningful, while handwriting and initials become a form of a secondary notation. In the same time, the wall becomes centric for the social life of the team – mediates and manages the life of developers. The position of the card on the wall becomes highly significant – when a card is moved to the "done" area, developers feel professional satisfaction and achievement.

The implications of their article, especially when implementing Agile Methodologies, are that using software tools to manage Agile teams can be done, but only after a social context and meaning has been created. There are reports of situations when teams have two means of storing the artefacts: physically for collocated team members, and in a software tool, for remote team members. However, in order to maintain the physical significance of artefacts, the teams have backed-up the software tool with phone conversation and even photos of the wall at critical development stages (Sharp, Customer collaboration in distributed agile teams, 2008).

Research on implementation of Agile Methodologies

In terms of *implementation* of Agile Methodologies, the literature is rather scarce. We can identify the study of (Nerur, Mahapatra, & Mangalaraj, 2005) who show that migrating to Agile Methodologies involve issues regarding management, people, technology and process.

In terms of acceptance of Agile Methodologies, we can identify the significant study of (Chan & Thong, 2009) which attempts to address what can be done to overcome the challenge to Agile Methodologies acceptance. They provide a critical review of the extant literature on the acceptance of traditional SDMs and Agile Methodologies, and develop a conceptual framework for Agile Methodologies acceptance based on a knowledge management perspective.

Based on previous work on Agile Methodologies (mostly case studies) in papers such as (Ceschi, Sillitti, Succi, & Panfilis, 2005), or (Cohn & Ford, 2003) they propose a conceptual framework regarding the acceptance of Agile Methodologies. They propose that a series of factors, such as (a) Ability-related factors (Self efficacy, Experience, Training, External Support), (b) Motivation-related factors (Career consequences, Top Management support, Voluntariness, Subjective norm, Organizational culture), (c) Opportunity-related factors (Teamwork, Communication, Shared understanding, Arduous relationship) influence Knowledge Management Outcomes (Knowledge Creation, Retention and Transfer). Knowledge Management Outcomes, on the other hand, along with Agile Methodology characteristics (Perceived usefulness, Perceived ease of use, Perceived compatibility, Perceived demonstrability, Perceived maturity) lead to Acceptance.

While this framework is yet to be empirically proved solid, it can be considered significant because it brings knowledge management as another perspective in examining acceptance of software development methodologies, on one hand, and because it synthesizes and critically analyses the previous literature on this subject.

Another paper proposing a framework for implementing and improving Agile Methodologies in practice is the one of (Qumer & Henderson-Sellers, 2008). The authors depart from the hypothesis that in practice, few organizations

are able to take on an agile development approach immediately and adopt them successfully over a short period of time – in many cases, a full implementation requires years. The authors present and explain the Agile Software Solution Framework (ASSF). While testing the model proposed, the authors prove (although this is a collateral finding of their study) that SCRUM presents the highest degree of agility 197 in terms of practice. The Agile Software Solution Framework (ASSF) proposed by them can be used to create, modify or tailor situation-specific agile software by using a situational method engineering approach, feedback and a standard meta-model. The authors have embedded a number of new models and processes in ASSF, such as an agility measurement model and process, an agile adoption and improvement model and process, an agile software solution framework knowledge-base engineering and management process, an agile workspace and an Agile Toolkit.

Studies on communication in Agile Projects

In previous literature on software project management it has been shown that communication is an important success factor (Stelzer & Mellis, 1998), and that communication is considered to make software development more efficient in companies (Paasivaara & Lassenius, 2003). The main problem seems to emerge from the fact that all the players in the software development process (users, customers, team, maintenance team, management) view and communicate regarding the same product from different perspectives: users require the product to have a large degree of usability, customers seek reliability and low maintenance costs, as well as fast time-to-market, managers seek minimizing costs, maintenance teams seek documentation and reliability, while the development team seeks technical challenges and moving to the next project (Boehm & Ross, 1989).

Communication, on the other hand, is not very well covered with regard to Agile Methods in general, and with SCRUM in particular. The paper of (Pikkarainen, Haikara, Salo, Abrahamsson, & Still, 2008) aims to increase the understanding of communication in the context of agile software development: internally among the developers and project leaders and in the interface between the development team and stakeholders.

Their study (under the reserve of being a qualitative research, based on two case studies carried in the same organization) shows a few interesting conclusions in terms of communication in projects. For instance, SCRUM puts a great emphasis on the daily stand-up meetings, which are in general perceived as being helpful in reducing the confusion about what should be developed (Mann & Maurer, 2005). On the other hand the authors, referencing the work of (Murru, Deias, & Mugheddue, 2003), suggest that the sprint planning meetings might cause the risk that the most demanding customers get what they want and are favoured by this approach, but the decisions are not always analysed in enough detail from a technical perspective, leading implicitly to a negative impact on the overall project goal. Another example refers to the open space concept: although generally the open-space environment is perceived as increasing productivity in software development, the authors have found evidence of situations when open-space setting was perceived as being distractive. Also, when it comes to the communication between the project team and the project stakeholders (customer, management, etc), the conclusions of (Turner, 2003) with regard to the fact that limited formal and informal

communication mechanisms can hinder communication between pilot project teams in

the context of agile software development have been confirmed by the authors. The work of (Rising & Janoff, 2000) is also confirmed by (Pikkarainen, Haikara, Salo, Abrahamsson, & Still, 2008), supporting the hypothesis according to which short time-boxed iterations in agile software development are key reason for improving communication in software development teams.

Empirical studies regarding Agile Methodologies

It has been argued that the current research has only a few case studies on agile software

Development (Layman, Williams, & Cunningham, 2006). While this is true, there are a few papers which empirically study Agile Methods, such as Scrum or XP. For instance, the paper of (Salo & Abrahamsson, 2008) brings a series of interesting findings from an empirical study of Scrum and XP in European embedded software development organizations; for instance, the authors show that 77% of the respondents who have used Scrum have reported positive experiences, while 27% of the respondents claim to use Scrum systematically or mostly through the project. However, the number of empirical studies remains low, and further research must to be conducted in this area.

Conclusions and further research

Agile Methodologies are more and more used in software development companies; even large companies, such as Microsoft, have started to use it – which shows increasing importance as well as increasing recognition of this group of methodologies.

The paper analyses the current state of research with regard to Agile Methodologies. Although many articles and papers have been published, only a few represent significant empirical papers, most of them being case studies and anecdotic evidence. Therefore, there is a strong need for more empirical studies in this field; from this perspective,

¹⁹⁷ Determined using their Agility Calculator known as the 4-DAT which measures the key attributes of agility: flexibility, speed, leanness, learning and responsiveness.

the current paper can constitute the departure point, as it synthesizes and structures the most significant body of research to-date. From a practitioner's perspective, the current paper can be used as a departure point in implementing Agile Methodologies, by providing a comprehensive synthesis of the most significant sources of practical knowledge.

While one of the conclusions that can be drawn from the above analysis is that without doubt using Agile Methodologies brings substantial benefits to the companies, the current paper also shows that the current state of research lack of studies which analyses use and implementation of agile practices in teams and organizations.

Bibliography

- 1. Beck et. al. (2001). Manifesto for Agile Software Development. Retrieved 05 01, 2009, from agilemanifesto.org: http://agilemanifesto.org/
- 2. Beck, K., & Andres, C. (2004). Extreme Programming Explained: Embrace Change. Addison-Wesley Professional.
- 3. Beck, K., & Fowler, M. (2000). Planning Extreme Programming. Boston, MA, USA: Addison-Wesley Longman Publishing Co., Inc.
- 4. Boehm, B., & Ross, R. (1989). Theory-W software project management principles and examples. IEEE Trans Software Engineering, 15 (7), 902-916.
- 5. Ceschi, M., Sillitti, A., Succi, G., & Panfilis, S. (2005). Project management in plan-based and agile companies. IEEE Software, 22 (3), 21-27.
- 6. Chan, F., & Thong, J. (2009). Acceptance of agile methodologies: A critical review and conceptual framework. Decision Support Systems (46), 803-814.
- 7. Charette, R. N. (2005, 09). Why Software Fails. Retrieved 3 14, 2007, from IEEE Spectrum: http://www.spectrum.ieee.org/sep05/1685
- 8. Cockburn, A. (2001). Agile Software Development. Addison-Wesley Professional.
- 9. Cohn, M., & Ford, D. (2003). Introducing an agile process to an organization. IEEE Computer, 36 (6), 74-78.
- 10. Highsmith, J. (2002). Agile Software Development Ecosystems. Addison-Wesley Professional.
- 11. Jones, C. (1995, 3). Patterns of large software systems: failure and success. Computer, pp. 86-87.
- 12. Layman, L., Williams, L., & Cunningham, L. (2006). Motivations and measurements in an agile case study. Journal of Systems Architecture, 654-667.
- 13. MacKenzie, A., & Monk, S. (2004). From cards to code: How extreme programming re-embodies programming as a colective practice. COMPUTER SUPPORTED COOPERATIVE WORK, 13 (1), 91-117.
- 14. Mann, C., & Maurer, F. (2005). A case study on the impact of SCRUM on overtime and customer satisfaction. Proceedings of the Agile Conference, (pp. 70-79).
- 15. Murru, O., Deias, R., & Mugheddue, G. (2003). Assessing XP at a European Internet Company. IEEE Software , 37-43.
- 16. Năftănăilă, I. (2008). ANALELE UNIVERSITATII DIN ORADEA, STIINTE ECONOMICE, 4 (8), 435-440.
- 17. Nerur, S., Mahapatra, R., & Mangalaraj, G. (2005). Challenges of migrating to agile methodologies. Communications of the ACM, 48 (5), 73-78.
- 18. Paasivaara, M., & Lassenius, C. (2003). Collaboration Practices in Global Inter-Organizational Software Development Projects. SOFTWARE PROCESS IMPROVEMENT AND PRACTICE, 183-200.
- 19. Pikkarainen, M., Haikara, J., Salo, O., Abrahamsson, P., & Still, J. (2008). The impact of agile practices on communication in software development. Empir Software Eng., 13, 303–337.
- 20. Qumer, A., & Henderson-Sellers, B. (2008). A framework to support the evaluation, adoption and improvement of agile methods in practice. The Journal of Systems and Software, 81, 1899-1919.
- 21. Rising, L., & Janoff, N. (2000). The SCRUM software development process for small teams. IEEE Software, 21-28.
- 22. Salo, O., & Abrahamsson, P. (2008). Agile methods in European embedded software development organisations: a survey on the actual use and usefulness of Extreme Programming and Scrum. IET Software, 58-64
- 23. Schwaber, K. (1995). SCRUM Development Process. Proceedings of the 10th Annual ACM Conference on Object Oriented Programming Systems, Languages, and Applications (OOPSLA), (pp. 117-134).
- 24. Schwaber, K., & Beedle, M. (2001). Agile Software Development with Scrum (1st ed.). Upper Saddle River, NJ, USA: Prentice Hall PTR.
- 25. Sharp, H. (2008). Customer collaboration in distributed agile teams. Proceedings of Distributed Participatory Design Workshop. Florence.
- 26. Sharp, H., Robinson, H., & Petre, M. (2009). The role of physical artefacts in agile software development: Two complementary perspectives. Interacting with Computers , 108-106.
- 27. Stelzer, D., & Mellis, W. (1998). Success Factors of Organizational Change in Software Process Improvement. SOFTWARE PROCESS IMPROVEMENT AND PRACTICE, 227-250.

- 28. Turner, R. (2003). People factors in software management: lessons from comparing agile and plan-driven methods. J Def. Software Engineering , 4-8.
- 29. Voas, J. M., & Whittaker, J. A. (2002). 50 years of software: key principles for quality. IT Professional, 28-35. 30. Wauter, R. (2009, 01 22). Sad Day For Microsoft: 5,000 Laid Off, Earnings And Revenues Down. Retrieved 04 30, 2009, from TechCrunch: http://www.techcrunch.com/2009/01/22/sad-day-for-microsoft-5000-laid-off-
- earnings-and-revenues-down/

FINANCING, A MAJOR ISSUE IN ROMANIAN SMES COMPETITIVENESS

Nicolescu Ovidiu

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti nicolescuov@gmail.com, tel. 0745033030

Ceptureanu Sebastian

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti ceptureanu@yahoo.com, tel. 0740019879

Ceptureanu Eduard

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti eduard ceptureanu@yahoo.com, tel. 0742214578

Cojohari Natalia

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti cojohari@yahoo.com, tel. 0742861432

The economic and social importance of the small and medium enterprise (SME) sector is well recognized in academic and policy literature. It is also recognized that these actors in the economy may be underserved, especially in terms of finance. This has led to significant debate on the best methods to serve this sector. There have been numerous schemes and programs in markedly different economic environments. However, there are a number of distinctive recurring approaches to SME finance. This paper present the current situation in Romania, based on a comprehensive quantitative research.

Key words: Romania, SMEs, financing, competitiveness

JEL classification: D8, L2, M1

1. General perspective

In terms of SMEs financing, the outcome of our research¹⁹⁸ reveals that: **71.26% of the enterprises used their own resources for financing their activity**, **49.52%** contracted **bank loans**, **25.88%** used **leasing** as a financing source, 5.57% contracted non-reimbursable funds and 3.82% of the SMEs contracted loans from financial institutions.

We notice that 1.43% of SMEs appealed to factoring, 0.88% used guarantees from the Romanian SMEs Guarantee Fund, 0.40% of companies accomplished share emission on capital market and only 0.24% used other financing forms (credits from providers, associates/ shareholders and other natural persons, sponsors etc.)

This situation highlights the average capacity of some enterprise to finance their activity by themselves, the decrease of the amount of bank loans and leasing compared to previous years and a reduced use of other financing modalities for the majority of small and medium companies in Romania. See figure 1.

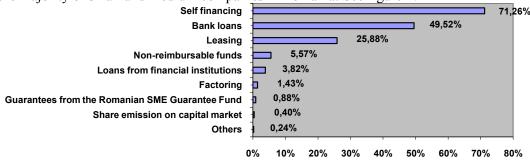


Figure 1.

SMEs financing

Analysis of financing modalities depending on SMEs regional status reveals the following important aspects:

- SMEs within the South Eastern region register a higher percentage of companies that used leasing as a financing source (35.00%) and non-reimbursable funds (8.75%);
- economic units in South West register the highest proportion of SMEs that used their own resources for financing their activity (75.79%) and the lowest weight of firms that used factoring (1.05%);
- companies from the Center used in higher degree bank loans (60.87%), factoring (4.35%) and the Romanian SMEs Guarantee (2.90%);

¹⁹⁸ The research has been conducted on a sample of 1256 SMEs – micro, small and medium sized enterprises – operating in all economic sectors, covering every age category and each of the eight development regions, being considered as representative for the goals of the research and for the Romanian SMEs' situation

- companies in South West, North West and Center distinguish themselves by the absence of SMEs that accomplished share emissions on capital market, enterprises in South East and West didn't contracted loans from financial institutions, companies from West and North West didn't used factoring, SMEs from South West and West didn't access the FNGCIMM.

See table 1 for further details.

SMEs financing by development regions

Table 1

		1		winding »J	are vero printers	8								
No	Financing sources				Developme	nt regions								
		North East	South East	South	South West	West	North West	Center	Bucharest					
1.	Own resources	74.81%	61.88%	69.57%	75.79%	70.31%	67.14%	57.97%	75.38%					
1.	Bank loans	57.89%	51.25%	58.70%	46.32%	26.56%	48.57%	60.87%	42.64%					
2.	Leasing	25.56%	35.00%	26.81%	28.42%	31.25%	21.43%	30.43%	20.56%					
2.	Share emission on capital market	0.38%	0.63%	0.72%	0.00%	1.56%	0.00%	0.00%	0.25%					
3.	Non-reimbursable funds	5.26%	8.75%	8.70%	5.26%	3.13%	5.71%	5.80%	3.81%					
3.	Loans from financial institutions	3.01%	0.00%	3.62%	4.21%	0.00%	7.14%	1.45%	6.35%					
1.	Factoring	1.13%	1.25%	2.17%	1.05%	0.00%	0.00%	4.35%	1.52%					
4.	Guarantees from the Romanian SME Guarantee Fund	0.75%	1.25%	0.72%	0.00%	0.00%	1.43%	2.90%	0.76%					

Analyzing SMEs by **size classes** (see table 2), we noticed that:

- the weight of SMEs using bank loans, leasing, share emission on capital market, non-reimbursable funds, factoring and guarantees from the Romanian SME Guarantee Fund increase as the size of the enterprises increases, due to the enhancement of activities and economic potential;
- the percentage of enterprises that used their own resources for financing is higher among micro enterprises (73.00%) and the small sized enterprises are the most numerous that used loans from financial institutions (4.24%).

Table 2

SMEs financing by size classes

		Size classes					
No	Financing sources	Micro enterprises	Small enterprises	Medium enterprises			
1.	Own resources	73.00%	66.97%	71.43%			
2.	Bank loans	42.88%	61.21%	62.18%			
3.	Leasing	19.25%	35.45%	43.70%			
4.	Share emission on capital market	0.25%	0.30%	1.68%			
5.	Non-reimbursable funds	3.38%	8.48%	12.61%			
6.	Loans from financial institutions	3.75%	4.24%	3.36%			
7.	Factoring	1.00%	1.82%	3.36%			
8.	Guarantees from the Romanian SME Guarantee Fund	0.50%	0.91%	3.36%			

SMEs analysis by **fields of activity** (table 3), highlights the following aspects:

- companies within services hold the lowest weight of SMEs that used bank loans (42.06%), but a higher percentage of firms that used their own resources for financing (75.70%);
- among companies from the industrial field one can record the most of the enterprises that accessed non-reimbursable funds (11.11%) or guarantees from the Romanian SME Guarantee Fund (3.11%);
- SMEs within constructions register the highest weight of companies that contracted bank loans (64.52%), leasing (58.06%), share emission on capital market (3.23%), factoring (12.90%) and obtained more frequently loans from financial institutions (6.45%);
- companies that carry out their activity in trade business, tourism and constructions distinguish themselves through the absence of SMEs that accessed guarantees from the Romanian SME Guarantee Fund;
- commercial companies from tourism did not use the factoring and enterprises within the industrial field did not use share emission on capital market.

SMEs financing by fields of activity

No	Financing sources			Fields	of activity		
110	rmancing sources	Industry	Constructions	Trade	Tourism	Transportation	Services
1.	Own resources	72.00%	64.52%	64.38%	68.42%	69.52%	75.70%
2.	Bank loans	60.00%	64.52%	48.75%	60.53%	49.73%	42.06%
3.	Leasing	32.00%	58.06%	25.63%	15.79%	26.74%	20.56%
4.	Share emission on capital market	0.00%	3.23%	0.00%	0.00%	0.53%	0.47%
5.	Non-reimbursable funds	11.11%	6.45%	5.00%	10.53%	2.41%	5.14%
6.	Loans from financial institutions	0.89%	6.45%	3.75%	2.63%	3.48%	5.61%
7.	Factoring	1.33%	12.90%	3.13%	0.00%	0.80%	0.70%
8.	Guarantees from the Romanian SME Guarantee Fund	3.11%	0.00%	0.00%	0.00%	0.80%	0.23%

2. Quality of banking services

The outcome of our research shows that, according to the entrepreneurs, the banks providing the best services for SMEs are (figure 2): **ROMANIAN COMMERCIAL BANK** (indicated by 43.97% of companies), **BRD-GROUPE SOCIÉTÉ GÉNÉRALE** (35.68%), **TRANSILVANIA BANK** (24.49%), RAIFFEISEN BANK (19.96%), OTP BANK (16.01%), BANCPOST (13.31%), LIBRA BANK (12.05%), ING BANK (11.38%), UNICREDIT TIRIAC BANK (10.99%), and ABN AMRO ROMANIA (3.95%).

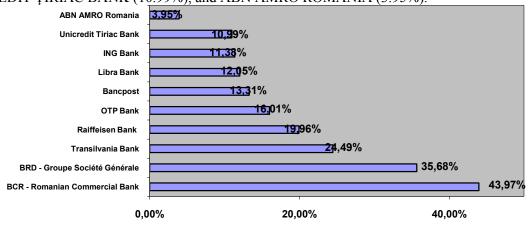


Figure 2

Quality of banking services

The entrepreneurs/ managers mentioned most frequently the following banks as having a low quality regarding the banking services: **BANCPOST** (indicated in 21.57% of the firms), **BRD-GROUPE SOCIÉTÉ GÉNÉRALE** (17.78%), **TRANSILVANIA BANK (14.29%)**, RAIFFEISEN BANK (13.70%), COMMERCIAL ROMANIAN BANK (de 13.41%), UNICREDIT ȚIRIAC BANK (9.33%), OTP BANK (7.79%), ING BANK (6.41%), LIBRA BANK (4.08%), and ABN AMRO ROMÂNIA (3.50%). See figure 3.

One can observe that **the subjects' opinions regarding the quality of the banking services are very different,** the banks evaluated more often holding positions both in the top for best quality services and in the top of worst quality services. We must underline the fact that the banks have been perceived in a positive manner more frequently than in a negative one (except for BANCPOST), which reveals **an ascending evolution regarding the quality of the banking field in Romania.** We will therefore refer only to the positive appreciations recorded by SMEs:

Analysis of banking preferences depending on **SMEs regional distribution** reveals that:

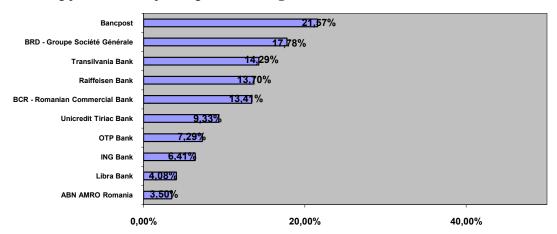


Figure 3. Low quality of banking services

- BCR maintains its first position in top in South East, South, South West and Bucharest;
- BRD is favorably appreciated in a higher number of companies in West (55.56%) and in a lower number of SMEs in the North Western region (14.75%);
- TRANSILVANIA BANK is frequently preferred in North West (59.02%) and Center (46%). See table

Quality of banking services by development regions

Table 4

	C		•						
		Development regions							
No	Bank	North East	South East	South	South West	West	North West	Center	Bucharest
1.	BCR - ROMANIAN COMMERCIAL BANK	20.59%	58.33%	57.94%	63.77%	37.78%	22.95%	46.00%	50.61%
2.	BRD - GROUPE SOCIÉTÉ GÉNÉRALE	19.75%	44.17%	37.30%	39.13%	55.56%	14.75%	36.00%	43.90%
3.	TRANSILVANIA BANK	19.75%	35.83%	25.40%	14.49%	24.44%	59.02%	46.00%	15.85%
4.	RAIFFEISEN BANK	20.59%	16.67%	37.30%	26.09%	20.00%	13.11%	18.00%	14.33%
5.	OTP BANK	25.21%	7.50%	22.22%	2.90%	0.00%	14.75%	2.00%	7.62%
6.	BANCPOST	11.76%	10.83%	17.46%	26.09%	0.00%	11.48%	8.00%	14.02%
7.	LIBRA BANK	18.91%	8.33%	4.76%	1.45%	2.22%	4.92%	0.00%	5.79%
8.	ING BANK	5.04%	3.33%	1.59%	5.80%	22.22%	6.56%	4.00%	24.39%
9.	UNICREDIT TIRIAC BANK	14.71%	10.00%	3.97%	5.80%	8.89%	3.28%	12.00%	14.02%
10.	ABN AMRO ROMANIA	2.52%	0.83%	0.79%	4.35%	15.56%	1.64%	4.00%	6.10%

Taking into account the impact of **companies' size classes** on the perception of the quality of banking services (see table 5), we remark that:

- ROMANIAN COMMERCIAL BANK maintains its position in SMEs preference top, irrespectively of their size;
- BCR and TRANSILVANIA BANK are most frequently favorably appreciated within small sized enterprises (45.39%, respective 25.89%), and BRD GROUPE SOCIÉTÉ GÉNÉRALE is preferred more often by micro enterprises (37.50%);
- the percentages by which RAIFFEISEN BANK, OTP BANK, LIBRA BANK and ABN AMRO ROMANIA are favorably appreciated increase together with the enterprises' size.

Quality of banking services by size classes

Table 5

		, v	Size classes	
No	Bank	Micro enterprises	Small enterprises	Medium
				enterprises
1.	BCR - ROMANIAN COMMERCIAL BANK	43.45%	45.39%	43.43%
2.	BRD - GROUPE SOCIÉTÉ GÉNÉRALE	37.50%	33.33%	30.30%
3.	TRANSILVANIA BANK	24.09%	25.89%	23.23%
4.	RAIFFEISEN BANK	17.68%	21.63%	30.30%
5.	OTP BANK	13.26%	17.38%	30.30%
6.	BANCPOST	11.89%	17.73%	10.10%
7.	LIBRA BANK	11.28%	12.77%	15.15%
8.	ING BANK	14.18%	4.96%	11.11%
9.	UNICREDIT TIRIAC BANK	10.06%	13.12%	11.11%
10.	ABN AMRO ROMANIA	4.73%	1.42%	6.06%

Considering the appreciation of bank services by **SMEs fields of activity**, we remark that:

- BCR is best quoted by transport companies (51.27%) and less frequently preferred by companies within constructions (29.17%);
- BRD GROUPE SOCIÉTÉ GÉNÉRALE is more frequently favorably perceived by the enterprises from transport companies (38.85%) and less frequently by those within tourism (25.81%). BRD GROUPE SOCIÉTÉ GÉNÉRALE and OTP BANK hold together the first position in the evaluation top of the construction field (33.33%);
- TRANSILVANIA BANK registers the most numerous positive appreciations among enterprises from tourism (32.26%) and registers the least preferences within constructions (16.67%). See table 6 for further details.

Quality of banking services by fields of activity

	_	•	8	Fields	of activity				
No	Bank	Industry	Constructions	Trade	Tourism	Transportation	Services		
1.	BCR - ROMANIAN COMMERCIAL BANK	48.15%	29.17%	37.30%	35.48%	51.27%	39.38%		
2.	BRD - GROUPE SOCIÉTÉ GÉNÉRALE	35.98%	33.33%	28.57%	25.81%	38.85%	36.26%		
3.	TRANSILVANIA BANK	24.34%	16.67%	19.05%	32.26%	23.89%	26.91%		
4.	RAIFFEISEN BANK	24.87%	29.17%	23.02%	12.90%	17.83%	18.13%		
5.	OTP BANK	13.76%	33.33%	23.81%	25.81%	14.65%	13.60%		
6.	BANCPOST	13.23%	4.17%	14.29%	29.03%	14.33%	11.33%		
7.	LIBRA BANK	12.70%	29.17%	15.08%	12.90%	9.87%	11.33%		
8.	ING BANK	4.76%	8.33%	6.35%	9.68%	10.51%	17.85%		
9.	UNICREDIT TIRIAC BANK	8.47%	16.67%	16.67%	6.45%	9.87%	11.33%		
10.	ABN AMRO ROMANIA	2.65%	0.00%	3.17%	0.00%	4.14%	5.38%		

3. Conclusions

- More than 70% of SMEs subject to our research finance their economic activities from own sources.
- 49.52% of the enterprises contract bank loans to finance their activities.
- 25.88% of SMEs use leasing, 5.57% obtained non-reimbursable funds, 3.82% borrowed from financial specialized institutions, 1.43% financed through factoring, 0.88% used guarantees from the Romanian SME Guarantee Fund and 0.40% used share emisions on the capital markets.
- Higher levels of self-financing are recorded for SMEs with less than 5 years of experience (73.71%), SMEs from the South Western region (75.79%), micro-enterprises (73%), Joint Stock Companies (73.58%) and economic agents within the services field (75.70%).
- The frequency of bank loans is higher for SMEs with more than 15 years of experience (58.97%), companies from Center (60.87%), medium companies (62.18%), Limited Liability Companies (49.65%), enterprises within the constructions field (64.52%) and economic units with superior performances (52.30%).
- ROMANIAN COMMERCIAL BANK (43.97%), BRD-GROUPE SOCIÉTÉ GÉNÉRALE (35.68%) and TRANSILVANIA BANK (24.49%) have banking services highly appreciated by SMEs.
- RAIFFEISEN BANK (19.96%), OTP BANK (16.01%) and BANCPOST (13.31%) represent the second sample in the top of small and medium companies regarding the quality of banking services.

4. References

- 1. Nicolescu O., Maniu A.I., Nicolescu C., Anghel F., White Chart of SMEs, Olimp Publishing House, Bucharest, 2008
- 2. Nicolescu O., SMEs Management, fourth edition, Economic Publishing House, Bucharest, 2008

FORECASTING AND COMPETITIVE ADVANTAGES IN ROMANIAN SMES

Nicolescu Ciprian

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti nicocip@gmail.com, tel. 0724557188

Ceptureanu Sebastian

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti ceptureanu@yahoo.com, tel. 0740019879

Ceptureanu Eduard

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti eduard ceptureanu@yahoo.com, tel. 0740019879

Ciolac Camelia

Academia de Studii Economice, Facultatea de Management, Piata Romana nr. 6, sector 1, Bucuresti ciolac c@yahoo.co.uk, tel. 0727769745

Given to the fact that organizations' functionality and efficiency are strictly dependent on their capacity to anticipate and set up future plans, highlighting planning/foresight activities developed within small and medium enterprises in our country has an essential significance in creating a general image. This paper presents several important issues regarding how Romanian set up strategies, policies and acquire competitive advantage.

Key words: SMEs, strategies, policies, competitive advantage

JEL classification: D8, L2, M1

1. SMEs plans, policies and strategies

Research results reveal that annual plans and policies are issued in 45.24% of the total number of companies, strategies on 3-5 years are issued in 11.94% of SMEs and no planning activities* are undertaken in 44.55% of enterprises (figure 1). If we consider that – according to an exhaustive study on small and medium enterprises in EU member countries – within one European SME out of six, strategies are issued and operated, we notice that from the point of view of strategic approach frequency, small and medium companies in our country are close to their homologues from developed countries, in spite of the big difference as competitiveness is concerned. The explanation is that many entrepreneurs, managers and specialists from Romanian SMEs are used to planning activities imposed by centralized economy in communist regime.

We must emphasize that researches carried out in the last years by the European Union revealed that more and more SMEs experience the necessity to issue formal entrepreneurial strategies. Also the quickly and intense processes of activity internationalization, especially economic activities, substantially intensify the necessity to elaborate and implement strategies in an international perspective for each category of companies.

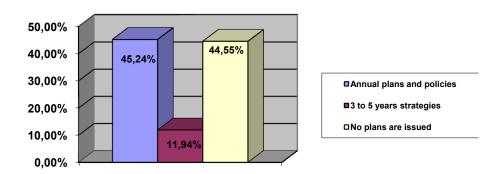


Figure 1 SMEs foresight activities

Analyzing small **and medium enterprises depending on size**, (table 1), we reach the conclusion that the weight of companies in which plans, policies and strategies are issued increases in a direct proportion with the increase of size, because once the size is increased and implicitly the activities are increased, the necessity of developing planning activities and issuing and implementing strategies becomes a stringent matter.

^{*}The amount of SMEs percentages where annual plans /policies are issued and strategies don't have to be 100%, because there are companies in which annual plans /policies and strategies are issued. Surprisingly, only a little part of business men/ managers indicated they issue both, although plans and policies represent the basis for strategies.

Table 2

SMEs' plans, policies and strategies – classified by size classes

		Size classes	Size classes						
No	SMEs draw up:	Micro enterprises	Small enterprises	Medium enterprises					
1.	Annual plans and policies	38.02%	54.72%	67.27%					
2.	3 to 5 years strategies	10.28%	12.38%	21.82%					
3.	No plans are being drawn up	53.04%	33.55%	18.18%					

If we classify SMEs enterprises by **fields of activity**, we remark the following aspects:

- SMEs within industry field register the highest percentage of companies in which strategies are being worked out (15.38%) because the activity profile imposes an anticipative vision on business development;
- trade business companies hold the highest weight of enterprises where activities are not planned (52.82%) and the lowest percentage of SMEs where annual plans and policies are drown up (37.32%);
- companies within constructions stand out both by the highest weight of SMEs in which annual plans are being worked out (68.97%) and by the lowest percentages of enterprises that think out 3 to 5 years strategies (3.45%) and in which planning activities are not drawn up (27.59%). See table 2 for further details.

SMEs' plans, policies and strategies – classified by fields of activity

	NI	CME	Fields of activity							
2.	No	SMEs draw up:	Industry	Constructions	Trade	Tourism	Transportation	Services		
	1.	Annual plans and policies	53.37%	68.97%	37.32%	47.37%	43.15%	43.69%		
	2.	3 to 5 years strategies	15.38%	3.45%	11.27%	13.16%	9.33%	13.13%		
	3.	No plans are being drawn up	35.58%	27.59%	52.82%	42.11%	47.81%	44.95%		

SMEs main objectives

As far as the Romanian SMEs objectives for the next two years are concerned, research results reveal that in the **majority of companies (63.26%) the moderate business expansion was established as an objective**, in 20.93% of enterprises the main objective is to maintain business at the existent size, in 13.30% of the firms a fast business extension is wanted, while 1.40% of business men intend to close the business and 1.12% wish to sell the business. This situation is graphically presented in figure 2.

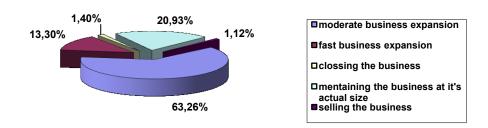


Figure 2 SMEs main objectives for the next two years

Considering SMEs' size classes (table 3), one can notice the following aspects:

- maintaining the current dimensions of the business and closing the business are reported in an inverse proportion to the firms' size
- business moderate expansion is recorded in a higher proportion by medium sized enterprises (71.43%) and fast business expansion is more frequently reported among medium sized enterprises (16.19%)
- enterprises with a view to sell the business hold a higher weight among micro enterprises (1.33%)
- no medium sized enterprises intend to close the business.

Table 3

CMF	main	objectives	hy ciza	classas
DIVIDS	шаш	objectives	DV SIZE	ciasses

SWIES main objectives by size classes					
No	SMEs objective	Size classes			

		Micro enterprises	Small enterprises	Medium enterprises
1.	Maintain the current dimensions of the business	25.00%	14.98%	11.43%
2.	Business moderate expansion	58.58%	71.42%	71.43%
3.	Business fast expansion	13.17%	12.20%	16.19%
4.	Business selling	1.33%	0.70%	0.95%
5.	Business closing	1.92%	0.70%	0.00%

Analyzing **SMEs** by their field of activity highlights the following aspects:

- enterprises within transportation field hold higher percentages of SMEs with an objective to maintain the current dimensions of the business (25.24%) and selling the business (1.94%), but they also register the lowest weight of enterprises with a view for moderate expansion (58.90%);
- SMEs within constructions register the highest weight of companies aiming for business moderate expansion (72.41%) and the lowest percentage of firms with a view for business fast expansion (10.34%); selling and closing the business is not wanted by the enterprises operating in this specific field;
- companies within trade business and tourism are up to fast business expansion in a higher weight (15.79%); among SMEs within tourism there is no intention to sell the business. See table 4.

SMEs main objectives by fields of activity

Table 4

		Fields of activity					
No	SMEs objective	Industry	Construction	Trade	Tourism	Transportation	Services
			S				
1.	Maintain the current	15.34%	17.24%	16.54%	21.05%	25.24%	22.02%
	dimensions of the business						
2.	Business moderate expansion	70.90%	72.41%	63.91%	60.53%	58.90%	62.33%
3.	Business fast expansion	12.17%	10.34%	15.79%	15.79%	11.65%	14.32%
4.	Business selling	0.53%	0.00%	0.75%	0.00%	1.94%	1.06%
5.	Business closing	1.06%	0.00%	3.01%	2.63%	2.27%	0.27%

3. SMEs competitive advantages

Taking into account the fact that the competitive advantage that companies create reported to the economic market decisively conditions their performances and functionality, highlighting the **main competitive advantages** that SMEs decision factors consider to have against the competitors is extremely important. According to analysis results, **56.29%** of the entrepreneurs/ managers indicated as a competitive advantage the **quality of provided products/ services**, 43.07% - **price-quality balance**, 28.90% - **low price for the provided products/ services**, 9.79% - **used distribution channels**, 7.72% - **innovative capacity**, 6.21% - **post-sales services provided to customers**, 5.97% - **company's reputation**, 3.74% - **quality management**, 3.58% - **high qualified personnel**, and 1.91% - **networking** - **with political and economical environment**. We notice that most of SMEs are oriented towards differentiation through the quality of provided products/ services and/ or through their commercialization at prices reasonable for customers. See figure 3.

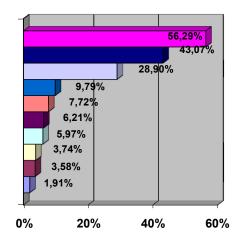




Figure 3 SMEs main competitive advantages

The analysis of SMEs competitive advantages by their size classes highlights the following important aspects:

- the weight of SMEs that have as a competitive advantage the quality of provided products/ services, quality management and firm's reputation increases together with the companies' size;

- proportion in which companies are more competitive as a result of the innovation capacity decreases together with the companies' size;
- the competitive advantages generated by the price-quality balance, used channels for distribution, post-sales services provided for customers, high quality personnel, networking with the political and economic environment are more frequent for small companies

See table 5 for further details.

Table 5

Table 6

SMEs competitive advantages by size classes

No	Commentation advantage		Size classes		
	Competitive advantage	Micro enterprises	Small enterprises	Medium enterprises	
9.	Low price of provided products/services	31.75%	23.33%	25.42%	
10.	Quality of provided products/services	53.75%	56.67%	71.19%	
11.	Price-quality balance	39.88%	48.18%	47.46%	
12.	Distribution channels	8.88%	12.42%	7.63%	
13.	Post-sale services	5.75%	7.58%	5.93%	
14.	Innovation capacity	8.25%	7.27%	4.24%	
15.	High qualified personnel	3.50%	4.55%	1.69%	
16.	Networking	1.50%	2.73%	2.54%	
17.	Quality management	3.63%	3.94%	4.24%	
18.	Firm's reputation	5.00%	6.36%	11.02%	

Classifying **SMEs by fields of activity**, (see table 6) we notice the following:

- taking into consideration the quality of provided products/ services the highest weight is recorded by small and medium companies within tourism (71.05%) and the lowest by SMEs within trade business (45.63%);
- as for the price-quality balance for provided products/ services, the highest proportion is recorded by companies within constructions (54.84%) and the lowest by companies within services field (38.08%);
- if we consider the competitive advantage generated by the low price of products/ services we notice that the highest proportion was recorded by companies within transportation (35.03%) and the lowest by SMEs within constructions (19.35%);
- competitiveness generated by used distribution channels was noticed in the highest proportion for companies within transportation (14.17%) and it wasn't registered at all by enterprises from constructions;
- taking into consideration the innovation capacity, we notice that SMEs within construction field hold the highest percentage (16.13%) and companies that activate within transportation record the lowest proportion (4.01%);
- the highest percentage regarding the competitive advantage represented by post-sales services is recorded for economic agents within transport field (7.75%) and the lowest for companies within tourism field (4.38%);
- in terms of the company's reputation, a higher proportion is noticed for enterprises in constructions (12.90%) and a lower one for companies within tourism (2.63%).
- if we consider the quality management and networking with economical and political environment, the highest percentages are registered among companies within tourism, and companies within constructions have no record of such advantages;
- a high quality personnel was registered in a higher weight among enterprises in services (5.61%) and in a lower one among those from transportation (2.14%).

SMEs competitive advantages by fields of activity

Fields of activity Competitive No advantage Industry Constructions Trade Tourism Transportation Services 26.22% 19.35% 30.63% 26.32% 35.03% 25.23% 1. Low price of provided products/services 2. 55.56% 64.52% 45.63% 71.05% 50.27% 63.55% Quality of provided products/services 3. Price-quality 50.67% 54.84% 45.00% 47.37% 41.44% 38.08% balance 4. Distribution 8.89% 0.00% 9.38% 5.26% 14.17% 7.48% channels 4.38% 4.44% 6.45% 2.63% 7.75% 6.78% 5. Post-sale services 9.33% 16.13% 4.38% 5.26% 4.01% 10.98% **Innovation capacity**

7.	High qualified	2.22%	3.23%	3.13%	5.26%	2.14%	5.61%
	personnel						
8.	Networking	2.22%	0.00%	1.25%	5.26%	1.34%	2.34%
9.	Quality management	3.56%	0.00%	5.63%	7.89%	5.88%	1.17%
10.	Firm's reputation	8.44%	12.90%	8.13%	2.63%	5.08%	4.21%

4. Conclusions

- In 45.24% of the SMEs subject to our research draw up annual plans and policies, 44.55% of them have no planning activities and 11.94% draw up 3 to 5 years strategies.
- The weight of SMEs drawing up plans, policies and strategies amplifies as the size of the enterprise increases.
- Frequency of enterprises where no planning activities are developed is higher for startup companies, economic agents from the South Easter region, micro enterprises with other juridical status, companies within the trade business and those with inferior performances.
- In most of the SMEs (63.26%) moderate expansion of business was established as an objective, in 20.93% of companies the major target is to maintain business at the actual size, 13.30% of entrepreneurs think out for a fast expansion of their business, 1.40% intend to close the business and 1.12% intend to sell business.
- Companies with a view for a fast business expansion registers higher percentage within SMEs with less than 5 years experience (16.95%), those from the North Western region (21.21%), companies of medium size (16.19%), firms with other juridical status (14.75%), and companies within trade business and tourism (15.79%).
- The most important competitive advantages that entrepreneurs consider to have compared to their competitors are quality of offered products/ services, indicated by 56.29% of enterprises, price-quality ratio (in 43.07% of SMEs), low price of provided products/ services (28.90%), used distribution channel (9.79%), innovation capacity (7.72%), post-sales services provided to clients (6.21%), company's reputation (5.97%,), quality management (3.74%), high quality personnel (3.58%) and networking with the political/ economical environment (1.91%).
- The competitive advantage given by the products/services quality is registered in higher weights at the enterprises with more than 15 years of experience (61.54%), from the North Western region (68.57%), medium sized enterprises (71.19%), Joint Stock Companies (62.26%) and SMEs from tourism (71.05%).

5. References

- 1. Nicolescu O., Maniu A.I., Nicolescu C., Anghel F., White Chart of SMEs, Olimp Publishing House, Bucharest, 2008
- 2. Nicolescu O., SMEs Management, fourth edition, Economic Publishing House, Bucharest, 2008

MARITIME HUMAN RESOURCES COMPETITIVENESS THROUGH PROPER IMPLEMENTATION OF SAFETY MANAGEMENT

Nistor Cristina

Universitatea Maritimă Constanța, Facultatea Navigație și Transport Naval, Str.Mircea cel Batran nr.104, Constanța, 900663, nistor.cristina@gmail.com, +40.726.903.396; +40.241.664.740 - int. 138

Surugiu Gheorghe

Universitatea Maritimă Constanța, Facultatea Navigație și Transport Naval, Str.Mircea cel Batran nr.104, Constanța, 900663, g surugiu@yahoo.com,+40.723.329.834

Maritime competitive companies are the ones that provide qualitative transport services at a lower price than competitors. High professional seafarers are the key success for competitiveness in maritime field. Professional and competitive seafarers are not the ones that accept a low wage but the ones that are well trained and responsible with their work and with the environment. In order to be competitive and responsible, maritime companies and seafarers must acknowledge and implement a management of safety at the board of the ship. Commitment of leadership, continuous communication, crew's involvement and responsible attitudes towards safety are the determinants of a proper implementation of safety management – key criteria in acquiring and maintaining competitiveness in the business.

Keywords: competitiveness, maritime human resources, safety management

Coduri JEL: 015, J28, J24

1. Competitiveness in the maritime business

Competitiveness in maritime business is a relative term that can be measured in terms of price, unit production cost or labor productivity relative to competitors. According to Organization for Economic Cooperation and Development (OECD, 2002) competitiveness of a nation can be defined as "the capacity of a state, which is in an international competition, to generate a high level of incomes and placement for the labor force on a sustainable basis". The concept of competitiveness is at the core of the success of nations and companies (Toma, Marinescu, Ianole, 2008). A competitive maritime company is the one that clearly states a mission reflecting a serious commitment to international transport activities; has the ability to identify and adjust rapidly to clients needs and opportunities and has the ability to provide high-quality, competitive navigation services. The following elements are determinants for a firm's international competitiveness: specific assets and core competences that can be exploited to their competitive advantage, reputation, continous innovation in ship building, ship design or ship services, shown in particular in passenger cruises, a firm's architecture which describes the culture of the company. The firm's architecture can be observed in the company's recruitment and promotion practices, the rate of staff turnover — a major issue for a maritime company, the number of client complaints, the company's relationships with stakeholders, suppliers and other external organizations. (Radu, Catanet, 2007).

In the maritime business, competitive firms are the ones that provide qualitative transport services at a lower price than competitors. We consider that qualitative transport services are the ones made with qualitative ships ran by professional seafarers, paid with a lower wage than other maritime companies. Some maritime companies, in general the small ones new to the market, sign employment contracts with less-than-good maritime seafarers, that accept to go on long voyages of four, six, or more than six months for less money. Maritime companies with long tradition in this business avoid such hiring, even if they are in condition of personnel shortage.

The growth and diversification of maritime activities has lead to an increase and an evolution of threats; this new situation requires the consideration of individual threats (navigation, accidents, terrorism, immigration, illicit traffic and pollution) and environmental threats (natural resources and disasters). In such environment, competitive seafarers are the ones who are well trained, accept a low level of risk and are responsible with their work and with the marine environment. In Romania, like in other countries, competitive maritime companies are the ones that hire seafarers after they passed a technical computer exam in English and a very well structured interview. Competitiveness is acquired when seafarers act as professionals in every action they make at the board of the ship or o land. Employment conditions for seafarers should be at least comparable with those found in other industries – particularly in view of the obvious impact that the quality of the shipping industry's workforce has on safety at sea and protection of the marine environment. Applying a professional way of thinking, not only in their job, but in life in general, brings satisfaction. A professional learns every aspect of the job while an amateur skips the learning process whenever possible. A professional seafarer carefully discovers what is needed and wanted while an amateur quickly assumes what others need and want. A professional seafarer looks, speaks and dresses like a professional while an amateur has a lack of attitude and is negligent in appearance and speech. A professional seafarer keeps his or her work area clean and orderly while an amateur has a messy, confused or dirty work area. A professional seafarer is focused and clear-headed while an amateur is confused and distracted. A professional seafarer analyze his or her mistakes, learn from them and share their earn knowledge with others while an amateur ignores or hides mistakes. A professional seafarer jumps into difficult assignments while an amateur tries to get out

of difficult work. A professional completes tasks and job as soon as possible, while an amateur complains about received tasks and looks for excuses for unfinished work. A professional seafarer with the attitude of a leader remains level-headed and optimistic when facing problems and try to solve other people's upsets and problems while an amateur gets upset and assumes the worst, avoiding others' problems. A professional seafarer uses higher emotional tones like enthusiasm, cheerfulness, interest, contentment and avoids anger, hostility, resentment or fear. A professional persists until the objective is achieved and don't give up at the first opportunity, producing even more than expected. This are the reasons for which professionals earns high pay while non-professionals earns low pay and feels it's unfair.

Competitiveness means professionalism and high productivity. At the level of maritime company, it means cost efficiency and cost effectiveness. But competitive companies don't cut costs with training systems for seafarers and invest in sending employees to international conferences and seminars on safety issues and safety management.

Safety is the state of being "safe" and protected against all types or consequences of failure, damage, error, accidents, harm or any other event which could be considered non-desirable. International Maritime Organisation (IMO) – the United Nations specialised agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships – places considerations of the human element at the centre of its work. Issues of concern to seafarers such as stress, fatigue, workloads, training standards, safety, security and environmental protection are affecting the competitiveness of a maritime company. Ship owners admit the benefits from employing seafarers who are not only properly qualified but who also display the professional standards and technical competence needed to manage today's ships safely and efficiently. That is why seafarers can obtain seafaring certificates only after they demonstrate their knowledge on IMO's International Conventions on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), *Safety of Life at Sea* (SOLAS) or International Safety Management (ISM) Code.

The STCW Convention, which underwent a complete revision in 1995 and has been updated with amendments since then, focuses on the demonstration of competence, not just the acquisition of knowledge. The implications of this have been significant for improving safety and environmental protection record for international shipping. Some of this improvement can be attributed to improved technology but, statistically, 80 per cent of accidents are caused by human error or lack of competence.

International Safety Management (ISM) Code is a mandatory code that deals with management and, in particular, the responsibility of management to play a full and active part in building a safety culture onboard ship and within the company, to the benefit of all stakeholders. The ISM Code entered into force on July 1998 for passenger ships, including passenger high-speed crafts, oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed crafts of 500 gross tonnage and above. According to this code, if something goes wrong with the ship at sea, the Master of the ship is not solely responsible but the issue is taken as far as the boardroom.

Competitiveness in shipping relies heavily on the initiatives, co-operation and constant vigilance of seafarers to help prevent breaches of maritime safety and security. Maritime safety and security sectors have become ultrasensitive faced with the growing need for the protection of goods and persons against multiple threats coming from the sea. Every year, many seafarers are either injured or lose their lives in maritime accidents caused by poor designed or equipped ships or operated and manned to poor standards (Cockroft, 2005). In order to be competitive, efficient and for safety reasons, seafarers need special time to relax and recover between voyages before they take their ships out to sea.

2. Implementation of safety management in maritime companies

Maritime safety and security sectors have become ultra-sensitive faced with the growing need for the protection of goods and persons against multiple threats coming from the sea. The growth and diversification of maritime activities has lead to an increase and an evolution of threats; this new situation requires the consideration of individual threats (navigation, accidents, terrorism, immigration, illicit traffic and pollution) and environmental threats (natural resources and disasters).

The objectives of safety management code are to ensure safety at sea, prevention of human injury or loss of life, and avoidance of damage to the environment, in particular, to the marine environment, and to property. By enabling safety management objectives, seafarers should provide safe practices in ship operation and a safe working environment. They establish safeguards against all identified risks; and continuously improve safety management skills of ashore and aboard ships, including preparing for emergencies related both to safety and environmental protection. The owner of the ship or any other organization or person such as the manager, or the bareboat charterer, who has assumed the responsibility for operation of the ship from the shipowner and who, on assuming such responsibility, has agreed to take over all duties and responsibility imposed by IMO's ISM Code, should develop, implement and maintain a safety management system which includes safety and environmental protection policy; instructions and procedures to ensure safe operation of ships and protection of the environment; defined levels of authority and lines of communication between, and amongst, shore and shipboard personnel; procedures for reporting accidents and non-conformities with the provisions of ISM Code; procedures to prepare for and respond to emergency situations and procedures for internal audits and management reviews.

A competitive maritime company should establish a safety and environmental protection policy and should ensure that the policy is implemented and maintained at all levels of the organization both ship based as well as shore based. The maritime company should define and document the responsibility, authority and interrelation of all personnel who manage, perform and verify work relating to and affecting safety and pollution prevention.

To ensure the safe operation of each ship and to provide a link between the company and those on board, every maritime company should designate a least a person ashore having direct access to the highest level of management. The responsibility and authority of the designated person or persons should include monitoring the safety and pollution prevention aspects of the operation of each ship and to ensure that adequate resources and shore based support are applied, as required.

From the perspective of resources and personnel, the maritime company should ensure that the master is properly qualified for command. The maritime company should clearly define the Master's responsibility with regard to implementing the safety and environmental protection policy of the company, motivating the crew in the observation of the policy, issuing appropriate orders and instructions in a clear and simple manner, verifying that specified requirements are observed and reviewing the safety management system and reporting its deficiencies to the shore based management. The Master or Captain of a merchant vessel is a licensed mariner in ultimate in command of the vessel. (Aragon, Messer, Tuuli, 2001). A Ship's Captain, also called Shipmaster, is responsible for its safe and efficient operation, including cargo operations, navigation, crew management and ensuring that the vessel complies with local and international laws, as well as company and flag state policies and therefore, a candidate for an unlimited master's licenses requires several years of seagoing experience as third mate, second mate, and chief mate. A ship's Master commands and manages all ship's personnel, and is in charge of the ship's accounting, payrolls and inventories.

The <u>Master</u> is responsible for compliance with <u>immigration</u> and <u>customs</u> regulations, maintaining the ship's certificates and documentation, compliance with the vessel's security plan, as mandated by the <u>International Maritime Organization</u>. He is also responsible for responding to and reporting in case of accidents and incidents, and in case of injuries and illness among the ship's crew and passengers. A <u>Ship's Captain</u> must have a <u>Master Mariner's</u> license, issued by the ship's <u>flag state</u>. A <u>Shipmaster</u> at sea, during the navigation, represent some official authorities like the public notary, police, and has the official power to use, in some particular case, like mutiny and pirates assault, the dead force addressed to defence the interests of: flag state, owner, environment, cargo owners, crew, passengers and the safe navigation activities and laws. No other official autorities on board, during the navigation, are in power to override the Captain from his important office. All persons aboard, crew and passengers, conforming the nautical and navigation laws, must remain under command and under the authority of the Master.

A competitive maritime company should ensure that each ship is manned with qualified, certificated and medically fit seafarers in accordance with national and international requirements. New personnel and personnel transferred to new assignments related to safety and protection of the environment must be given proper familiarization with their duties. The company should ensure that all personnel involved in the company's safety management system have an adequate understanding of relevant rules, regulations, codes and guidelines.

The company should establish and maintain procedures for identifying any training which may be required in support of the safety management system and ensure that such training is provided for all personnel concerned. Also, procedures by which the ship's personnel receive relevant information on the safety management system in a working language or languages understood by them should be assured.

The company should establish procedures to identify describe and respond to potential emergency shipboard situations. Programs for drills and exercises to prepare for emergency actions should be established. The safety management system should include procedures ensuring that non-conformities, accidents and hazardous situations are reported to the Company, investigated and analyzed with the objective of improving safety and pollution prevention. Procedures for the implementation of corrective action should be assured. The company should establish procedures to ensure that the ship is maintained in conformity with the provisions of the relevant rules and regulations, that inspections are held at appropriate intervals, any non-conformity is reported with its possible cause, if known, appropriate corrective action is taken and records of these activities are maintained. The company should establish and maintain procedures to control all documents and data which are relevant to the safety management system. Documentation should be kept in a form that the company considers most effective and each ship should carry on board all documentation relevant to that ship. The company should carry out internal safety audits to verify whether safety and pollution prevention activities comply with the safety management system and the audits and possible corrective actions should be carried out in accordance with documented procedures. The results of the audits and reviews should be brought to the attention of all personnel having responsibility in the area involved. The management personnel responsible for the area involved should take timely corrective action on deficiencies found.

3. Aspects of competitiveness analysis and implementation of safety management

A competitive analysis establishes the skills necessary to succeed in maritime business and define a company distinct competitive advantage. Therefore, it's essential for new businesses in maritime sector to complete a

competitive analysis during the business planning stage, but competitive intelligence can also be useful for marketing, pricing, managing and other strategic planning. Before a company can know it's competitive edge, should know its competitor: where is the competitor located, what are the competitor's strengths and weaknesses, how can the transport services be compared in terms of quality, appearance and any other criteria.

An analysis of competitive benchmarking can be used for comparing the maritime organization's operations against those of the competitor's. In making specific comparisons within maritime industry, organization gains information about common marketing practices, available seafarers and stakeholders. In order to benefit from this research, a company should take as many weaknesses of the competitors as possible and turn them into potential strengths for the business.

An analysis of competitiveness and safety management implementation at the board of the ship presents a number of disadvantages related to excessive retraining costs, management time consumption, increase paperwork and formalities, demands unrealistic employee commitment levels, and emphasizes process over results. Failure in implementation may be caused by lack of understanding and coping with the organizational culture, inadequate training, lack of management leadership, financial commitments, and cooperation (Pun, Yam, Lewis, 2003). From the experiences of the safety management system certified companies in Hong Kong and Singapore (Yeung, 1997), the most difficult problems associated with the registration are: resistance to change, lack of human resources, insufficient knowledge of procedures or lack of inter-departmental communication. Many shore-based staff and crews are resistant to change when introducing new procedures and instructions in accordance with the ISM Code. Preparing safety management manuals and writing procedures require human effort and time that are beyond the capability of current staff. The requirements of ISM Code are new to many managers, port and ship captains, and engineering superintendents and conflicts always occur among departments, especially between the operation department and the technical department. Level of education is another weakness accepted by a large number of companies that employ lower educated crews from developing countries. This reduces operating costs but also creates a lot of problems with competitiveness standards from the service quality point of view. communications and frequent staff turnover is another issue that many maritime companies have to face. Most crews are recruited on a contract basis (normally in four to 12 months). This adds to the difficulties of introducing change or any new policies and practices on board. Many ship operating companies rush to complete safety management system registration in nine to 12 months time and this imposes enormous pressure on the management and staff involved to achieve it.

Conclusions

In order to acquire competitiveness by implementing the safety management system in maritime transport business, the management of the maritime company should state a clear vision and mission so that the crew members can understand the expectations of management. There should be established a safety management panel to monitor the implementation of the system and a least one person should be designated ashore to provide communication between the company and crew regarding safety operations and any problems that may appear. Nevertheless, the company should finance leadership and safety management training programs and seminars.

The implementation of safety management in maritime transport companies must be consistently analyzed and reviewed. Competitive maritime companies with tradition are the ones hiring seafarers after passing both a high level exam and a very well structured interview. In order to be competitive and responsible, maritime companies and seafarers must acknowledge and implement a management of safety at the board of the ship. "Just getting by" is an attitude uncompetitive seafarers or maritime companies may accept, but this is the attitude of amateurs with no professional standards.

Bibliography:

- 1. Aragon, James R., Messer, Tuuli Anna, Master's handbook on ship's business, Cambridge, Cornell Maritime Press, 2001.
- 2. Cockroft, David, Putting the Seafarer First, Transport International Magazine, Issue 20, July 2005.
- 3. IMO, The International Safety Management Code, IMO Publishing Service, International Maritime Organization, London, 2001.
- 4. Kit-Fai Pun, Richard C.M. Yam, Winston G. Lewis, Safety management system registration in the shipping industry, International Journal of Quality & Reliability Management, Vol. 20, Issue 6, MCB UP Ltd, p. 704-721, 2003.
- 5. Radu Cătălina, Cătăneț Alina, Firms' International Competitiveness, Analele Universității din Oradea, Tom XVI, Vol. II, p 1146-1147, 2007.
- 6. Toma Sorin-George, Marinescu Paul, Ianole Rodica, Competitiveness in the age of globalization, The case of Romania, Anale Universitatea Oradea, Tom XVII, vol. 2, p.507-508, 2008.
- 7. Yeung, P.K., Enhancing safe operations and environmental protection by safety management systems, Department of Manufacturing Engineering and Engineering Management, City University, Hong Kong, 1997.

- 8.***, Organization for Economic Cooperation and Development (OECD), La competitivite industrielle, Paris, 1996.
 9. ***, http://www.tipsforsuccess.org/professionalism.htm

THE ESTIMATION OF BANKING SERVICES QUALITY BY USING THE MYSTERY SHOPPING METHOD

Nistor Razvan Liviu

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Buusiness Administration razvan.nistor@econ.ubbcluj.ro, 0264418654

Zagan Zelter Diana

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration diana.zelter @econ.ubbcluj.ro, 0264418654

The continous increase in consummers' expectations as well as fierce competition, is turning quality into a necessary condition for being successful. On long run, the quality of a company services is the most important factor influencing the profit and the surest way of increasing the turnover and the market share, because it allows "attracting new customers, a higher business volume with the existing ones and losing as few clients as possible" The general aim of this study is to offer a practical perspective on the quality of services in order to reinforce certain concepts such as: typology (technical quality versus functional quality), the dimensions and the evaluation of quality. By analyzing the dimensions of quality, the measurement modalities and their improvement, the present research offers instruments for understanding the significance of this "irreprochable service".

Keywords: quality, evaluation, banking services, the mystery client Cod JEL:M, M10

1. INTRODUCTION

The Romanian society has undergone serious changes for the last 20 years. Not only did it move from a centralised economy to the market economy, but also from oppression to free expression and manifestation, or from isolation to unlimited access to information. We are experiencing a new social order or, at a better look, a new "social disorder", where there are no clear value systems.

Philip Kotler used to say: "All companies are service companies. You are not a chemical products company, but a company for serving chemical products." In other words "everybody serves somebody", we are all service providers. In the economic environment, this situation demonstrates the necessity of being different from the competition through a different service which exceeds the expectations through superior quality. In the banking environment, which is already characterized by strictness and exigency, this situation demonstrates the necessity of providing an irreprochable service.

2. THE NATURE AND CLASSIFICATION OF SERVICES

K.J. Blois considers that "the service represents any activity that offers benefits without necessarily assuming an exchange of tangible goods". ¹⁹⁹Philip Kotler defines the term "service" in the following way: " a service is any action or operation that one party can offfer to another party and which is essentially intangible and it does not have for a result getting possession of a thing. Its production may or may not be related to an existing product in physical shape" ²⁰⁰. Thus we can retain the following defining elements for services: "benefit-generating activity" and "intangibility". To these we can add the "personal" character, determined by the inseparability between the activity provided, its provider and its beneficiary. Thus, the services become "personal and immaterial performances" ²⁰¹. Consequently, the banking services can be understood as activities or range of activities (the banking activities) that offer benefits, satisfying the consumers' needs. The service provider is, in this case, the banking institution, and the service beneficiary, the bank client, the consummer of banking products and services. The banking services are placed among those with reduced possibilities of personalization (through the very nature of the products and services). However, the degree in which the contact provider-client ensures personalization is very high. One distinction can be made between: quality as a consequence of the service chracteristics and quality as a consequence of the lack of flaws ²⁰². Another distinction is made between the technical quality and the functional quality²⁰³ of services. While technical quality expresses the result of the performance (what the client stays with after the interaction with the provider), the functional quality refers to the way in which the service is provided.

3. CASE STUDY – THE ANALYSIS OF THE QUALITY OF THE BANKING SERVICE "THE CREDIT FOR STUDIES"

3.1.GENERAL PRESENTATION OF THE CASE STUDY

¹⁹⁹ Olteanu V., Marketing financiar – bancar, Editura Ecomar, București, 2003, p.38.

²⁰⁰ Kotler P., Managementul marketingului, Editura Teora, București, 1997, p.580.

²⁰¹ Lendrevie J., Lindon D., Mercator, Editura Dalloz, 2000, p.667.

²⁰² Kotler P., Bowen J., Makens J., Marketing for Hospitality & Tourism, Prentice-Hall, 1996, p.354.

²⁰³ Kotler P., Bowen J., Makens J., op. cit., p.355.

Starting from an external method for quality evaluation ("mystery shopping"), we can evaluate the technical and functional quality of the service "the credit for studies", which is present in 5 versions on the banking services market from Romania, eventually identifying adequate improvement strategies. The 5 services analysed are: "Academic Extra/Super" — credit BCR, "The credit for studies"—BANCA TRANSILVANIA, "The credit for studies"—BANCPOST, "The credit for studies"—UniCredit Tiriac Bank and "Student Plus" credit —BRD-Groupe Société Générale.

The need that is to be found for the analysed service is covering the costs generated by study improvement: tuition, living expenses, transport expenses, expenses for purchasing study materials. The beneficiaries of the credit are often young people admitted in the study programme of certain Romanian or foreign universities.

In the case of the "Academic Extra/Super" credit $-BCR^{204}$, the destination allowed is the payment of the tuition fee, living expenses, expenses for purchasing study material, transport expenses and other expenses related to studying. The credit can be granted in RON, EUROS or US dollars.

studying. The credit can be granted in RON, EUROS or US dollars. "The credit for studies" – BANCA TRANSILVANIA²⁰⁵ is granted to all Romanian citizens, residing in Romania, students or graduates of high education. The object of the credit is covering the tuition fee or other expenses such as: transport, accommodation, taxes, food, (in the case of studying abroad). The crediting period is between 1 and 5 years, being correlated with the study period.

"The credit for studies" - BANCPOST²⁰⁶ is granted for paying the tuition fees of a certain educational form or professional training, for the borrower or a member of their family. The eligibility conditions that the borrower should fulfill are: to be a Romanian citizen with permanent residence in Romania; to be of age, to prove that they have an income; to present the required collaterals; not to have debits or other unpaid obligations to the bank at deadline when they apply for the credit; to achieve the minimum score imposed by the risk evaluation system - Credit Scoring.

"The credit for studies" – UniCredit Tiriac Bank²⁰⁷ can be granted in RON, US dollars or EUROS, having a minimum value of 3000 EUR. The crediting period is between 1 and 10 years. For sums up to 10.000 EUR inclusively, the maximum crediting period is 5 years.

The "Student Plus" credit- BRD-Groupe Société Générale²⁰⁸ is granted to persons between 21 and 40 years old, admitted in a post-graduate study programme of a Romanian university approved by BRD. The destination of the credit is financing post-graduate studies (master, PhD) in Romania.

3.2. THE DESCRIPTION OF THE EVALUATION METHODOLOGY

For measuring the quality of the services above, the chosen technique is "mystery shopping". Concentrating on the interactions between employees and clients, that is on the so-called "truth moments", the applied technique will evaluate the functional quality of services. Because of practical impediments, there are however differences between the theoretical version of the method and the way in which this is applied. Firstly, from the theoretical point of view, the method involves buying the tested services, "the mystery client" being allocated a budget for this purpose. In this study we tested just the "pre-shopping"stage. Secondly, the method implies making repeated tests in the same bank with more "fictitious clients". In the present study, we tested services belonging to different banks (one for each), with just one "fictitious client".

For applying the method the next stages were followed:

Choosing the services to be tested;

Identifying and defining the dimensions of the functional quality which is to be evaluated; the ellaboration of the assessment paper for functional quality;

Establishing an assessement scale for the identified dimensions;

Planning the application process (setting up the testing schedule and the routine to be Centralising and interpreting the data . followed);

The limits of the study:

- a considerable limit is subjectivity: its first form of manifestation is linked to the process of defining the quality of a service that greatly depends on personal experience and the exigency degree that characterizes the "researcher"; another form of manifestation for subjectivity is linked to the service perception. "The mystery client" is subjective, filtering the service through their own personality and comparing it to previous experience;
- another limit is the circumstantial character of testing, the results obtained after the simulation of the purchasing acts depend on the place, the hour, the employee and the service which is the object of testing, the generalization possibilities being reduced;

^{204 &}lt;a href="http://www.bcr.ro/irj/portal/?site=bcr">http://www.bcr.ro/irj/portal/?site=bcr ro .

²⁰⁵ http://www.bancatransilvania.ro/index/142.html.

²⁰⁶ http://www.mybank.ro/persoane-fizice/pentru-studii.

 $^{207\} http://www.unicredit-tiriac.ro/persoane-fizice/persoane-fizice/credite/credite-pentru-studii.$

²⁰⁸ http://www.brd.ro/special-tineri/produsele-pentru/studenti/creditul-studentplus/.

- there are limits generated by the innacuracy of the accounts as it is impossible to record all the details observed, the questions asked and the answers received during the performance;
- the results of the study must be looked upon also from the perspective of the service development stage that was tested: we studied the quality that can influence the buying decision and not the repeated purchase (for which it is necessary to consume the service).

3.3. THE EVALUATION OF TECHNICAL QUALITY

According to theory, the technical quality expresses the result of the performance (what the client stays with after the interaction with the supplier), excluding the way in which the interaction provider-client takes place. Taking into account the analysed service, we considered the following elements which do not depend on the employee's or the client's performance: the interest, the maximum borrowed sum, the maximum crediting period, the required collaterals and the way of granting the credit. We excluded such elements as: the value of the taxes and commissions or the number of documents required, which are considered less important in making the buying decision. Next, we established the assessment scale that is to be used. For the majority of elements we set a score from 1 to 5, 5 being granted to the most favourable value existing on the market, and 1 – to the least favourable value. For intermediary grades, the intervals were established mathematically. In the case of non-valorical elements, grade 5 was granted for the most favourable situation on the market and grade 1 for the least favourable situation. For a better relevance of the results we also used importance coefficients. (see Table 3.2)

3.4. THE EVALUATION OF FUNCTIONAL QUALITY

While technical quality expresses the result of the performance, the functional quality refers to the way in which the service is performed (the way in which the interaction with the supplier takes place). The functional quality is specific to services and clearly linked to the "truth moments". In order to identify the elements of the functional quality we took into account the 5 dimensions identified by A. Parasuraman, Valarie A. Zeithaml şi Leonard L. Berry: tangible elements, seriosity, responsiveness, safety and empathy. These were decomposed in components, taking into account traditional definitions, but also introducing new elements, in order to ensure the possibility of their manifestation in the "pre-shopping stage". In this case we also established an objective assessment scale. If in the case of technical quality, the assessment scale was established by reference to the market situation (the evaluation of the characteristics of a bank's service is made by reffering to the most favourable offer or the least favourable one on the market), in the case of functional quality the assessment scale was established by referring to the ideal situation.

3.5. OBTAINED RESULTS

Table 3.1. The elements of technical quality

Table 5.1. The elements of teenmeat quanty							
Credit	BCR	BT	BANCPOST	UniCredit	BRD		
characteristics				Tiriac Bank			
Interest value	Interest value 14,5%		24,5%	6,95%	9,5%		
The maximum	e maximum 105.468		13.763	nu se impune o	36.156		
borrowed sum				limită			
(RON)							
The maximum	10	5	3	10	5		
crediting period							
(years)							
Collaterals	Not requested	mortgage	mortgage	mortgage	Not		
					requested		
Granting method	Transfer in the	transfer in	Transfer in the	Transfer in the	Transfer in		
	account of the	the	account of the	account of the	the account		
	educational	personal	educational	educational	of the		
	institution; 50% -	account	institution	institution;	educational		
	transfer in the				institution		
	personal account						

Table 3.2. Evaluation paper of the service technical quality of the service

The assessed element	The	The assessed bank				
	importance	BCR	BT	BANCPO	UniCredit	BRD
	coefficient			ST	Tiriac Bank	
The interest	3	3	3	1	5	4
The maximum borrowed sum	1	4	2	1	5	2
The maximum crediting period	2	5	2	1	5	2
Requested collaterals	5	5	1	1	1	5
Granting modality	4	3	5	1	1	1
Balanced total		60	40	16	39	47

Table 3.3. Assessment paperfor the service functional quality

Table 3.3. Assessment paperfor the service functional quality						
The assessed element	The assessed bank					
	BCR	BT	BANCPOST	UniCredit Tiriac Bank	BRD	
Tangible elements						
Modern endowment	5	2	4	5	5	
Pleasant environment	4	2	4	5	5	
Staff appearance	4	4	3	5	5	
Space organization	4	2	5	3	3	
Total	17	10	16	18	18	
Seriosity						
Transparency	1	3	3	5	4	
Sufficient resources	1	3	3	5	5	
Interest in solving problems	2	4	3	5	4	
Total	4	10	9	15	13	
Responsiveness						
Waiting time	1	4	4	4	4	
Staff presence	1	3	2	5	5	
Availability to help	3	3	2	4	5	
Total	5	10	8	13	14	
Safety						
Polite staff	2	5	5	5	5	
Staff competence	2	3	2	5	4	
Information provided	2	2	2	4	4	
Total	6	10	9	14	13	
Empathy						
Visual contact	2	2	4	5	5	
Active involvement	3	3	3	5	5	
Flexibility	4	4	4	5	5	
Total	9	9	11	15	15	
Maximum possible score	80	80	80	80	80	
Score effectively obtained	41	49	53	75	73	
Score effectively obtained	51%	61%	66%	93%	91%	

3.6. CONCLUSIONS AND PROPOSED STRATEGIES

In the case of the service provided by BCR it is noticed that the score is maximum for technical quality, but minimum for functional quality. The strong points of the service are the borrowed sum and the long crediting period, but mainly not requesting collaterals and the possibility of transfering a part of the borrowed sum in the personal account.

In the case of the service provided by BANCA TRANSILVANIA, the total technical quality is medium, the weak point being the request of important collaterals and the strong point the transfer in the client's personal account (incresed flexibility for the client concerning the use of the credit).

For the service provided by BANCPOST, we notice the minimum score for functional quality. From this point of view, the service is obsolete. It is recommended either to abandon it or to update it. In the case of functional quality, most of the scores are medium, especially the lower degrees for staff presence at working points, availability to help, staff competence and information provided.

The service provided by UniCredit Tiriac Bank registers the biggest number of maximum grades. The functional quality is very close to perfection. Obviously, the client's expectations were exceeded. The weak points refer to

technical quality, through the considerable collaterals requested and the transfer of the whole sum in the account of the educational institution.

In the case of the service provided by BRD-Groupe Société Général, we can remark the interest for solving the clients' problems quickly, the pleasant environment for discussion, the sustained visual contact and the employee's interest to find the product that best suits the customer's needs.

4. FINAL REMARKS

Why do quality problems appear? The main cause is that the service provided does not live up to the client's expectations. There is a discrepancy between the client's perception and their expectations. This difference is produced also by other causes: the bank;s management does not know which the client's expectations are; the management knows what the client wants but it does not establish adequate quality specifications; the bank's employees do not observe the quality specifications imposed by the management; the advertising presents the services in a hyperbolic way.

Which is the situation on the banking services market? The practical study we made offers a comprehensive answer to this question. There are negative surprises (2 h waiting time and carelessness from employees in a bank with tradition; insufficiently informed staff in three banking institutions), but also positive ones (the ability and the care of the staff would make the client return only for "the sake" of interaction). It is intriguing that the negative events which impressed most (the so-called "critical incidents") have obvoius, easily identifiable solutions. By simply recording the clients' complaints and replacing the non-functional systems identified by them would lead to a substantially improved service.

The personal impression, after researching on the concepts referring to quality and making the practical study, is a contradictory one because there are two poles. On one hand we recognize the multiple difficulties that the problem of service quality rises, the degree of subjectivity that cannot be elliminated. Obviously, the quality in the field of services is a delicate theme, hard to define and to manage. However, the provider that obtained the highest performance did not do anything else but observe the requirements of the quality book, that is conform to standards. We consider this is a clue that until now the specialized literature has correctly identified the significance of quality for clients.

BIBLIOGRAPHY

- 1. Anantharaman R., Kamalanabhan T., Rajendran Chandrasekharan, Sureshchandar G., Management's perception of total quality service in the banking sector of a developing economy a critical analysis, International Journal of Bank Marketing, Aprilie 2002.
- 2. Bruhn M., Orientarea spre clienți temelia afacerii de success, Editura Economică, 2001.
- 3. Feeney Lisa, Haines G. Jr, Madill Judith, Riding A., Determinants of SME owners' satisfaction with their banking relationships: a Canadian study, International Journal of Bank Marketing, Februarie 2002.
- 4. Kotler P., Marketing de la A la Z, Editura Codecs, București, 2004.
- 5. Palmer A., Principles of Marketing, Oxford University Press, 2000.

CAREER ANCHORS – A POSIBILITY OF KNOWLEDGE AND SELF-KNOWLEDGE

Oargă Valentina

University of the West Timişoara, Faculty of Economics and Business Administration Pestalozzi Street, No.16A, 300115 Timişoara, Romania, E-mail: valentina.oarga@yahoo.com Mobile: +40 740 095 895

Cioabă Stefania-Raluca

Educational Assistance and Resources Center of Dr.Tr. Severin, Călugăreni Street, No.1 Bis 220037 Dr.Tr.Severin, Romania E-mail: raluca cioaba@yahoo.com Mobile: +40 747 011 089

Starting from Edgar Schein's theory about the career anchors, this research paper pursues the identification of the career anchors of 25 managers from Mehedinţi County, working in pre-collegiate educational institutions and in firms from the domains of manufacture, commerce, construction. Rigorously following the phases of a scientific research and using the adequate methodology, our research is in measure to demonstrate that knowing the career anchors of each employee is very useful. Knowing the professional anchor is important not only from the perspective of the employee but also from the point of view of the company, in order to place the right person in the right position.

Keywords: career, anchor, manager

Cod JEL: M54

Introduction

The human factor represents the strategic element on which the optimal performances of the businesses around the world depend on. It is being estimated that the future will bring a rise in the human resources' flexibility, that there will be changes in the structure of the staff, in the significance of the professions and job functions. Preparation in a number of professions will grow further and new jobs and positions will appear. A new behavioral pattern and new values will be imposed so the human activity will have to rely more and more on competence, increased individual responsibility and increased efficiency. It happens more often that employees occupy a series of positions in different companies where they are needed. This fact makes it necessary for the employees to be preoccupied with their own career. The most important tasks that the manager has are to ensure that the best employees are kept in the company and to develop their potential. Therefore knowing the employees is very important.

A useful way to know the employees is to know their career anchor. This is the reason why our study is based on a research performed on the career anchors of 25 managers from the Mehedinți County. **Our objective** is to point out the agreement or disagreement between the career anchor and the job position occupied at the moment. It is important to observe in what extent the self-knowledge of an employee will help him in his career. We want our study to be useful for the human resources department in order to include the anchors test in the recruitment and selection process. This information gives the HR department the opportunity to establish better training programs and employ people on jobs that are right for them.

1. Schein's theory about career anchors

The professional career is perceived as: promotion, profession, a series of positions during one's life. A distinction has to be made between the **objective** career (includes staff development and implies promotions, specialization, motivation, human resources planning) and the **subjective** career (self-perception and the role that the job has in one's life).

Human resources literature speaks about two major theories: Holland's theory about career types and Schein's theory about career anchors. Holland's theory about career types identifies six different career patterns: conventional, artistic, realistic, social, entrepreneur and investigative. These are the six ideal career patterns. The way someone orientates for one or another depends on one's qualities although everybody has more than one quality. It is advisable that people try to find themselves in these patterns and plan their career accordingly. Our research has its base in Schein's theory about career anchors and this is why we will continue to pursue this approach.

Edgar Schein²⁰⁹ pleads that when one person knows themselves and has a clear occupational identity, they will have a clear perception of different talents, goals and values. Schein defined the career anchor of a person as a domain of personal concepts; one would never give up under any circumstances. He considered that career anchors develop and become clear at the beginning, as a result of education and experience. Being capable of identifying career anchors is indeed very important for an efficient administration of one's career. It's also important that the people within the company that are responsible of career management are aware of the fact that some anchors tend to prevail in their company.

-

²⁰⁹ Edgar Schein – researcher preoccupied with the professional career between 1979 and 1982, together with T.D. DeLong from Brigham Young University, Provo, Utah in order to establish the career anchors for students.

Schein identified 8 anchors: technical and functional competence; managerial competence, security, autonomy, creativity. Some add pure challenge and dedicating one's life to a cause or a life style.

In the same way anchors keep a boat from floating away, career anchors keep one focused on certain types of activities like the technical and functional competence, managerial competence, safety, autonomy and creativity. For those who developed a **technical/functional competence** the most important factor is the choice of a career is the actual content of the work. The possibility of a transfer to a domain that moves them away from their competence presents no interest to them. The person that develops a **managerial competence** focuses on reaching positions that imply higher responsibilities. The perspective that the occupied position offers is more important that the work content. What matters is the opportunity to develop analytical abilities and to gain useful experience. People with this anchor want to become managers. Other jobs are seen as ways to develop the needed competences in order to get a managerial position. **Safety** is an anchor that orientates people to occupy a secure position. People with this anchor need to maintain stability at work and they prefer jobs in firms or domains with low staff fluctuation. Those who have the **autonomy** anchor won't stay for a long in a domain or place that hasn't clear promotion plans. This type of person needs freedom and no constraints. Independence and freedom are more important than promoting. This type of people is able to decline a promotion if it means loosing one's independence. **Creativity** is an anchor that focuses people on activities where they can create something on their own feeling satisfied by the fact that they create something new.

The differences that arise from these theories show that people are different and that they shouldn't be treated in the same way. A manager has to take all those differences into consideration when they organize and guide the human resource.²¹⁰

In order to find out what anchor suits best we can use a questionnaire and a test that contains 40 statements.²¹¹ Each statement is evaluated by a score from 1 to 6 depending on the measure in which the statement is true to that person. Finally the answers are arranged as a matrix. Then three representative statements from the statements with the highest values are chosen. 4 points will be added to each of those three values. In the end they are summed up along the column. The final score is divided by 5 and arranged in descending order.

2. Study about the career anchors of managers in Mehedinţi County

Our study was realized in Mehedinţi County on 25 managers from pre-collegiate educational institutions and company managers from domains like manufacture, trade and constructions.

The following **steps** were followed in the process of scientific research:

- -the documentation is based on reference literature from the field of human resources.
- -Formulating a research objective and preparing a hypothesis.
- -Choosing pseudo-random samples.
- -Adapting the questioned people with the terms of career anchors and the testing procedure.
- -Statistical processing of the test and the questionnaire.
- -Verification of the initial hypothesis.
- -Drawing conclusions and formulating recommendations for the future.

Research methodology used was the free personal interview (Moscovici, 2007) based on the questionnaire. The chosen samples are pseudo-random. The results show the compatibility or incompatibility between the anchor of the subject and the position he holds at the moment as well as an analysis of the way one's values are tied to his career choices.

The results were interpreted from two perspectives: of the employee and of the company whose employees show certain anchors that were not known. Knowing one's career anchor, he can confront his opinion and decisions with what he values most depending on his self-perception.

The **hypothesis** of this research:

- -If we apply the anchors test on managers, the result will be the MG anchor.
- -If the managers have the MG anchor than they will be professionally satisfied.

3. The results of the research

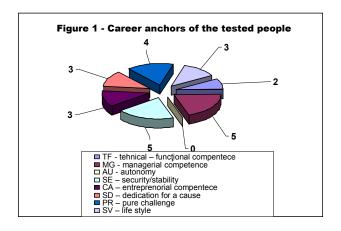
The qualitative interpretation of the results focuses mainly on the aspects about confirming or not the hypothesis up for discussion. Based on the quantitative interpretation of the anchors test and the interview based on the questionnaire, we have drawn all the information that we needed in order to reach our objectives and consequently the hypothesis that we formulated at first.²¹²

²¹⁰ Oargă, V. (2005), Foray in human resources management, Augusta Publishing, Timișoara, pg. 79-81.

²¹¹ Vlăsceanu, M. (2002), Career management. Learn how to build a career, comunicare.ro Publishing, București, pg.25-31.

²¹² Cioabă Ştefania-Raluca – Career anchors – a posibility of knowledge and self-knowledge, dissertation paper, session from February 2009, University of the West Timişoara, Faculty of Economics and Business Administration (coordinated by Valentina Oargă).

In this research the chosen sample was made of 25 managers. Through the statistical processing we observed that only 5 out of the 25 managers have the MG anchor – managerial competence. Figure 1 shows the number of anchors that came out after the test.



These results don't agree with Schein's theory where managers will surely have the MG anchor. The small number of managers that have the MG anchor doesn't confirm the hypothesis from the beginning. Regarding the professional abilities, no matter the department where the person works or the anchor that came out from testing, we can find the following aspects: entrepreneurial spirit, stress resistance, positive motivation, good communication, abilities in solving conflicts, etc. These abilities can be found in managers with the MG anchor as well as in others with different anchors.

There can be different explanations for this situation. We can assume that only 15 people are general managers and that the other 10 people have managerial positions in different departments. No matter what anchor came out after the test, the questioned managers say that, that anchor represents them. At the same time they say that they can do their work as managers even if they don't have the MG anchor.

Regarding the second hypothesis, we can see after processing the questionnaire that not only managers with the MG anchor are professionally satisfied. Out of the 25 managers, 21 are professionally satisfied and 4 say that they are not satisfied with their job. One of the 4 managers that are not satisfied with their job is a general manager. His anchor is SV – life style. People with this anchor consider that family is more important than the career. In this manager's case, he says that his dissatisfaction comes from the fact that he spends a lot of his time with work and that the time spent with his family is to short. Although not all managers have managerial competence, the large majority (21) is professionally satisfied and wouldn't want to change that job even if they don't have the corresponding anchor.

At the same time they claim that they have the qualities that a manager needs, an aspect proved by the revenue of the company they work for, or the unemployment rate or the success they reached within the school, for the managers of educational institutions. From the 4 managers that aren't professionally satisfied with their job, 2 have the career anchor PR – pure challenge. From Schein's theory we know that this type of people search for challenges that are more and more difficult. They look for jobs where they can face higher difficulties. These people define their life through competitive terms. Considering this aspects, those managers dissatisfaction correlated with a wish of change, Schein's theory is confirmed because every career anchor is a steady image of oneself even if there is no opportunity to prove this. The person who doesn't have the right anchor will always search for another job that suits his/her wishes.

4. Conclusion

Considering the small sample on which the research was performed in our country, this paper wants to be a small beginning in the study of this theme. Because of the small number of subjects in this sample, this paper is like a pilot study for the relationship between self-knowledge and career as well as the possibility that the career anchors represent a way o self-knowledge. The results we obtained are significant and represent a starting point for other larger researches in this domain that can draw finer lines in self-knowledge through the expansion of the tested sample. The small number of participant doesn't permit a generalization to all managers. Another situation that has to be considered is the fact that the questioned person's state of mind and desires at that moment influences the results. Certain needs can be very strong and they can affect the results of the research. This is the reason why it is better if the test is repeated after a certain amount of time has passed. Considering the results shown in the figures and tables, we can say that most managers from this research have a matching career anchor. The question that arises is if this identification is real because of the good self-knowledge or is this identification hazardous? There are multiple answers to this question if we consider that the questioned participants have managerial positions in different departments. Following the analysis of the tests we see that the directors of the educational institutions have the career anchor of SD – dedication for a cause, and the anchor of managerial competence. The people in

leading positions from the domain of education identify themselves with their anchor because they are successful in their job. Besides the anchor of SD and MG (in this order), we've seen the anchor of SE – security/safety. This anchor is due to the fact that teachers are titular in the institutions where they work appreciating the security of the job. According to the quantitative analysis we can identify the anchors of MG – managerial competence, PR – pure challenge and TF – technical competence in small and medium sized companies. Those managers consider that the anchor matches the job.

Through this research paper we followed the hypothesis that the career anchors are a way of self-knowledge. The obtained results confirm this hypothesis in most of the questioned subjects even is we consider the limitations that we mentioned before. The use of career anchors is recommended for human resources managers in order to fix the right person for the right job. Even if the results can't be generalized, they are a beginning of other researches in the domain of human resources and career management.

Reference

- 1.Cioabă Ștefania Raluca Career anchors a possibility of knowledge and self-knowledge, dissertation paper, session from February 2009, University of the West Timişoara, Faculty of Economics and Business Administration, (coordinated by Valentina Oargă) in progress of publishing
- 2. Moscovici, S./ Buschini, F. (2007), Metodologia științelor socio-umane, Polirom Publishing, Iași
- 3.Oargă, V.(2005), Foray in human resources management, Augusta Publishing, Timișoara
- 4.Oargă, V.(2006), Human resources management. Tests, case studies, examples, Publisher Augusta, Timișoara
- 5. Plosca, M.& Mois, A. (2001), Career counceling. Examples, Dacia pPblishing, Cluj-Napoca
- Schein, E.(1987)- Handbook of Organizational Behavior- Individual and careers, Prentice Hall, Englewood Cliffs, New Jersey
- Vlăsceanu, M. (2002), Career managemeni. How to build a careeră, comunicare.ro Publishing, București
- 6. www.cariereonline.ro
- 7. www.creativeminds.ro

SOME REFLECTIONS AND COMPARISONS REGARDING THE ENTREPRENEURSHIP RESEARCH IN EUROPE

Oncioiu Florin Razvan

Constanta, str. Brizei, nr. 5A, bl. FB7A, ap. 1, e-mail: oncioiu_florin@yahoo.com University of Agronomic Sciences and Veterinary Medicine of Bucharest

Recent entrepreneurship research is characterized by the interest in divergent conditions for entrepreneurship, but also very different research traditions between countries.

Entrepreneurship research in Europe has a long tradition and can in many ways be regarded as the birthplace of theoretical entrepreneurship studies. However, in the late 20th century, entrepreneurship re-emerged on the political agenda across Europe, and during the 1980s and especially in the 1990s developed a foothold within European research. Entrepreneurship and small business research is to a great degree international, exhibiting the same positive development in Europe as in other parts of the world.

The aim of this paper is to describe entrepreneurship research in the various parts of Europe.

Keywords: entrepreneurship, small business, economy.

JEL: L26.

Introduction

Entrepreneurship has a long tradition within economics, but it is difficult to identify any uniformity regard the use of definitions. Practical, economists were the fist to attempt to endow the concept of entrepreneurship with greater scientific meaning.

There are ambiguity about the content of the concepts entrepreneurship. Different studies have used many various definitions. For example, Morris found 77 different definitions in a review of journal articles. Some common definitions for entrepreneurship are :

Act of innovation that involves endowing existing resources with new wealth-producing capacity (Drucker 1995);

Process by which individuals pursue and exploit opportunities irrespective of the resources they currently control (Stevenson 1985);

The creation of organizations, the process by which new organizations come into existence (Gartner 1988);

Way of thinking, reasoning, and acting that is opprtunity driven, holistic in approach, and leadership balanced (Timmons 1997);

About how, by whom, and with what consequences opprtunities to bring future goods and services into existence are discovered, created, and exploited (Venkataraman 1997).

The view of entrepreneurship as the emergence of new organizations has found expression in two international projects: The Entrepreneurship Research Consortium (ERC) and the Global Entrepreneurship Monitor (GEM). But, the rapid development of entrepreneur concept within the field has had some adverse effects. For example, concerns have been raised in respect of:

- 1. the problem of defining entrepreneurship and the uncertainty in the domain of entrepreneurship: some definitions are related to entrepreneurship as a societal phenomenon, while others are related to the need to define entrepreneurship as a scholarly domain. Davidsson argues that we need to distinguish between "entrepreneurship as a societal phenomenon" and "entrepreneurship as a scholarly domain". Following the reasoning of Davidsson the definition of entrepreneurship as a societal phenomenon is inadequate for entrepreneurship as a scholarly domain because we can indentify a number of fundamental approaches to defining entrepreneurship: entrepreneurship as a function of the market; entrepreneurship as an individul, and entrepreneurship as a process.
- 2. entrepreneurship research gradually changed from being a topic within economic science, becoming a part of behavioral science, before finally moving into the area of management science.

However, today the efforts to attain coherence by unified entrepreneurship research are open to questions like: What are the contribution of entrepreneurship reasearch? How to remove the difficulties in defining core concepts? What makes entrepreneurship reasearch unique?

The entrepreneurship research in Europe

Entrepreneurship in Europe has several characteristics:

- 1. entrepreneurship research is characterized by its diversity;
- 2. in order to stimulate development in society the entrepreneurship research has received more attention;
- 3. there is an acceptance of a broader range of methodological approaches among European researchers;
- 4.the diversity of entrepreneurship research in Europe influences not only the methodological approaches used and the topics chosen but is also reflected in the research communities in the various countries.

There is a very great variation in research traditions between countries (Hisrich & Drnovsek, 2002) in terms of not only the size of the research community in each country but also the researchers' disciplinary backgrounds and epistemological concems. Due to the great heterogeneity and diversity of the continent, it seems difficult to give an adequate description of entrepreneurship research.

In Europe, Great Britain was one of the first countries to be hit by the economic structural changes at the end of the 1960s and early 1970s. The Northern part of England was a region especially affected by these structural changes, along with Wales, Scotland and other older industrial areas, resulting in business closures and a high rate of unemployment. It was this recession that prompted increased political interest in entrepreneurship and the small business sector. Due to their ability to create jobs, which large corporations were unable to provide, small firms were regarded as the answer to the employment problems resulting from structural changes. The growing political interest in small firms on the part of the UK government at this time led the British government to initiate a comprehensive inquiry into the role of small businesses in the economy. The final report, the Bolton report, was presented in 1971 and exerted significant influence on politicians, academics and the media. During the 1970s the political parties developed explicit small business policies and the media devoted more coverage to the small business sector, thus leading to an interest in small business research among academics in the UK.

The political agenda in terms of entrepreneurship and small business changed dramatically in the early 1980s when Margaret Thatcher came to power (1979). Thatcher had an ideological view of entrepreneurship and small businesses and initiated a large number of measures in order to change the mentality of the people in the UK - creating an entrepreneurial culture - including privatizations, deregulation, a new tax regime, and a large number of new instruments to stimulate new and small businesses. Entrepreneurship and competition were two central concepts in this policy, concepts which also influenced academia. The universities were expected to be increasingly self supporting, which led to increased competition between them. As a consequence, the research became more empirical and concentrated on areas that were likely to create revenue for the university in question - contract research offered one of few mechanisms for obtaining research funds in a situation where core research funding were extremely limited. At the same time, many education programs focusing on entrepreneurship and small business management were established at different universities, several of which emphasized training and education for small business managers. Thus, Thatcher had a very broad approach to entrepreneurship it was a question of changing the minds of people and she was very influential in this regard.

At the end of the 1980s the UK Economics and Social Science Research Council (ESRC), in collaboration with private sector businesses and some government bodies, initiated a comprehensive small business research program (the ESRC Small Business Initiative) an initiative which could be regarded as a real milestone and put small business research on the map. David Storey was appointed program coordinator. The ESRC Initiative focused on four areas: (1) the economic role of small firms within a national and international context, (2) local labor markets and small firms, (3) structural and organizational issues, and (4) determinants of the birth, survival and growth of small firms. A large number of projects were undertaken and three research centers were established (Kingston, Cambridge and Sussex universities). Storey decided to select several well known researchers who were not regarded as small business researchers, which afforded the program a diversity of interest, a multidisciplinary character, and ensured high quality research. The studies performed as part of the program were all very carefully designed with interesting analyses that have contributed a variety of new knowledge to the research in this field. In the 1990s the interest changed toward growth oriented established businesses.

The Nordic countries (Denmark, Finland, Norway and Sweden) have, despite their geographic proximity, quite different traditions of entrepreneurship and small business research and must therefore be treated separately.

During the recession in the Swedish economy in the 1970s, great hopes were pinned on small businesses, with the ensuing call for more knowledge about the sector. Research was, however, limited to a small number of researchers and the research began to specialize in studies of networks and local entrepreneurial cultures.

In the 1980s the state made considerable reform to stimulate the small business sector, and throughout the decade there was a vigorous increase in entrepreneurship and small business research. Researchers attempted, in as far as possible, to link knowledge to concepts and models within the area of business administration, which resulted in the limited influence of other disciplines. The growth of research was characterized by (1) the spread of research to many universities throughout the country - a geographic diffusion of the research, (2) a change as regards the object of study - from the traditional family business to new types of small firms, such as technology-based firms and fast-growing businesses, and (3) although the research was rooted in the discipline of business administration, at this time it began to mould an identity of its own - the researchers began to regard themselves as specialists in entrepreneurship and small business.

Among the Scandinavian countries only Finland shows a similar development to that of Sweden within the area of entrepreneurship and small business, and it is primarily since the mid 1980s that the research and education in this subject area have been greatly intensified.

Today almost every university in Finland has a full or associate professorship in entrepreneurship indicating that the number of chairs and researchers is relatively large in Finland, but also implies a fragmentation of the research despite the fact that a number of centers conducting more systematic research within the field have emerged.

Similar to the other Scandinavian countries, interest in the area of entrepreneurship and small business in Norway first appeared on the political agenda in the 1970s when the Norwegian government released a white paper on small business

Since the 1980s entrepreneurship and small business have been on the agenda in several universities, but the efforts within the field have been uncoordinated and unsystematic. However, during the 1990s, Bodo Graduate School of Business in Bodo in the northern part of the country and Trondheim University of Technology have turned out to be the leading exponents of entrepreneurship and small business research, and we can find a more systematic form of entrepreneurship and small business research at these two universities. Under the direction of Lars Kolvereid, the business school in Bodo was the first to offer graduate courses in entrepreneurship in 1986, a master program was introduced in 1995, and a PhD program started in the early 2000s.

A key feature of the industrial structure in Denmark is the lack of large corporations. As a consequence, it has proved difficult to distinguish entrepreneurship and small business research from management studies in general. This has also resulted in the fact that there are few research centers dedicated to entrepreneurship and small business research, the research community is fragmented and dominated by researchers with many years experience of entrepreneurship and small business research, for example, Mette Monsted and Poul Rind Christensen to name two of the best known within the field. Traditionally, governmental and regional institutions have also assumed responsibility for counseling and research, even if the importance of these institutions has gradually declined in line with the increasing importance of academic research.

At the same time a couple of other studies emerged which indicated intensified activity in the area of small business research in Denmark. Several quantitative studies were presented, which focused on the number of entrepreneurs and their socioeconomic importance.

The linkage between knowledge development in entrepreneurship and the development of industry and trade has continued. For example, much of entrepreneurship research has been financed by government ministries and the academic interest in entrepreneurship and small business has continued. At the Copenhagen Business School, research has been channeled to the Department of Management, Philosophy and Politics, where the interest has been broadened and today involves several different research themes.

In the German speaking countries there is a long tradition of entrepreneurship research dating back to the early Schumpeterian theory of economic development. However, it is not pure entrepreneurship that has been the main characteristic of the German speaking countries but the dominance of small firms, especially in craft, retail and service businesses. Over the years, a number of research institutes have been established aimed at developing management practice and knowledge, mainly connected to different sectors of industry. Thus, there is extensive research on the small business sector conducted outside the academic setting, but in many cases with some form of link with the universities. The relationship between the Universities and the Institutes can be characterized by a division of labor, with the Institutes focusing on continuous observations of the sector and applied research, mainly on aggregate levels of analysis, whereas the Universities concentrate more on basic research.

These extensive research efforts in the German speaking countries indicate that the research is on the threshold of a breakthrough and is growing rapidly, although some decisive factors should be taken into account.

Both Italy and Spain are countries that have many small businesses, not least in the form of family-run firms in the tourism and service sectors. In common with most industrialized countries, Italy experienced major changes in the industrial structure during the 1970s and at the start of the 1980s with the growing importance of small businesses for economic development and the high proportion of self-employment. The major fluctuations in the world economy in recent decades have had important consequences for Italian industry, as many sectors are strongly dependent on export. Despite this, Italy has been relatively successful, among other things due to the devaluation of the lira and the continuous undervaluing of the currency, which has made Italian products more competitive.

Thus, economists and researchers within industrial economics have dominated Italian small business research for a long time. In recent years we can, however, discern an increasing interest in the situation of small companies among researchers with a focus on micro-level analysis. One of the main characteristics of small business research in Italy is that the research is to a large extent individual and highly fragmented - it is hard to identify a homogeneous research community around small business research. In recent years, however, Italian small business research has increasingly acquired a stronger empirical foundation as well as a more international character.

In Spain there was an early interest and we are talking about the early 1970s in the personal characteristics of the entrepreneur and the attitudes toward entrepreneurship among students and managers, an interest which grew strongly during the 1980s. The research on the characteristics of the entrepreneur as an individual has however stagnated, and research is instead directed toward topics such as the" economic and financial structure of SMEs" and "SME strategies", but also research on family businesses and public policies for SMEs has been fairly prominent.

During the initial period (1980 to 1995), a feature of the research was a lack of empirical studies articles that informed about themes relating to small firms and entrepreneurship, but without a base in empirical studies. In the case of empirical studies, quantitative methodological approaches dominated.

One of the main issues facing the transition countries is the need to develop a private business sector. This development from public to private sector ownership has taken various forms including (1) a direct privatization of former state owned enterprises - in many cases managers of state-owned enterprises as well as former politicians (the nomenclature) have used their influence to privatize "their enterprise", (2) private firms tolerated during the socialist period, for example, craft enterprises in Poland, continued to exist during the transition period, and (3) the creation of completely new businesses, including self-employment and part-time businesses (in many cases in order to provide "self help" for former employees of state-owned enterprises Who were made redundant or have been forced to resign as well as many informal sector businesses).

However, it should be emphasized that each transition was different and that the countries are now at different stages in their development toward a market economy - entrepreneurship seems to have developed more quickly in countries where reforms proceeded smoothly and quickly.

As a consequence, the interest in small business research increased dramatically. For example, considerable research has been conducted in the Czech Republic, Hungary, Poland and Slovakia due to the growth of entrepreneurship in these countries as well as to their membership of the OECD (the Organization for Economic Cooperation and Development) and various EU funding programs that have given domestic researchers the opportunity to collaborate with researchers in western countries.

Conclusions

In conclusion, Finland today has a large infrastructure in the area of entrepreneurship and small business research, as evident from the fairly large number of chairs and researchers within the field, and the soaring number of dissertations, but also a fragmentation and lack of long-term systematic research within the field.

Also, the bulk of research within the German speaking countries has, due to the industrial structure and business culture, been focused on small businesses and to a lesser extent on entrepreneurship. However, for a long times there have been individual initiatives aimed at highlighting entrepreneurship research.

To sum up, entrepreneurship research in Spain can be said to be emerging. As much of the research is performed by doctoral students, it is seldom presented in international scientific journals. The research is also strongly fragmented among different universities with an interest in entrepreneurship and small businesses.

One main problem is that the quality of aggregated economic data does not follow market principles or Eurostat (the Statistical Office of the European Union) standards, thus research based on official data should be treated with caution. In addition, the informal economy is widespread in the transition countries, which means that a large proportion of actual economic activity is not measured by formal indicators.

The international research community has shown an interest in this transformation process and considerable research has been conducted both by native researchers and visiting researchers from Western countries, the results of which have been presented in many journals and at international conferences. In addition, a couple of specialized conferences have been established thus contributing to the diffusion of knowledge about the transition process.

References

- 1. Amatori, F. & Colli, A. (2007), Entrepreneurship: the Italian story, in Corbetta, G. & Huse, M. & Ravasi, D. (eds.), *Crossroad of Entrepreneurship*, Dordrecht: Kluwer
- 2. Hisrich, R.D. & Drnovsek, M. (2002), Entrepreneurship and small business research a European perspective, *Journal of Small Business and Enterprise Development*, 9, 2, 172-222.
- 3. Klandt, H. (2006), A Study on the State of Entrepreneurship Education and Research at Groan Speaking Universities and Polytechnics, Working Paper, Oestrich-Winkel, Germany. Schmidt;
- 4. Welter, F. & Smallbone, D. (2003), Entrepreneurship and enterprise strategies in transition economies: An institutional perspective, in Kirby, D.A. & Watson, A. (eds.), *Small Firms and Economic Development in Developed and Transition Economies: A Reader*, Aldershot: Ashgate

THE IMPORTANCE OF TACIT KNOWLEDGE WITHIN THE ORGANIZATION

Orzea Ivona

Banul Udrea Street 4, G8, ap. 25, Bucharest Academy of Economic Studies, Faculty of Business Administration, Bucharest E-mail: ivona.orzea@gmail.com Mobile: 0723.920.620

The purpose of this article is to understand what is tacit knowledge supported by Polanyi's definition "we know more than we can tell". Tacit knowledge is a concept developed in connection with knowledge management field of research. Tacit knowledge represents personal knowledge obtained as a result of the direct interaction between individuals and their environment. It contains also intuitions, feelings, hunches, talent and many other forms of knowledge which are non-rational. Tacit knowledge represents an excellent reservoir of intangible resources from which the organizations can gain a major competitive advantage.

Keywords: tacit knowledge, explicit knowledge, competitive advantage

JEL code: D83: Search, Learning, and Information

Introduction

Throughout the history capital, raw material and labor have been considered the main source for creating and applying knowledge. The new trends in informational age, the development of knowledge management has changed that belief. Knowledge has become the key economic resource and the dominant source of competitive advantage. Knowledge has become the core element of every activity in our society. Workers who lack the adequate education and training, or skills struggle to survive in a society whose emphasize has became knowledge. The management has become aware of the importance of valuable human and knowledge resources, this is why they intensify their efforts in gathering, sorting and sharing knowledge. Creative people that are eager to apply their knowledge are the requisites for a company's success. In a 2000 survey (Bonner, 2000), scientist have realized that more than 90 percent of the knowledge in organizations is embedded in their employee's heads. This is the tacit knowledge, the invisible line item in corporate budgets (Smith, 2001).

Knowledge management is a formal, directed process of determining what information a company has that could benefit others in the company and then devising ways to making it easily available (Liss, 1999). Maybe the best characterization of knowledge management is that it reuses company's resources to help people seek out best practices in order to not reinvent the wheel and hence the increasing importance of the field in the recent years.

Over the years there have been many debates concerning the distinction between knowledge and information, the main elements knowledge management works with. "Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information" (Davenport and Prusak, 1998). Knowledge is a human, personal asset. Information has little value until it is given meaning or used on the job, the raising levels of competences (Pascarella cited by Smith, 2001). Nowadays the challenge is to move beyond knowledge to wisdom, which the scientists consider to be very close related to tacit knowledge.

In 1966, Polanyi draws the attention on the fact that people have more kinds of knowledge. People possess different types of tacit and explicit knowledge and apply it in different, unique ways.

Tacit knowledge

Tacit knowledge is relatively hard to code and extract. Tacit knowledge is probably the most important part of knowledge management and it doesn't solely need to be discovered, captured but it has to be, also, disseminated so that more and more people can benefit from this shared knowledge.

Tacit knowledge can be defined as "work related practical knowledge learned informally on the job" (Wagner and Sternberg, 1985). But, unfortunately, this definition is not complete because it comprises only one part of what tacit knowledge really is, only the how-how. Tacit knowledge is not just about experiences learned on the job, it also comprises beliefs, values, attitudes, ideals, and elements that are related to the culture of the individual. For example, the artisans cannot explain how they know the exact sequence of actions they do in order to make the finite product. Over time they have learned such tacit skills and this cannot be described by a process chart or in words. These skills have been learned by apprentices by observation and imitation, after several years spent with the master.

Tacit knowledge may be best understood using Polanyi's (1966) words "we know more that we can tell". If people are asked to write down a process or a workflow this observation is quickly verified. If asked how to drive a car most people cannot fully explain how they accomplish this everyday task. Tacit knowledge is the one that cannot be found in manuals, books, databases and files. People use metaphors, analogies, demonstrations and stories to convey their tacit knowledge. Listeners can evaluate the content of the story and the actions and apply the knowledge that is best suited for their job.

Tacit knowledge is much easier to understand and to remember that explicit knowledge. Almost two thirds of the information received at work is transformed into tacit knowledge and this comes mostly from face to face conversations such as informal conversations, stories, mentoring, internships and apprenticeships. Creative conversations occur when people exchange ideas in a free and open environment.

Most of the tacit knowledge is acquired from experience, which is able to help to a better understanding of the present situations. For example, you buy a cookbook in order to learn to bake bread, the book gives you the recipes, the ingredients, the techniques and all the rest but unfortunately it does not give you the feeling of the dough properly kneaded. It only tells you to bake it for five minutes or until it becomes elastic. To know how the dough should look like when is properly kneaded you need the help of a chef. Experienced people are extremely valuable to a company because of the perspective that they have earned to view the situation, an ability that most of the newcomers never have.

Tacit knowledge's characteristics are examined in the next section as depicted by Johnson (2007):

- Personal knowledge. Tacit knowledge is part of an individual's understanding and it is tied to other personal understandings and it can also be shared with others, which hold similar tacit knowledge. This shared tacit knowledge is often conceptualized as being organizational knowledge (Nonaka and Takeuchi, 1995) but in essence it has personal roots.
- *Tacit qualities*. As it name suggests tacit knowledge is tacit. This characteristic is related to the fact that tacit knowledge constitutes knowledge that is unarticulated, implicit. Also, when talking about the tacit qualities of tacit knowledge we also have to take into consideration the subconscious nature of tacit knowledge.
- Path dependency. Tacit knowledge depends on personal experience. The accumulation of tacit knowledge requires time, but its usage depends on the propensity to utilize intuition.
- *Context dependency*. This characteristic is closely related to the path dependency, but context is more related to a place, a destination.
- *Embeddedness*. As previously discussed tacit knowledge has an embedded nature. Skills like playing the piano or riding a bike are only learned by practice. The tacit knowledge of an expert can be passed on through apprenticeship. For example, piano playing can be passed on from the expert to the apprentice via co-practice. This means that the apprentice uses both observation and mimetic behavior.

Tacit knowledge is personal, context-specific knowledge that is difficult to record, articulate; it is stored in the heads of the people. The tacit knowledge is mainly acquired through a process of trial and error encountered in practice, it can be felt and understood but it cannot be easily expressed. Explicit knowledge is that knowledge that can be easily codified and passed on in a systematic or formal language.

Contrary to tacit knowledge, explicit knowledge is technical data or information which can be described in formal language (manuals, expressions, patents and copyright). It is the "know-what". Explicit knowledge is carefully codified, stored in databases and accessed with reliability, fast. Explicit knowledge assets can be reused to solve many types of problems or connect with people who have valuable reusable knowledge.

Sharing, creating tacit knowledge

Some scientists believe that explicit knowledge cannot be converted into tacit knowledge. Opposing views say that tacit knowledge, skills can be converted to explicit knowledge through observation and verbal protocols. Nonaka (1991) created a spiral of knowledge, where four patterns are used for transforming knowledge in organizations:

- 1. Tacit to tacit: Socialization: Using this mode the individual acquires tacit knowledge from another person through observation, imitation, and practice. They do not use language as the main channel of distribution. Communities of practice, collective or organizational memory are all phenomena that have been studied as best practice of the circulation of tacit knowledge.
- 2. Tacit to explicit: Externalization: This mode is realized daily in an organization, due to institutionalization of tacit rules as internal regulations. Rumors that circulate tacitly can become hard fact. The emergence of organizational strategies is a phenomenon of the articulation of collective tacit knowledge into an explicit formulation embracing a plan, actions and tactics. (Baumard, 2001).
- 3. Explicit to explicit: Combination: Individuals exchange and combine their knowledge through mechanisms such as telephone conversations. The combination of existent information can be facilitated by the selection, adding, grading, and categorization of explicit knowledge (Nonaka, 1992).
- 4. Explicit to tacit: Internalization: To understand this mode the best method used is that of a practical example. Prisoners have the explicit knowledge of the surveillance tower. They recognize the possibility that they are being watched at any given moment, but they do not know exactly the moment when the guardian is looking or not. The prisoners "internalize" the knowledge and turn it into tacit knowledge; they know tacitly that they may be watched at any given time ant they accept the possibility (Baumard, 2001).

It is very easy to transform explicit knowledge into tacit knowledge when people cooperate, when they trust each other and share their knowledge willingly. Cooperation, trust, sharing occur when people who add to and use databases are recognized and awarded for sharing their knowledge. But in order to encourage employees to share their tacit and explicit knowledge organizations and more exactly the management has to develop fair, equitable

reward systems for those who share their knowledge. Employees must be rewarded and encouraged to share their tacit knowledge to write their personal stories, to document their insights and use photos to show how to solve a difficult problem or to improve the existing work processes.

In order to facilitate the sharing, codifying and collection of knowledge technology plays an important role. For this, it is important to have a strong information technology to design and implement the systematic storage and dissemination of information. The management has to take into consideration that information technology is only an enabler, but by itself will not extract anything out of people's head.

Knowledge sharing, capture and reuse

Knowledge capture and reuse is the process that ensures that the projects are able to make best use of available knowledge and in turn capture relevant learnings and examples for subsequent projects. It is concerned with identifying and using knowledge that could be reused, to make selling and delivery of the project more effective, and with identifying and making available that knowledge that should be captured for future engagements. Knowledge capture and reuse is a key enabler for effective project management. Knowledge reuse allows projects to take advantage of previous experience, to minimize the risk of repeating mistakes, and to leverage existing materials to allow deliverables to be produced more efficiently, all at a relatively low cost to the project.

Tacit knowledge is acquired through learning, knowledge fairs, learning communities, job rotation, stories, myths, and study missions. The people who have the experience teach the less experienced ones their tacit knowledge by "showing them the ropes" (Smith, 2001).

Nowadays maybe the most common way to capture and share knowledge is through *communities of practice*. A community of practice is a natural grouping of people who share and focus on a specific knowledge domain or topic, with the objective to create, expand and exchange knowledge, and to develop individual and organizational capabilities. The origin of these communities of practice is in the Greece "corporations" of metalworkers, masons and craftsmen. They gradually evolved into guilds that maintained standards to protect the interests of their members.

Members of these communities of practice develop group knowledge and generate assets by transferring knowledge and stimulating innovation. Members of communities of interest build knowledge for the company and for themselves through informal communication and contact. (Tobin cited by Smith, 2001).

Conclusion

An organization is what it knows. What it knows it gets from its learning (Bonner, 2000). The strength and importance of tacit knowledge is that it is often very difficult for competitors to imitate it and, therefore, to be transferred. Organizations that use and recognize the employees' wealth of tacit and explicit knowledge achieve a competitive advantage. More and more organizations become aware of the importance of the employee and more exactly of the importance of the tacit knowledge that the employee possesses. This is why the management of every company has to find the right motivational system to make its employees capture, reuse and share their knowledge, thus avoiding mistakes, losing time and profits and increasing the advantage in front of the competitors.

References

- 1. Baumard, P. (2001) Tacit Knowledge in Organizations, London: SAGE Publications
- 2. Bonner, D. (2000) Knowledge from theory to practice to golden opportunity, American Society for Training and Development, No. September-October, pp.12-13
- 3. Bratianu, C., Murakawa, H. (2004) Strategic Thinking, Transactions of J W R I, 33(1), pp. 79-89
- 4. Davenport, T.H., Prusak, L. (1998) Working Knowledge: How Organizations Manage What They Know, Boston: Harvard Business School Press
- 5. Harlow, H. (2008) The effect of tacit knowledge on firm performance, Journal of Knowledge Management, 12(1), pp. 148-163
- 6. Johnson, W.H.A. (2007) Mechanisms of tacit knowledge: pattern recognition and synthesis, Journal of Knowledge Management, 11(4), pp. 123-139
- 7. Liss, K. (1999) Do we know to do that? Understanding knowledge management, Harvard Management Update, February, pp. 1-4
- 8. Nonaka, I., Takeuchi, H. (1995) The Knowledge Creating Company: How Japanese Companies Create the Dynamics of Innovation, Oxford: Oxford University Press
- 9. Polanyi, M. (1966) The Tacit Dimensions, London: Poutledge
- 10. Smith, E.A. (2001) The role of tacit and explicit knowledge in the workplace, Journal of Knowledge Management, 5(4), pp. 311-321
- 11. Wagner, E.C., Sternberg, W.M. (1985) Practical Intelligence in real-world pursuits: the role of tacit knowledge, Journal of Personality and Social Psychology, 49, pp. 436-458

CONCEPTS NECESSARY FOR COMPREHENDING THE ORGANISATION AS A COMPLEX SELF-REGULATION NATURAL SYSTEM

Pãunescu Ramona

The Bucharest Academy of Economic Studies Faculty of Management Contact address: Piteşti, str. I.C.Bratianu, Bl. A7, Sc.A, Ap.17, Jud. Argeş (Piteşti, I.C. Bratianu Street, Block A7, Entrance A, Flat number 17, Argeş County) E-mail: ramic79@yahoo.com Telephone: 0722-808698

Dumitru Alina

The Bucharest Academy of Economic Studies Faculty of Management Contact address: Piteşti, str. Nicolae Balcescu, Bl. L4, Sc.B, Ap.40, Jud. Argeş (Piteşti, Nicolae Balcescu Street, Block L4, Entrance B, Flat number 40, Argeş County) E-mail: alina dumitru2004@yahoo.com Telephone: 0747-095568

The aim of this paper is to raise the specialists' interest in the necessity of a redefinition of some concepts and the introduction of new concepts, so as to provide a sharp, coherent and interdisciplinary understanding of any organization as a natural system with complex self-regulation. On the basis of such a comprehension, the manager is able to conceive integrative descriptive and evaluative models, by means of which (s)he should study, through simulation on computer, the organizational mobility in order to maximize the efficiency.

Keywords: System, energy, intellectual energy, human information, human interpreter of information, spiritual self-regulation, technological simulation, managerial simulation, simulative model.

Cod JEL: J24, J21.

1. REDEFINITIONS OF SOME CONCEPTS NECESSARY FOR COMPREHENDING THE ORGANISATION AS A COMPLEX SELF-REGULATION NATURAL SYSTEM

The objective reality is extremely complex in comparison with what we know about it. Over the last 50 years, in order to decrease the knowledge efficiency, it outlined in the managerial field (but also in other fields) the management systemic school. The philosophy of this school starts from the most general concept, system, firstly defined in biology, psychology and cybernetics and then generalized in most of the sciences. With a few differences from an author to other, in Romania most of the essays use the system definition proposed by the biologist L. von Bertalanffy: the system represents "a lot of elements that interact and condition themselves"

The existing definitions are insufficient because they don't suggest the criteria on the basis of which we should divide, enough sharply, the objective/subjective reality in systems and subsystems or to define enough correctly these divisions. They don't help the managers to understand the organization as a complex self regulation natural system and use this property (characteristic) in order to achieve efficiency.

In consequences, I propose the following conceptual redefinitions that are more operational for the comprehension of the coherent structural -processual of the material and spiritual realities known till now:

- -The system is a philosophic category, which means a lot of elements with characteristic functions, whose interconnection, interaction and structure are conditioned by the prevailing forms of energy and by the final processes. The definition introduces as criteria, of subsystems and its elements delimitation and naming: the prevailing form of energy and the definitive process (function). The minimal functions of the elements of an integral system are: of source, that transform an external form of energy in a system specific energy and of receptor, that transform the system energy in other form of interaction necessary to its interconnection with the environment. Between the minimal elements, source and receptor (named such upon their own function) could be a lot of elements with other functions such as: of accumulation, of command, of protection, of transducer, of adaptor, of rectifier, of oscillator, of dissipater, *etc.* The exemplification of this definition on different objective and subjective entities, in order to suggest its maximum level of generality and its utility in knowledge and management, it doesn't concern this paper. It is noteworthy that in order to know a system it is necessary to identify: the prevailing form of energy, the definitive process, the component elements and the functions of each structural component, the main parameters that evaluate the inner and also from the system processing levels and rhythms;
- -The energy is a property of each concrete form of existing material (named bearer) to produce effectively or potentially intrinsic and/or extrinsic processing (transformations), in interaction conditions. Example: a pencil, the bearer, produces mechanic processing (transformations) when it is thrown (the parameters that describe the processes refer to the changing of the elements' relative position), chemical transformations when it is burned (the parameters that describe the process refer to the modification of the system's substances), but it is built specially for the transmission of the human information on a written support (function that can be named: informational converter):
- -The bio-energy is the specific form of energy that provides the structure, the interconnection and the bio-systems self-regulation and their elements. It can be understood as a complex and concomitant amount of natural energies (mechanic, chemic, electric, electromagnetic, etc.) that are in different reports from an individual to an individual, a

variety, a species, etc. It is obviously that the bio-system flora differs fundamentally from the bio-system fauna through the bio-mechanic component (insignificant to flora in comparison with fauna) and others.

-The process is a pre-established succession of transformations, that take place in a system as a result of the interactions and whose finality should be ante-evaluated. The managerial processes or functions take place in the managerial subsystems of an organization and have the finalities treated in the general theory of the management.

2. NEW CONCEPTS, NECESSARY FOR THE COMPREHENSIVITY OF THE HUMAN SOCIETY SELF-REGULATION COMPLEXITY AND OF THE ORGANISATION AS A BIOSYSTEM

If we accept the above definitions, then we should put more natural questions as: which is the bio-energy component that distinguishes the human society from any animal bio-system?, does this component obtain by natural means, as to other animals, or by a specific human process?, from managerial point of view does it present any importance for the increase of the national or organizational socio-economical efficiency?

In order to reply enough sharply and relative correctly to these questions I propose the introduction of new concepts:

-The intellectual energy is that component of bio-energy, measured in human information (mediated by the human language), which delimitates the human society from the animal regna. Taking into account the bearer, it could be individual or of group. Through this definition it is an explicative component of the spiritual energy treated in philosophy and psychology.

-The human information is any description mediated by the human language, related to a system and which allows the bearer (the human individual) to interact consciously with that system, through the human interpreter of the information and of the interfaces that (s)he has.

The unfound descriptions related to a system should be considered data.

- 1. The basis **components** of the information are: **the support** (specific to the language typology), the description **codification** (the known language) and **the content** (message, described sequence).
- 2. The principal qualities of the human information are: the value (the fidelity description), the complexity (how complete is described the system), the opportunity (the moment of its arrival to the receptor), the importance (integrates the other three qualities).

The basic parameter of evaluating the intellectual energy is competence. Competence means the system of information (knowledge) the skills in using them and minimal experience regarding the interaction with the system which is the object of the information. Example: The bearer (titular of a post holder) it is competent (can produce positive previously evaluating changes) to use a personal computer if he has the required information and skills to identify it, turn on and off, to use the system of operation; different software programs and the necessary peripherals to process the certain categories of human information.

-The human interpreter of information is the system of sciences, theories and appliance capacities, which are always operational, through which, the interactions with the internal and external environment change into reactions proper to each bearer. It is the main objective of human education. It is significantly differentiated between the executants and the leaders. Unfortunately, nowadays the higher education in Romania doesn't have as an objective to shape the human managerial interpreter of information, for all the existing specializations, but it focuses on the professional aspect, which is narrow, of high educated executant. The obvious consequence is the general lack of performance of the managerial and governing systems, which are made up mostly of higher education graduates.

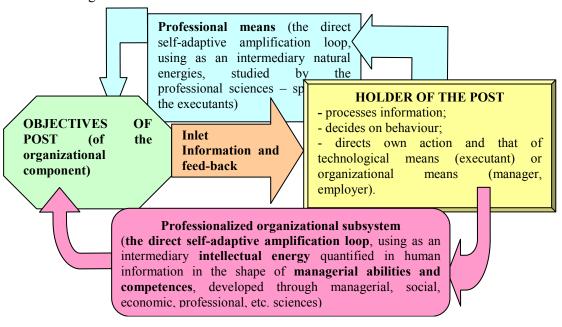


Fig. 2.1. The post holder as a self-adaptable energetic amplifier

Understanding the human personality, **holder of a post, as a self-adaptable energetic amplifier**, brings a new vision on the organizational interactions complexity. A proposed model in [4/49], adapted is revealed in Fig.2.1.

3. A FEW MANAGERIAL CONSEQUENCES OF ACCEPTING THE NEED OF REDEFINING AND INTRODUCING THE CONCEPTS PROPOSED

3.1. The necessity of introducing the "information" function as the foremost, primary function (or process) of the system of management, out of those mentioned by the general theory of management

The aims of this function (or process) lie in creating, with premeditation, by the manager: **the information-based culture, civilization and system**, within the organization. It is treated as an organizational function in [2/41..42]. Starting from the above ideas, **culture** can be understood as the **degree of information accumulated** (at the level of the particular posts, and also in the centralized pattern), concerning the object of activity, the relationships with the environment and the way of promoting the image of the organization. **Civilization** consists in the **capacity of the individual and that of the team to positively turn to account the transforming potential of their own culture**. In other words, culture represents the level of the intellectual energy, both individual and collective, while civilization is the transforming effect of the use made of that energy (or the measure of the interactions it generates) [4/13]. The components of the process of information do not fall under the scope of the present study.

3.2. Reconsidering the nonchalance in using the concepts and terminology in education

The great variety of the acceptations that exist in the literature currently produced in the field of education, to designate the fundamental or detailed concepts, **referring to the same material or spiritual entity, with the same goal: knowing** it, is conducive to a useless, discomforting intellectual stress. An example concerning the knowledge of automotive cars is presented in detail in [4/129...132]. A science, or one of its detail or experts areas, are nothing but systems of information referring to system, taken as an object of study [4/11...12], made up by means of concepts and terminology. The cases of ambiguity, confusion or conceptual contradictions contained in human educational information represent as many useless models acting on the students' / learners' personality. Those within the scope of the study of management theory can turn, through the indirect amplification loop (Fig. 2.1.), into functional distortions and damage or detriment that is all the more significant as the organization is larger (suffice it to analyze the way Romania has been governed over the last 20 years).

Ensuring the convergence of the educational moves attempted individually by the teaching staff, by adopting a unitary view of the concepts and terminology at the organizational level, must be one of the topmost priorities of educational managers especially in the higher education, because the nonchalant style can be transmitted along all the indirect amplification loops, towards the pre-academic education system, and, even more seriously, towards the governing system. The systemic approach could be one of the profitable manners of making diverging views and opinions came closer.

3.3. The necessity for delimiting the technological model-analyses from the managerial ones

Technological model-analyses are strictly specialized models (i.e. belonging to the field of engineering, economics, finances, etc.), which need a knowledge of a number of highly detailed, as well as mathematical sciences at an expert level, which is **unnecessary to general managers and employers**. They are significant for the managers of the organizational components.

At the level of any organization a managerial team cannot be set up, who are able to conceive and efficiently use organizational simulative models without basing them of the same general managerial theory. It is obvious that, at the level of the components, there will be different, albeit integrative, theories of expertise deepening, which is impossible currently, through the "playing at concepts".

The general managers (the top of the managerial career), who, as a general rule, **lack sufficient mathematical expertise**, take over, in a conscious manner – at the descriptive level, the performance and interconnection parameters established by technological means, and need a simplified, functional model, which should describe the reaction of all the component parts, when the parameters of one or several of them is modified. Such modeling, **a purely informational one**, would rather be designated by the name of managerial modeling, as it serves to achieve the study of the organizational behavior on making various decisions or / and on being perturbed by those who are in leading positions.

4. TECHNOLOGICAL MODELLING AND MANAGERIAL MODELLING

Any organization can be technologically modeled (i.e. starting from the artificial means interconnected and structured according to the posts) in the components in Fig. 4.1. All the subsystems of the organization are interknitted, making up a neuronal-type structure, where the interactions hold between any one of them. Understanding this structural and functional complexity is difficult if there is no systemic approach and suitable delimitation of the technological model from the managerial one. In keeping with the size of the organization, the subsystems can exist as distinct, relatively autonomous subsystems, or else in cumulative structures.

Technological optimization by means of simulation can be achieved via the methods of operational calculus, applied in a differentiated manner from one subsystem to the next (in [1] enough illustrations are presented). It precedes the managerial modeling, because it is now that the optimized (i.e. necessary) functional parameters of state are established. It does not fall under the scope of the present study.

REFERENCES:

- 1. Camelia Rațiu Suciu: Modelarea și simularea proceselor economice "The modeling and simulation of economic processes", Ed. Economică, București, 2004
- 2. Camelia Rațiu Suciu: Managementul sistemelor dinamice "The dynamic systems management", Ed. Economică, 2002
- 3. Jay Forrester: Principiile sistemelor "The systems principals", Ed. Tehnică, București 1979
- 4. Teodor Ghițescu: Management sistemic educațional "The educational systemic management", Ed. Universității din Pitesti, 2002
- 5. Iulian Ceauşu: Enciclopedie managerială "Managerial Encyclopedias", Ed. ATTR, Bucureşti, 2002
- 6. C. Bălăceanu, E. Nicolau: Personalitatea umană o interpretare cibernetică "The human personality a cybernetic interpreter", Ed. Întreprinderea Poligrafică Iași, 1971
- 7. Silviu Guiașu: Aplicații ale teoriei informației Sisteme dinamice, sisteme cibernetice "Information theory appliances Dynamic systems, cybernetics systems", Editura Academiei RSR, București, 1968

INDICATORS USED FOR THE PERFORMANCE MEASUREMENT OF SUSTAINABLE DEVELOPMENT

Pelau Corina

Academy of Economic Studies Bucharest, Romania Str. Mihail Moxa nr. 5-7, Bucharest corinapelau@yahoo.com 0745-581208

Vladoi Anca Daniela

Academy of Economic Studies Bucharest, Romania Str. Mihail Moxa nr. 5-7, Bucharest daniela_vladoi@yahoo.de 0747-500701

Fufezan Monica

Moda S.A., Arad, Romania Str. Liviu Rebreanu nr. 86, Arad, Romania monicafufezan@yahoo.com0745-581208

The development of the environment of a company has a direct influence on its performance and its success. For this reason a company should not only analyze its internal performance, but also the external performance of the business environment and the sustainable development. In order to help the management of a company, this article presents a system of indicators for the performance measurement of the sustainable development. To cover all aspects which influence the sustainable development, there are analyzed six categories of indicators: the economic development, the development of the population, the education level, the protection of the environment, the innovation degree and the development of the infrastructure. For each of these elements there are presented several indicator systems and their development for Romania.

Key words: performance measurement, sustainable development, indicators, economic development

The article's JEL code: M20

1. Introduction

The success of a company is influenced not only by the internal management aspects, but also by the external elements of the environment. In order to have success, the manager of a company has to monitor and analyze in a permanent way both the internal factors and the external factors so that he observes in time the negative aspects and takes measures in order to eliminate these negative directions. Only those companies can survive and have a long term success, which have the ability to observe the negative developments in time and to react to them, by showing a great capability of adaptation to those negative changes (Pelau, 2009). Especially in time of financial and economical crisis, it is important to have this capability to adapt to the developments of the environment and probably only those companies, which have this capability, will survive the crisis.

The measurement of the performance of a company and its environment contributes to the adaptation capability of the company. The analyzed indicators allow the company to detect in time the negative developments and to take measures in order to reduce the effects of these changes. That is why, it is important to monitor and analyze permanently the efficiency and efficacy of the company and its environment.

This article concentrates on the performance measurement of the external factors of the company, more precisely on the performance of the sustainable development. The sustainable development of a region or a country offers a good framework for the development of the company. For this reason a company should monitor its performance. In this article there is presented a system of indicators which take in consideration the most important elements for the sustainable development. There are presented both the indicators for each of the components of sustainable development and the relation between them.

2. The performance measurement system for sustainable development

In order to increase the overall performance of the sustainable development of a region or a country, the management of it has to take in consideration six main elements as it can be seen in fig. 1. These elements are the economic development, the population and its education, the innovation degree, the infrastructure and the environment. The performance measurement of the sustainable development includes indicators for all six elements.

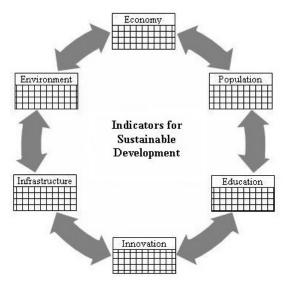


Fig. 1.: Categories of indicators for sustainable development

An efficient and efficacy performance measurement system should take care that each of the elements should be developed, but besides this there should be a balance between these factors. In fact between the six elements there are both positive direct relations and contradictory relations. There are factors which influence in a positive way the development of other factors, but there are also factors which are developed in the detriment of others. For instance the development of the population and its conditions of living improves the level of education, for people who have a minimum standard of living try to achieve a better position in the society. Moreover a higher level of education stimulates the innovations in a country. Besides this innovations and a high level of education create new technologies which contribute to the creation of a modern infrastructure. A modern, environment-friendly infrastructure helps to improve the conditions of the environment, by reducing the pollution in the country. Not less important is the clean, healthy environment which gives the population the possibility to develop itself and to be healthy. All these elements are sustained by good economical developments which invests in them in order to develop them, although the relation here has also to directions. So in a reverse direction, the development of innovations, research and even infrastructure, the economy of a country can be developed.

In spite of the positive, constructive relations between the elements, there are also opposed and contradictory connections. Especially, at a reduced or limited budget different conflicts may appear regarding the possibilities of investments. For instance there should not be a very high development of the economy in the detriment of the environment or we should not develop to much the infrastructure, but neglect the education.

3. Indicators used for the performance measurement of the domains of sustainable development

In this chapter, there are analyzed the importance of each element and its contribution to the sustainable development. There are also presented several indicators and indicators systems for all of the six factors and their development in Romania.

3.1. Indicators for economic development

The economic development is important for the sustainable development of a region or a country, because it is the element which finances the development of the other factors. Only by a good economical situation there can be invested in the other elements from the presented model. On the other hand the development of the other factors influences in a positive way the growth of the economy, for innovations or infrastructure create a valuable framework for the economy.

There is great number of indicators which evaluate the performance of the national or a regional economy. The National Institute of Statistics, Romania divides the indicators into three categories: investments, competitiveness and occupation of the population (Institutul National de Statistica, 2009). In the first category there are considered the gross domestic product (GDP), the growth of the gross domestic product, gross domestic product per population, inflation, economies of the population, national income, costs of the consumption. By analyzing the results it can be easily observed that there are differences in the economical developments of the regions in Romania. For instance the greatest developments are around Bucharest, with a GDP/person of about 28325,7 lei/inhabitant and in the western and central part of Romania with about 14960,4 lei/inhabitant and 13549,2 lei/inhabitant and only 9114,2 lei/ inhabitant in the north-eastern region (Institutul National de Statistica, 2009). The other two categories contain elements regarding the productivity of work, the occupation degree of the population and the unemployment. Besides this, there

are also other indicators which give an overview of the wealth of the economy such as the number of companies in certain field, the structure of the economy on different fields, whereby a country can specialize on its strength domains, people active in a certain field and many others. Because of the financial crisis, the actual trend of the indicators is a negative one. The government of the country should take measures which will assure the long term success of the economical development.

3.2 Indicators for the general development of the population

The population of a country or of a region is an important element for the sustainable development, because it sets the basis for all the other activities. Only with a healthy, wealthy and qualitative population there can be developed a growing, prosper economy, there can be a good education system which sustains the innovations and the infrastructure of a country or a region, and last but not least it sustains a clean environment. Actually the population can be seen as the blood which flows through the venous of the system. For this reason it is important to monitor the development and the situation of the population.

There are many aspects which characterize and analyze the situation and the development of the population. One of the most important aspects is the number of the population, for in case of negative developments several measures should be taken. Besides this, according to the National Institute of Statistics, Romania there should be analyzed the poverty and the social exclusion, the obsolescence of the population and the public health (Institutul National de Statistica, 2009). In order to measure these elements, there are used indicators such as poverty rate, distribution of income, the percentage of the population with lower income than the minimum accepted, access to work, school abandon and the percentage of the population with a education level below the minimum accepted. Besides this other elements can be also analyzed ad for instance consumer behavior, purchasing power and the culture and habits of the population. All these indicators alert the government of a country in case of negative development, which might influence in a negative way the other elements.

3.3. Indicators for the level of education

Education is an indispensable and fundamental social component, which has the goal to reach a sustainable development and involves a long term process that seeks to develop values like solidarity, equality, inclusion (integration) and cooperation among all citizens. The education system primarily aims to educate and to form the population and to prepare them as the future political, economical and social decision factors. Moreover they train specialized human resource so that they will be able to develop and implement strategies by which the population will become aware of the priorities of international development and sustainable human development through a better understanding of the causes and effects of global problems and solving them through a personal and informed involvement. Education plays also an important role in other fields as for instance the innovation, the infrastructure, environment and economy. Only be well educated people, a country or a region will be able to develop these elements.

By analyzing the statistic indicators between 2000 and 2007 one will notice an improvement of the situation in Romania (Institutul National de Statistica, 2009). The percentage of the population with a low education level has decreased over this period with about 5% (people who are 15 years or more and people between 25 and 64 years old) and the ratio of young people (18 to 24 years old) quitting the education system early has diminished over the same period of time with 4.3%, but it remains over the mean level of EU-27 of 15.2%. The competitive training is provided through lifelong learning, therefore by linking education and learning during lifetime to the labor market and by providing greater opportunity for future participation in the modern, flexible and inclusive labor market. Unfortunately the statistic indicator of permanent education in Romania shows that during the last 5 years the value remained constant, at 1.5%.

3.4. Indicators for the environment

The environment offers a benefical framework for the development of the popolation and their living standards. All human activities of degradation and pollution of the surrounding environment have negative effects on human health, biodiversity and ecosystems, and are also causing economic damage. Therefore it is essential that not only the enterprises that operate in pollutant industries, but also those in less pollutant industries to show their responsibility towards the protection of the surrounding environment. The population should be also trained to involve itself in the protection of the environment through activities of recycling, electricity or clean water savings an others

The sustainable development aims to improve the environmental factors. According to the National Institute of Statistics, Romania the main indicators of sustainable development with reference to the environment belong to some areas such as climate change and energy, nature and biodiversity, quality of life in urban area and of environment in general, natural resource usage and waste generation, transportation and recycling. For analysis and measurement are used indicators such as emissions of greenhouse gases, CO₂ emissions per capita and gross domestic energy consumption, waste generated by economic activities, changes in the state of the threatened and/or protected species, the percent of population with access to drinkable water, the connection of population to the purification stations of used water, the percentage of forests affected by defoliation, energy consumption by means of transport, etc. The government should take measures in order to reduce the negative impact on the environment

as much as possible especially through the use of biodegradable products, and in order to increase the usage of energy from renewable resources. It should also encourage the organic farming that delivers the population ecological products and the society emphasizes on the waste recycling as well.

3.5. Indicators for the degree of innovation

Innovations are very important for the development of the humanity and they can change the behavior and the living standards of the population. Innovations can be created only with the help of a well developed education system and they contribute in a significant way to the development of the economy, because they can contribute to the growth of the productivity of work, to new technologies and other. Besides this, innovations can lead to the development of new products which will make profits on the worldwide markets

In order to measure the innovation potential of a country or a region, it is important to monitor the number of innovations in a certain period, their degree of innovation, by considering the differences of the product or technology in comparison to the existing one, their potential on the markets and others. Not less important are the costs of the innovations. It is important to analyze how much the consumers are willing to pay for the innovation and if this price covers the costs of the innovation.

3.6. Indicators for the development of infrastructure

Infrastructure is another important aspect for the development of a country, because it has a great influence both on the economic and on the social field. Only with the existence of well developed infrastructure system with good transportation possibilities, access to utilities and communication and information possibilities the economy can grow. Besides this, it also influences the people and their living standards. Moreover, only by a good access to communication and information means, the inhabitants of a country can have access to education. Not less important is the transportation system, without which the children can not go to school.

The performance measurement system for the evaluation of the infrastructure depends on the categories which were presented above. For the transportation system there are indicators like the number and the length of the highways or national roads, the length of the railway system, number of airports or harbors. These indicators can be analyzed in their absolute value or related to the surface of the country or region or to the number of inhabitants. For the utilities it also evaluated the quantity and the quality of them. Besides this, it is also important to measure the percentage of the population, who has access to utilities. For the communication and information means it is also analyzed the number of people who have access in a traditional way to the public libraries and media and in a more modern way the access to the internet. All these elements show the development of a country.

4. Conclusions

In order to analyze if a system is well implemented, it is important to measure and monitor its performance. Depending on the results of the performance of the activities, the manager can take several measures in order to improve it and eliminate the dis-functionalities. In the sustainable development of a country or a region, it is also important to permanently monitor the performance of the elements of it. It is important that each of the factors should develop in a proper way, but without affecting in a negative way the other ones. As mentioned before, there should be a balance between the six elements: economic development, population, education, innovations, infrastructure and environment. These indicators are a very good prevention model and by analyzing them in time, a country can avoid the development in the wrong direction.

The actual financial and economical crisis will have a negative impact on Romania's economy but it must not affect its sustainable development. Although a negative trend will be difficult to be avoided, the government of the country must apply several measures in all these six directions in order to assure the long term success of it. Even in time of crisis these elements should not be neglected, because this could cause severe negative effects that might effect the future generations.

Bibliography

- 1. Bran, F.; Rojanschi, V. (2003), "Abordari economice in protectia mediului", Bucuresti, Editura ASE.
- 2. Caracota, D.; Caracota, C.R. (2006), "Dimensiuni contemporane ale dezvoltarii durabile si competitive", Bucuresti, Editura ASE.
- 3. Carlowitz, H. C. v. (2000), "Sylvicultura oeconomica", Reprint der Ausgabe Leipzig.
- 4. Dicken, P. (2001), "Global Shift: Transforming the World Economy", London, Paul Chapman.
- 5. Fufezan, M.; Pelau, C. (2008), "Elemente de controlling în managementul deşeurilor textile factori de succes pentru o societate durabila", la conferinta "Zero-Waste Strategic direction for a durable society", Arad.
- 6. Ghiga, C. (2004): Infrastructura teritoriala si dezvoltare urbana, Editura Uranus, Bucuresti.
- 7. Institul National de Statistica (2009): Indicatori de Dezvoltare Durabilă în România (IDDR), on the Internet: http://www.insse.ro/cms/files/Web_IDD_BD/index.htm, Date: 24.04.2009.

- 8. Geiss, J.; Wortmann, D. (2003), "Nachhaltige Entwicklung Strategie für das 21. Jahrhundert?", Opladen, Ed. Leske + Budrich.
- 9. Gladen, W. (2005): Performance Measurement Controlling mit Kennzahlen, Gabler, Wiesbaden.
- 10. International Institute for Sustainable Development (IISD): Analysis of National Strategies for Sustainable Development. Case Studies. Ottawa: IISD.; http://www.iisd.org,
- 11. Nikel, J.; Reid, A., (2006): The role of responsibility in making sense of "Education for Sustainable Development"; notes from a tri-country study of student teachers' understandings of education, sustainable development and ESD, Verlag for Sozialwissenschaften, Wiesbaden.
- 12. Pelau, C. (2009): Marketing-controlling Masurarea performantei in marketing, Editura Economica, Bucuresti.
- 13. Rojanschi, V.; Bran, F.; Grigore, F.; Ioan I. (2006), "Cuantificarea dezvoltării durabile", Bucuresti, Editura Economica.
- 14. Scott, W.; Gough, S., (2003), "Sustainable Development and learning: framing the issues", London.

PUBLIC-PRIVATE PARTNERSHIPS - SOLUTION OR VICTIM OF THE CURRENT ECONOMIC CRISIS?

Plumb Ion

Academy of Economic Studies Bucharest Faculty of Management 6th Piata Romana RO 010374 Bucharest Romania ionplumb@yahoo.com +4021.319.19.00/287

Zamfir Andreea

Academy of Economic Studies Bucharest Faculty of Management 6th Piata Romana RO 010374 Bucharest Romania zamfir andreea ileana@yahoo.com +4021.319.19.00/250

Mina Laura

Academy of Economic Studies Bucharest Faculty of Management 6th Piata Romana RO 010374 Bucharest Romania lauramina.ase@gmail.com +4021.319.19.00/250

It is already a well known fact that public-private partnerships (PPPs) are considered to be a solution for world wide governments facing insufficient public budgets.

In the context of the current economic crisis, many voices promote public-private partnerships also as a solution for fighting the crisis, as PPPs help creating jobs, offer good value for money, do not have a negative impact on the public deficit, favour economic recovery.

On the other side, however, the current economic crisis affects projects which are aimed at making the public and the private sectors work together. Thus, the crisis determines a decrease of the number of private competitors and the number of financial institutions willing to get involved and finance such projects. This means lower competition and in the end higher total costs.

Keywords: public-private partnership (PPP), infrastructure investments, economic recovery, economic crisis, budgetary deficit.

JEL Classification: H44, L88

1. Introduction

Over the past decade we have witnessed a world wide growing interest for public-private partnerships (PPPs). PPPs popularity is due to the fact that governments are more and more eager to increase the quality and efficiency of public services, but in the same time they face insufficient budgetary resources to cover investment needs, coupled with public spending restrictions [1].

Public-private partnerships are not anymore a brand new concept in Romania. Several progresses have been made recently. Thus, a Central Unit for Public-Private Partnership was set up within the Ministry of Public Finance in 2005, and in 2006 and 2007 a new enabling legislation was introduced. However, there is a slow PPP deal activity to date if we look at the number of implemented projects. The reasons for the slow pace of activity include: the complexity of the PPP process in terms of preparation and awarding, not very strong, clear and long term political support, a very restrictive legislative framework (the Romanian legislation limits PPPs to service concessions and works concessions), little public sector expertise in relation to PPPs, etc.

When taking a close look into the current context for PPPs in Romania we cannot not consider the economic crisis and its' impact on the cooperation between the public and the private sectors. In this paper we focused very much on the infrastructure sector (especially the roads sector) and most of all on the PPPs opportunities which exist in this area. This particular interest is due to the fact that infrastructure development is a key determinant for economic progress and prosperity. In Romania, the infrastructure modernizing process is one of the drivers for foreign investments and also a tense item on the public agenda. Moreover, PPPs are considered to be a mechanism to fill the infrastructure "gap" which exists in many CEE countries [7] in general and in Romania in particular.

When talking about public-private partnerships in relation with the current economic crisis, two main types of attitudes emerge. On one side we have "the optimists" and on the other side we have "the pessimists".

Optimists see PPP projects as instruments for fighting the economic crisis and for economic recovery. Pessimists instead see the current economic crisis as an important obstacle in the PPPs' evolution in Romania. Therefore, the next two sections of this study are emphasizing the main arguments and counter-arguments related to PPPs as a solution for the current economic crisis. Furthermore, after presenting both arguments and counter-arguments, some objective conclusions are drawn.

2. Public-Private Partnerships, Solution for the Current Economic Crisis

PPPs may be important instruments for fighting the economic crisis and for economic recovery, and this is, as already mentioned, the optimists' approach. The arguments that support this approach are related to the *advantages* of PPPs: (1) PPPs may help redefining the State's direct role in the economy; (2) PPPs have positive impact on public finance; (3) PPPs may contribute to job creation; (4) there is a special fiscal treatment for PPPs (the "off balance sheet" treatment); and (5) PPPs may lead to a better absorption of EU funds.

Redefine de State's direct role in the economy

Public-private partnerships help the State to better focus on its' original functions: representing the people and managing those services that cannot be transferred to the private sector [8]. During recession periods this aspect is critical for a country's economic recovery pace. Moreover, PPPs are intended to be the recognition of the private sector's efficiency and know-how.

Multiple positive impacts on public finance

Public-private partnerships can have a significant impact on public finance by [8]: (a) generating new sources of income, new infrastructures and new services; (b) allowing new development for existing sources of revenue (public transportation, sanitation); (c) promoting industrial development and as a consequence, increasing fiscal income; and (d) better directing public budgets.

There are a lot of competing demands on the public purse which makes it difficult for governments to choose which project to finance or not. PPPs make this choice easier and help governments finance more projects than they would usually do by using traditional methods.

Public-private partnerships also contribute to reducing taxation, which is one of the primary measures governments should adopt during critical periods. Thus, the redirected resources stimulate demand and contribute to the country's wealth.

Job creation

Public-private partnerships are source of jobs on the medium and long-term and the key of the anti-crisis programs. For example, the 900 billion dollars plan for revigorating the American economy adopted in 2009 is aimed at saving 2,5 million jobs in the next two years through public-private partnership infrastructure projects: roads, bridges, schools, ecological technologies, etc. [9].

The Eurostat treatment for PPPs/the "off balance sheet" treatment

The fiscal treatment of public-private partnerships is one of the main drivers for such projects in the new European Union member states. Thus, accordingly to the EU state budget and public finance rules, PPPs can benefit of the "off balance sheet" treatment if: the construction risk and either the demand risk or availability risk is accepted by the private company.

In other words, the Eurostat treatment for PPPs establishes the minimum level of risk the private sector has to assume in order to degrevate the public budget of that project (the assets involved in a PPP project will not be registered in the government's balance sheet).

The private company assumes the construction risk if the public sector pays only when the results obtained match the agreed parameters.

The private partner assumes the demand risk if he is totally responsible for the demands' variability compared to the moment when the contract was signed.

The private company bears the availability risk if the public authority applies penalties when the concessionaire's performance is poor, meaning that he was not able to reach the stated quality standards.

In the context of the current economic crisis, it is in the state's interest to keep investment in public infrastructure off the balance sheet so that it does not add to the national budgetary deficit.

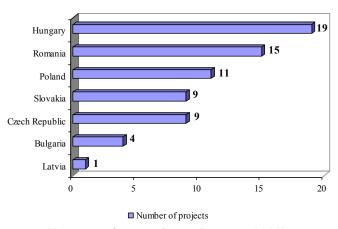
Absorption of EU funds

Public-private partnerships assure a better absorption of the EU grants. PPPs which blend public and private finance with EU funds are called hybrid PPP. Optimists think that EU money will protect PPPs from the negative effects of the financial crisis.

Grant financing has three principal impacts on public-private partnerships [2]: (a) an immediate impact on the project' financial viability by reducing costs (or increasing revenues); (b) an impact on local authorities budgets by reducing demand on funds and allowing budget transfer to other requirements; and (c) an impact on the private sector contractor's perception of the project viability.

Figure 1 shows a series of infrastructure development opportunities in Central and Eastern European countries that are expected to be developed on a PPP basis during 2007-2013. Romania ranks second in this top.

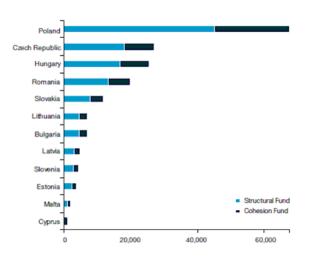
Figure 1 Major infrastructure development opportunities by country



(Source: PricewaterhouseCoopers, 2008)

However, the allocations of EU funds for CEE countries for 2007-2013, as shown in Figure 2, ranks Romania on the fourth position. This indicates two important aspects. First it highlights that there is a real interest for PPPs and that things are starting to move forward. Second, this situation is the consequence of the historic underinvestment in infrastructure in Romania, which caused an infrastructure "gap" by comparison with other CEE countries.

Figure 2 Allocations of EU funds in CEE countries in 2007-2013 (€m)



(Source: PricewaterhouseCoopers, 2008)

3. Public-Private Partnerships, Victim of the Current Economic Crisis

The current economic crisis may be an important obstacle in the PPPs' evolution in Romania, and this is the pessimists' approach. Most of them fear that big infrastructure projects, like Comarnic-Brasov highway or the Bucharest ring road will be affected by the current macroeconomic context (Table 1). The arguments that support this approach are: (1) tighter lending conditions; (2) decrease in the investor's confidence; (3) weaker external demand; and (4) difficulties in blending PPPs with EU grants.

Tighter lending conditions

Given the actual financial crisis it is likely that a single bank will not be capable to finance a one billion euros PPP infrastructure project, like Comarnic-Brasov. Such an investment will require the participation of at least ten banks. Also, more time will be needed in order to obtain the necessary loans and the negotiation conditions will be for sure tougher. At the moment banks do not have enough financial resources and as a consequence they will tend to be very selective when it comes to getting involved in a major infrastructure project [4].

Decrease in the investors' confidence

The tough lending conditions will force investors to be very careful with their money. Moreover, the banks restrictive attitude will force private partners to increase their equity contribution. This means investors will get involved in a PPP deal only if the project proves to be very feasible. In other words, the bankability and viability of projects will be very much affected. Bankability refers to the private sector's interest in participating in a public-private partnership, while viability measures the project's capacity to generate positive cash-flows.

Weaker external demand

The fragile economic situation will generate a decrease in the number of tenders interested in participating at PPPs bidding processes. This comes as a natural consequence if we think about the costs private partners have to bear in order to make a proposal: pre-feasibility and feasibility study expenses, consultancy, negotiation costs, etc. Less tenders mean less competitive price for PPPs and higher prices are translated into lower efficiency, which in the end means less value for money.

Difficulties in blending PPPs with EU grants

During 2007-2013 the European Union allocated for Romania 13.1 billion euros from the Structural Fund and also 6.6 billion euros were allocated from the Cohesion Fund. Although the absorption of EU grants is extremely appealing for PPPs as it offers the cheapest financing, there are several financial, legal and organisational incompatibilities that make it difficult to insert EU grants within public-private agreements. Thus there is a difference in the timing of payments: EU funds are available for a much shorter period of time (7 years) than public-private agreements, which are long-term contracts (20-25 years), based on constant availability payments. Pessimists consider that PPPs are not going to attract as much EU funds as predicted due to this inconveniences.

Table 1 Ongoing and upcoming infrastructure PPP projects (road sector)

Project	Status	Procurer	Project details	Project	Likely
				size (€m)	timetable
Comarnic- Brasov highway	Ongoing project	Romanian National Company of Motorways and National Roads (CNADNR)	Twelve tenders have been already submitted for the competitive dialogue procedure relating to the concession contract.	995	2008-2011
Sibiu- Pitesti highway	Upcoming project	CNADNR	The length of the concession highway will be around 120km. The feasibility study is under development.	1,260	2009-2012
Brasov- Ploiesti highway	Upcoming project	CNADNR	The length of the concession highway will be around 111km.	2,051	2009-2013
Focsani- Brasov highway	Upcoming project	CNADNR	No further details about the project have been announced yet.	n/a	n/a
Targu Mures-Iasi highway	Upcoming project	CNADNR	The length of the concession highway will be around 300km.	1,050	2009-2013
Bucharest ring road	Upcoming project	CNADNR	The length of the concession highway will be around 164km.	1,000	2009-2013

(Source: PricewaterhouseCoopers, 2008)

If for instance we take a look at the Comarnic-Brasov highway which today has a six years delay compared to its initial deadline (2003) we will notice that it would have been more advantageous for the Romanian state to close the negotiations in 2003, when the prices were lower compared to 2009. If instead we analyse Hungary's experience we can clearly see that although its M1-M15 motorway PPP contract was considered to be unsuccessful at that time (2003) (due to unrealistic traffic forecasts which led to several renegotiations of the contract and in the end to the re-nationalisation of the project), today is thought to be a major achievement, which attracts foreign investors and boosts economic development, compensating the high price paid from the public purse in order to build it.

4. Conclusions

Romania is starting to implement major infrastructure projects with a PPP component in an extremely delicate macroeconomic context, when financial institutions are becoming very selective because of their low financing capabilities. This gives us two main alternatives: either to continue, or temporary give up our infrastructure plans, until the economic situation will improve.

Optimists' opinion is to continue PPPs plans because PPPs bring along a series of advantages that can compensate the negative impact of the economic crisis and can help achieve economic recovery faster.

On the other side, pessimists suggest to postpone infrastructure PPPs as they tend to be more expensive today than they will be once the recession ends. However such a rationale does not take into consideration our past experience or the PPP lessons learned by other Central-Eastern European countries.

We may conclude that it is better to finance infrastructure PPP projects today than tomorrow. Although today it may be more expensive due to the "credit crunch" generated by the financial crisis, tomorrow it will not be cheaper because prices always tend to grow up and because the renegotiation process is very expensive too.

References

- 1. European Commission (2003), Directorate- General for Regional Policy, "Guidelines for Successful Public-Private Partnerships", Brussels.
- 2. European Commission (2004), Directorate- General for Regional Policy, "Resource book on PPP case studies", Brussels.
- 3. Ecorys (2007), "Romanian Fund for Municipal Infrastructure- feasibility study", Rotterdam.
- 4. Ilie, R. (2009), "Oamenii de afaceri cer parteneriate public- private pentru construcția de autostrăzi", last accessed March 19, 2009,
- .
- 5. Ministry of Economy and Finance (2009), "Romania: the challenge ahead. A financing perspective", last accessed March 19, 2009,
- http://discutii.mfinante.ro/static/10/Mfp/PPP/Rom the challenge ahead financingperspective.pdf>.
- 6. PricewaterhouseCoopers (2008), "Building New Europe's Infrastructure- Public- private partnerships in Central and Eastern Europe", last accessed March 19, 2009, http://www.ukmediacentre.pwc.com/imagelibrary/detail.asp?MediaDetailsID=1192.
- 7. United Nations Economic Commission for Europe (2007), "A guide to promoting good governance in public private partnerships", Israel.
- 8. United Nations Economic Commission for Europe (2000), "Guidelines on private public partnerships for infrastructure development".
- 9. Vass, I. (2009), "Parteneriatele public-private, cheia programelor anticriză", last accessed March 20, 2009, http://www.juridice.ro/note-studii-opinii/38688.html.
- 10. ANAF (2009), "PPP database", last accessed March 19, 2009, http://www.anaf.ro/public/wps/portal/BazaDatePPP.

COMPARATIVE STUDY ON HEALTH SYSTEMS FROM THE NETHERLANDS AND ROMANIA

Plumb Ion

Bucharet, Academy of Economic Studies Faculty of Management Piata Romana, nr. 6, sector 1, Bucuresti E-mail: ionplumb@yahoo.com Phone: 021 3191901

Androniceanu Armenia

Bucharet, Academy of Economic Studies Faculty of Management Calea Serban Voda, nr. 22-24, sector 4, Bucuresti E-mail: androniceanu@yahoo.com Phone: 021 3354653

Sabie (Abăluță) Oana

Bucharet, Academy of Economic Studies Faculty of Management Calea Serban Voda, nr. 22-24, sector 4, Bucuresti E-mail: oana maty@yahoo.com Phone: 021 3354653

The paper contains a presentation and a summary analysis on the health services in Romania and the Netherlands. The research goal is to provide a more complete picture of how each country is providing these services, and how well they satisfy the public interest. The coordinates for the analysis were: how the health services are organized in each country, how they operate, how they ensure patient care, the way that they ensures the quality of services offered, and how they are succeeding to maintain the costs of work carried out.

Keywords: public health, services, quality, changes

JEL code for paper: I: Health, Education, and Welfare, II: Health, I18: Government Policy; Regulation; Public Health

1. Changes in Public Health Services from Romania

Romania in 1990 had an exclusively public health system, highly centralized, supported financially by the state and coordinated by the Ministry of Health and its health inspectors county. Services were offered to the population, officially without any costs, but the serious financing problems of the system for a long period of time resulted in lower quality services provided and the transfer of a part of the cost to the public.

Many hospitals and polyclinics were in damaged buildings, without proper technical equipment, medicines and materials, Romanian health system did not cover demand in the health units and the imported medicines, new and effective, were inaccessible to most people. Thus, part of the costs of treatment were transferred, directly or indirectly, to the recipient, including through informal payments to medical personnel, in this way limiting access to segments of the population to medical services.

Reduced quality of services and gaps in the system, due to low budget, required for decisions in order to improve public health care in Romania. Switching to a model-based health insurance has been evaluated by the decision persons, at the time, the optimal solution for many of the system problems. As a result, the principles of organizing, financing and providing the public services of public health have been amended since 1996 in terms of legislation, and in terms of actual and real transformation since 1999.²¹³

Health services are thus currently granted on the basis of contribution to health insurance fund. Insured benefit, based on this contribution, free of charge of a package of services defined as vital and which are legal regulated.

Primary health care is currently provided by the family doctor, whishing to emphasis the role of a primary service, as the first filter to solve problems. Access to assistance and outpatient hospital and access to free medicines and offset is made by your family doctor. Doctors no longer have the status of employees of state, but are healthcare providers who enter into a contract with Home Health Insurance, the new coordinator of the system. The average health staff is employed by these service providers (doctors and hospitals). Ministry of Health retains only the role of funding and coordination of national public health programmes. Also, the new model resulted in an access reduction of the population to health services by some people who can not qualify for medical assistance (outside the emergency minimum), having no health insurance.

After 1990, were made changes in the positive direction, in providing health care. Some of polyclinics and hospitals in the public sector today provides services improved and diversified compared to over 19 years now, and on the market now you can find new and effective medicines, including imports. There is also a private system of granting medical services, adjacent to the public system and a wide network of private pharmacies. Meanwhile, in the context population poverty, a large segment of it, although assured, can not afford the cost of treatment, accessing to hospitals performing services outside the locality of residence or the offices of the private system as an alternative to the public health system.²¹⁴

²¹³ Plumb I., Androniceanu A., Abăluță O., Management of public services, ASE Printing House, Bucharest, 2003.

²¹⁴ www.insse.ro.

2. Synthesis analysis on the health system of Romania

A large proportion of the Romania population has at present a shortage of health education and family planning, including lack of awareness of the role of prevention and habits of consultation, in the case of a problem, elements that demonstrate the reduced role that the health programs have for health education and prevention among the population. As a result, in Romania there are the highest values (the European) for incidence of diseases of the circulatory, the TB and other infectious or parasitic diseases. Infant and maternal mortality are relevant indicators of the access problems of mothers and children newborns to health care, the reduced quality of services they receive and the degree of insufficient information on methods of preventing diseases and maintaining health. Despite the decreasing trend since 1990, infant mortality rate in Romania is three times higher than the average European Union countries and two times higher than in Eastern Europe. 215

Population appreciation regarding quality practices of family doctors reflects the current problems in medical equipment, in the state office building housing, the toilet and cleaning facilities. If some problems are related to poor financial resources, others, such as cleanliness or solicitude for the medical problems could be solved much easier. Negative public perception of the quality of services and physician-patient relationship may be a demotivator factor in the call of the doctor. Pending, for the benefit of consultation is another problem reported by the population, reflecting, in some areas, shortages of doctors and health units. On the other hand, legal regulations require periodic renewal of a recipe by a doctor, where long-term treatment is needed, leading to congestion of these people at the door the doctor, increasing waiting time. This system is putting the doctor in a situation of losing a part of the time filling out papers to the detriment of providing advice.

High rate of admission in hospitals shows that patients are admitted to the hospital without having a high outpatient care (70.3% of all admissions are an emergency admission), showing primary and secondary health care deficiencies, and reduced access by the sick persons of these services from the first symptoms of the disease.²¹⁶

Product market liberalization and reduced domestic production of medicines have exaggerated increased the prices of pharmaceutical products. Thus, the increased cost of drugs has diminished access to this type of consumption for poor families, even with regard to vital treatments, mandatory.

Current financial crisis caused the inability of the population to access the public services to which they were entitled, such as: basic medical tests offered by laboratories, compensated or free drugs in the case of children or serious illnesses. One of the serious problems of the Romanian health care system is insufficient public health preventive programs and their inefficiency.

Low standard of living in Romania and the conditions offered by the Romanian health system in recent decades have led gradually to a polarization in terms of access to health services, with long-term consequences on the population health and in contradiction with the principles of social equity stated by the law of health. While a segment of the population has access to advanced services provided by specialized assistance from academic centers, to private health care and cost effective medicines, another segment of the population has problems in accessing health and quality of medication and what is worse even in accessing primary care (including dental care).

The main weaknesses of the Romanian health care system identified are: poor funding of public health, poor information of population on health insurance, a low number of buildings for health services, equipment, medical personnel, use of old technical Medical Investigation in most hospitals in Romania, which do not meet a correct diagnosis or a completely treatment for a sick person, expensive medical services, the precarious situation of public health in rural areas, insufficient information or lack of it for population on the methods of preventing disease and maintenance of sanitary hygiene, lack of motivation for employees in the medical system, the existence of a relatively large number of unqualified staff in health facilities and lack of improvement of medical staff, in Romania there are the highest values of the incidence of circulatory diseases, TB and other infectious and parasitic diseases.

3. Overview of the health system in the Netherlands

Before moving to the presentation of the current Netherlands health system it has to be noted the fact that the Netherlands has registrated major problems in health care system, but has managed to improve it through good strategies and effective planning.

It should be noted and accepted before we move on to presenting the current Dutch health system, the fact that the Netherlands has registrated major problems in health care system, but has managed to improve it through good strategies and effective planning.

In the Netherlands, the government is not responsible for the management of daily health. Private health providers are responsible for the provision of services. Government is responsible for providing and ensuring access and quality of healthcare. The main characteristics of Dutch health care system are: complete coverage of all residents,

2

²¹⁵ www.iccv.ro.

²¹⁶ www.ipp.ro.

attention to primary care, providing primary care by specialists trained in family medicine, all other medical specialists are in place in hospitals (private or state), increasingly important role of nurses.²¹⁷

Who is insured? Since 1 January 2006 there is a new system of health insurance in the Netherlands. In the past there was a difference between the public and private healthcare services. But it was removed, and now everyone must purchase the basic package of health insurance.

Before 2006, people with incomes higher than € 30,000 per year and those in their care (about 35% of the population) were excluded from the coverage area supported by public funds of the disease and could get coverage from private insurance companies. This form of substitution of private health insurance has been regulated by the government to ensure access to appropriate health care for the elderly and poor people and compensation of insurance public health from the state budget. Over time, increasing dissatisfaction with this dual system of public and private coverage has led to reforms in 2006.

Basic package. Government created the basic package that offers the same features as the previous system. The health insurance companies are required by law to provide at least the basic package and they can not refuse anyone who wants to apply for it. Standard health insurance is financed by a mix of income derived from contributions paid from wages and insurance premiums. The contribution of salary is fixed at 6.5% for wages not exceeding € 30,000 in annual taxable income. Employers must reimburse employees for their contribution and the employee must pay tax on the refund. For those who do not have an employer and receive no unemployment benefits, the income is 4.4%. The contribution of self-employed person is assessed individually by Tax Department. With the basic package, beneficiaries are offered the following medical services: medical care, hospitalization, dental care (until 18 yearsold, to 18 years or older are only offered care services and false teeth), various medical devices, various drugs, antenatal care, patient transport (eg, ambulance), paramedical care. Insured people may decide to purchase additional insurance which are not included in the basic package. However, in this case, insurance companies may refuse the request and have the right to set a higher price.

The basic package price. Fees for the basic package of health insurance is set annually by insurance ealth companies and are normally around 95 € per month. Although the Ministry of Health establishes the first standard insurance, insurance companies clearly establish a tax on the additional insured will pay in the end, being inserted in the monthly rate and in claims. Through these extra charges insurance companies maintain competition between them. Taxes of insurance varies from one company to another, and therefore it is advisable to compare prices. Children under the age of 18 should not pay health insurance and they are insured for free through the basic package.²¹⁸

The assured pays an initial lump sum (determined by insurance companies) to the private health insurer. All people who have the same nsurance pay the same insurance premium. In 2006, an insured person was chosen for a refund of $255 \, \text{\ensuremath{\in}}$, if he did not have any medical care costs. If the policyholder has taken care expenses, but under $255 \, \text{\ensuremath{\in}}$, it will receive the difference back to the end of the year. Thise system "no claims, you get a bonus" was abolished in 2007 following a change of government and has been replaced by the exemption from income tax.

Those with low incomes are entitled to so-called "care allowance" up to a maximum of 330 € per year. Now each insured person over the age of 18 years have to pay the premium for health insurance of 150 € in a year. In 2006, the average annual premium was € 1050 (\$ 1513).

How is the system of granting medical insurance organized? Funds for health insurance: private insurers are regulated by private law. Are allowed to be grouped in companies that pursue profits. They must be registered by the Insurance Supervisory Health (CSAS) to check if the supplies are in accordance with the Act Health Insurance and can contribute to payments for the equalization fund in case of risk. Policyholder has the free to choose the insurers, and the insurer must accept every resident in their area of coverage (although most already operate at national level). A system of equalization in cases of risk is used to prevent direct or indirect risk selection policy by insurance companies. Doctors: they work directly or indirectly, in contracts negotiated with insurance private health companies. Doctors are paid for each patient on their practice list, and receive a premium for each consultation. Additional revenue can be negotiated for additional services, the practice nurses, for difficult locations, etc. Hospitals: Most hospitals are private non-profit organisations. Hospital budgets are developed using a formula that pays a fixed amount per bed, for the patientnumber, and the number of licensed professionals, and other factors. Additional funds are provided for capital investment, although hospitals are increasingly encouraged to obtain private capital through the private market.

At the level of health system, **the quality of health care** is ensured by law in performance training, service quality health care, patients' rights and the technologies used in medicine. National Health Inspectorate is responsible for monitoring the quality of all activities. The main methods used to ensure quality in institutions include accreditation and certification, mandatory and voluntary assessments based on performance indicators and national quality improvement method based Progress - "Breakthrough" (Sneller beter).²¹⁹

²¹⁷ http://www.tandarts.nl/ http://www.minvws.nl/.

²¹⁸ http://www.actiz.nl/home/home.do.

²¹⁹ http://www.civitas.org.uk.

How is effectiveness of care provided? The main approach for improving efficiency in the Dutch health system is based on regulation of competition between insurers combined with significant attention paid to performance and transparency in the results obtained by the use of performance indicators.

4. Brief analysis of the health system in the Netherlands

The main problems of public health in the Netherlands before the year 2006 were: a rigid two-tier system of private medical insurance for the rich and assurance standard for the rest of the population, which has highlighted inequalities of health services, a system of risk equalization to resolve problem of discrimination in private insurance, an inefficient bureaucracy that highlights increased costs, dependence on the employer; multiple types of insurance (health insurance, private health insurance for civil servants, etc.), ineffective or non-competitive incentives for insurers, too little pressure or the lack of it on providers to achieve better performance, and inaccurate initial effects thereof.

After the year 2006 were identified the following problems: limited accessibility for people with low incomes to the new health system; increase of the nominal first medical assurance from $320 \in$ in 2005 to $1038 \in$ in 2006, although this was offset by the decreased level of contributions from income; increase in the costs of healthcare sport for the consumers.

Top rated increased. However, charges on loans and the Health Insurance ensures that the system still serves the public interest and in terms of international standards of health costs are still relatively low, add the administrative costs of the identification for the individuals who have not made payments for the first binding. Currently is discussing the possibility to investigate such "bad payers"

CONCLUSIONS

In the end of the paper we want to point out some issues relating to the organization and functioning of health system in the Netherlands that could be takeing into consideration in reforming health services system in Romania and, where possible, to adapt a number of practices of the Netherlands health system.

Few coordinates to consider the change management of health services in Romania are briefly presented below.

- **A)** Efficiency in the program due to technical and political complexity: The first issue is a clear indication of the objectives of health services in Romania, modalities of action and a realistic timetable for their implementation. The initial reform plan for implementation was 4 years. A more realistic timetable would reflect a period of at least 15-20 years. Such a program built on a sensitive issue both from a political point of view such as health (financing) is hardly implemented by a cabinet appointed for a period of only 4 years.
- **B)** Elimination of free medical services: A second aspect is that the Dutch proposal for health insurance market is not a free one. A free market for health insurance would have side effects, which are considered by most companies as undesirable. In a market of health services free of charge, most people with low income and chronically ill people should have access to all medical care they need because of financial factor.
- C) Monitoring of the health services. It is important to note that the Dutch government has formulated a proposal for regulating competition. Instead of direct government control over volume, price and production capacity, the Government should create conditions necessary to prevent undesirable effects of free markets and to enable the market to satisfy the public interest as regards health care. Access to good quality care for the entire population is an important objective.
- **D)** Establishing the package of the mandatory health insurance. Therefore the government will focus on regulating the first health insurance mandatory for everyone, subsidized risk premium adjusted for insurers, anticartel measures, quality control and information disclosure. Therefore it is better for the Dutch health reforms to be considered "rules" instead of "deregulation".
- **E)** Prevention of "disadvanteges customers with limited access to additional services": Last issue aims prevent this trend and is a necessary condition to reap the benefits of competition rules inserted in the health insurance market. This disadvantage means that selection occurs when insurers prefer profitable costumers over the unprofitable ones.

BIBLIOGRAPHY

- 1. Plumb I., Androniceanu A., Abăluță O., Management of public services, ASE Printing House, Bucharest, 2003
- 2. http://www.civitas.org.uk
- 3. http://www.actiz.nl/home/home.do
- 4. http://www.tandarts.nl/ http://www.minvws.nl/
- 5. http://www.insse.ro/
- 6. http://www.iccv.ro/
- 7. http://www.ipp.ro/

PURCHASING MANAGEMENT OF SERVICES A CASE STUDY OF THREE ROMANIAN COMPANIES

Pop Sitar Corina

Universitatea de Nord Facultatea de Științe Str. Victoriei Nr. 76 sitarcorina@yahoo.com Tel: 0742130678

Toader Rita

Universitatea de Nord Facultatea de Științe Str. Victoriei Nr. 76 ritatoader@yahoo.com Tel: 0720060556

Hordău Anne-Marie

Universitatea de Nord Facultatea de Științe Str. Victoriei Nr. 76 annemariehordau@yahoo.com Tel: 0745253343

Over the last years many countries have turned into real service economies. As a result the strategic importance of purchasing services has increased. This article aims to present the complexity of the process of buying services. In the first part of the article we emphasis the importance of buying services and we make a literature review about the purchasing of services. Furthermore the paper presents the findings from the interviews done in three romanian companies. At the end of the paper we present the conclusions about how it can be improved and monitorized the purchasing process of business services.

Keywords: Supply chain management, purchasing services, management control

JEL Classification: M19, L80

1. Literature review

Until recently, academic interest in purchasing was very manufacturing oriented with an emphasis on production buying. The purchasing of services has only gained limited attention from management and researchers (Fearon and Bales, 1995; Telgen and de Boer, 1995).

The role of the Purchasing Department in the purchasing process varies from company to company and from situation to situation. In general, the Purchasing Department's involvement is highest in purchasing of raw materials, special and standard production items and MRO supplies. The involvement of the Purchasing Department is smaller or absent in the purchase of non-product related (nontraditional) goods and services, such as:

- Capital equipment (vehicles, lathes, etc);
- Services, which are all those purchases that have a high content of personal input (health care plans, insurance, advertising, legal assistance, and telecommunications);
 - Resale items (e.g. the tires sold in a petroleum firm service station).

A number of previous studies (U.S. Bureau of the Census, 1991; Fearon and Bales, 1995) indicate that the role of the Purchasing Department is much smaller in the purchase of services than commonly believed. These areas, such as insurance, utilities, consultancy, travel and advertising, are likely to be purchased without the involvement of professional buying practice and skills. For example, the Center for Advanced Purchasing Studies (CAPS) in a study in 1993 (Fearon and Bales, 1993) found that in a surprisingly large percentage of firms, the Purchasing Department had no input to the purchase of nontraditional goods and services (e.g. in 39% of the firms, there was no involvement in the purchasing of utilities).

Similarly, in another study made in 1995, Center for Advanced Purchasing Studies (CAPS) found that from the total of \$ 140.3 billion purchased by the 116 organizations, only 41 percent was spent by the purchasing department, 59 percent was spent outside of the purchasing department. From these 59 percent: 41.55 percent was spent by some other nine departments (transportation, finance, administration, human relations, etc.) and for 17.45 percent the study couldn't identify the buyers. The research highlights the purchase dollars spend of the total 116 organizations for the largest ten goods and services. The purchasing department apparently had very little input in the purchase of the majority of services.

Business services have a number of characteristics which may contribute to the fact that they are purchased outside of the Purchasing Department:

- wide range of services which are often coupled with an even larger numbers of suppliers;
- relative high frequency of initial purchasing activities;
- high level of internal end-user involvement, especially in the initial steps of the purchasing process;

Also, purchasing of business services is not seen by managers as a necessity, compared to the purchasing of goods and raw materials for the primary process. As a consequence of this undervaluation, structural attention and management of purchasing of services is not considered as a means for improving effectiveness and reducing expenditures. Because of the lack of clear and direct insight in the size and contents of the purchasing volume of business services, managers are missing opportunities for adding value to their organizations.

In Michels' view (1996), a purchasing department can be involved in three different ways:

- purchasing can be directly involved in purchasing of services;
- purchasing can act as an internal consultant/advisor for service purchase buyers;
- purchasing can act as a cross functional team member dealing with purchasing expenditures.

While benefits of involving purchasing department in the purchasing process of services may be numerous there are also several major challenges of involving purchasing department in the service procurement (see table 1).

Major benefits of involving PD in buying services	Major challenges of involving PD in buying services
 cost savings service and quality improvement reducing service cycle time improved process efficiency greater compliance to pre-negotiating contracts controlled costs legal protection a better informed and prepared supplier 	 gaining the acceptance, confidence and cooperation of the using department capturing attention of top management developing a value preposition for key customers and management limited availability of NPR purchasing data and information rivalries among separate business units or managers emotional issues that users have in terms of being comfortable with doing things in certain ways

Table 1: Major benefits and challenges of involving PD in buying services

Source: C. Nowikow (1999); W. Atkinson (2000); A. Porter (1999)

2. Purchasing management of services in three romanian companies

In the attempt to develop a model for the purchasing process of business services we made three in-depths interviews in three romanian companies in order to see how are things in practice. With the interviews we wanted to find out the answers to the following questions:

If the business services are bought outside of the purchasing department?

How often does this happen?

Which of the business services are bought more frequently outside of the purchasing department?

Is top management interested in purchasing process of business services?

If the purchasing process of business services is controlled by top management?

Etc.

The interviewers were the purchasing managers from the following companies:

SC Adiss SA (Baia Mare);

SC Faimar SA (Baia Mare);

SA Amisa SA (Baia Mare).

From these three companies, the purchasing process of business services is best organized at SC Faimar SA. At this company there is a clear methodology for the purchasing process of business services. Also, general manager is interested in the purchasing of services and knows what is going on in the company: who is buying what? from which supplier? This fact is obvious in the way that the process of buying services is organized and controlled. In this company it has been established very clear what types of services are bought through the Purchasing Department and what types are bought outside.

SC Adiss SRL has just started the process of reorganization of purchasing services. A big step was made because the general manager and the manager of the purchasing department realized the great importance of the services purchases. In the process of reorganization of purchasing of services, they are trying to centralize all the purchases of business services inside the Purchasing Department.

At SC Amisa SA NPR purchasing is not considered a priority neither for general manager, nor for manager of the Purchasing Department. This can be observed in the way that purchasing process is organized. In this case, there are not clear define procedure for the purchasing process of services and it is not clear who is responsible for the purchasing of each type of business service.

General manager does not know the answer to the following questions:

How much money are spent for each type of business service?

Who buys each type of business service?

From which suppliers?

Etc

The lack of clear purchasing policies and procedures influences the organization of the entire purchasing process. Based on the results from the interviews we can draw some conclusions:

The Purchasing Department's involvement in buying business services is still limited and problematic because of the frictions between the specialists from the Purchasing Department and from the other departments in the organization;

The involvement of the Purchasing Department in the purchasing process of services can offer many advantages, including improved control over the purchasing of services;

The problem of involving or not the Purchasing Department in the purchasing process of business services is ignored sometimes by management.

As we have seen during the interviews, in two organizations the majority of business services are purchased without the involvement of the Purchasing Department. This is not necessarily bad but it requires management to control these purchases in order to make sure the organization's interest is well served. Two approaches can be used in performing the control phase of purchasing management: *problem prevention (pre-action control)* where possible, followed with a monitoring system that detects problems *(post-action control)* that slip through the prevention net. With regards to control of the purchasing performance the following methods are used in practice:

A. Pre-action control:

- 1. Budgeting In the purchasing area several budgets may be used e.g. per purchasing package and/or per department.
- 2. Limited buyer authority. The manager can control expenditures by requiring larger expenditures to be signed by a purchasing manager.

B. Post-action control:

- 1. Monitoring purchasing cost savings These refer to the extent to which the purchasing function is able to lower total costs of services purchased.
 - 2. Ratios and indices
- 3. Purchasing reports Information on how the purchasing function operates may be regularly reported to top-management.
- 4. Audit The purchasing audit is a review-procedure to ensure that proper procedures relative purchasing and management principles have being applied.

All of these methods do have significant shortcomings in practice (Weele, 1984); especially in so far as they are applied to the purchasing activities outside of the purchasing department. For controlling the purchasing performance most of these methods are inadequate.

For example, the budgets can indicate the maximum spending but they can't control the quality of purchasing: what are we buying?; at what price?; from which supplier?. Budgeting in purchasing in most cases only includes the direct or production materials and departmental expenses, whereas indirect materials and other items remain out of focus.

Most of the purchasing ratios and indices serve primarily as indicators or warning-signals, but it is not clear what to do with them.

A problem with purchasing reports is that these usually do not explain why certain problems occur.

The purchasing audits are little used in most of the companies because of the time and costs involved. If they are used the translation of their results into management control is still very difficult.

Also, for all of these approaches to be manageable we have to create within the organization appropriate structures and to provide appropriate training, supervisory guidance and motivation for personnel in order to be able to do it properly.

3. Conclusions

As we have seen earlier the current control methods have significant shortcomings and they are not working properly when they are applied to purchasing of business services. Therefore there is a clear need for new methods and approaches for managing purchasing of business services.

In developing tools for managing purchasing of services we also have to take into account the fact that for some activities it may be good or even desirable that they are performed outside of the Purchasing Department. Some of the typical daily operational activities (ordering, incoming items control, administration) can be performed successfully outside of the Purchasing Department. The Purchasing Department might still want to provide tools,

methods and training to help (teach) people to buy in a correct way, but there is no reason why they should be directly involved.

Activities regarding initial and tactical purchasing (setting up long term contracts, preparing and developing purchase order specifications, selection and contracting of suppliers in general and programs aimed at supply-base reduction in particular, etc) usually belong to the responsibility of the Purchasing Department. Some disadvantages may arise from performing these activities outside of the purchasing department:

lack of economies of scale;

no uniform attitude towards suppliers;

the impossibility of a tighter control on overall purchases performed in a company;

probably different commercial purchasing conditions for different business units (departments); etc.

Relating the findings from the interviews and literature review, we arrive at the following conclusions.

-If top management does not clearly communicate the different possibilities for professional (specialised) purchasing involvement, effective involvement from an internal purchasing department will remain problematic. The examples suggest that internal customers may refrain from involving the internal department, not so much because they believe the purchasing department has little value to offer but because they fear that involving the purchasing department will necessarily imply involvement from other internal customers. Another problem that becomes apparent from the interviews is that the lack of a clear structure for possible specialized purchasing involvement seriously harms top management's credibility regarding future policies on purchasing of services.

-The internal purchasing department may also have to more consciously rethink its approach towards the internal customers in terms of the value they could add. In many cases, for examples regarding the purchasing of ingredients for catering, the purchasing activities are closely complementary to the internal operations and/or require very specific (dissimilar) knowledge regarding the content. This suggests that the internal purchasing department would add most value by developing a dedicated co-operation relationship to this particular internal customer and/or facilitate the process of bringing in outside specialists. As mentioned before, given the wide variety of services, the internal demand for specialist involvement in each individual item or service will simply be too small and infrequent to justify such an internal specialist.

All in all, we conclude that top management – at least in theory – could improve its grip on purchasing of services by more clearly creating the conditions for a self-regulating 'economic system' within the firm which offers internal departments different possibilities for organizing their respective purchasing activities.

References:

- 1. Axelsson, B. and Wynstra, F., 2000. Companies buy services, don't they?. Proceedings 9th IPSERA Conference, London, Ontario, Canada, 42-53.
- 2. Atkinson, W., 2000. Buyers are involved 'cradle to grave'. Purchasing Magazine, October 19, 75-77.
- 3. Fearon, H.E. and Bales, A.W., 1995. Purchasing of nontraditional goods and services. CAPS Report, NAPM.
- 4. Fearon, H.E.and Bales, A.W., 1993. CEOs'/Presidents' perception and expectations of the purchasing function. CAPS Report, NAPM.
- 5. Michels, W. L., 1996. Nontraditional Purchasing needs nontraditional methods. NAPM's 81st Annual International Conference Proceedings, Chicago,IL.
- 6. Nowikow, C., 1999. Revolution, or evolution. Supply Management, September 23, 26-32.
- 7. Porter, A. M., 1999. Taking control of 'indirect' corporate spending. Purchasing Magazine, September 2, 55-60.
- 8. Richardson, G.B. 1972. The organization of industry. The Economic Journal (82): 883-96.
- 9. Richardson, G.B. 1999. What can an economist learn from managing a business? In: Dow, S.C and Earl, P.E. (Eds). Economic Organization and Economic Knowledge. Essays in Honour of Brian J. Loasby. Vol. I, Cheltenham, pp. 239-254.
- 10. Simon, H.A. 1976. Administrative behavior. A study of decision-making processed in administrative organisation. The Free Press. New York.
- 11. Smith, A. 1999 (first published 1776). The Wealth of Nations. Books I-III. Penguin Books. London.
- 12. Telgen, J. and de Boer, L. ,1995. Developments in purchasing of non-production items. Proceedings 4th IPSERA Conference, Eindhoven, 1-8.
- 13. U.S. Bureau of the Census, 1991. Annual Survey of Manufactures(Washington, D.C.). Statistics for Industry Groups and Industries.
- 14. Weele, A.J. van and Rozemeijer, F., 1996. Revolution in purchasing: building competitive power through proactive purchasing. Philips Electronics, Eindhoven.

THE ASSESMENT CENTER, A NEW "FASHION" IN PERSONNEL SELECTION

Popa Luminita

Street Sfantul Apostol Andrei, no 105. Bl PB9, appart. 4, Oradea, Bihor University of Oradea, Economic Sciences Faculty, popalumi@gmail.com

The Assessment Center is a relatively new method for personnel selection that becomes more and more popular among the Human Resources Managers. It has proven to have efficiency both in personnel selection and training needs identification. This paper refers mainly to the assessment center in personnel selection, describing the entire process of creating and implementing an Assessment Center. The case study presented in this paper emphasizes the importance and the efficiency of this method in choosing the right candidates for the Key Account Manager position.

Keywords: human resources, assessment center, competencies, behavior, interview

JEL CODE: 015: Economic Development: Human Resources; Human Development; Income Distribution; Migration

Introduction

There are various methods used by the companies for personnel selection, in the process of attracting the best candidates for their job openings. The Assessment Center is one of the most efficient methods in this area. During the traditional personnel selection process, the person who is making the interviews can gather much information in regards to the candidate. Nevertheless, almost any candidate who has some experience in participating in a job interview can prepare his/her answers in advance and can simulate the optimal behavior expected during the interview. Especially for these cases, it is recommended to use the Assessment Center. More over, the Assessment Centers are used when there is more than one candidate that suits perfectly the job profile and the hiring company would like to offer a chance to each one of them. Also, there are cases when the manager is hesitating or let's say he/she is not decided between two or more candidates fitting the job profile. In any case, this method is recommended for the middle management positions, top management positions, specialized positions or positions that require a permanent communication with clients or business partners.

The Assessment Center is a method of selection which is utilizing a wide range of evaluation techniques and it usually has the following characteristics:

- The focus in on the behavior
- It uses exercises for representing and simulating the essential dimensions of the job, like role -plays for 2 persons or group exercises. It is assumed that a high performance during these simulations is predicting and anticipating a high performance on the new job.
- Besides the group exercises, there are interviews and tests completing the recruitment process.
- During the assessment center the performance is measured from many angles, in terms of necessary competencies for reaching the expected level of performance on a certain activity or at a certain level of the organization.
- The evaluations of the candidates or participants is done by putting them together, in order to permit the interaction between them and for making the experience more open and participative;
- A large number of evaluators or observers are used, in order to have a high objectivity level of the evaluation. It is recommended to use superior managers of the organization, to have the guarantee that they take "ownership" and are very responsible during the evaluation process. The evaluators must be chosen very carefully.

The Assessment Centers offer very good opportunities of finding how compatible are the candidates with the organizational culture. This is established by observing their behavior in different, but representative situations and also by the results on the various tests and interviews which are part of the procedure. Plus, the Assessment Centers offer to the candidates the possibility of making a clearer image in regards to the organization and its values, so finally they can decide themselves if they will integrate or not and if they will succeed or not.

An Assessment Center well organized can definitely reach a better predictability of the performance level and the future progress of the candidate, in comparison with the appreciations made by the regular methods, by the middle/top managers and even HR Managers interviews.

Broad and limited definition of the assessment center. Concept limitations.

Limited definition: the Assessment Centers mean simulation exercises.

Broad definition: the Assessment Centers mean simulation exercises, personality tests, skills' tests, interviews. Concept limitations:

- The Assessment Center is a standardized evaluation process of a set of behaviors.
- It utilizes a minimum of two simulation exercises of relevant job related situations
- It involves many observers who record and evaluate the behaviors

The basic principles of the Assessment Centers

- The Assessment Centers' use concerns the evaluation of measurable and observable behaviors
- The candidates are requested to demonstrate that they really know to do things as good as they claim
- The activities included in the Assessment Center must simulate and not reproduce relevant situations for a certain job

- It is necessary to inform all participants in regards to what is an Assessment Center
- It is necessary that the direct manager or a person who is not higher than two levels up the position to participate in the Assessment Center as assessor.

The first thing in organizing a successful Assessment Centers is to define the necessary behaviors for a certain job profile of a certain position within a company. The Assessment Center can be basically designed based on this first information.

The next step is to establish the date, the place and the duration of the assessment process. Generally, the Assessment Centers are organized at the end of the week, because most of the participants cannot take part in it during their working days in their present jobs. Every candidate must be informed before hand in regards to the event and to the entire process. In regards to the location, it is best to organize the Assessment Center in a neutral location – Business Centers or hotels' conference rooms, for example.

After all the assessment processes take place, the participants must be informed in regards to the results. This is done by meeting with the company consultants or by written reports.

The competencies of the Assessment Center

The competencies are sets of behaviors that are relevant for obtaining the performance on a certain job. In the Assessment Centers that has the personnel selection as main priority, the competencies are referring primarily to the necessary skills (the skills are the behaviors developed by learning and exercising). With 4-5 competencies the results are quite accurate. It is recommended to use a maximum of 10 competencies because the more they are the number of exercises involved is increasing, the time needed for the entire process is longer and the effort done by the assessors is higher. Frequently, the Assessment Centers are organized for 3-4 candidates, maximum 7. It is recommended for an assessor to evaluate maximum 2 candidates.

Some examples of competencies:

Planning and organization; leadership; results oriented; negotiation; adaptability; relationship skills; creativity; communication skills.

The meeting of the assessors after the Assessment Center

- The reunion of the assessors
- Discussing the observations and the evaluations given to each competency for each candidate
- The observations for each behavior must be listed as positive or negative
- The summation of the behaviors, how many positive, how many negative and the final grades given to each candidate
- Taking the final decision taking in consideration the grade received in the Assessment Center, the job requirements, the interview and the organizational culture

The Assessment Centers, similar to the psychological tests, need to be validated. The first studies have shown that the results in regards to this method are positive. Therefore, the method has been developed and utilized on a wide scale. An older study made in the USA by James Hock has shown that the probability of choosing a manager with subsequent good results is: 15% if selection is done by first impression; 35% if selection is completed with the evaluation of candidate's management skills by other methods than the assessment center; 75% if the selection is the result of the evaluations done by the superior managers of the job and the results of the assessment center. It has been noticed that the validity of the Assessment Centers is higher when there are more than one competency taken into consideration, when the assessors are psychologists, not managers and when there are used simultaneously evaluations by managers and evaluations done by professionals.

Advantages and disadvantages of the Assessment Center

Besides advantages, there are also disadvantages of the Assessment Centers. A company can loose a part of the candidates, as they can refuse participating in such a process, for personal reasons. But statistically this does not happen too often. Also, it can be very time consuming, as it has sessions of over 4 hours duration. More over, it is difficult to realize such an assessment and to draw all the conclusions can take few days. On one hand, this method might seem as lost time, but on the other hand for managers it saves time, because they have the possibility to know all the candidates in one day, without being necessary to see them in separate interviews.

In regards to the advantages, this method insures a higher objectivity, as in the recruitment and selection process there are more than two observers. Usually, along with the candidates, there are two to four assessors who take part in the process. The ideal case is to have at least one assessor for each candidate. Another advantage is that for the duration of the evaluation, the manager has the possibility to observe the behavior and the reactions of the candidate and he is able to compare these reactions in real time. The comparison is rigorous, as all the candidates participate in this process having the same conditions and they have to answer to the same requests. During the role plays is clearly emphasized the place each participant could take as a team member.

Case study

I will present now the Assessment Center for the Key Account Manager job, which was organized in August 2008 in Bucharest, having myself as a Coordinator. Following the preliminary interviews and the personality tests priori applied, resulted that 8 candidates are suitable and fitting the requirements of the job profile, whilst the necessary number of employees on this position was 4.

The details of the competencies and the exercises used for this Assessment Center are described hereby. After analyzing the responsibilities that are necessary for a candidate to perform very good on the Key Account Manager position, we identified the following competencies as being the ones supporting the performance in this specific activity: results orientation, negotiation, relationship skills, influencing skills.

The exercises used in this assessment center are as follows:

- 1. The plane crashed in the desert an exercise for observing the influencing skills, relationship skills and negotiation skills.
- 2. Negotiation for coins an exercise for observing the influencing skills, relationship skills, negotiation skills
- 3. Plasticize sharing. an exercise for observing the influencing and relationship skills.
- 4. Puzzle, while blindfolded and hands tied. an exercise for observing the results orientation, relationship and influencing skills.

Processing the information and drawing the conclusion, based on the Key Account Manager Assessment Center - Bucharest, August 2008

The processed information is referring to the behaviors that were noted by each assessor during the 4 exercises, for every candidate that was assigned to them at the beginning of the Assessment Center. Each behavior noted by the assessor was discussed by all the team of assessors, in order to be placed to the competency where it belongs to. The assessor which noted the behavior, when it was necessary had to give explanations to make the task easier for all other, in order to assign the behavior to the right competency. Although at the first sight it seems to be a very easy task, it is actually not easy at all. This is because for each candidate, there were noted approximately 20 behaviors for every exercise and each one of these exercises had to be discussed by the assessors' team while processing the information. In this stage, it was very useful to have all competencies divided by behaviors. Also, some of the assessors noted instead of clear, precise behaviors, vague observations or assumptions, general ideas. In this situation the assessor was asked to describe exactly the situation and the behavior of the candidate. This is one of the reasons why it is much indicated that the processing of the information to be done in a short while after the assessment center (as the information shall be still fresh in the memory of the assessor).

After the evaluators agreed on every behavior and classified it to the right competency, every behavior had to be divided into positive or negative. This went faster, as the discussion on behaviors was already done. Therefore, for each competency, for each candidate, the result was a number of positive behaviors and a number of negative behaviors. These numbers were introduced into an Excel table and the candidates were classified on every competency, following the behavior they had during the Assessment Center.

Another stage was to decide the importance, in percentages, of each selection method in taking the final decision. We considered the most important methods the professional knowledge test and the Assessment Center results, followed by the psychological tests results and at the end the interview. Another information would have been the salary required by each candidate but in our case all the candidates' requirements matched the salary range offered by the employer. Combining all these methods we finalised the clasification of the canidates for the Key Account Manager job.

Final results: Marius - 10.00; Marian - 9.60; Tudor - 9.20; Florin - 9.00; Crina - 7.80; Dorin - 7.40; Cristian - 6.80; Marcel - 4.60

Final order: Marius, Marian, Tudor, Florin, Crina, Dorin, Cristian, Marcel

Although before organizing the Assessment Center we had 8 candidates fitting the requirements of the job profile and it was really difficult to choose between them, after the Assessment Center, we forwarded to the employer 4 candidates for the final interview: Marius, Marian, Tudor and Florin. They were all hired after the final interview, which means that our team had a success rate of 100% in finding the right persons for the Key Account Manager position.

Bibliography

- 1. Armstrong, M. (2003) Managementul Resurselor Umane. Manual de practica. Editura Codecs, Bucuresti
- 2. Cole, G.A. (2000). Managementul personalului. Editura Codecs, Bucuresti
- 3. Panisoara, G. Panisoara, I.O. (2005). Managementul Resurselor Umane. Ghid practic. Editura Polirom, Iasi
- 4. Mielu Zlate Tratat de psihologie organizational-manageriala, Polirom, 2004
- 5. Pitariu, H.D. (2006). Proiectarea fiselor de post, evaluarea posturilor de munca si a personalului. Un ghid practic pentru managerii de resurse umane. Editura Irecson, Bucuresti
- 6. Stefan Stanciu si colab. Managementul resurselor umane Editura Comunicare.ro, 2003
- 7. Zoltan Bogathy Manual de tehnici si metode in Psihologia Muncii si Organizationala Polirom, Iasi
- 8. http://www.wall-street.ro/editorial/101/Aproape-totul-despre-Centrele-de-

Evaluare-si-Dezvoltare .html

9.http://www.cariereonline.ro/index.php/articles/Cum_sa..._te_pregatesti_pentru_un_Assessment_Center 10.http://www.assessmentcenters.org/articles/whatisassess1.asp

A STUDY ON THE RELATIONSHIP BETWEEN THE ACADEMIC RESEARCH AND THE BUSINESS ENVIRONMENT. CASE STUDY: IBM ROMANIA R&D PARTNERSHIPS

Popescu Alina Irina

Academy of Economic Studies, Faculty of International Business and Economics Bucharest, Romania alina.popescu@rei.ase.ro

Grigore Liliana

Academy of Economic Studies, Faculty of International Business and Economics Bucharest, Romania liliana.grigore@yahoo.com

Popescu Leonica

Romanian – American University, Faculty of Management – Marketing Bucharest, Romania popescu.leon.m@gmail.com

An important support mechanism for the realization of the knowledge-based economy is strong university-business environment co-operation. This allows for the rapid conversion of scientific knowledge into commercial innovations with strong social and economic benefits. Scientific and technological collaborations between industry and universities enrich the academic experiences of faculty and students and facilitate economic growth. This is why a very strong relationship between the academic research and the business environment should develop in each country. An exploratory research study was conducted to identify which are the most important aspects that determine the cooperation between academic environment and business environment regarding research activities in Romania.

Keywords: academic research, business environment, R&D

The article's JEL code: 123

1. Introduction

There are two main knowledge-creating sectors in an innovation system: universities and the business environment. By studying thoroughly the research activities they are involved in, we discover the complementary nature of their actions, and how they can support one another for the development of the society.

While universities play a more pregnant role in basic research, the business environment plays an important role in developing and delivering new products and new processes to the market. Therefore, the challenge for policymakers and industry managers is to discover ways in which a nation can use the science and technology capabilities of the two knowledge creating sectors to increase the science and technology capability for innovation. Through research activities, a university transforms knowledge into wealth, but is the major role of the business environment to transform knowledge, including scientific knowledge, into utility for society.

There is a vast literature regarding various aspects of the relationship between academic research and industrial research and innovation activities. The largest number of these studies is represented by small case-studies with focus at the university level (Cohen, et al., 1998). According to Cohen et al. (1998) few cross-sectional studies have been reported in the literature.

Some studies focus on the characteristics of universities as generators of knowledge flows of great interest for business environment's activities of innovation and R&D (Shane, 2002). Also, Kondo (2004) identifies **three ways** in which universities can contribute to industry innovation: knowledge transfer from universities to industry; joint creation of knowledge by university and industry researchers; and formation of a new company based on university knowledge.

There are authors questioning the ability of companies to utilise knowledge flows from universities. The issue of "relevance" of academic research for the business environment is largely debated. For example, Moody (2000) defines relevant research as that which "addresses a practical need", and goes on to state that relevance and utility can only be evaluated by practitioners. Hanseth & Monteiro (1996) assert that "the relevance of ISD research is intrinsically connected to influencing [i.e. improving] the practice of ISD", while Saunders (1998) also defines relevance in terms of usefulness to professionals: "When research is relevant, managers can use its results to successfully solve critical problems with which they are faced and to use information technology to reshape the environments in which their organizations operate."

Other authors have placed more emphasis on the **channels** through which the knowledge flows from universities to industry, as for instance:

- -Participation in conferences and presentations (Cohen, et al., 1998; Shane, 2002).
- -Personal networks of academic and industrial researchers (Hanseth & Monteiro, 1996)
- -Spin-offs of new firms from universities (Shane, 2002)
- -Flows of fresh graduates to industry (Varga, 2000).

Most studies have concentrated on the **one-directional effect from university R&D to industrial R&D** and the outputs of industrial R&D in most cases measured in terms of the *number of patents* and *neglected the possible mutual interaction*. However, if there is a mutual interaction between university and industry R&D, and if there are

knowledge externalities involved, then we can develop a dynamic explanation to the clustering of innovative activities based on positive feedback loops.

There are many important reasons for industrial firms and universities to work together. **Benefits to a firm** include access to highly trained students, facilities, and faculty as well as an enhanced image when collaborating with a prominent academic institution. **Benefits to universities** are related to funding issues - additional funds, particularly for research, exposing students and faculty to practical problems, creating employment opportunities for their graduates, and gaining access to applied technological areas. As a result of the complementary nature of industry-university relationships, some of these collaborative activities have been instrumental in helping firms advance knowledge and propel new technologies in many areas, e.g., in biotechnology, pharmaceuticals and manufacturing.

The **set of functions and outputs** of a modern university as a research centre include:

- 1. The creation of new basic knowledge though research;
- 2. The creation of human capital through teaching (i.e., knowledge transfer from faculty to students);
- 3. The transfer of existing know-how (technology) to businesses, governmental agencies, and other organisations;
- 4. The application of knowledge to the creation and commercialisation of new products and processes, or the improvement of existing ones (i.e., technological innovation);
- 5. Capital investments in the built form, and in equity in private businesses;
- 6. Leadership in addressing critical local problems;
- 7. Co-production (with other R&D organisations) of a regional knowledge infrastructure;
- 8. The creation of a certain kind of regional milieu favourable to innovation.

2. Knowledge Typologies

In identifying the role of universities and business environment in the creation of knowledge, it seems useful for our purpose to distinguish between the following **two knowledge concepts**: the **scientific knowledge** and the **technological knowledge**.

Scientific knowledge represents the form of basic scientific principles that can form a basis for the development of technological knowledge, while **technological knowledge** is the form of technical solutions or inventions that either materialise in new products or can be readily used in the production of goods and services. Usually, scientific knowledge functions as a background to or platform for technological knowledge in the innovation process.

According to Stokes (1997), research is categorized into **three types** (Figure 2.1.): *pure basic research* (exemplified by the work of Niels Bohr, early 20th century atomic physicist), *pure applied research* (exemplified by the work of Thomas Edison, inventor), and *use-inspired pure basic research* (Pasteur's quadrant). Louis Pasteur's method bridges the gap between "basic" and "applied" research. Pasteur-type research has been growing in importance because innovation has become more science-based. Thus, the importance of scientific knowledge created in the university sector and of university-industry partnership has grown.

As shown in the following figure, scientific research can be classified by whether it advances human knowledge by seeking a fundamental understanding of nature, or whether it is primarily motivated by the need to solve immediate problems.

Figure 2.1. Applied and Basic research ("Pasteur's Quadrant")

Quest for fundamental understanding?

Pure basic research basic research (Pasteur-type)

No Pure applied research (Edison-type)

No Yes

Considerations of use?

Source: Modified from diagram of Donald E. Stokes, Pasteur's Quadrant: Basic Science and Technological Innovation, Washington, D.C.: Brookings Institution Press, 1997.

In the process of exchanging knowledge between universities and the business environment there exist costs and fundamental difficulties. This explains why markets for exchange of knowledge are rare. The buyer's and the seller's transaction information is intrinsically asymmetric. Potential buyers may question the value of the knowledge, and sellers have a concern to show the value without revealing the specific knowledge.

3. Forms of University-Business Environment Partnerships

Firms and university research centres work together in a variety of ways. Successful innovation partly depends on the ability of companies to acquire scientific and technological knowledge from external sources and to integrate effectively this knowledge in their innovation activities. This is done by various types of partnerships between the universities and the business environment.

Three main ways to utilize the science and technology capability of the university sector for industrial innovation capture our attention, based on Kondo (2004):

A. jointly creating knowledge between university researchers and industry researchers

B. transferring university knowledge to the industry

C. establishing new companies based on university knowledge.

For each way there are some **forms of university-industry partnership**.

A. Joint knowledge creation can be done through: *joint research*, *contract research* (also has some aspects of joint knowledge creation since research themes are given from the industry at the beginning of research and some feedbacks are provided during the research), and *academic donation* (a weak form of joint knowledge creation as the business environment is slightly interested in the outcome of the scientific research). Lately, a new form of partnership has appeared: the *comprehensive collaboration agreement*, covering a wide range of collaboration areas such as: joint research, joint research grant applications, information exchanges, personnel exchanges, and joint human resource development. This agreement can be concluded in relations varying from one-to-one (one university - one company), to one-to-many (one university - many companies), or many-to-many (many universities - many companies).

Facility and equipment usage is another form of partnership. If the facilities are extremely expensive, this type of partnership is important. For small-and-medium-size companies, university facilities and equipment can be useful.

B. The dissemination of knowledge from university research centres to the business environment is done mainly through: journal papers and books, the Internet, and conference presentations. More targeted forms of knowledge transfer include consulting by professors and patent licensing. Also, students can be good media for knowledge transfer as they internships while they are still studying, jobs in the industry after graduation, and when a company sends its employees to study at a university.

C. Another way to create a research partnership between universities and the business environment is represented by the creation of start-ups that will commercialize university research results for industrial innovation. In some cases, university knowledge is transferred through technology licensing or via other forms. In other cases, university knowledge is transferred through the involvement of university researchers or students in the management of start-ups.

Specifically, university – business environment relationships usually encompass four major interrelated components: research support, cooperative research, knowledge transfer, and technology transfer.

Research support is the least interactive component, referring to financial and equipment contributions, which can consist of unrestricted gifts or endowment trust funds that the university uses to upgrade laboratories, provide fellowships to graduate students, or provide seed money for promising new projects.

Cooperative research relationships are more interactive than research support and include contract research with individual investigators, consulting by faculty, and certain group arrangements specifically for addressing immediate industry problems (NSF, 1982).

Knowledge transfer refers to a much broader array of highly interactive activities that include on-going formal and informal personal interactions, cooperative education, curriculum development, and personnel exchanges (Reams, 1986). Examples of knowledge transfer mechanisms are industry-university research consortia, trade associations, and the co-authoring of research papers by university and industrial firm members (NSF, 1982). Other forms are the recruitment of recent university graduates and employing student interns, and cooperative education programs which encourage information exchanges and on-the-job training experiences for undergraduate and graduate students.

Technology transfer occurs in many ways such as through technological consulting arrangements, the firm's use of centre sponsored extension services, and jointly owned or operated ventures. Joint ventures usually represent large-scale commitments by both the firm and university to transfer technologies and are often based on successful prior relationships between the firm and the university research centre.

4. Landscape of the RDI system in Romania &

the stimulation of university – business environment research partnerships

The system of governance for R&D and innovation in Romania currently accords primary responsibility for both to the Ministry for Education and Research (MER) and primary responsibility for industrial development to the Ministry for Economy and Commerce (MEC), with various other bodies such as the Inter-Ministerial Council for Science, Technology and Innovation responsible for ensuring the compatibility of policies in different areas. The R&D activity is undertaken by the Higher Education Institutions as well as by public - private Research Institutes.

The National Authority for Scientific Research (ANCS) within the Ministry of Education, Research and Youth is main responsible for the formulating, monitoring, implementation and assessment of R&D and Innovation policies. NASR implements the R&D strategy by coordinating the programs carried out through projects. The projects are realized by national organizations directly or by active participation at international programs.

The national programs are financed in most cases by public funds, but also by private ones (co-financing), depending on the type of program and organization. The international programs are financed by means of Romanian contributions from public funds to the programs of the international organizations or by applying the

international co-operation agreements settled at Governmental or institutional level. As now Romania is part of EU, a new type of program is financed by structural funds, in order to reach the community goal of increasing national competitiveness at the European development strategy level.

The National Research, Development and Innovation Plan for the period 2007-2013, hereinafter National Plan II (NP II), is the main instrument used by the National Agency for Scientific Research (ANCS) to implement the National RDI Strategy. Through its National Development Plan, Romania has introduced a series of national development priorities, the most important of which is its **strategy to boost competitiveness**. One major development objective in this strategy is reaching the threshold in research and development expenditure of 3% of GDP by the year 2015 in line with Treaty of Lisbon targets.

The Higher education sector includes 74 accredited universities, out of which 58 public universities and 18 private ones. According to the national education law, the teaching staff from universities has 25% of working time dedicated to the research activities. The research activity from universities is financed through the research projects selected based on the national competition. Apart from this, taking into consideration the quality of their research activity, the universities can receive supplementary budget from the Ministry of Education, Research and Youth.

5. Case study: IBM R&D Partnerships

Through the **Academic Initiative**, IBM provides faculty around the world with a broad range of resources and support to help educate students in the skills they need to compete in the fast-paced, ever-changing information technology (IT) workplace. The Academic Initiative is structured on the following levels: Country Project, Faculty Award, Shared University Research, Innovation Award, PhD Fellowship.

Through the programs designed to universities, IBM Romania participated in the update of the educational curricula, in the modernization, restructuring and in the creation of new courses of study and higher education programs. IBM's priority is represented by the involvement in the update of university curricula so as to create specialists with multi-disciplinary training in information technology, in software applications' development, networks, business models, collaborative innovation and social networking. This requirement of modern training is promoted through new scientific, engineering and service management (SSME) programs.

At the same time, IBM Romania established *centres of excellence and laboratories for education and research purposes* through partnerships with most prestigious Romanian universities (University "Politehnica" Bucharest, The Technical University of Cluj-Napoca, University "Politehnica" Timişoara).

In February 2009, IBM Romania and the Academy of Economic Studies (ASE) have concluded a partnership with educational and research purposes, aiming at:

- increasing the competencies of ASE's graduates in the field of software and informational technologies and of their use in economic applications, so as to train a highly qualifies work force, adapted to current needs;
- providing free training of teachers;
- providing recruitment support for employment of graduates skilled in IT industry;
- establishment of joint research activities IBM ASE;
- promoting innovation in higher education and academic research:
- consolidating the relationship between two important sectors, the IT and the economic sectors.

Another important component of IBM Romania's Academic Initiative is represented by the promotion of the open-source technologies among students. Annually trainings are offered by IT specialists to students on the following topics: Linux, Java & Eclipse.

IBM Romania organizes The Annual National Student Contest "Best Linux Application", through which students are encouraged to innovate by using Linux, or to improve the performances and the utility of an existing Linux application. Also, IBM is the main sponsor of the International Contest of ACM Programming at world level; the South-Eastern European section of this contest is organized in Bucharest, with a tradition of 11 years.

Conclusions

Partnerships in scientific research between universities and the business environment work in their mutual benefit, and in the benefit of society as a whole. In Romania, The National Research, Development and Innovation Plan for the period 2007-2013 aims at encouraging partnerships between universities and the business environment. In this respect, the most important role was played by PNCDI – Program 4 "Partnerships in Fields of Priority".

So far, institutions of higher education have concluded partnerships with private companies in granting scholarships in high level domains, internship protocols or research contracts. These partnerships have forwarded the development of research laboratories in State universities, improving the training conditions for students or PhD candidates. Most of these partnerships have rather small scale applicability, while partnerships with large implications on the society are now starting to be shaped, as shown by the case of IBM Romania.

Acknowledgements: This article is a result of the contract no 91-058 coordinated by The Academy of Economic Studies Bucharest: "The development of interdisciplinary academic research aimed at boosting Romanian universities' competitiveness on a world scale", financed by CNMP.

References:

- 1. Cohen, D.W., et al. (1998), Innovation and Learning: The Two Faces of R&D, *The Economic Journal* 99, 569-596
- 2. Hanseth, O., Monteiro, E. (1996), Navigating future research: Judging the relevance of information systems development research. Accounting, Management and Information Technology, 6(1-2), 77-85.
- 3. Kondo, M. (2004), Policy Innovation in Science and Technology in Japan—from S&T Policy to Innovation Policy, *Journal of Science Policy and Research Management* 19(3/4), 132-140.
- 4. Moody, D. L. (2000), Building links between IS research and professional practice: Improving the relevance and imp act of is research, in *Proceedings of International Conference on Information Systems* (ICIS 2000),
- 5. Brisbane, Australia, December 10-13, 2000, pp. 351-360.
- 6. National Authority for Scientific Research (ANCS), http://www.ancs.ro/
- 7. National Center for Programs Management (CNMP), www.cnmp.ro
- 8. National Science Foundation (1982), University-Industry Research Relationships: Myths, Realities, and Potentials, *Fourteenth Annual Report*, Washington, DC, Government Printing Office.
- 9. Reams, R. (1986), University-Industry Research Partnerships, Westport, Conn.: Quorum Books.
- 10. Saunders, C. (1998), The role of business in IT research, *Information Resources Management Journal*. 11(1), 4-6.
- 11. Shane, S. (2002), Selling University Technology: Patterns from MIT, Management Science 48, 122-137.
- 12. Stokes, D.E. (1997), Pasteur's Quadrant: Basic Science and Technological Innovation, Washington, D.C., Brookings Institution Press, 1997.
- 13. Varga, A. (2000), Local Academic Knowledge Transfers and the Concentration of Economic Activity, *Journal of Regional Science* 40, 289-309.
- 14. IBM website: www.ibm.com/academicinitiative

ANALYSIS AND PROJECTION OF JOB OPENINGS AT S.C. COMPANIA DE TRANSPORT FEROVIAR S.A. (COMPANY FOR RAILWAY TRANSPORT) BUCHAREST

Popescu Cătălin

Petroleum-Gas University from Ploiesti, Faculty of Economic Sciences, B.dul Bucuresti nr.39, Ploiesti, 100680, catalin nicolae@yahoo.com, 0244573171 ext.221

Cîrlănescu Zota Maria

Petroleum-Gas University from Ploiesti, Faculty of Economic Sciences, str. Murelor, nr. 9, bl. 14 H, sc. B, ap. 18, Ploiesti, mvzota@yahoo.com, 0729326221

The whole process of getting a job refers to a set of measures, from the identification of the opportunity to offer a new job to the consolidation of the relationship with the new employee starting the first day after accepting the job. Once the opportunity is defined, it is crucial to specify as clearly as possible the requirements of the respective job as well as to identify the necessary experience, skills and other attributes that a candidate must have so that (s)he may get the respective job. A set of behaviors is expected from each employee. There is no such thing as a "universal key" meant to open all doors to the management of human resources, but there is an efficient instrument by means of which the employee becomes aware of his responsibilities, skills and prerogatives. This instrument may be achieved by a correct analysis and projection of job openings and is called job description.

Keywords: skills, job description, interview, questionnaire, management

JEL Classification: M12, M51

1. Observations and facts

"Responsibility is the major factor in the development of human potential."

Mary Parker Follett

It is an undeniable truth that the more efficient the people within an organization, the more efficient the organization itself.

The whole process of getting a job refers to a set of measures, from the identification of the opportunity to offer a new job to the consolidation of the relationship with the new employee starting the first day after accepting the job. Once the opportunity is defined, it is crucial to specify as clearly as possible the requirements of the respective job as well as to identify the necessary experience, skills and other attributes that a candidate must have so that (s)he may get the respective job.

Some years ago, I got hired in a company as Human Resources Manager. The organization was in a delicate position because some days before my arrival 200 employees had left the company in a single day, as they had been lured by the competition with not so orthodox means of persuasion.

These employees were highly qualified in their rare jobs and they had received recognition of their expertise on the expenses and effort of the organization. The loss for the organization was high and coming back to normality involved higher costs and effort.

I will only offer one example: more than 100 employees were Railway Engine Mechanics and they were qualified for this job, who also held recognition from the Romanian Railway Authority (RRA), obtained on the expense of the company.

As a person who was directly involved in the recruiting and selection process I asked myself: "How can I hire 100 railway engine mechanics in a single day?"

There were almost no solutions to get me out of trouble, but I thought of professional development. The only solution was to send 100 new employees to a training course for the respective qualification, which was to be organized by a specialized institution in Bucharest during one year. The cost would have been huge, involving specialist lecturers, logistics of the institution that held monopoly over professional development for the job openings in the Romanian Railway System, as well as accommodation and meals for 100 trainees.

I looked for other solutions and finally succeeded, for the first time in post 1990 Romania, in organizing – as a private company – our own course training Railway Engine Mechanics, in Ploieşti, in close collaboration with the County Agency for Professional Development (CAPD). We had maximum efficiency:

- We recruited and selected trainees within the unemployed from Prahova County.
- Lecturers were selected within the specialists from the company.
- The company offered classrooms and the necessary logistics so that the practical training could be achieved (engines, carriages, own railway system etc.).
- In close collaboration with CAPD, we succeeded in offering courses during 6 months instead of one full year, following the same requirements of the training procedures.

The whole process was highly successful, but I could not ask myself:

- "What could have been done so that the unpleasant event did not take place?"

- "How could employees have been better motivated and made aware of their importance and how could the company have avoided this situation?"
- "How could loyalty have been obtained as well as devotion and faithfulness from those employees?"

We reached the conclusion that everything started the moment of hiring in an organization, when every person gets a status within the respective organization.

This is a very important phase in the way the respective candidate will finally adapt to the new working environment and consequently is important for his efficiency in the respective job.

A set of behaviors is expected from each employee, and they arise from the role he is about to have within the respective organization.

There is no such thing as a "universal key" meant to open all doors to the management of human resources, but there is an efficient instrument by means of which the employee becomes aware of his responsibilities, skills and prerogatives, as well as his position within the respective company. This instrument may be achieved by a correct analysis and projection of job openings and is called job description.

2. Analysis and projection of jobs at S.C. COMPANIA DE TRANSPORT FEROVIAR S.A. (Company for Railway Transport) Bucharest

S.C. COMPANIA DE TRANSPORT FEROVIAR S.A. (Company for Railway Transport) Bucharest is a privately-owned company that was made from the privatization of specific smaller companies having the following descriptions: Railway transport for merchandise on Romanian railway and industrial railway handling, Construction and repairs for freight cars and carriages, Repairs for electric engines, diesel and electric engines, diesel and hydraulic engines, Construction and repairs for railways.

2.1. SWOT analysis

Strengths:

- -it is a privately-owned company. The company does not face conservatorism, stereotypy and professional leveling; -it has a modern integrated management system: quality, environment, health and security; it has implemented the integrated management system according to SREN ISO 9001/2001, SREN ISO 14001and SREN ISO 18001 and has Certificate series SMC no. 059 and Certificate series SMM no. 025 from the Romanian Railway Authority (RRA) Bucharest;
- -diversification of products and services:
 - -construction and repairs for freight cars and carriages;
 - -construction and repairs for railways;
 - -freight railway transport;
 - -repairs for electric engines, diesel-electric engines and diesel-hydraulic engines.
- -the products and the services together with the competitive prices offer the company a favorable image, which make the company a market leader.
- -it holds the following logistics: engines, cars, carriages, railways etc., and is the only company in Romania having a complete organization of the logistics; the company does not hire third parties for specialist services translating into better prices for their products and profit for the company.

Weaknesses:

- -inheriting (by means of privatization) old technologies which further led to higher financial costs for improvement of the installations (the company is in a continuous process of renewing its technology and logistics);
- -reduction of cost by reduction of employees, the result being a loss in competence.

Opportunities:

- -accession to the European Union and extension of market taking into account that labor is much cheaper than in the EU and quality is high (for example: freight railway transport in Greece);
- -positive perception on their products and services on the market;
- -taking into account the development potential of the operating areas, the company may integrate vertically and become diversified.

Threats:

- -law insecurity;
- -intensification of competition;
- -the possibility of employee migration towards the competition which also recruited personnel coming from this company using unorthodox techniques;
- -corruption. If we take into account that railway transport is tempting from a financial point of view we may reach the conclusion that there are groups that are interested in showing their influence in this field.
- -external migration of highly qualified labor force. It is a known fact that accession to the EU and opening of borders made it easier for Romanian workers to find another job in the European Union.

2.2. Analysis and projection of jobs

The job openings that were analyzed are the following:

- Railway Engine Mechanic – a representative job if we take into account the specificity of the company;

- Chief of Quality Management;
- Executive Manager for CAHQ (Certification, Authorization, Homologation, Quality).

As the main methods and techniques for the current presentation, we used analysis of existing documents (job descriptions, rules of organization, Quality Manual, work instructions etc.), observation, interview and questionnaire. We have also read older job descriptions as well as the current job descriptions, organisation chart and we have gathered information on the general activity of the company and on the job openings that we wanted to analyze. By means of regular visits to the company, I made myself a more formal, official entrance to the jobs to be analyzed; by analyzing the existing documents I could better understand the nature of the job and of its requirements; by observation, I followed the way in which daily activity happened and I could get information on the requirements involved by the specific job opening.

Another method of analysis was the formal interview, which took place following a precise pre-established order. I made a list of 6 questions, designing thus a structured interview, with standard questions for all the three job openings to be analyzed (as well as for other jobs so that we could compare the results).

Individual specific questionnaire for the	ne job of
Name of the job:	
Name of the department including the jo	b:
First name, Surname:	
	in the job description for a better compliance with the current activity?
•	think arise when comparing the content of the job description with the
current position?	
	far as the content of the job description is involved?
	scription in the next 6 months is welcome?
If YES, why?	
If NOT, why?	
5. Does the job description include all t placed in a better position?	the elements that confirm your training and qualities so that you could be
6. Do you think there is a need for more	autonomy for the job you have?
Date:	Signature:
	ze the jobs and as information support that we further used to collect data y Engine Mechanic, Chief of Quality Management and Executive Manager
•	d risks, even of the errors and distortions it may give, but this method of
•	nuse it allowed me, as outside analyst, to collect data on the jobs that would
have been less accessible to direct observ	
	the way activities are perceived and to have the supervising managers'
	d specific questionnaires enriching the information we obtained from the
owners of the jobs.	
•	
Questionnaire for the supervising man	ager for the job of
Name of the job:	
Name of the department supervising the	job:
First name, Surname:	
1. Which are the working conditions for	the respective job?
2. What level of education (training) sho	uld the owner of such a job have?
3. What is the work experience required	for the owner of such a job?
4. What are the psychological characterist	stics that are involved by such a job?
-skills;	
-behavior;	
5. Which are the obligatory skills?	
	ivity? Which are the working conditions (heat, area, noise, temperature)?
7. What performance standards must be a	
8. What is the necessary working schedu	le?
Date:	Signature:

3. Conclusions and suggestions

As a result of the analysis of the job openings at S.C. COMPANIA DE TRANSPORT FEROVIAR S.A. (Company for Railway Transport) Bucharest, together with the specialist in the field of integrated management designated by the management of the company to take part in this analysis, we can say the following:

- The management of the company is preoccupied with designing the jobs so that they have all the prerogatives, skills and requirements included in the job descriptions; it is worth mentioning that the management is aware of the fact that job descriptions should be changed permanently and this has also been put into practice.
- The management has made available the organization chart of the company and all the job descriptions of the employees, in accordance with the laws in force today in the area of railway transport:
 - Law no. 55/2006 about railway safety:
- Order of the Transport Ministry no. 535/2007 about the norms to offer license for on the Romanian Railway system.

This means that jobs are thoroughly described and they are in accordance with the law requirements. For example, a railway engine mechanic cannot have the training, experience, length of service and physical skills that are lower than the standard as they are presented in the laws in force.

- The management of the company understands that analysis of the jobs is an important factor to discover the causes of underperformance and the fact that, by signing the job description, responsibility is also given to the employee. Only if he knows he has some responsibility, the employee may be sanctioned for underfulfillment of tasks. It is worth mentioning that, in the area of railway transport, underfulfillment of some tasks may result in high losses both for the company and for the third parties that are involved.
- The management of the company is constantly interested in analyzing staff competence, because any fall in the competence may have serious negative results. For example, an engine or a car that has not been properly repaired may lead to a disaster and consequently, this means loss for the company, both in image and in finance.
- The management of the company is aware of the fact that the working environment is a dynamic one and is constantly adapting to it.

Taking into account all these observations, in order to improve the resources and working methods as well as to improve the quality of professional life, and to have greater efficiency, I suggest:

- Making an annual objective from job analysis this should be carried out by means of the methods presented in this study: analysis of existing documents, observation of the activity, interviews, specific questionnaires.
- Setting up a job for a job analyst who, together with external auditors, should take part in the analysis process and interpret all the data using the techniques mentioned above, design and redesign jobs in accordance with real necessities, workplace dynamics and society dynamics.
- New projects require new jobs or adaptation of existing jobs to the new reality. For this, I suggest the following projection methods:
- "job rotation", that should involve the rise of variety and diversity of tasks by periodically changing work rhythm, adapting it to reality;
- "job enlargement", by enhancing prerogatives together with rising compensation for this will eventually lead to employee satisfaction and high performance for the company.
- Adopting flexible functioning forms in the form of project teams. For example, for the construction of a certain type of car, a project team should be made of a designer, an engineer, a quality inspector, and the execution staff. The team will be autonomous, thus leading to the acceptance of a larger area of responsibilities. The employees will set their own targets and accept the objectives taking into account the system of rewards and benefits.

This approach may be profitable both for the company and for the employees, satisfying their needs.

- Training and retraining some personnel (usually for jobs that risk not being occupied) in order to avoid the situation we described in the beginning of the paper. This should be set as a management objective: training and retraining employees in the necessary jobs by means of professional development programs.

In the end, I would like to add that a professional job analysis, which is carried out completely, allows a deeper understanding of the content of the job and its requirements, creating a real basis for making decisions about the staff, which in their turn, put into operations the strategy and policy of a company.

References

- 1. Adkin, E., Jones, G., Leighton, P., Resurse umane, Editura Nemira, București, 1999
- 2. Gheorghe, I., Note de curs. Managementul resurselor umane, 2007
- 3. Gogot, G., Note de curs. Managementul aprovizionării și desfacerii, 2007
- 4. Manolescu, A., Lefter, V., Deaconu, A., Managementul resurselor umane, Editura Economică, București, 2007
- 5. Oprea, M., Note de curs. Managementul calității, 2008
- 6. Popescu, C., Managementul resurselor umane, Editura Universității din Ploiești, 2007
- 7. Pânișoară, G., Pânișoară, I. O., Managementul resurselor umane, Editura Polirom, București, 2004
- 8. *** Documents from S.C. Compania de Transport Feroviar S.A., 2005-2007
- 9. *** Law no. 55/2006 about railway safety, Official Monitor of Romania no. 322,10 April 2006
- 10. *** Law nr. 53/2003 Labor Code, Official Monitor of Romania no. 72, 5 February 2003
- 11. *** Order of Transport Ministry no. 535/ 2007 about the norms to offer license for railway transport on the Romanian Railway system.

- 12. *** Order of Labor and Social Solidarity Ministry no. 64/ 28.02.2003 approving the frame for the individual work contract, Official Monitor of Romania no. 139, 4 March 2003
- 13. *** Order nr. 76/11.03.2003 modifying and completing the frame for the individual work contract as in annex to the Order of Labor and Social Solidarity Ministry no. 64, Official Monitor of Romania no. 159, 12 March 2003

SPECIFIC FRAMEWORKS OF ORGANIZATION IN THE MEDICAL SECTOR AND SELECTION PROCEDURES ASSOCIATED WITH THE MEDICAL FIELD

Popescu Cătălin

Petroleum-Gas University from Ploiesti, Faculty of Economic Sciences, B.dul Bucuresti nr.39, Ploiesti, 100680, catalin nicolae@yahoo.com, 0244573171 ext.221

Jana Nistorica-David

Petroleum-Gas University from Ploiesti, Faculty of Economic Sciences, Jeni.nd@gmail.com, 0727347361

The design of the organization framework is done according to the activity objective, the types of services and the technical standards. Present paper present different types of organization frameworks: simple (the head doctor is also the manager; technical structure and auxiliary personnel; the operations group); technical bureaucracy (works best in case of calamities); professional bureaucracy; mutual arrangement; matrix framework. The research is carried out in order to identify a proper framework for the medical field. Also in the paper is treated a vital problem for medical field in Romania: personnel selection process.

The selection process is made out of two parts: the first step is that of recruitment; which has the objective of finding suitable candidates and the second step is that of selecting the best performing candidates. The process starts with a letter of intent, followed by an interview (which contains a multitude of questions and psychological tests). If all the requirements are optimally met, then, a professional team can be built.

Keywords: organization framework, medical sector, selection procedures

JEL Classification: I 1, M 12

1. Specific organization frameworks

The framework of organization is based on the objective of the activity, the types of services and technological standards – medical technology and instruments, pharmaceuticals. In the case of introducing new technology, changes can appear in the framework, functional levels, number of positions. There are a lot of organization frameworks. Below there are some examples starting from figure 1.

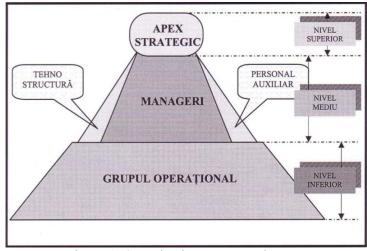


Figure 1. Organization Framework

Framework types:

- 1. Simple represented by private practices:
- the main doctor is also the manager;
- the technical structure and adjacent personnel;
- operations group: minimum number of people.
- 2. Technical bureaucracy complex, integrated framework, with well trained, experienced personnel:
- decisions are made by the strategic apex;
- management and control styles are autocratic.

This type of framework is not adequate to the medical system but it can work in case of major emergencies or catastrophes.

3. Professional bureaucracy – is made out of complex, integrated framework, numerous in personnel; in which the strategic apex is formed out of field experts and the decisions are imposed in a decentralized manner.

This type of framework is best represented in medical corporations.

- 4. Mutual arrangement diversified, non-standard framework. Some features:
- managers of the different levels in the organization have decisional independence;
- control is done independently;
- activity coordination through mutual arrangement, the interaction between managers and specialist. This type of framework works well in the case of medical research.

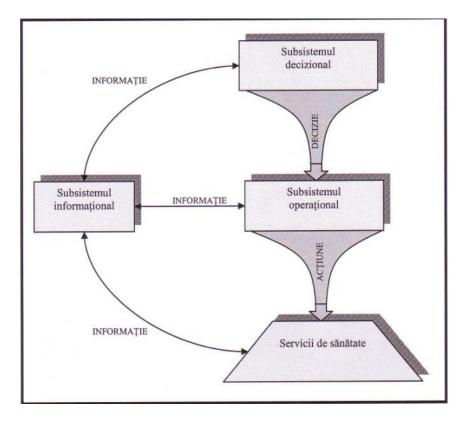


Figure 2. Health system – functional framework.

5. Matrix framework – the general manager has a very important role in activity organizing, following the proposed objective.

In the present Romanian Social Health Insurance System has a complex structure that wants to deliver the best medical services. Although in the last years, the structure have been changes we could say that the system presented in the figure 3 require much more improvements in order to increase the quality for the medical services.

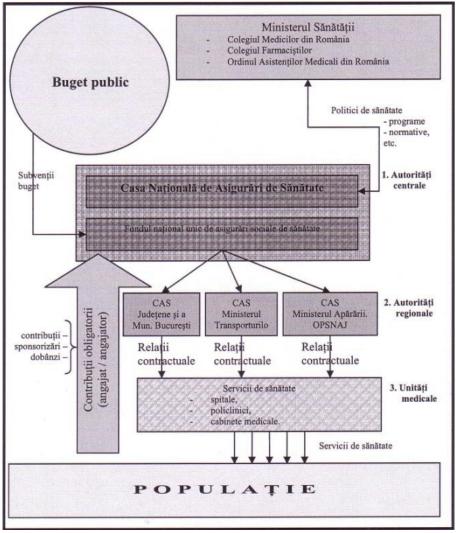


Figure 3. Romanian Social Health Insurance System

2. Selection procedures

The objective of recruitment is to find the appropriate candidates for certain positions and to draw them to the organization, while the job of selection is to choose the best of them and convince them to stay in the organization. The main reason of the selection process is to make an acceptable offer to the most appropriate candidate for the position in question.

The most used method in selection is interviewing, after which the psychological test. The first step in this process is a "letter of intent" in which the candidate explains his or hers interest in the vacant position. This procedure enables easier access to the interview, because the candidates knowingly leave out anything that would be of disadvantage to them. This is the reason why many organizations have decided to create their own applications, requiring the candidates to express themselves in a standardized way. These applications require routine information or open questions.

The interview

It is the most often used selection procedure.

To be of value, the interview refers to similar conclusions about the candidates from different interviewers – an interview is considered valid when a candidate is appropriate for a certain position. Here is a guide of good interview manners:

be prepared for the interview - for this is necessary to gather information as much is possible, develop details for the job, create the candidate profile, design the application form, do a plan for the interview process;

show to the candidate that s(he)is welcomed – for this is necessary to present to every candidate the procedure for the interview, then starting the interview by using simple and incentive questions;

encourage the candidate to speak – for this is necessary to have open questions, support questions. Listen carefully every response of the candidate. Also stop to interesting points of discussions in order to find out more about candidate skills;

control and monitor the interview - for this you need to focus the questions in the direction that you need to reach your goals; look to the watch time to time in order to respect the duration of the interview;

offer to the candidate any useful information - respond to some questions asked by the candidate concern the job position and inform the candidate about the next step of the selection process;

prepare to finish the interview and the meeting - try to finalize the interview with gather final information concern the candidate; after the meeting is important to make some notes about the candidate and also give a mark to the candidate; also fulfill the administrative procedure required for the final decision.

In a selection interview, questions play a vital role, being the main way of obtaining information from a candidate.

Questions can be open or closed. The principal differences between these two types are:

Closed question ask for a specific answer or a yes/no answer. For example: "What studies do you have to be qualified for this position?" (Specific answer); "Do you have any experience?" (Yes/no).

Open question asks of a person to answer about a subject in his or her way: "What interests you in this position?" Open questions are asked to verify the information that the candidate offered in the letter of intent.

There are situations where candidate assumes control of the interview, dominates the discussion, following his or hers interests.

The interviewers can diplomatically keep control through certain methods:

appropriate preparations – key questions

in case that the candidate gives a false, yet plausible answer, an interview can come back to those questions with which he's not satisfied with the answer.

Another aspect of the selection process is giving the candidate routine information about the working conditions, but only near the end.

The allowed time is better spent for evaluating the candidate which, alongside the information contained in the letter of intent, can give a close to reality portrait of the candidate.

Also in evaluating candidates, psychological test can be used. These are standard test for each position, which objectively shows certain human traits by evaluating the candidates' behavior.

There are four categories of tests:

- intelligence tests;
- aptitude test;
- knowledge test;
- personality test.

Intelligence tests – "Intelligence is not, evidently, the single factor that influences professional results, but is frequently more important" ("The truth about managing people...and nothing but the truth" – Stephen P. Robbins). This IQ is very important because it will be correlated with results obtained in new professional activities: "If you want to hire the best possible workers, every other requirement being the same, choose the smartest you can find" (Stephen P. Robbins).

Aptitude tests – these tests control the innate abilities (mechanical, numerical, manual dexterity).

Knowledge tests – these test the level of obtained knowledge.

Personality tests – the purpose of these tests is to identify character traits and the dimensions of a person (introvert, extrovert, isolated, sociable).

The next step specific to the selection process done at the headquarters of the organization, is applying a predefined grading system following criteria specific to a certain position. Making the decision is the next step and after this, informing the candidates about the result.

In the medical field, in the selection processes are much more important the aptitude tests and knowledge tests, because in the case of nurses they are complied with a practical probation and also they have to fill out a test with medical questions. In the case of medical doctors there is first of all a national tryout called: Rezidenţiat. After this period of three years, each medical doctor needs to pass a new exam in order to become a specialist in his domain. Further, medical doctor need some special training and years of practice for the next step in the career: primary medical doctor.

The problems of our days concern medical domain is that there are less potential candidates to obtain jobs in medical field, main causes being:

- -less interest from youth to be enrolled in certain forms of medical education;
- -many people with experience in medical domain (medical doctors and nurses) are choose to work abroad for better payment;
 - -the lack of public medical post high-schools;
 - -the shortages in the medical infrastructure existing in almost of hospitals.

3. Conclusions related to the processes of recruitment and selection.

For these processes (of recruitment and selection) in order to assure a good future performance, these points must be followed:

- identifying the present level of performance of an individual at the workplace;
- the offering of a basis to reward properly employees for their contribution in fulfill the organizations objectives;
- identifying the strong and weak points of an employee;

- to find out each time ways of improving activity;
- create/ design employee motivation;
- identifying the needs for training;

When all these objectives are followed and met, we can safely say we have a professional team in the hospitals or in medical dispensaries.

References

- 1. Vlădescu, C. (coord.) Managementul serviciilor de sănătate, Editura Expert, București, 2000
- 2. Vlădescu, C. (coord.) Sănătate publică și management sanitar, Editura Cartea Universitară, București, 2004
- 3. Bewick, D., Roessner, J., Blanton, A Curing the health care New Strategies for Quality Improvement, London, 2001
- 4. Avram, E., Ciurea, Al.V., Ciubotaru Gh. V., Managementul modern in organizatiile sanatatii perspective in serviciile de neurochirurgie, Editura Medicala, Bucuresti, 2009

TBE'S MODEL FOR LEADING A CLIENT ORIENTED ORGANIZATOAN

Rosca Remus Dorel

Univeritatea din Oradea Facultatea de Științe Economice Oradea, str. Sovata, Bl. C4, ap. 2, nr. 56 rrosca@uoradea.ro 0740/246610

As a profesor, manager and consumer, I have come about to notice the lack of focus on the clients of numerous organizations on the Romanian market. Due to increasing competition and the fenomenon of globalization, the growth of difficulties on the market because of the curent crisis, the orientation towards the clients in order to satisfy his demands, is a necesity. The development of a business based on the principle of focusing on its clients implies a considerable group effort, TBE presented in this paper being a very useful tool for that purpose.

Keywords: Focus on clients' needs/Client demands, needs oriented business, a balanced reporting schedule, performance indicators, important factors of success, strategic objectives, clients.

The need to improve client satisfaction policies in Romania's organizations

I took the opportunity to design a model graphic for leading an organization that wants to improve its global performance through a better client oriented policy, taking into consideration the following:

- client satisfaction represents the basis for a long term successful business in todays competitive environment, which forces organizations to promote a client satisfaction oriented business, focusing on his needs and demands;
- the existence of numerous organizations on the Romanian market whose performances and competitivity would be highly improved if they would promote client satisfaction policies as a basic principle of their business. In my opinion, the proof of this remark is represented by Romania's commercial balance deficit

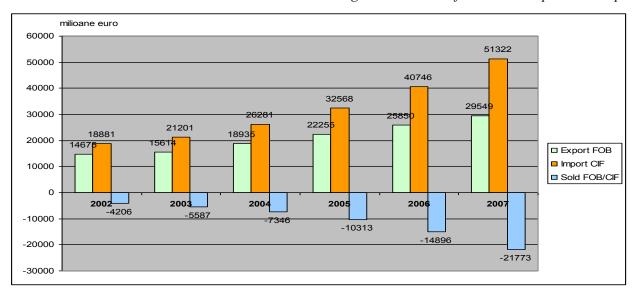


Fig. 1 – Evolution of Romanian imports and exports²²⁰

During the studied period, the value of imports was constantly greater than the value of exports, the exports being only 66,42% of the total value of imports. Unfortunately, the growth of internal consumption depends on imports, due to the internal productions' incapacity to respond to this opportunity. The comercial balance is a relevant indicator concerning an economy's competitivity (and the economic organizations that are part of it) on the international market. The severe deficit of the commercial balance reflects a dramatic lack of competition on internal supplies (or their inexistence on certain product markets). At the center of this lack of competition also lies the lack of a client oriented policy of the Romanian firms.

TBE model - Instrument for leading a client oriented organization

Next I will analyze the critical success factors, objectives and performance indicators specific to the TBE model in order to guide a client oriented organization. The goals concerning the performance indicators and improvement plans are set by every organization taking into account specific realities of their internal and external environment.

^{220 ***} Direcția de Statistică a județului Bihor

FINANCIAL			
Critical success factors	Strategic objectives	Performance indicators	
Growth Expanding activities	Increasing turnover		
	Increasing client portfolios		
		Increasing number of markets on which the company works	
	Increasing average income from clients		
Profitability	Profitability Improving profitability	Increasing profit / client	
		Improving cash flow	
		Average profitability of develepment projects	
		Growing profitability rate	
		Increasing profits	
	CLIENTS		
Critical success factors	Strategic objectives	Performance indicators	
Exceptional product and	Raising product	Level of external client satisfaction	
services quality	and service qualities	Level of internal client satisfaction	
(Q)	quanties	Level of market share held	
		Percentage of clients that end relations with the organization because they are not satisfied	
		Percentage of returned products out of total sold products	
		Percentage of products in need of service during their warrant period out of total sold products	
		Level of client loyalty	
		Average duration of a relation with the client	
Cost (C)	Reducing	Reducing purchasing costs	
purchasing c	purchasing costs	Practice of a discount sistem based on certain conditions (value,payment deadline)	
		The offer of extra facilities or advantages for the same price	
	Reducing utilization costs	Reducing the product's utilization cost(consumption, maintenance, disposal)	
	Reducing a	Rate of deliveries on time	
	product's delivery	Number of delayed days in order deliveries	
	VIIIV	Average delivery time of an order	
		Number of complaints concerning delivery deadlines	
	Improving the capacity to personalise products	Number of models of products offered within the product mix offered by the market	
		Number of personalised products requested	
		The percentage of satisfied requests out of the received requests	
		Number of personalised products out of the total of sold products	
		The percentage of sales of personalised products out of the	

		turnover
INTERNAL PROCESS		
Critical success factors	Strategic objectives	Performance indicators
Quality management	Improving work quality within the organization	The rate for internal processes with QMP (quality management procedures)
		The rate for processes who's feedback concerning their performances is offered in real time
		Number of interuptions in the production process
		Number of unavailable hours of machines during work hours
	Improving the quality of products and services on the market	Rate of unfit products out of total produced
		Number of complaints received / total number of items sold
		The percentage of auctions won out of the total number of auctions the firm took part in
		Quality department buget / organization's total buget
	Lowering costs	Internal failure costs / value of production
		External failure costs / value of sales
		Reducing any cost by implementing development projects
Client relations	Improving client	Number of visits to clients
management	relations	Number of meetings with groups of clients
		Number of comunication channels between clients and the organization
		Number of employes with the main responsability of interacting with the client
		Number of employes trained to interact with the client
		Number of complaints connected to the client's interaction with the organization's employes
		Percentage of clients pleased with the method used to solve their complaint
Time and	Reducing the time	Reducing the time it takes to acomplish a process
logistics to go through a process and respond	Efficacity of the production cicle = processing time / time it takes to go through the process	
	respond	Percentage of orders not received on time from the suppliers
		Average time it takes to make an offer
		Average time it takes to solve a complaint
		Average time it takes to launch a new product on the market
		The stock rotation period
		The cost of stocking
	Improving the inovation capacity of the organization	Number of pattented products created by the research and development department
		Number of new products on the market
		New products success rate
		Percentage of incomes from new products in turnover

		Percentage of the buget ditributed to research from the total buget
		Percentage of employes working in the science and development department
	KNO	WLEDGE AND LEARNING
Critical success factors	Strategic objectives	Performance indicators
ability deve	Continous development of	Percentage of employes who took training and perfectioning classes for one year
	human potential in the organization	Percentage of employes who meet the competence requierments of their jobs
		Anual staff training costs
		Percentage of employes who developed a carrier plan together with the department of RU
		Level of worker satisfaction
		Improvement of productivity
	Providing access	Percentage of employes who have internet access
	to internal and external	Number of magazines the organization has subscribed
	information	Number of levels in the organizations employee structure
Know-how	Developing the	Number of sugestions for improvement / employee
	resource of knowledge	Number of sugestions implemented / employee
	Knowiedge	Number of projects for improvement successfully finalized
		Value of costs to prevent nonquality (for example: implementing a quality standard or a QMP, training in the area of quality)
		Value of quality evaluation costs
		Number of researches made (benchmarking, market studies)
		Number of partnerships with clients to receive information owned by them
		Number of management team meetings in order to evaluate and improve the quality offering capabilities of the organization
Pro-quality organizational	Developing a proquality organizational culture *	Percentage of employes involved in quality teams and/or improvment teams
culture		Number of quality teams that are active in the organization
		Number of improvement teams that are active in the organization
		Percentage of time given by the management to the problem of quality (defining the policy and objectives, suporting improvement teams, analysis made by the management)
		Has the management team defined the policy and strategic objectives for quality?
		Has the management team comunicated the policy and strategic objectives for quality?
		Are the quality objectives defined down to an individual level?
		Does the organizations reward sistem take into account

employee performances when it comes to quality?
Are the employes provided with a feedback for performances when it comes to quality?
Is empowerment an often practice in the organization?
Is visual management used to comunicate and influence in the organization?
Is there a sugestion sistem implemented in the organization?
Are there meetings often held at all the levels of the organization in order to analyze aspects related to quality?

TBE represents ,for leading a client oriented policy, a vital management instrument to the success of the company. The competitivity of the Romanian economy, its ability to catch up on to other more developed economies, the prosperity of Romanian society, depend considerably on the ability of Romanian organizations' management to amplify the client's relations with the firm using the tool presented in this paper.

Bibliography

- 1. Popa Virgil, Managementul performanței note de curs, Târgoviște, 2008;
- 2. Hubert K. Rampersad, Total performance scorecard Fundamente, Editura Didactică și Pedagogică, București, 2005;
- 3. Manfred Bruhn, Orientarea spre client temelia afacerii de succes, Editura Economică, București, 2001;
- 4. Direcția de Statistică a județului Bihor.

SOCIAL EFFICIENCY OF SERVICES AND CONSUMERS' DEMANDS

Rusu Corina

"Dimitrie Cantemir" Christian University of Bucharest Faculty of Economic Sciences of Cluj Napoca 56 Teodor Mihali Street, Cluj Napoca 400591 Email: corina.rusu@cantemircluj.ro, crucdc@yahoo.com Telephone: 0264-414822, int.608 Mobile: 0741257995

Pocol Adrian

"Dimitrie Cantemir" Christian University of Bucharest Faculty of Economic Sciences of Cluj Napoca 56 Teodor Mihali Street, Cluj Napoca 400591 Email: adrian.pocol@cantemircluj.ro, pocoladrian@yahoo.com Telephone: 0264-414822, int.605 Mobile: 0744221863

Although scarcely approached in specialty literature, the social aspect of efficiency is much more obvious in commerce than in other fields, due to the direct public relationships of the commercial staff. As it is considered by other authors, we assume that social efficiency of commerce can be contemplated as the consumer's efficiency, which can be understood as the quality of its serving. That is why, especially within retail commerce, all final results must also be interpreted in terms of their clients' interests, which implies a system of specific indicators. Throughout this scientific paper, we have tried to show the customers' satisfaction level as an expression of social efficiency of services.

Keywords: consumers` satisfaction, social efficiency, quality of services, reliable services.

Code JEL: M11, M12, L81

In our opinion, social efficiency, especially within the framework of commercial services, depends on multiple factors, such as: aspects that aim at the modernization degree of the service providing commercial unit – essential requirement (especially within the trade of nonalimentary products) of creating a modern, civilised commerce, which directly and decisively determines the quality of the service, the assortment variety – which must fully comply to their consumer's needs, their accessibility degree - not just to company - related information, but also to the unit itself, the professionalism of the members of staff involved in providing services and many other factors. The quality of the service will be finally granted by the quality of each influencing factor, separately.

Improving the efficiency of services in compliance with consumer's demands, must take into consideration the service quality improvement and reliable service providing. It is obvious that, non-quality inevitably leads to losing current and potential customers. Providing reliable services by systematic pursuit and control of the process of carrying out services, can contribute to the accomplishment of improving the level of social efficiency of services, being at the same time, an important source of competitive benefits for companies who adopt this strategy. The implementation of an adequate quality for full customer satisfaction becomes essential for the survival and development of any service providing company, which performs its activity in a competitive environment.

Since social efficiency can not be expressed using quantitative indicators, most examples that exist nowadays in specialty literature, refer to measuring service quality, consumer's degree of satisfaction, namely the service level perceived (as the difference between the level of the provided service and the one desired by the consumer).

In the actual context, where the competition is harsh, and the market is controlled by demand rather than the offer, the client demands to be recognised, understood and served impeccably, otherwise he will give up the services of that service providing company, reorienting towards competition.

Although all managers within a company are preoccupied with and involved in ensuring quality, lately, the role of top managers has become more obvious in ensuring quality, client satisfaction. Once with the processual approach of organizations, the idea the no one must give up his/her own identity was launched, on the contrary, that they must develop it, but they must admit the fact that the provided service is a collective result. This resulted in the role of managers of creating an alliance of different compartments and a strong relationship between individual abilities. This can be achievable if a new mentality is born, where, although everyone's autonomy and individuality are respected, individual abilities are mutually extended and are supporting the innovation downstream and upstream their own jobs.

It is known that, among all policies expressed during this decade, in order to ensure quality, the most appreciated was the one that lays in the foreground the client's satisfaction. In order to increase the quality and social efficiency of services, the managers of service providing companies must set as a main objective the permanent evaluation of client satisfaction and the awareness of the consumer's response to services provided by the enterprise.

It is obvious that, from the consumers' perspective, the decisive factor of satisfaction after service consumption is represented by its faultless performance. A service providing company, which offers an incomplete service, which does not keep its tempting promises, initially made in order to attract clients, makes mistakes that could have been avoided and which will persuade clients to loose their trust in their service offer (thus, diminishing their chances of gaining the reputation for high quality).

For service enterprises, the achievement of an impeccable performance and of a reliable service, leads to emphasizing the attachment of clients towards the company, due to the increase of their satisfaction degree, the

improvement of the service providing company's image and, at the same time, the amplification of their employees' degree of satisfaction and motivation²²¹.

Taking into consideration the fact that, the confidence in a particular service represents the prevailing standard used by the clients in assessing service quality, a strategy of social services can't trigger the desired effects if the service received by the consumer is not perceived as a trustworthy one.

The permanent preoccupation for creating a perfect service – a characteristic of excellence in service providing process – represents a difficult action, but not impossible to achieve by the service providing companies.

An efficient way of ensuring social efficiency of services implies the simultaneous satisfaction of the following conditions²²²:

- the complete awareness of consumers' expectations;
- providing the quality expected by consumers, by elaborating and respecting standards related to the quality of services:
- the efficient managing of resources involved in the process of service providing, among which, human resources are vital.
- the efficient communication with clients in order to ensure their loyalty and to develop a favourable image of the service providing company within the competitive environment.

Knowing the consumers' expectations

The process of creating reliable services places the beneficiary of these services in the middle of all enterprise decisions, aiming at orienting the activity depending on the needs and expectations that they are manifesting. All these information, together with the triggers which must be released in the consumer's behaviour, in order to ensure maximum satisfaction – an optimum level of social efficiency, respectively – can be established via marketing research. The constant and continuous elaboration of market studies and the intensive guidance upon the results of these studies, together with an efficient communication between the members of staff, that are connecting with clients, and management, will determine that the real expectations of service consumers to be correctly perceived by the management of the service providing enterprise.

Providing the expected quality by the consumers

Having correct representations upon the level of consumers' demands – upon the importance of service characteristics, in order to ensure the assessment of the its quality by clients, respectively – and upon the desired level of quality, the management of the enterprise has the ability of transposing the real expectations of the consumers in concrete quality specifications of services.

Defining clear objectives in the field of service quality – the decisive attitude of management towards improving the quality of the provided services, respectively – the adequate use of instruments, in order to ensure the standardization of the provided services, the elaboration of regulations as clear as possible, referring to the physical aspects of the service, but also to the immaterial ones, and the providing of the service in order to meet the level of expectations of the company's management (in compliance with the established quality standards), all these will contribute to respecting the company's commitment regarding the service providing with respect to expected conditions by the consumers.

Efficient management of resources

Among the resources that contribute to the service accomplishment, the human ones have an essential role. As the provider represents the enterprise of services before the consumer, being impossible to separate it from the provided service, it is obvious that, providing a quality service implies the involvement of the staff in the service providing process, and their adequate professional training. The service provider must possess the ability and also the desire of carrying out the service expected by the consumers, and this performance can be achieved by those service providing companies who pay careful attention to human resources management. The efficient management of human resources implies the elaboration of an adequate policy regarding the selection and employment of personnel, continuous professional vocational training of employees, an attractive system of motivation of human resources, team-work encouragement, ensuring a favourable framework of internal and external communication, and last but not least, the creation and development of a strong organizational culture. By recruiting, training and maintaining the staff of the enterprise in job positions which will ensure the exploitation to the highest degree of their working competences and ability, and, at the same time, their adequate motivation – which will provide them a professional and financial satisfaction – the management of the service providing company will benefit from a quality personnel, which will carry out exactly the expected service by the consumers.

In this context, we consider that the motivation of the staff represents a vital element for ensuring the providing of services to the highest quality degree: therefore, the members of the working staff must be recruited in order to fit the job description as more as possible; the working conditions must stimulate the excellent professional activity of the employees; personal achievement must be facilitated; supporting the members of the staff in their actions which

²²¹ Bruhn, M., Orientatin Towards Clients – the foundation of a successful business, Economic Publishing House, Bucharest, 2001, p.159.

²²² Ioncică M., Service Economy, Uranus Publishing House, Bucharest, 2000, p.237.

will contribute to quality improvement becomes essential; the progress of the service providing personnel in terms of professional career must be defined.

The triggered conclusion becomes obvious: an adequate personnel policy – the efficient management of human resources, respectively – represents the key of complying with the promises made by the company regarding the quality of rendered services.

Regarding the role of *material resources*, we must mention that, in order to achieve performing services, it is necessary:

- to provide quality equipments and their efficient management within the process of service accomplishment;
- to use new techniques and high technologies in order to have the equipments improved and the services automated, but only if they are accepted and agreed upon by the consumers (thus, contributing to the increase of clients' satisfaction). For this purpose, we must specify that, in certain fields of services, the interaction provider consumer becomes decisive, and, in consequence, the implementation of new technologies is not efficient. Or, in some cases, the technical solutions proposed by the service providing company can be rejected by their consumers or even by their own employees.

Efficient communication with clients

It is obvious that, in order to meet the consumers' desires and expectations, the main condition is to communicate with them. Via an adequate, constant communication, many problems can be solved or avoided, thus, increasing the level of consumers' satisfaction.

An efficient communication with clients is meant to:

- *inform, educate, facilitate comprehension* by clients of *services* provided by the company – where and when they can purchase these services, at what price, whom they can contact in case they need it and, especially, about the benefits arising from their purchasing (thus, contributing to creating a favourable image of the service providing company among consumers);

- *persuade* the client segment set as target, that the best solution for satisfying their needs is that specific offer of the respective company, and not the one provided by the competition;

- *mention* to their actual and future consumers the entire offer provided, thus, persuading them to buy; as the consumers` expectations are also influenced by the advertised promises made by the company, we must specify that, they shouldn't overrate the quality degree of the company's offer, on the contrary, they must render its real profile;

- *keeps permanent contact* with actual clients, by providing them with useful data and information in order for them to benefit to the highest extent, from the offered and services, in compliance with the buying needs and behaviour of every single client;

- ensure the loyalty and win the client's trust, establish long-term preferential relationships, by providing services at a superior level of expectations of the made promises, thus, satisfying the consumers.

We think that, an efficient communication with consumers, by developing an adequate inter-relationship system, leads to the fulfilment of consumers' expectations, but also of the long-term interests of the company. By respecting these requirements, the service providing company manages to remove those 5 recognized insufficiencies as reasons for consumers' dissatisfactions and which can influence in a negative manner, their perceptions upon the quality of the provided service (the discrepancy between clients' real expectations and their expectations as they were perceived by the enterprise's management, the discrepancy between the clients' expectations perceived by the management and their implementation in quality specifications of services, the discrepancy between the quality norms and the effective quality of services provided to clients and the company's communication to clients upon the provided services, the difference between clients' expectations upon services and the actual perception regarding the provided services²²³).

The triggered conclusion becomes obvious: the increase of service efficiency in relation to the consumers' demands implies, on behalf of the service providing company, the acknowledgement of potential reasons which might cause the occurrence of potential problems and the adoption of managerial decisions which will determine their avoidance.

The complexity degree of the reliable service represents a real challenge – but not an impossible one – for service providing companies who aim at reaching the faultless objective and implies the service providing process without errors, in due time, and also being aware and understanding the subjective standards of the consumers and entirely conforming to them.

What Romanian managers must do nowadays, and unfortunately very few manage do it, is to start looking at their own employees as the company's most important "assets", to pay careful attention to relationship and loyalty-oriented programmes, interactive marketing and client data bases, customer relationship management.

-

²²³ Parasuraman A., Zeithaml ,V.A., Berry, L.L. – A Conceptual Model of Service Quality and Its Implications for Future Research, in Journal of Marketing, vol. 49, no.1, 1985, p.41 – 50.

We reckon that, at present time, the most important strategic assets of commercial companies are represented by their clients (in specialty literature, the acronym MCSA is used for the concept of Managing Customers as Strategic Assets), from at least the following reasons:

- actual customers represent an extremely important resource in future sales increase, a stable and predictable resource to a certain extent;
- customers can be efficiently managed, as we already possess a data base referring to their buying and consumption behaviour, which makes them vulnerable to advertising actions;
- however, customers are subject to depreciation, because companies with new products permanently occur on the market, sometimes more performing, not to mention the demographic changes which influence the customer data bases (age growing, regional or local demographic changes, affecting the volume of sales);
- the clients' portfolio represents an asset which can be exploited when selling or merging companies.

In our opinion, nowadays, the greatest challenge for companies who perform their activity in the field of commerce and provide sales support services, consists in conforming to the laws of the market – the increase of efficiency, respectively, simultaneous with maintaining or even improving the quality degree.

Bibliography:

- 1. Bruhn, M., Orientatin Towards Clients the foundation of a successful business, Economic Publishing House, Bucharest, 2001.
- 2. Ioncică M., Economy of Services, Uranus Publishing House, Bucharest, 2000
- 3. Juran, J., M., Quality Planning, Teora Publishing House, Bucharest, 2000.
- 4. Olteanu V., Services Marketing. Theory and Practice, Uranus Publishing House, Bucharest, 1999.
- 5. Parasuraman A., Zeithaml ,V.A., Berry, L.L. A Conceptual Model of Service Quality and Its Implications for Future Research, in Journal of Marketing, vol. 49, no.1, 1985.
- 6. Plumb, I., Zamfir, A., Ionescu, M., Ionescu, S., Reengineering Services, ASE Publishing House, Bucharest, 2004.
- 7. Vorzsak A. (coord.), Services Marketing, "Presa Universitară Clujeană" Publishing House, Cluj-Napoca, 2004.

STRATEGIC MANAGEMENT – CASE STUDY: THE WATER SUPPLY SYSTEM IN GREAT BRITAIN

Sabie (Abăluță) Oana

Bucharet, Academy of Economic Studies Faculty of Management Calea Serban Voda, nr. 22-24, sector 4, Bucuresti E-mail: oana maty@yahoo.com Phone: 021 3354653

A range of alternatives are available to water companies in the UK (United Kingdom) for reducing future water supply deficits, each having different implications in terms of environmental impacts (both positive and negative), level of service provided to customers and associated costs. This paper presents the results of two choice experiment valuation studies in the south east of England, in which water supply problems are considered. Further to the specifics of the individual scenarios, these studies lead to more general observations relevant to the future evaluation of water supply options.²²⁴

Keywords: water supply, public services, focus group, analysis

JEL code for paper: Z Other Special Topics

During a study visit at the University of Newcastle upon Tyne in northern England I have participated in a series of meetings which aimed to identify consumer preferences on the options / alternatives for the water supply by combining multiple methodologies.

Currently companies supplying water in the UK have a number of alternatives for preventing possible shortages of water resources in certain areas and seasons. Each alternative presents certain advantages and limitations that affect the environmental impacts, costs associated and the level of service provided.

The paper summarizes the results of two surveys on consumer choices regarding the availability of paying additional costs for the service delivered. In terms of specifications possible scenarios, this leads to general observations relevant for future evaluations of options for supplying water, as follows: to maintain and ensure the present level of service delivery is an opposition to pay for any improvement in safety for the supplies and service, in contrast, recipients of service are willing to pay more to prevent negative impacts on the environment.

To investigate the content and validity of these principles was that a survey company and representative sample consisted of distributing questionnaires to several focus groups.

Survey results were the foundation of research in order to improve them.

1. Establish methods of research

The most commonly used assessment is contingent achievement involving a hypothetical transaction to maximize a specific policy in the investigation. Processes contingent valuation focuses on assessing a specific scenario that promote a possible change in service quality and the environment. Given these issues is mandatory for researchers to accurately and fully inform beneficiaries of the service specification on the possible scenarios in order to identify the exact preferences of the latter.

It recommends implementation of an evaluation by sequential use of alternative methodology consisting in identifying attributes and service levels provided to them. The best known approach is the use of profiles to describe the goods or services analyzed. Profiles represent levels of particular attributes that characterize the consumer receiving service.

2. Options assessment of water

Complex assessment methods are becoming more frequently used to identify consumer preferences on the options of water. For example, contingent evaluation has been used widely in water supply industry to measure the reliability of service. Moreover, evaluation contingent and other alternative methods have undergone changes in their contents, thus being able to estimate / detect the availability of consumers to pay the costs of water supply in terms of conservation and environmental protection.

Results of studies suggest that recipients are willing to pay a small amount, but not unimportant to improve the reliability of water supply and to reduce negative environmental impacts.

Water companies in south east England have developed management plans for resources which compare forecasted demand with the current level of demand for water, under several scenarios.

These plans formed the foundation for the development and implementation of water resources in south eastern England under the Environment Agency. The case studies presented below highlight some problems arising during the implementation strategy, the problems that are solved in a better collaboration between service providers and beneficiaries. Techniques and methods of economic evaluation can provide information about consumer preferences and this helps in improving the management of water resources.

_

²²⁴ This paper is a parte of IDEI 1780 project financed by NURC

3. Case study number 1 - Risks relating to the transfer of water resources

One of the basic principles established by the strategy of water resources refers to the need to transfer water from areas with surplus to areas facing shortage during the dry season. In this variant had to resort before opting for any other alternative (water reservoirs).

In the area of Sussex in south east England local water companies forecast that will face major shortages of water supply in dry years.

At the same time have been identified in other areas of additional water resources. To eliminate the risk of significantly reducing the water resources, and hence the emergence of temporary incapacity provision of water services to the proposed transfer of water from surplus areas to areas facing a shortage of water.

This option was considered in the context of the strategy of water to the region becoming favorite strategic option for services respecting environmental standards.

After some experiments have identified a potential risk regarding to the transfer of unwanted species in the basin for collecting water from the Sussex area. Of all the species identified, two of them were classified as dangerous, which is why they were included in the analysis and risk assessment of adoption of these decisions.

Crassulla helmsii plant is an aquatic parasite (intruder) and Ergasilus sieboldi is a bacterium / parasite a specific fish.

These endangered species of aquatic life of rivers and Rothera Wallers Haven, and the land on which they were drained (Pevensey Levels and Romney marshes). These contaminated areas are not currently Crassulla helmsii, although fish from the river is infested with the parasite Rothera Ergasilus.

Crassulla develops into a rapidly and destroy aquatic flora. Once he has made presence felt this plant is difficult exterminated, especially during the winter that it is not frozen.

The presence of bacteria in fish does not affect in any recreational activities on water courses and areas supplied from these rivers.

At the time of adoption of the measure to transfer the water could not make a more precise estimate of operating costs. All these deficiencies have led to use the method with several variants / scenarios, which method is more flexible than the assessment quotas.

Following the use of appropriate methodology to successfully identify the best scenario. Final solution was to transfer the necessary water resources, leaving them the possibility of beneficiaries to choose between several different prices.

4. Case Study number 2

One of the possible ways to resolve the imbalance of water in western Sussex area consisted of "Hardham Artificial Reharge Supply. Considered that when demand for water exceeds the deficient supply of the necessary quantity of discharge water during the events of rye in the conservation of the environment.

In the winter months is an artificial regeneration of water resources that have been discharged from the aquifer during the summer, through capture of a nearby river. Water shall, except chloriding, fully treated before going back in the aquifer.

After some mathematical calculations and analysis of cost-benefit has reached the following results:

- Beneficiaries of the service are willing to pay an additional cost of more than 10 pounds per year to prevent the multiplication of plant parasite;
- The beneficiaries are willing to fund in addition to approximately 18 pounds per year bacterial parasite destruction in fish.

In conclusion, this paper presents results of two experiments conducted as a case study in south east England area facing problems with water in the region. Beyond the specific scenarios presented, these case studies led to several general observations relevant for future assessment of the options of water. For example, at the current level of reliability to provide the service consumers are not willing to pay additional costs for new investments, but consumers are willing to pay higher fees for providing this service in order to prevent negative impacts on the environment, and to a more generally, the beneficiaries are willing to pay for the operations of water supply which would lead to the conservation and improvement of the environment, although this depends on the type of improvements taken into account.

More to explore the meaning and validity of these principles to appeal to an experiment that targeted consumer options, options that were studied using the analysis of the resulting distribution of questionnaires to six focus groups. The results provide qualitative support for preliminary observations, suggesting that beneficiaries are satisfied with current levels of provision of quality service and have a preference for environmental protection and not for improving the service (quality of investments). Taking into account the environment and improving environmental factors, it was found that participants in these focus groups could see the importance of the strategic management on environmental protection.

References

- 1. Hannagan Tim, Strategic Management, Palgrave Press, Wales, 2002
- 2. Plumb I., Androniceanu A., Abăluță O., Management of public services, ASE Printing House, Bucharest, 2003
- 3. Paul Joyce, Strategic management for public services, Open University Press, USA, 1999
- 4. *** questionaires, diffrent materials resulted from the discussion with the focus groups

BUSINESS OPPORTUNITIES IN MARAMUREŞ COUNTY

Sabou Simona

Universitatea de Nord Baia Mare Facultatea de Științe Str. Victoriei nr. 76 simona_sabou@yahoo.com 0766 207 401

Hahn Rada-Florina

Universitatea de Nord Baia Mare Facultatea de Științe Str. Victoriei nr. 76 hahn_florina@yahoo.com 0761 683 987

Rădulescu Corina

Universitatea de Nord Baia Mare Facultatea de Științe Str. Victoriei nr. 76 corinam_radulescu@yahoo.com 0761 685 809

This paper categorizes and presents some of the most important business opportunities in Maramureş County, a county that is quite isolated from the rest of the region and from the Pan-European Corridors but nevertheless has good development potential in tourism, agriculture and industry. Any territory should be able to identify itself by its perennial values. It is necessary to identify the brands that are representative for Maramureş County and to advertise them.

Keywords: Maramureş, entrepreneurship, industry, agriculture, tourism, brand

M: Business Administration and Business Economics; Marketing; Accounting

1. Introduction

In Maramureş County underground resources can be found in limited quantities, a situation which makes the existence of well-developed trade flows with other regions necessary in order to support economic activity. The poorest are the energy resources (coal, oil, natural gas), that are intensely exploited nowadays by the national economy and are far from satisfying needs. Other resources, however, are well represented:

- complex and gold-silver ores (in the Oaş-Gutâi-Ţibleş-Rodna area) equaled, at a the national level, only by the resources of the South-West Region;
- bauxite (in Pădurea Craiului Mountains and Bihorului Mountains), the region emerges at a national level;
- salt (in Maramures Depression), in considerable quantities;
- building materials, such as common limestone, marble, (in Viştea), kaolin (in Pârva and Aghireş), refractory clays (at Şuncuiuş), etc.

The share of land planted with cereals is very high (58.41%), even if the conditions of soil and climate are not favorable. In our opinion it is necessary to extend the land planted with sugar beet, oleaginous plants, tobacco, medicinal plants and other plants with high yield (vegetables and legumes, especially peas). Obviously, to support a strong livestock sector, fodder crops should reach at least 35% of the cultivated area.

Fiber plants are, in this context, a priority for the region, from at least two reasons:

- the region presents excellent climate and relief conditions for the cultivation of flax and hemp;
- increasing the cultivated areas is a sine qua non condition for the development of the textile industry, being the only option for a certain branch of the clothing industry that will refocus towards production under own brand name, making use of indigenous raw materials.

Another advantage is in the fruit industry. Also, Maramureş is among the first counties in terms of forest area, thus the opportunity for forestry. Forests are an important asset for the region, both in terms of raw materials and for the secondary activities of wood processing. However, there is a risk of deforestation as a result of irrational wood exploitation.

The development potential of Maramureş County is expressed through:

- possibilities for development of traditional craftsmanship (in metal, wood, wool);
- rich ethnographical content, that can help promote tourism;
- the existence of several universities in Baia Mare, providing superior qualification of the workforce (the university center Clui is nearby):
- Maramureş County is well known internationally for rural tourism, for original peasant folk art and culture and for unique monuments (Săpânța, Moisei, Şurdeşti).

Unfortunately, Maramureş is unfavorably positioned relative to the internal market, as it occupies a quite isolated position, far from the capital and from the pan-European corridors.

But there also are many opportunities that can stimulate entrepreneurs to start a business in the county because of the fact that demand is not satisfied for a whole range of products.

Any territory should be able to identify itself by its perennial values. It is necessary to identify the brands that are representative for Maramureş County and to advertise them by local, national and international media. Thus, one can consider the following aspects as regional brand candidates:

- Maramureş the civilization of wood.
- A certain black rock, typical for Maramureş andesite.

- Maramures tourism and history.
- Eco-Maramures proposed as a brand according to policy on ecology.

As a conclusion, the goals set should converge towards developing a common language for describing Maramureş County (according to its brands) and improving its image – improvement that would have a positive impact on the economy.

2. Opportunities-Presenting Fields from an Entrepreneurial Point of View

According to Maramureş County Development Plan 2007-2013, the following economic fields have priority:

- information technology and connected activities;
- machinery and equipment industry;
- agriculture;
- hotels and restaurants:
- furniture production;
- research.

Also, Maramureş County opted for a poli-centric model of development, emphasizing economic growth based on functional territory specialization. As a consequence, territorial planning units (TPU) – that correspond to areas where there are consistent characteristics and functionality throughout the area – have been identified in the county, The TPUs comprise several administrative units (communes and cities) without necessarily taking into account county boundaries.

2.1. Industry

According to natural resources availability and development potential, the following industrial branches have priority in Maramures County:

- machinery and equipment industry;
- clothing industry;
- furniture industry;
- food industry;
- wood industry;
- research.

Areas with the greatest investment, turnover and staff are manufacturing, wholesale and retail trade, repairing of motor vehicles and personal and household goods.

The following strategic goals were identified in Maramureş County:

- providing the infrastructure needed for the investor's activities;
- supporting small and medium enterprises as a local development engine, improvement of horizontal collaboration, establishment of clusters, creation and development of original products;
- supporting the establishment and development of business incubators;
- promoting research and innovation activities in the technology field and creating technology development centers (techno-parks);
- promoting imports that carry technological value, with the ultimate result of accumulating technological know-
- eliminating the raw material exports and supporting exports that carry technological value;
- eliminating the lohn cases and enhancing creativity and innovation for own creations.

2.2. Agriculture

Agriculture plays an important role in the county's economy, in the following aspects:

- agriculture uses about 65% of the county's land and about 50% of the population are employed in agriculture, with a tendency of the population to move from the urban back to the rural;
- it provides over 40% of the cereals and almost 100% of the potatoes, fruits, meat, dairy and other food products used by the population.

Maramureş County's territory has natural assets that are favorable for development of agriculture (as a complex economic function). The following are the prevalent branches of agriculture in Maramureş:

- animal husbandry and animal production;
- cereal and technical plants production;
- fruit farming.

Corresponding to the three main branches of agriculture characteristic to the county, there are three developing industry branches – the ones dealing with the animal products (milk, meat, leather), with the technical plants (oleaginous and fiber plants) and with fruit.

Directly assuming and applying in the county's agriculture the regulations existing in developed countries or recommended by international organizations, without taking into account tradition, local specificity, professional qualifications, material base and, most of all, the mentality of the farmers or land owners has lead to obstacles that

have to be overcome for the sake of stability and durability in agriculture. Agriculture in Maramureş Country is, actually, quite far from meeting the three capital demands:

- ecologic not to be polluted or polluting;
- economic to provide a decent living standard for farmers/rural population;
- social to produce, in sufficient quantities, with quality level meeting the required standards and at prices accessible to the population, food products that are vital to the consumer masses; the social effect also has to reflect in employing the workforce.

Thus, we differentiate the following county strategic goals:

- development of the agriculture and forestry sector, so that they become competitive, dynamic and adapted to the economic environment;
- correlation of the production with the demand and with the industrys processing ability;
- diversifying of income generating activities in the rural environment;
- safeguarding the quality of the rural environment, supporting the activities that provide balance between human life and natural resource preservation;
- raising the life standards in the rural environment for attracting the workforce and for providing social development on a long term;
- providing a competitive environment, based on private initiative;
- implementing development models based on communitarian association that aim towards supporting local economic activity.

2.3. Tourism

To support tourism development in Maramureş County, a measure plan was devised, with the following strategic priorities, organized according to the fields that it covers:

- in the field of touristic infrastructure:

- establishing tourist information centers;
- rehabilitating the roads to areas of touristic interest;
- recuperating and marking of touristic trails in the mountain areas;
- organizing themed touristic circuits;
- developing recreation, leisure areas and sport grounds;
- rehabilitating historic centers, museums and archeological sites:

- in the field of sustainable development:

- creating public-private partnerships for investing in the touristic field;
- securing close collaboration between administration, local communities and professional
- -communities that are involved in tourism;
- making the most of the natural reservations by including them in the touristic circuits;

- in the field of touristic marketing:

- producing of promotional materials;
- creating and maintaining of a unique, original image (touristic logo);
- participating in national and international fairs and exhibitions;
- organizing of festivals and fairs;

- in the field of human resources:

- increasing the quality of services by organizing courses for the personnel employed in tourism.

3. Favorable Moments

3.1. European Financing Opportunities and Local Opportunities

Pre-accession funding (PHARE, ISPA, SAPARD) was available in the pre-accession period. Structural and cohesion funds have been available since 1 January 2007 (the date of Romania's accession to the EU). These financing sources bring considerable opportunities.

During the 2007-2013 programming period Romania will benefit from an amount of 19 667 million Euro from the Structural and Cohesion Funds of the EU. From these, 3 726 million Euro will be allocated to the Regional Operational Program (ROP).

The financing sources for ROP are: the European Regional Development fund (ERDF) (3 726.02 million Euro), national public funds (657.56 million Euro) and private funds (184.76 million Euro).

The eight regions will benefit, through POR, from an amount 4 436.83 million Euro, representing the contribution of the European Regional Development Fund and the national contribution (public and private). Also, the regions will benefit from Technical Assistance funding, amounting to 131.51 million Euro for the implementation of the whole program. These amounts have been distributed to the eight regions based on their development degree, as we can see in Table 1:

Table 1. Funding distribution for the eight developing regions

Region	Funding distribution for the 2007-2013 period		
Kegion	(Mil. Euro)	%	
North-East	724.09	16.32	
South-East	587.88	13.25	
South	631.36	14.23	
South-West	621.60	14.01	
West	458.77	10.34	
North-West	536.41	12.09	
Center	483.62	10.90	
București-Ilfov	393.10	8.86	
Total	4 436.83	100.00	

Source: Regional Operational Program 2007-2013, Government of Romania, Ministry of Development, Public Works and Housing, Bucureşti, June 2007

The highest amount will be absorbed by the North-East Region and the Bucureşti-Ilfov Region will absorb the lowest amount. The North-West Region, the one that Maramureş County is part of, is on the fifth place.

Together with the European financing sources there are other opportunities, like, for instance, the business incubators.

In Maramureş County, during 1997, The Development Centre for Small and Medium Sized Enterprises Maramureş proceeded to establish such a Business Incubator in Baia Mare and completed the implementation in 1999, with the aid of PHARE/FIDEL financing.

3.2. Business Ideas for 2009

Having the world economy crisis as a background, talks about business opportunities are quite reserved. However, opportunities are linked to the fields that can obtain stable financing, either from European funds or from the state budget.

Due to the specificities of Maramureş County one of the development possibilities could be the high touristic (balneary, cultural, sightseeing, hunting) potential – Vişeu area, Iza area, Cosău-Mara area, Tg. Lăpuş, Sighet-Tisa, Cavnic-Baia Sprie, Izvoarele, etc. because of the following aspects:

- interest from tourists and tour operator networks;
- increasing domestic and international interest in agro-tourism;
- interest for cluster development;
- agro-tourism offers a viable development alternative for rural zones to subsistence agriculture and declining industries (mining);
- the existence of certain European (EAGGF European Agricultural Guidance and Guarantee Fund) and government financing sources.

For this reason, in Maramureş County there are quite good possibilities of business development in tourism (rural tourism included) – tourism has grown in time and will continue to grow. Many lodging facilities for tourists have been built in the most beautiful areas of the county, in places where traditions are kept. For example in Ocna Şugatag many hotels, motels and villas have been built to meet the ever-growing demand. So any business idea that is linked to tourism, in Maramureş County, is an opportunity for any entrepreneur.

There also are business opportunities linked to the winter sports field – providing services to the people taking a vacation in the mountains, in the cold season: lodging, food, sports counseling and support, leisure activities.

Another development possibility could be given by the existence of certain craftsmen that are willing to pass on their craftsmanship knowledge to the young generation (in Moisei, Bârsana, Valea Izei, Ocna Şugatag, etc.) through:

- opportunities of participating in fairs and international exhibitions;
- demand for traditional products on external markets or from tourists.

In the end, we suggest the following business opportunities: waste recycling, furniture factories on a small scale, housekeeping services, child and patient care, event organizing, catering, fish farming (especially in touristic areas), quarries (especially now that certain building materials are necessary for strengthening the infrastructure).

Bibliography

- 1 Hahn, Rada Florina Problemele managementului dezvoltării unui teritoriu, cu exemplificări în județul Maramureș, Teză de doctorat, Universitatea de Vest Timișoara, 2006.
- 2. Sabou, Simona Managementul constituirii și utilizării surselor de finanțare ale dezvoltării în profil teritorial (cu exemplificări în județul Maramureș), Teză de doctorat, Universitatea de Vest Timișoara, 2008.
- 3.* * * Planul de dezvoltare durabilă a județului Maramureș 2007-2013.
- 4.* * * Planul Naţional de Dezvoltare 2007-2013.
- 5.* * * Programul Operational Regional 2007-2013.

ANALYSIS OF THE PRODUCTION CAPACITY AND COSTS AT S.C. CATALI SHOES S.R.L. PITEŞTI

Stănilă Georgiana Oana

Academy of Economic Studies Faculty of Accounting anf Management Information Systems gostanila@gmail.com 0744.65.54.46

Brutu Mădălina

University of Piteşti, Faculty of Economic Sciences, Republic Blvd., No. 71, Pitesti, Arges madalinabrutu@yahoo.com 0721.24.23.01

Antoniu Eliza

University of Pitesti Faculty of Economic Sciences Republic Blvd., No. 71, Pitesti, Arges elizantoniu@yahoo.com 0729.804.373

Isac Nicoleta

University of Pitesti Faculty of Economic Sciences Republic Blvd., No. 71, Pitesti, Arges nicoleta isac2004@yahoo.com 0722.25.34.33

This article is a study carried out within the company CATALI SHOES of Piteşti concerning the production capacity and the situation of the costs of this organization. S.C. CATALI SHOES S.R.L. is a dynamic company which continuously developed its production capacity during the 15 years of activity and which proves to be highly professional in managing costs and profit margin.

Key words: production, costs, analysis, S.C. CATALI SHOES S.R.L

Jel Code: M20

1. Introduction

In the specialty literature cost is defined as a sacrifice made with the purpose of holding a product or a service. This sacrifice is measured using the amount of money spent, the transferred property, the offered services etc. In the management accountancy cost is defined as follows²²⁵:

- the amount of money spent for producing or buying a good, for carrying out a work or for delivering a service; a resource sacrifice;
- a synthetic indicator by means of which we characterize the quality and efficiency of the economic activity.

Florica Badea defines cost as :"all the expenses made for carrying out the production process (personnel and materialized work expenses) represent the production cost of an industrial production unit; this economic category is obtained after carrying out a certain production volume and emphasizes the fixed assets use efficiency degree"226. Managers and organizations need information related to costs for the main management activities such as 227:

- Planning- in order to know to what level we need to reasonably set the future expenses;
- Control- so as to identify costs that cause expense exceeding so that we can pay attention to them;
- Elaborating decisions- so as to decide what price we should ask, for instance, for providing certain services, by knowing which are the costs engendered by them;
- Administrative responsibility- so as to be able to justify the expense purpose so that the financial statements be able to offer a real and correct image of the organization to those persons from outside and from within the company who are interested in its functioning.

2. OVERALL PRESENTATION OF THE COMPANY CATALI SHOES

CATALI SHOES PITEŞTI is a limited liability company which has been set up according to law 31/1990 republished, with the prior modifications and completions.

S.C CATALI SHOES S.R.L. was set up in 1994. According to the company articles of association, the main object of activity consists of: production and purchase in order to industrialize or semi-industrialize finished products resulting from manufacturing lether shoes; services – shoe repairs; wholesale and retail trade through its own stores, through stores belonging to other companies, in fairs or in other especially designed places.

The secondary activity (building works) consists in building a dwelling building Ground floor + 6 floors. This project is situated in a residential area of Piteşti – Găvana district, on a piece of land having an area of 2.676 sq. m. in Ion Minulescu street. The area is considered to be one with real estate development potential. The location has all the necessary utilities being integrated in the city utilities and energy network.

http://www.biblioteca-digitala.ase.ro/biblioteca/pagina2.asp?id=cap4

²²⁵ Pocatilu P., Software Testing Costs

²²⁶ Badea Fl. Production Management (Revised ed.), http://www.biblioteca-digitala.ase.ro/biblioteca/pagina2.asp?id=studii_22

²²⁷ Financial Management, BZT 643, vol. 3, Costs and financial decisions, CODECS - The Open University, 2002, p.8

In the begining S.C. CATALI SHOES S.R.L. had a small number of employees who worked in rented premises; the production process related to the cutting and pulling activities used to be made by hand so the production level was quite low – approximately 50 pairs/day.

During the last 5 years the company had an explosive development and the production got ten times bigger in this period.

S.C. CATALI SHOES S.R.L. Piteşti has an organizational chart which correspond to the company needs as we can see below in table 1.

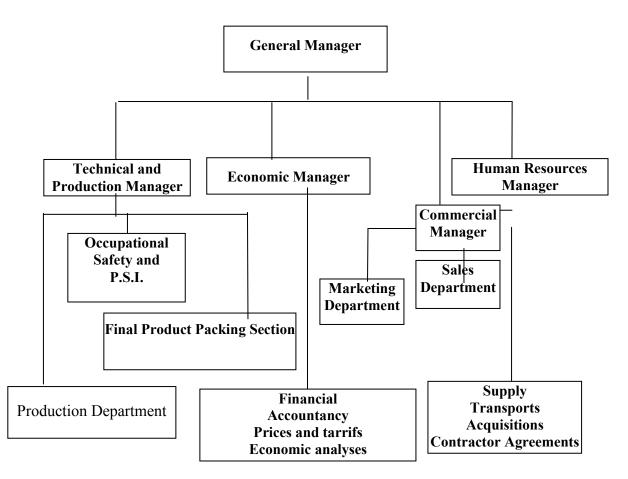


Image 1. Organizational chart of S.C. CATALI SHOES S.R.L

Source: S.C. CATALI SHOES S.R.L.-Human Resources Department

The company has a total number of 110 employees distributed as in table 1.

Table 1: Personnel Structure.

Personnel category	Number	Share
Total	110	100%
Out of which:		
Management / TESA Personnel	15	13,6%
Productive stuff - Total		
Out of which:		
- directly productive	95	100%
- indirectly productive	-	-

Sourse: S.C. CATALI SHOES S.R.L.-Human Resources Department

CATALI SHOES is among the most significant Romanian companies that produce shoes and in continuous course of development and modernization.

The products manufactured by the company are sold both on the internal market (300 clients) and to the export - Portugal, Sweden, Spain, Hungary, Croatia.

The materials necessary for production come from Romania or are imported – Italy and Turkey. The company has its own distribution system through which we sell 60-70% of the manufactured products.

From a functional point of view, the entire activity of S.C. CATALI SHOES S.R.L. is managed by the General Manager (unique associate).

The unit has specific premises for production, storing and internal services in its own building which was first used in 2002, having a production capacity of 12.000 pairs/month.

The production process was retechnologized in 2001, 2002, 2003 through the acquisition of new imported technological equipment (Italy and Checz Republic).

3. PRODUCTION CAPACITIES AND TECHNOLOGICAL ENDOWMENT

The production capacity in physical units is of 15.000 pairs/month.

At present, the production activity and the annexed activities are carried out in its own buildings which dispose of all the necessary utilities for the correct functioning of the activity.

The company is endowed with fixed assets necessary to the production activity in the specific field, represented by:

- technological equipment and machines;
- special plants;
- transport means;
- other household inventory means.

The production process is carried out in a mechanized form and the three main activities: cutting, sewing, pulling-soling-finishing are situated in distinct workshops. The three workshops are endowed with modern equipment purchased within the last 2 years from import – Italy and Czecz Reppublic (Molina-Bianchi, Durkopp-Adler, Minerva) their total number raising to 70.

The company also has its own transport park which includes four ware transport vehicles and also a mechanical workshop where we do the cutting knives as well as the current and capital repairs of the equipment.

The production activity is organized on workshops and is coordinated by employees having specialty diplomas. The economic-administrative activity is divided into departments: acquisitions, sale, transports, financial-accunting, personnel, administrative and is also coordinated by employees that have specialty diplomas.

The manufacturing technologies used for the main activity which is shoe production are classical, they present the advantage that they are relatively simple but they depend on human operators and on the quality of the operations performed by them. The fluency of the operations carried out by the company ensures the fact that the used technologies are in accordance with the specific fabrication requirements and the position on the market specifies the fact that the products are of quality.

The technological flow supposes:

- 1. Preparing the production: participating in fairs, exhibitions and specific manifestations, prospecting the market; own creation modelling, model selection.
- 2. The fabrication process:
- The cutting operation an operation carried out by means of specialized equipment (cutting devices) we produce the shoe faces;
- Pulling and soling mixed, manual operation carried out with specialized equipment (presses and rotating machines) an operation through which we apply and fix the product sole;
- Finishing shoe finishing operation through external uniformization operations, wax and polish application, final finishing;
- Final checking, storing.

4. COST ANALYSIS

The analysis made based on the average price calculation to men shoes revealed the following structure:

Table 2: Cost Structure at S.C CATALI SHOES S.R.L.

	%
Raw material	68.40
Consumables	3.90
Energy	1.00
Direct and indirect labour	13.60
Equipment amortization	1.60
Transport and third party services	5.00
Other direct and indirect expenses	6.50
The share of direct expenses in the total production cost	84.50
The share of the indirect expenses in the total production cost	15.50
Average profit cost	18.00

The production price is set based on the price calculations and production reports, the final sale price being adjustable from profit shares for placing within the market margins, according to the specific market manifestations.

The market prices are set based on the market conditions as they represent a significant element as compared to the specific product consumers.

As we can notice from the structure, the production cost is dominated by the expenses related to raw materials and consumables, with a share of over 72%.

Taking into account the fact that the company has an equilibrated policy concerning stocks (the company only purchase raw materials in direct correlation with the orders for finished products and with the production program), it comes out that it is easy to hold control over the production cost structure as compared to the production program.

The second element with a share of **13.60%** is labour expense, the direct labour obtaining a pourcentage of 80% in the structure from the total labour (including expenses with meal tickets granted to the employees).

Comparing the production cost to the value of the finished products in a normal production month, determined based on the average sale price indicated an average profit margin of 18% (a value comparable to the result of the gross margin determined in the financial analysis for 2008).

The policy of the analyzed company, of adaptation to the market events and price level engenders a significant support of the sale policies and reveals the existence of a performant management which is very aware of the economic environment. The stock policy adopted by the bussiness managers is coherent; also we can notice the correlation of the production program and implicitly of the purchase program with the orders which offers a direct control of the production costs and implicitly flexibility as compared to the market conditions.

5. Conclusions

After the study carried out at CATALI SHOES the following things came out:

- S.C CATALI SHOES S.R.L. was set up in 1994, having as the main object of activity: production and purchase in order to industrialize or semi-industrialize finished products resulting from manufacturing lether shoes; services shoe repairs; wholesale and retail trade through its own stores, through stores belonging to other companies, in fairs or in other especially designed places.
- Raw materials necessary for the production are purchased from Romania or are imported from Italy and Turkey.
- The products are sold both on the internal market (300 clients) and for export Portugal, Sweden, Spain, Hungary, Croatia.
- The company is endowed with fixed assets necessary to the production activity in the specific field such as: technological plants and equipment; special devices; transport means; other household inventory means.
- The production process is carried out in a mechanized form and the three main activities: cutting, sewing, pulling-soling-finishing are situated in distinct workshops. The three workshops are endowed with modern equipment purchased within the last 2 years from import Italy and Czecz Reppublic (Molina-Bianchi, Durkopp-Adler, Minerva) their total number raising to 70.
- The production cost is dominated by the expenses related to raw materials and consumables, with a share of over 72%.
- The company has an well-balanced policy concerning stocks (the company does not purchase raw materials but in direct correlation with the finished products orders and with the production program); as a result it is easy to hold control over the production costs structure as compared to the production program.

Bibliografie:

- 1.Badea Fl. Production Management (Revised ed.), http://www.biblioteca digitala.ase.ro/biblioteca/pagina2.asp?id=studii_22
- 2. Pocatilu P., Software Testing Costs

http://www.biblioteca-digitala.ase.ro/biblioteca/pagina2.asp?id=cap4

- 3. Financial Management, BZT 643, vol. 3, Costs and Financial Decisions, CODECS The Open University, 2002, p.8
- 4. *** Internal data of S.C CATALI SHOES S.R.L.

THE EFFECTIVENESS OF IMPLEMENTATION MECHANISMS FOR WASTE MANAGEMENT STRATEGIC OBJECTIVES IN ITALY

Stoian Marian

Academia de Studii Economice din Bucureşti Facultatea de Management, Catedra de Administrație și Management Public Calea Șerban Vodă, Nr. 22-24, Sector 4, București stoimaryca@yahoo.fr 021.335.46.53

Burcea Stefan Gabriel

Academia de Studii Economice din București Facultatea de Management, Catedra de Administrație și Management Public Calea Șerban Vodă, Nr. 22-24, Sector 4, București stefanel burcea@yahoo.com 021.335.46.53

The working paper present from a pragmatic perspective, the main levers by which the Italian authorities were able to successfully implement of modern waste management systems as a result of the necessity to compliance with respective communitarian acquis.

In the beginning essential details are given of the legislative framework that has established the major waste management principles and strategic objectives. Then are considered the mechanisms by which they were implemented forecasted targets, putting a special emphasis on specifying concrete results reached in order to demonstrate the solutions and instruments effectiveness which the central, regional and local authorities have resorted to ensure achievement of objectives and standards on waste management.

Keywords: waste management, economic instruments, implementation strategy, effectiveness

JEL Classification: H23, H31, Q53, Q58

Italian waste management legislation

Waste management is covered in Italian law by Legislative Decree no. 22 of 5 February 1997. Through this legislation three major European Directives have been transposed into national legislative framework: the European Directive 75/442/EEC on waste and waste management, the European Directive 91/689/EC on hazardous waste and the European Directive 94/62/EC on packaging and packaging waste.

Adoption of the decree allowed the implementation of integrated waste management in accordance with the principles and objectives contained in the European Strategy on Waste, which has involved a general reforming of the Italian waste management system. Clean technologies were promoted for waste treatment and disposal and specific voluntary agreements between local authorities and waste operators in order to provide viable opportunities for recycling and a modern infrastructure necessary for urban waste recovery and disposal was created.

Regulations established by Legislative Decree no. 22/1997 have configured the urban waste management system based on prevention of their generation and energy recovery from waste treatment, vision shared by the national and local waste management plans too. At the same time the decree established measures to encourage the construction of waste incinerators for significant reduction of municipal waste quantities disposed of by landfilling; the incinerators were equipped with advanced systems for energy recovery has priority for funding.

To stimulate the waste prevention and recovery of household waste, Legislative Decree no. 152/2006, which repealed the Decree of 1997, governs a series of tax incentives that encourage voluntary agreements as instruments of particular importance for waste management hierarchy of waste treatment and disposal solutions.

Legislative Decree no. 152 of 3 April 2006, entered into force on 29 April 2006, repealed the previous Decree of 1997, including all the principles, objectives and previous estimates on waste management and introducing a number of significant changes on the vision of mechanisms and methods by which the new European waste management standards can meet.

From 1 January 2007 the decree canceled waste management tax based on the area housing and initiated a new tax calculated according to the polluter pays principle. The new way for tax calculation is based on the PAYT and takes into account first, the amount of waste generated by a household and, on the other hand, the quality of waste management services provided by the municipality. PAYT²²⁸ or "pay-as-you-throw" is a collection system for urban solid waste in which households are charged according to the amount of waste that we produce. The method allows encouraging recycling and decreasing waste recoverable quantities generated. The fee is levied depending on the number of bags or containers emptied by the operator who collect the waste.

According to the decree, the budget for sanitation activities and urban waste collection should be covered progressively to 100% of tax revenue collected from waste producers for delivered services. Thus municipalities were encouraged to develop mechanisms and methods throughout more strictly revenue and expenditure for urban waste management were accounted.

_

Decree 152 of 2006 also sets interim evolution targets for urban waste selective collection systems at local level. By the end of 2006 the implementation rate of selective collection had to be 35%, to reach 45% by the end of 2008, with a maximum of 65% until 31 December 2012.

Waste management implementation strategy in Italy

For the implementation of strategic waste management objectives and under the provisions of paragraph 1 of Article 5 of European Directive 31/99/EC on waste disposal, Italy has developed a National Strategy which aims to reduce the amount of biodegradable waste disposed of by landfill. The strategy states witch are the subcategories and types of waste that falls within the biodegradable category, setting specific goals and targets for reducing them, in accordance with Decree 36 of 2003 on waste disposal. The document describes some tools and measures that must be adopted to meet with summary presentation of the results obtained in 2002 in this area.

Taking into account the regulations of the decree on waste disposal, the strategy presents like a necessary requirement the regional authorities obligation to formulate a coherent strategy for reducing biodegradable waste quantities disposal.

National strategy for reducing biodegradable waste landfilled set²²⁹ that up on 27 March 2008 to reach a quantity of biodegradable waste generated less than 173 kg/capita/year. Threshold for 2011 was 115 kg/capita/year, and until 27 March 2018 should not exceed 81 kg/capita/year biodegradable waste generated. In the strategy are presented several instruments and measures that will help attain the objectives, for example:

- using economic instruments to discourage landfill as a form of final waste disposal;
- source selective collection for organic waste from urban waste composition, for waste wood and textiles;
- bio-mechanical treatment of waste;
- waste incineration in special facilities with energy recovery;
- establishment of landfill banning for certain categories of waste.

In Article 5 of the decree has provided a special requirement that within one year after the entry into force all the regions of Italy to develop and approve programs for the reduction of biodegradable waste disposed of by landfill. These programs had related with regional plans for waste management, previously established under Article 22 of Legislative Decree 22 of 1997.

Effectiveness of strategic objectives implementation mechanisms

Following the occurrence of Decree no. 22 of 1997 the Italian authorities have resorted to using a large variety of instruments to implement the waste management objectives. Under the "polluter pays" principle there are a number of economic instruments like environmental taxes or contributions that waste producers are required to pay to finance the management of waste resulted from its activities. These are established for producers of packaging, batteries, used oils etc.

During the 90's were established in Italy consortia with specific tasks for the management of certain categories of special waste. Consortium for Polyethylene Products Recycling was organized under Article 48 of Decree no. 22 of 1997. Article 47 of the same decree was a basis for organization and operation of Consortium for Used Oils Management. Article 9 of Law no. 475 of 9 November 1988 was established Consortium for Batteries Recycling. All these organizations operate as non-profit associations, being established on public-private partnership model with the mission to ensure the waste collection, recovery, recycling and disposal in a maximum security environment and human health conditions.

By Legislative Decree no. 152 of 3 April 2006 were systematically encouraged and promoted voluntary agreements, which have taken a great scale in recent years by the positive effects recorded at national and regional level and throughout the number and role of actors involved: the Ministry of Environment and Spatial Planning, local authorities, specialized operators etc.

Since 1996 the Italian authorities have introduced the regional tax on waste landfilling, with the specific purpose²³⁰ to fight and possibly reduce traditional waste disposal systems and to encourage the prevention, recovery and recycling. Beneficiaries are the landfills facilities administrators or waste incinerators operators witch are not equipped with recover energy performing systems.

Law no. 549 of 28 December 1995 for waste landfill fee regulation establishes a tax rate calculated according to household waste weight. For each of the three waste categories set out by law we have minimum and maximum limits (see Table no. 1). In 1996, the first year after the tax was introduced, the fee charged to the minimum threshold, it is valid if the regional authority has not previously utilized the tax on waste disposal.

229 According to data available on the official site of the Italian Ministry for Environment and Marine Territory, www.minambiente.it. 230 Laraia, R.; Paina, A.; Zatti, A, The application of the landfill tax in Italy, Superior Institute for Environmental Protection and Research, 2005.

Table no. 1. Tax limits for waste disposal in Italy, by main waste categories

Waste category	Minimum limit	Maximum limit
Industrial waste produced by minig, construction and extractive industry	1,03 €/tone	10,33 €/tone
Another industrial waste	5,16 €/tone	10,33 €/tone
Another waste categories (biodegradable waste, special waste etc.)	10,33 €/tone	25,82 €/tone
Incinerated waste without energy recovery; waste resulted after recycling, recovery and composting process; sludge and wastewater	20% of tax level	

Source: Superior Institute for Environmental Protection and Research, www.apat.gov.it.

Under the law, the revenue collected from charging can be used by local authorities for funding of environmental projects such as those aimed at waste prevention, encourage materials recycling and energy recovery from waste treatment, rehabilitation and upgrading of waste landfills sites or for funding regional agencies for environmental protection and establishment and maintenance of new protected areas and natural reserves.

Law no. 549 of 1995 provides that the regional authorities are free to determine the mechanism coordinates for waste disposal tax implementing. At regional level administrations can establish the tax level and the destination of the funds collected and may also determine which categories of waste are subject for taxation. There were cases in which some regions of Italy are covered by legislation important increases of the tax amount if it doesn't meet targets relating to selective collection implementation rates, established by Decree no. 22 of 1997.

Law no. 475 of 9 November 1988 was introduced nationally compulsory for green purchasing payments for certain goods; i.e. for a battery of 55 amperes-hour fee was € 0.83. Italian authorities sought to encourage waste collection and recycling by companies involving in a collection / recovery system for waste generated after the end of life goods witch they produced.

Consortia played the main role in this system because they were the direct beneficiaries of taxes levied. In 2005 the Consortium for Batteries Recycling spent € 24.6 million for waste recycling. The amount was recovered in the proportion of 56% from green tax collected for the purchase batteries and up to 44% from funds collected from waste batteries valuation.

Between 1992 and 2002 during the early perception of green taxes, has been increased by up to 38% of the batteries collected quantities. Thus, for example in 2003²³¹ were collected 183,422 tones of waste batteries of which have recovered 8,600 tones of polypropylene and have neutralized 30 million liters of sulfuric acid. The system has proven to be extremely efficient in economic terms. Annually over 15 million waste batteries and accumulators are collected, recovered and recycled in Italy.

Introduced for the first time by Decree no. 141 of 1998 and then governed by Legislative Decree no. 36 of 13 January 2003, landfill banning for certain categories of waste has to encourage use of alternative and clean methods for waste treatment and disposal.

It prohibited the landfill of waste liquids, the explosive and/or combustible waste, corrosive substances, waste from medical activities, waste generated in the production of pesticides, substances resulting from research activities, whose effect on the environment and human health can not be estimated etc. After 16 July 2003 the ban came into force for used tires, and from 1 January 2007 has been prohibited landfill of waste with caloric value greater than 13,000 kJ/kg.

Failure to apply the landfill banning regional authorities applies administrative sanctions under Article 51 of Decree no. 22 of 1997 and Article 16 of Decree no. 36 of 2003. Whole system monitoring was the responsibility of Regional Agencies for Environmental Protection, which has reduced the amount of biodegradable waste landfill by complementary measures adopted and some projects managed.

Selective collection of urban waste came into force in 1997, with the emergence of the Legislative Decree no. 22 of 5 February 1997. Until 2006 when legislative framework for selective collection implementation was modified by Legislative Decree no. 152 of 3 April 2006 have been positive developments for selective collection rate at regional and national level (see Table no. 2).

_

²³¹ Waste Report 2004 - Vol. 1. Municipal Waste, Superior Institute for Environmental Protection and Research, 2004.

Table no. 2. Selective collection rates evolution for urban waste in Italian regions

Region	2002	2003	2004	2005
North	28,6	30,6	33,5	35,5
Centre	12,8	14,6	17,1	18,3
South	4,7	6,3	7,7	8,1
Italy	17,4	19,2	21,5	22,7

Source: Superior Institute for Environmental Protection and Research, www.apat.gov.it.

Decree of 2006 was regulated the waste paper and cardboard, glass, plastic, metal, household waste, waste from parks and gardens, waste electrical and electronic equipment, waste wood, textiles and batteries used. By implementing the selective collection has followed to reduce quantities of annual waste generated quantities and encourage recoverable materials recycling, interim targets²³² for the implementation rate of selective collection being established: 35% until 31 December 2006, 45% until 31 December 2008 and 65% by the 31 December 2012. Currently in Italy over 600 municipalities runs projects aimed at implementation of selective collection systems for household waste.

National Consortium of Packaging Waste Management has implemented since 1998 a coherent system for monitoring the package recycling activities with the purpose to achieve the goals set by European Directive 62/94/EC on packaging and packaging waste management. The system is organized and operates through the activities carried out by six specific organizations representing six categories of waste materials: aluminum, glass, paper, plastic, steel and wood, the main materials used in Italy in the manufacturing of packaging.

Packaging producers are members in consortia, but the system is part of most companies involved in the life cycle of each material categories. Thus the National Consortium of Packaging Waste Management coordinates the work of six consortiums made across Italy: Consortium for Recycling Steel, Aluminum Packaging Consortium, Consortium for the Cellulose based package Recycling, Consortium for Recovery and Recycling of Wood packaging, Consortium for the Plastic Recovery and Glass Packaging Consortium.

Collection and recycling of packaging waste are subject to different agreements between the Consortium and the Italian Association of Municipalities. The purpose of these agreements is to encourage the implementation of selective collection of waste materials recovered at the local level. Agreement was first signed in 1998, but the 2004 deadline was extended due to the need of achieving the objectives set by the new European Directive 12/2004/EC on packaging and packaging waste. Recycling of packaging waste has positive developments, proving the effectiveness of the system created in Italy. In 2005 they were collected about 6.7 million tones of packaging, i.e. 58.6% of total packaging waste market.

Since 1997 in Italy began a broad campaign to promote and encourage all administrative levels for recycled products purchases. Legislative Decree no. 22 of 5 February 1997 introduced a series of measures to promote the use of goods and products made from recycled materials. Their attempts in this way a good recycled products market development and thus reduce the quantities of waste material generated annually. Ministerial Decree no. 203 of 8 May 2003 amended and supplemented prior to the reconfiguration of the active involvement of producers and the public sector. Is settled and the necessary measures to ensure that regional level to guarantee a minimum rate of use of products from recycled materials by 30%.

Through the active involvement of all decision-makers and a integrated thinking on waste management systems Italy has make a significant contribution to achieving the objectives established throughout a coherent series of mechanisms and economic instruments that have demonstrated its major effectiveness for short, medium and long term.

References:

- 1. Laraia, R.; Paina, A.; Zatti, A, The application of the landfill tax in Italy, Superior Institute for Environmental Protection and Research, 2005;
- 2. Smith, Paul G.; Scott, John G., Dictionary of Water and Waste Management, Second Edition, IWA Publishing, 2005;
- 3. Effectiveness of packaging waste management systems in selected countries: an EEA pilot study Italy, European Environment Agency, 2005;
- 4. Waste Report 2004 Vol. 1. Municipal Waste, Superior Institute for Environmental Protection and Research, 2004:
- 5. Ministry for Environment and Marine Territory, www.minambiente.it.
- 6. Superior Institute for Environmental Protection and Research, www.apat.gov.it.

232 Effectiveness of packaging waste management systems in selected countries: an EEA pilot study – Italy, European Environment Agency, 2005.

AN EFFICIENT COMMUNICATION WITH "PROCESS COMMUNICATION MANAGEMENT"

Todăriță Elida-Tomița

Universitatea Româno-Germană din Sibiu Facultatea de Științe Economice Calea Dumbrăvii, Nr. 28-32 E-mail: elida todarita@yahoo.com Telefon: 0742282094

An organisation is not defined only by its products or services but also by the ability of communication of its employees and its managerial team. The manager's ascent itself on the hierarchical steps of his profession, a fact confirming the success is determined by his ability to communicate efficiently. The managerial communication is a factor of competitiveness and a strategical advantage of an organisation. We are going to present one of the most efficient models of the management of communication, that is Process Communication Management. It defines the manager's style of communication who has a strong impact not only on the efficiency of the act of communication but also on the climate of communication and on the other it displays the people's privileged ways to perceive the world (building a model based on six types of personality) irrespective of the activity it performs or the environment where it finds itself.

Keywords: managerial communication, types of personality, manager.

JEL Code: M12

On a personal scale, the communication allows a correct defining and understanding of the messages the acquiring of the cooperation of those around, the detension of a tensed state. On a managerial scale, the communication is a device with the help oh which the manager sends and gets information and decisions, accepts or rejects some solutions, plans, organises, trains, controls, prepares and implants the change.

The communication is a complex process that imprints all the activities that are displayed in the interior of an organisation but in the ecterior background too where it opperates²³³; it also influences the processes of gathering, re-making, stocking and transmitting of the necessary information to take and apply the management decisions. The analytical step is structured on a theoretical base followed by graphical exemples.

The explanation of misunderstanding disagreement or even conflicts is to be found in the communication, in the barriers people rise more or less deliberately in the communication road²³⁴.

One of the most efficient models of communication management is Process Communication Management (PCM). Through PCM, we'll get better acquainted and we'll better understanding eachother, we'll better understand the others and we'll be able to keep up the communication in the contents plan, avoiding the side slipping in the plan of the connection.

In order, to understand each other, it is necessary to know and respect the other's needs, aspirations, interests and expectations. At the same time, it is desirable to be conscious of our own needs, aspirations, interests and expectations. Inside a communication, there is a content (What) and there is also a process (How). Most times, the process is more important than the content. PCM is the American Psychologist Taibi Kahler's creation and it has been used by NASA in order to selsct astronauts. It was about how to estimate the team's compatibility and to forsee their behaviour when shut off in a spaceship far away in the immensity of the space. PCM has been examined for 13 years and it was tested by half a million of people on five continents in education, business, politics, sales, religion, family and personal relationships.

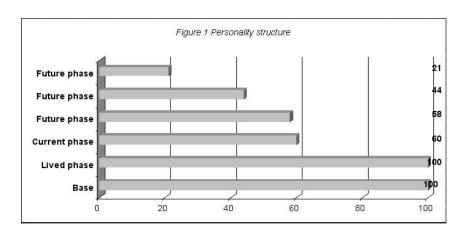
The model PCM has been successfully used in business sales, education, politics, medicine, family and personelrelationships; it has also been used as a method of knowledge, self-knowledge and personal development. At the same time, PCM fits efficiently to the activity done by the managers in the instituations where they act, becoming an active part of the whole process of communication.

The personality structure. PCM sets out from the people's privileged ways to perceive the world, building a model based on six types of personality: Bombastic (grandiloquent), Workaholic (that will be named Pensive), Assiduous (Tenacious), Dreamer, Rebel and Promotor. Each type of personality has its strong parts and privileged means of communication, its own psychological needs and its typical behaviours in conditions of stress. Knowing all this, we may have an extra chance to manage in a positive way the communication, maintaining it in the plan of the content and cultivated an adequate relationship. Each type of personality has strong parts and some less strong. The six elements of our personality compose the personality structure²³⁵ (Figure 1).

²³³ Olivesi Stephane, Comunicarea managerială, Editura Tritonic, 2005, p. 4.

²³⁴ Niculae Tudorel, Gherghiță Ion, Gherghiță Diana, Comunicarea organizațională și managementul situațiilor de criză, Editura Ministerului Administrației și Internelor, București, 2006, p. 42.

²³⁵ Taibi Kahler, The Mastery of Management: How to Solve the Mystery of Mismanagement, Edition 4, Published by Kahler Communications Inc, 1988, pp. 18-23



Thees, if we take into consideration only the base and the phase we have thirty possible types of personality combinations. The six types of personality can occupy the upper levels of the personality house in 720 different manners. If we also take into consideration the available energy on each level, we get to an infinity of human types: each person is unique. The project of the personality house is already done, we have had it since we were two years old. We have already built the base and the first level (the phase). Until we are six, we build the other four levels; at this age, we have already had our personality house entirely built. During uor life we are furnishing gradually our personality house. Obviously, it is much easier to carry the "furniture" to the lower levels and much more difficult to the upper ones because the comfort is little. In other words, it is more difficult by for to use the types of personality from the upper levels. If we feel good, if our psychological needs are satisfied, then we can "take the elevator" to climb to the right level in the "personality type". If the situation asks for it, we climb to that part of our personality that best suits to the situation in which we are and we can stay there more or less, depending on how much that part of our personality is developped. Then, it is adequately to get down to the level where we live (the present phase) and load up sur psychological batteries (to satisfy our specific psychological needs).

If our psychological needs are not satisfied, we can get into stress. In this case, we cannot anymore climb towards the phose of personality asked by the situation, on the contrary we get down to the lower levels and we function automatically, led by a stress driver or by a failure script, specific to our type of personality.

These are extremly usefull things to know because, in this way we can learn how to anticipate our getting into stress and take some precautions measurea: the way we eat when we are hungry, in the same way we up sur psychological batteries when the led lights.

We are different. We all have dufferent modalities to perceive the world. Paul Wave pointed out the fact that there are people who perceive the world through their emotions, people who perceive it through the filter of their "thinking" and people "see" the world through "action". Setting out from here, Taibi Kahler noticed that those who first think, can do it relying on objective facts and information (the type Pensive or Workaholic – as he named it) or taking into account principles, ideas or opinions that is preformed modalities to watch and interpret the world (the Assiduous). Further on, he devided those who have the action (behaviour) as their main purpose, in three categories: those who first act (then think or feel - Promotor), those who do not act and they are retreating (Dreamer) and those who are reacting (Rebel).

We can enjoy ourselves for the fact that we are different in order to communicate, understand and enrich, to develop and to be satisfied or we can be "upset" because the others look different or they do not understand us and sometimes scold us. It is our choice, the decision is ours.

The channels of communication. Each of us has one or several favourite channels of communication. On the whole, there are five channels of communication: Stopper-Reassuring, Informative-Interrogative, Nutritive, Directive, Emotional-Ludic. These channels refer to both the used words, but, especially to the non-verbal part of communication (gestures, mimic, tone of voice). Let's remember that only 7% of the message is conveyed through the word, because 38% is included in the tone of voice and the rest of 55% is conveyed through body language. Channel one is an emergency channel. The other four channels correspond to the positive transactions (*Table 1*²³⁶). In chart two, there are given exemples of the use of the communication channels, illustrating both the acceptance and non-acceptance from the part of the other person. The Stopper-Reassuring Channel (1) is a channel for emergency situations when the other person is overwhelmed by emotions and we are addressing to our senses. The Directive Channel is a communication channel through which clear definite respectful and calm orders are transmitted. When we use it we are connecting ourselves to the Normative (General) Parent. Kahler called this State of the Ego Manager, considering it a part of personality.

Table 1. The correspondance of the communication channels from PCM with positive transactions

__

²³⁶ Idem, p. 210.

Nt. Crt.	Communication channel PCM	Positive transaction
1	Stopper-Reassuring	-
2	Directive	Normative Parent-Adult
3	Informative/Interrogative	Adult-Adult
4	Nutritive	Child-Nutritive Parent
5	Emotional-Ludic	Free Child-Free Child

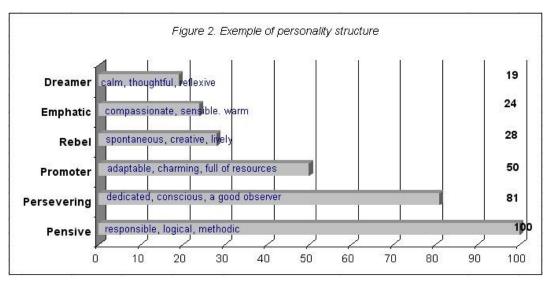
The Informative-Interrogative Channel (3) is a communication channel through which am exchange of information is performed. The tone is neutral, the discourse is logical and the person appeals to his/her reflexive part. The emotion is not present. When we use it, we are connecting ourselves to the Adult Taibi Kahler called this State of the Ego, Ordinator – as a part of personality. The Nourishing Channel (4) is defined by the care, appreciation or compassion we have towards each other. When we use it we are connecting to the Careful Parent. Hahler called this State of the Ego, Protector, as a part of personality. The Emotional-Ludic Channel is the channel of expressing emotions when we are connecting to the child. Kahler renamed this State of the Ego Emotor, as a part of personality.

The Psychological Needs. The Psychological needs are wishes that must be satisfied if we want to have a good state of mind and our behaviour stay positive. The satisfying of our psychological needs represents an important and basical condition of motivation. Taibi Kahler has found some psychological needs ($Table\ 2$)²³⁷. We all possess these but we answer them in a different way. In other words, their priority is different from person to person.

Table 2. The psychological needs

The type of personality	Psychological needs		
Emphatic	Acknowledgement as person and sense		
Emphatic	satisfaction		
Pensive	The appreciation for the quality of the work		
rensive	and time structuration		
Persevering	The appreciation for the quality of the work		
reisevering	and for opinions		
Dreaming	Solitude		
Rebel	Ludic contacts		
Promotor	Excitation		

Even more, Kahler associated one or two specific psychological needs to each type of personnality. When the psychological needs are not satisfied, we have the necessary energy to manage the communication and to access, that part of personality fit to the moment. If we don't have our psychological needs satisfied, then it is very likely not to have the disponibility to manage the communication using the suitable channel. To exemplify, let's take into consideration a person with the personality structure ($Figure\ 2$)²³⁸. The communication channel the person is using in a natural manner is the Informative-Interrogative Channel.



²³⁷ Ibidem, p. 256.

_

²³⁸ Taibi Kahler, The Mastery of Management: How to Solve the Mystery of Mismanagement, Edition 4, Published by Kahler Communications Inc, 1988, pp. 24-26

Simplifying in order to understand, the psychological needs in the first place are: the appreciation for the quality of the work done, the appreciation for the personal opinions and time-structuring $(Table\ 3)^{239}$.

Table 3. Exemples of using the communication channels

Nr. Crt.	Communication channel	Offer	Offer acceptance	Offer non acceptance
1	Retainer- Reassuring	Cool-down, Look at me, Listen to me, Breathe		
2	Directive	Please, buy me a packet of cigarettes	Of course, I'll bring it on hour when I come back	Buy it yourself!
3	Informative Interogative	What time is it?	Aquarter to one.	Buy a watch!
4	Alimental	You are a very pleasant	Thank you, it's very nice of you!	YesDid you read the repport I gave to you yesterday?
5	Emotional-Ludic	Have you seen the photos from the ball?	Oh, yes, cool! Excellent!	I don't have time for such a stupid thing!

If this needs are not satisfied, the person doesn't have either the posibility or the necessary energy to "take the left" and to access, for instance his/her creative, spontaneous and lively parts characteristic of the Rebel type but he/she rather remains blocked in automatic and unconscious behaviours of the stress reaction, for instance the reproach, the criticism, rather observing what is wrong than what is good, manipulation, avoidance. These behaviours specific for the type of personnality and they are structured on three levels of stress: level one activates as the Driver, level two the Masques and level three which is a serious one – Despair. What is important is the fact that when the person in front of us seems to be stressed, which could lead to conflict and misunderstanding, bringing down the communication from the content plan into the relationship one, we can manage the communication, addressing to the specific psychological needs. Thus we have an additional chance to maintain a good relationship and keep the communication in the plan of the matter.

The satisfying of the psychological needs on negative ways. When we are not able to satisfy our psychological needs in a positive way, it is very possible to try to do this on negative ways. We are doing this because it is better to draw the attention in a negative way rather than being isolated.

The stress and the communication. Every moment of our life we are looking for satisfying our psychological needs. If we don't succeed in doing this in a positive way, then we enter stress and we try to satisfy them in a negative way. If satisfying the psychological needs means motivation, we can say that distress represents the dissatisfaction of the vital needs.

The knowledge of stress can help us to feel satisfied dispite of stress. In PCM, the stress is structured in three levels, from one to three, depending on its severity. In the first stage of stress, it is easy to change the behaviour. It is about very simple things to speak on the phone with a friend, to change your temporary activity, to have a drink with one of your colleagues²⁴⁰. In the second stage, the signals point to the fact that it's time to stop and be concerned with your own person. For instance, a manager realizes that he is on the point of overcontrolling, so to arrise serious problems to his team or he accumulates errors, that is he prepares big problems on long term. The third stage is rarer and easier repetable for it generally corresponds to a deep state of crises. The first degree stress is on alarm signal. In this situation a driver begins to function, an automatic mechanism which controls our behaviour. The moment the first signs of stress appear, we are warned that it is necessary to do something in order to satisfy our psychological needs. If we don't do this, we down to the second degree stress which is more serious. If, later on, our psychological needs are still unsatisfied, then we move downwards the third degree stress. This stress is very serious. If we live a longer period of time in this stress, we may be injured by serious illnesses. We must also know that the other's stress invites us to stress. To maintain the dialogue we need two persons, to break it only one.

There is no communication in stress. To take again the communication there is only one solution: getting out of stress. When we notice the first signs of stress at the person we are talking with, it is absolutely necessary to satisfy his/her psychological needs in order to take again the communication. At the same time, we can learn how to

²³⁹ Idem. p. 267.

²⁴⁰ Bob Selden, Who do you need to Influence the Most? – Four Simple Skills, When and How to Apply Them, in Management communication, Volum I, Published by Business management ideas for your success, 2006, pp. 1-4

manage our own stress. Getting to know ourselves better we can thus get to recognise the first signs of stress that we can manage, removing them through satisfying our own psychological needs.

We can say that the whole process of communication is a real art. In only one sentence we can say that the art of communication lies in using the proper communication channel to motivate the one in front of us by satisfying the psychological needs it answers. There is communication when there is offer and the acceptance of it. However important the contents might be, if the form is not acceptable for the interlocutor, there are a few chance for the message to be received. The tracts of personality must not be inhibited nor even shaped depending on the individual interests, on the group or the organisation. They must be used the way they are. It is the essential condition of a manager by his hierarchical position and especially by his tracts as leader that he must know, understand and use in a positive sense each personnality he has. The lack of communication or an inadequate management of this process can lead to the falsification of several components of the management of the company or, on the other hand the lack of certain abilities and of the organisation culture regarding these components invalidates constantly the process of communication.

Bibliography:

- 1. Hattersley E. Michael, McJannet M. Linda, *Management Communication*. *Principles and Practice*, United States, 2008;
- 2. Kahler Taibi, *The Mastery of Management: How to Solve the Mystery of Mismanagement*, Edition 4, Published by Kahler Communications Inc, 1988;
- 3. Lacombe Fabrice, Rezolvarea dificultăților de comunicare, Editura Polirom, Iași, 2005;
- 4. Marriner-Tomey Ann, Guide to nursing management and leadership, 8th Edition, USA, 2009;
- 4. Niculae Tudorel, Gherghiță Ion, Gherghiță Diana, *Comunicarea organizațională și managementul situațiilor de criză*, Editura Ministerului Administrației și Internelor, București, 2006;
- 5. Olivesi Stephane, Comunicarea managerială, Editura Tritonic, 2005;
- 6. Selden Bob, Who do you need to Influence the Most?—Four Simple Skills, When and How to Apply Them, in Management communication, Volum I, Published by Business management ideas for your success, 2006.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Todărița Elida

Universitatea Româno-Germană Facultatea de Stiințe Economice 550324 - Sibiu, Calea Dumbravii Nr. 28-32 e-mail: rectorat@roger-univ.ro Tel.: +40 269 233 568; +40 369 401 002

Ranf Diana Elena

Universitatea Româno-Germană Facultatea de Stiințe Economice 550324 - Sibiu, Calea Dumbravii Nr. 28-32 e-mail: rectorat@roger-univ.ro Tel.: +40 269 233 568; +40 369 401 002

One of the most significant changes in the practice of marketing during the last decade in the shift in emphasis from a transaction orientation to the customer relationship management (CRM). Customer relationship management consists of the processes a company uses to track and organize its contacts with its current and prospective customers. CRM software is used to support these processes; information about customers and customers interactions can be entered, stored and accessed by employees in different company departments.

Keywords: software, marketing, business, management, customer, relationship.

Cod Jel: M00: General

1. The history of Customer Relationship Management (CRM)

The approach by the client has always been a base principle of the marketing. Kotler says that the marketing people and the clients must work together in order to find out how the clients can be satisfied better.

The acronym of CRM entered recently in the marketing specialist's language. The '90 marked the transition from the transactional marketing to relational marketing. The relational marketing presupposes the collaboration between all the organization departments and the marketing department in order to satisfy the client. So the orientation based on a very big number of transaction in a short time have been replace with long time relationships, based on trust and satisfaction. Recently, CRM is seen more like a business strategy.

The IT revolution which embraced all the human research areas could not avoid the sales universe.

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. It offered long term changes and benefits to business that chose to use it. The reasons for this are because it allowed companies to interact with their costumers on a whole new level.

The **1980**'s saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers.

In the **1990**'s companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty.

This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM was now being used as a way to increase sales passively as well as through active improvement of customer service.

In the years between **2000 and 2004**, CRM was a constant topic of corporate discussion. The economy was shaky and CRM was seen either as a solution by those who understood it, or a panacea, by those who didn't.

Instead of feeding information into a static database for future reference, CRM became a way to continuously update understanding of customer needs and behavior. Branching of information, sub-folders, and custom tailored features enabled companies to break down information into smaller subsets so that they could evaluate not only concrete statistics, but information on the motivation and reactions of customers.

The Internet provided a huge boon to the development of these huge databases by enabling offsite information storage. When before companies had difficulty supporting the enormous amounts of information, the Internet provided new possibilities and CRM took off as providers began moving toward Internet solutions.

Today, CRM is still utilized most frequently by companies that rely heavily on two distinct features: customer service or technology. The three sectors of business that rely most heavily on CRM, and use it to great advantage, are financial services, a variety of high tech corporations and the telecommunications industry.

2. The means of Customer Relationship Management (CRM)

The concept was defined as a software product, a data collect method, a sales strategy or a data analyze. CRM totalize this definition and many others depending on each user necessity.

The well known company SECOR from Great Britain praise to have the most complete definition of CRM. In their opinion, CRM means to establish, to implement, to maintain and to optimize of a long time relationship between the client and the company.

Another definition: CRM (customer relationship management) is an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships in an organized way.

Paul Greenberg, in his book, "CRM at the Speed of Light: Essential Customer Strategies for the 21st Century", says that CRM is a philosophy and a business strategy, supported by a system and a technology, designed to improve human interactions in a business environment.

When the struggle to define CRM back in the prehistoric 1990s, it was characterized most frequently with technological and functional terms. The mantra, It isn \Box t a technology, it \Box s a system, actually came into vogue because of a reaction to the strong technological wind stirred by CRM and what was at the time the dot.com boom, primarily because of vendor marketing. After all, Siebel \Box s big enterprise CRM application suites were hot stuff, and they would make the future relationship between business and its paying customers something to behold.

The industry standard definition was developed in 2000 by the META Group in "The Customer Relationship Management Ecosystem". Unfortunately, what the META Group defined as the components of CRM technology and functionality became all-encompassing CRM to the rest of the known world. All the literature that emerged at this time META Group \Box s definition very broadly, which had the effect of distorting CRM \Box s actual value, though there was nothing inherently wrong with the definition. In fact, this particular definition stuck and to this day is the foundation for traditional CRM.

In January 2003 in an Aberdeen Group interview, Ad Nederlof, CEO of Genesys Telecommunications Laboratories, said, "CRM is a term that can refer to a range of things from the management of the relationship with customers all the way to the software and hardware that allow one to manage (his or her) relationship with a customer. It has become a catchall term.

Frederick Newell, in his book "Why CRM Doesn't \Box t Work", says, "The very phrase explained in (books about CRM) – CRM, or Costumer Relationship Management – implies that companies can manage the customer relationship by targeting specific customers for specific product offerings. How audacious, how imprudent, how wrong!" Newell propose CRM – customers' relationship management – that empower customers to determine their own fate. You can \Box t make a customer do what he doesn't \Box t want to do.

3. Learning from CRM □s Leaders

John F. Tanner worked eight years at Rockwell International and Xerox Corporation in sales and marketing. Since 1988, he has taught sales and marketing at Baylor University \Box s Hankamer School of Business, where he also served as department chair and associate dean. He has published more than 50 research articles in top journals such as the "Journal of Marketing", "Journal of Business Research", etc. His research won many awards, including Mu Kappa Tau \Box s top sale study in 2000.

From his research about CRM: "Tree words that mean many things too many people when linked together, Customers Relationship Management has become something as an enigma. There is little doubt; it would seem, about what a customer is, though the term CRM is applied to things done to non-customers as well. The key that makes CRM different from other forms of strategy or marketing is that it is about relationship management. There are a number of dreams to which CRM software can contribute dreams such as seamless customer interaction across multiple channels, one-to-one marketing, 360-degree knowledge of the customers, and so forth. The reality is that CRM often devolves into an endless stream of campaigns that may take advantage of better customer data, but do not really build or contribute to a relationship."

Marc R. Benioff is founder, chairman, and CEO of salesforce.com. A 25-year veteran of the software industry, Benioff has pioneered "the end of software", demonstrating how on-demand applications can replace traditional software to deliver immediate benefit at reduced risk.

Marc R. Benioff bout CRM: "American cycling great Tour de France champion Lance Armstrong called his 1999 best selling autobiography 'It's not about the bike'. As Armstrong makes clear, in competitive cycling – indeed, in life – success depends on the brains, foresight, and heart one brings to an endeavor. The equipment is secondary.

As many enterprises are discovering today, the same applies to Customer Relationship Management. It is not about the software. It is about the people. Specifically, it is about sales, service, helpdesk, and marketing people sharing information about customers. Armed with more complete, timely information, these people, can make better decisions and, ultimately, keep customers coming back to buy more products".

Don Peppers and Martha Rogers was recognized for the past decade as world-renowned experts on customer-based business strategies, and individually named to Accenture's global list of "Top 100 business intellectuals".

Don Peppers and Martha Rogers about CRM: "At the root of the problems with the term 'customer relationship management' is the fact that the software vendors have used the term so much that many business practitioners equate 'CRM' with 'CRM software'. Technology is a very important, enabling firs step, but we have seen a variety of firms spend vast amounts on the installation and integration of technology without moving the needle on their bottom line at all as a result. Very large companies spent millions of dollars on CRM technology and did not know how that technology was going to contribute to the value of their customer base.

We should think of CRM as the hundred managerial decisions each of us makes in business every day, and making those management decisions from the perspective of increasing the value of the customer base, and using the best tool we have – relationship – to do just that".

4. CRM in Romania

The CRM applications brought in 2006 almost 4 million dollars in Romania. The autochthon market is increasing. At least that is what the questioned organization sustained. The inquest made by Market watch journal show that the Romanian CRM market increases with 50-80% a year. There are various reasons for this increasing strong trend from increasing competitively level all the way to economic development, from UE integration all the way to the IMM sector development and the increase of competition.

As it was expected, the "locomotive" of Romanian CRM market is the telecommunication sector and the financial-banking sector, but also the retail zone and the services deliver firms. How the clients sustained the autochthon market, there is other sectors interest by these solutions.

A study realized by a consulting company, release that the CRM market maintains to 5,8% from the ERP (Enterprise Resource Planning) market from Romania.

By an ordinary client perspective, have been identified a few problems of CRM users: after the product in paid, it became hard contact them; the absence of professionalism shown by consulting firm employees, the terms not respected by sealers.

The purchase of software and hardware is not enough for an organization for the CRM implementation. The hard work is just beginning, because the users need knowledge in the field and a client orientation. CRM is helpful just if the client orientation is already made by the employees.

CRM is a concept before being a software application. A company must concept a CRM strategy before a software application is implemented. The companies reach later to a sophisticate level necessary to imagine a CRN strategy, so neither the CRM need don't show up to every company. Also the companies must have a well defined structure in marketing departments. The small companies can manage with contact management software (a sort of junior CRM); for a true CRM, the company well defined departments of marketing, sells and services.

CRM strategy can vary in size, complexity, and scope. Some companies consider a CRM strategy only to focus on the management of a team of salespeople. However, other CRM strategies can cover customer interaction across the entire organization. Many commercial CRM software package provide features that serve the sales, marketing, event management, project management and finance industries.

Bibliography:

- 1. Cătoiu, Iacob; Teodorescu, Nicolae Comportamentul consumatorului, Editura Economică, București, 1997.
- 2. Purcărea, Teodor; Rațiu, Monica *Comportamentul consumatorului o abordare de marketing*, Editura Universitară "Carol Davila", București, 2007.
- 3. http://books.google.ro
- 4. http://brandidentitz.wordpress.com
- 5. http://computerworld.ro
- 6. http://www.marketwatch.ro
- 7. http://customer-relations.suite101.com
- 8. http://www.exforsys.com
- 9. http://customerservicezone.com
- 10. http://www.articlesbase.com
- 11. www.campeanu.ro
- 12. www.zf.ro

CHANGES AND TRENDS IN MANAGERIAL ROMANIAN PRACTICE

Tohătan Anamaria

anatohatan@yahoo.com Universitatea de Vest "Vasile Goldiş" Arad

The world in its entirety is in a continuous change and transformation. Their effects are to be sensed on all levels: economic, social, political, etc. All these changes have an effect on the managerial theory and practice also.

Romanian management has been and still is subject to some changes, most of the time radical ones.

The transition to the economic system of the United Europe imposes high exigencies towards the piloting an enterprise in a competent and proficient way.

Keywords professionalizing, competitivity, know-how, axiological

COD JEL M

The world in its entirety is in a continuous change and transformation. Their effects are to be sensed on all levels: economic, social, political, etc. All these changes have an effect on the managerial theory and practice also.

Romanian management has been and still is subject to some changes, most of the time radical ones.

By change in organisation's management, we understand a change in the process of the management, change that adds new elements of management, and/ proper relationships between the already existing elements and the new ones, or, eliminating the old obsolete or downgraded elements together with the relationships that such elements had created.

Two categories of phenomena that determine and make the change necessary have been identified

- Objective phenomena, which require that through change in the management of organisations, any dysfunction is being eliminated
- -Subjective phenomena, caused by certain deficiencies in the organisation, which make necessary that through change in management, as materialised in actions of improvement, any possible flaw is eliminated.

The economic system of United Europe

In Pierre Maillet and Phillipe Rollet's opinion, "the economic integration is an original formula of organising foreign relationships the main objective of which is – improving the efficiency and the dynamics of the economies of the member countries."

Jan Tinbergen defines integration as being ''the growth of the most desired world-wide economic structure, through abolishing the artificial obstacles out of the way of optimal functioning and through deliberate introduction of all necessary elements for coordonation and unification.''

The mechanism of the economic integration include:

- -creating a common economic space
- -Free circulation of the production factors when there is a common market, using the existing with maximum economic and social efficiency.
 - -Coming up with a common policy in the fields of economy, money and society.

As far the advantages of economic integration are concerned, these are many and may be due to:

- -a higher efficiency of production through specialisation on the principles of comparative advantages
- -a higher level of production, due to a better exploitation of scale economies obtained through continuing growing of the market size.
- -to an internationally improved market position that leads to better exchange relationships -to changes that affect the quantity and the quality of production factors, as a result technological process and the growth of the capital inflow.
 - -to changes in the economic efficiency due to enhanced competition in the very heart of the integrated area.

Rollet Ph . and Huart .F. believe that "integrated countries are involved in a virtuous circle of improved competitivity of economic growth and productivity."

By opening the frontiers, and by practising the economic integration, the competition process is subjected to an inevitable strenghtening, making the organisation pass to a higher effort of adjusting and modernising, and eventually of restructuring, in order to increase competitivity. For the whole economy, the transition to the economic system of U.E. means accepting the new dimensions of the concepts of performance and competitivity. This transition also comes with higher exigencies towards the problem of managing organisations in an efficient manner.

Running a profitable business with certain odds of success in the future, is, in fact, the main purpose of every organisation. This purpose cannot be achieved unless each and every person involved in the institution is totally

committed. The manager is the ''dynamo'' that causes the business to prosper. What makes a ''good manager'' and the difference between a good one and a bad one means precisely the success or the failure of a company.

Factors that determine changes in management

The transitional period for the U.E. economic system, puts a lot of pressure on the Romanian management, which has to renew its attitudes, behaviours and has to establish new co-ordinates in order to successfully deal with the new demands, such as:

1. Mutations between people, determined by:

The evolution of demographic factors, such as the number of population, the structure of population,, the average hope of life, the busy and active population, natality, mortality.

The population growing up-in terms of a higher level of training of the working population and in terms of changing the retirement policy in the working area. This way the managers will be able to use a better trained working force, and this is of course something to be happy about as this will substantially contribute to the improvement of the management system to making better decisions and applying them consequently. On the other hand, this aspect can become a major problem because of the increasing wages that have to be paid to qualified professionals. This category of people may also become more demanding about getting jobs according to their high skills, the number of those who will perform routine work decreasing.

The population able to work constantly aging. The risk here is that of having many institutions that use an ageing personnel

Migration of the labour force towards the European Union markets. Massive exodus of the labour force is felt especially in the organisations, which have to deal with lack of personnel, who show little interest towards work.

Changing the social-cultural factors, that is, the whole of the elements such as the social structure of the population, their culture and mentality, the school system, health education, science, etc.

2. Mutations in the economy consisting of:

restructuring the national economy

development of the elements making up the economic space in which economic unity, the volume and the structure of the supply of goods activate the level of cash income, the volume of goods demands the movement of the competitive prices are at stake.

the new economy makes information accessible

the speed and high capacity of information processing by computers constitute a substantial support to increasing the rationality of the management processes.

the intense pace of designing and implementing the scientific and technical progress and technology as expressed through the rapid growth of the number of patents and technologies, the accelerated growth of the package of programs for computers. Consequently, the possibilities for improvement, mainly technical, of the organisations, are substantial, the managers being provided with a white range of innovation strategies

the rapid rate of wearness of moral knowledge and of know-how, is also impediment, but, at time, a factor of increased competitiveness

development of the external economic activities and of regional and worldwide integration in the context of world globalisation. All these will lead to the diminishing of the perfectionists practices on an international plan. The management of the organisations has to deal with a fierce competition from certain multinational companies

3. Mutations in the law field, related to:

legislative changes: frequent changes in common law create chaos in management.

the action performed by certified organs to initiate and adopt laws concerning the organisations' activities.

all the legal rules that is directly or indirectly concerned with the market activity of the organisation: laws, decrees, governmental decisions, and orders of ministers.

These can favour or on the contrary can impede the smooth operation business organisations.

The globalisations expresses the growth of the economic interdependencies between countries, as shown in the flux of products and services, financial capital and information beyond the countries' borders. In the global markets, the financial capital can be obtained on a national market and used to buy raw material from another market.

Changes in management practice:

Changes in the political and economic environment determine changes in the management of the organisations. The most representative changes on management level are the growth of the dynamics of the management, the

increased professionalism of the management function, amplifying the action put on the human resources management.

1. Managerial dynamism growth

This is, first of all, determined by the increasingly dynamic of the environment existing and performing, by the spectacular growth of change frequency.

Placing the accent on certain purposes that the management actions should have, leads, logically, to a finality that is to make sure that directly or indirectly the main objectives of the organisation are achieved. The rationality of these actions is first of all appreciated as related to the way in which they respond to the demands requested by the general objectives of the organisation.

In terms of praxeology, the finality of the management actions has certain aspects, which are of utmost importance for the components of these actions:

- a. nomologic concerning the close interdependence between the organisations' activities-they will allow its objectives to be fulfilled
- b. psychological-concerning the large range of personal-individual aspirations of the members of the organisation, which is not necessarily the same with those of the firm's objectives.
- c. sociological concerning the relationship between the members' personal aspirations and those of the organisation's-the essential problem being that of putting them in harmony.
 - d. axiological concerning priority of the objectives, of the management actions.

2.Professionalising of the business manager

Professionalising the work of those in charge of the organisation has become nowadays of utmost importance in the fan of the main resorts of economic and social development, which rapidly grows both nationally and internationally. This idea is furthermore strengthened and practically illustrated through the existence of numerous schools, institutions, instruction centres for leaders in management, world-wide spread nowadays mainly in the developed countries which can more easily provide this people with the necessary elements for "graduating" and with the basics for successfully practising the job.

The professionalising of the business managers, namely their evolution is conditioned not only by applying fair social criteria, but also by the existence of the training system of those programmed to be in charge and of those already in charge. In this aspect, the main issues of the training program are:

- a) of content:
- -providing a multilateral training
- -providing the necessary pragmatism
- -continuous updating of knowledge
- -providing the leaders with necessary abilities and modelling the behaviours and necessary attitudes b) of organisation:
- -performing in a compact period of time
- -performing with intermittence with several cycles
- -assuring the periodical recycling of members

The essential actual and future condition of the management is suggestively defined by what P.Drucker relates to as" the new postulates of the management", namely: the management constitutes the main factor of the activity's improved efficiency.

3. Amplification of the concerns regarding management of human resources.

Most managers currently have to deal with problems concerning human relationships and not with those which can be solved by using the techniques of the operational resource. That's why there is a discrepancy between the influence of the quantitative approach and that of the behaviour approach which has proved to be stronger.

Although until 1960's, few managers had strong educational basis necessary for understanding or using sophisticated quantitative techniques, nevertheless through a sustained, post-graduate intruction, this handicap was rapidly overcome.

We can say that, at present, a theoretical and practical coherent system was elaborated. This consists of concepts, principles, methods and techniques very well articulated which constitute the "pillars" of the structural base of a metascience of thought and managing practice, just in the way in which mathematics is considered to be the metalanguage of science-the language that expresses all superior general truths.

Conclusions

Knowing the concerns of the business management is extremely important in order to understand the fundamental principles of the process of management and implicitly what is that makes the activity efficient. These changes will have consequences on the management practice. Those who will find themselves unable to "put up with" this new challenge-the globalisation will be excluded from the business world, and this requires taking up a new style of management.

The transition to the EU economic system imposes high exigencies as far as the problem of running a business successfully and in a competent way is concerned.

A performance management can be implemented in the Romanian economy only by using specialists trained in the organisation management, specialists that have a new vision of the manager's role in increasing the economic efficiency. Such countries require that managers have new abilities in order to be able to deal with the new environmental challenges.

The management of organisations is subjected to numerous challenges, with processes of evolution which can be favourable or unfavourable and which permanently impose changes.

In this sense, the management of organisation has to mainly concentrate on:

- identifying the changes which had to be made in organisations, preliminary to successive stages that must be achieved, and to factors that influence these changes.
- knowing and applying the management mechanisms through which these changes can be and kept under control.

The contemporary management compel to fulfilling the more complex managerial functions, to adopting new concepts and practices in management. It is important that the rhythm in which these will be understood and applied should be parallel with the speed in which the values and factors that condition the changes in management is produced.

Bibliografie

- 1. Androniceanu, A., Managementul schimbărilor, Editura ALL, București, 1998.
- 2. Armstrong M. Managementul resurselor umane, Editura CODEX, Bucureşti, 2003.
- 3. Borza A. Management strategic și competitivitatea în afaceri, Editura Dacia, Cluj Napoca, 2003.
- 4. Burduş E., Căprărescu Gh., Androniceanu A., Miles M Managementul schimbării organizaționale, Editura Economică, București, 2003.
- 5. Chivu I. Dimensiunea europeană a managementului resurseleor umane, Editura Luceafărul, București, 2003.
- 6. Clarke L. Managementul schimbării, ghid practic privind producerea, menținerea și controlul schimbării într-o firmă sau organizație, Editura Teora, București, 2002.
- 7. Diaconescu M. Economie Europeană, Editura Uranu, București, 2002.
- 8. Hayland B., Yost M. Reflecții pentru manageri, Editura Rentrop&Straton, București, 1998.
- 9. Lazăr I., Naghi M., Borza A., Osoian C. Management, Editura Dacia, Cluj Napoca, 2004.
- 10. Munteanu R. Cercetarea științifică și managemntul schimbărilor, Ed. Mediamira, Cluj Napoca, 1999.
- 11. Verboncu I. Manageri și management, Editura Economică, București, 2000.
- 12. Tinbergen J. International Economic Integration, Elsevier, Amsterdam, 1965.

LUCRARE LIPSĂ - STUDY RELATING TO SOME SKILLS AND INTERESTS TO GET A JOB. STUDY CASE: STUDENTS BEFORE GRADUATION

Tomescu Ada Mirela

HUMAN RESOURCE PLANNING AND THE SUCCESS OF THE ORGANIZATION

Tureac Cornelia

Danubius University of Galați Faculty of Economics Galați, Bvd. Galati, no.3 E-mail: cornelia tureac@yahoo.com Telefon: 0733180173

Bordean Ioan

Danubius University of Galați Faculty of Communication Galați, Bvd. Galati, no.3 E-mail: ioanbordean@yahoo.com Telefon: 0733180147

The human resource planning is the process by which the organizations anticipate and forecast the future requirements of staff and develops the programs to ensure the number and categories of employees at the right place and time. In order to fulfill its mission, the human resource planning must begin with identifying and recognizing the philosophy and missions of the organization, continuing the examination of the environment, assessing the strength and the weakness points, forecasting the organizing ability, establishing the objectives and the strategies, implementation and reviewing the plans. Based on the analysis of the information from the internal and external environment is done forecasting the demand and supply of personnel, information underlying at the base of preparing the human resources plans where is necessary: of recruitment, of disposal, retirement, development and training, of career development.

Keywords: strategy, development, objectives, plans of human resources

JEL Classification: M 12 Business Administration. Personnel Management.

Introduction

Planning the human resources achieves the link between the general objectives of the firm and the strategy of human resources. It is estimated the staff needs for the future (number of employees and qualities) and, depending on the available staff, are established plans trough which can be covered this need.

Trough the research, studying works of the specialists in the field and realizing case studies at Romanian commercial societies, SC TRANSGAL SA Galati, SC INTERTRANS SA Galati, SC FAN SA Galati, SC BONAROMA SRL Galati, SC ANCATERRA Bucharest, we proposed to determine the content of the forecast management of the human resources necessary, its integrations in the organization management, the most effective methods for forecasting the demand and of a future supply of labor depending on the size, specific and complexity of the activities, by the organization strategies and by different concrete situations in which the firm will be.

1. The purpose and necessity of planning the human resources.

The purpose of the human resources planning is to ensure the organization with the necessary staff, on types of adequate classification and the right time. The human resource Planning s is having in view the staff movements towards the organization and from the organization towards outside.

Some of the considerations which require the human resource planning are:

-provision with staff of specialty and the managerial personnel necessary in the case: of developing, expansion, modernization, changing of technology, changing of the range of products etc;

-preventing the employment of staff over the needs of the organization;

-preventing the situations of un-occupying of some key options and of disrupting the organization activities;

-preventing overlaps, sub-loading and overloading the employees with tasks;

-providing the promotion opportunities for the own personnel and reducing the dependence of external recruitment of staff;

-ensuring the maintenance of a flexible organization of the personnel and preventing the offered risks by the firm's external environment which is constantly changing.

As inseparable part of the planning process of an enterprise, human resources planning can be considered the analysis process and identification of the personnel necessary on professions, qualifications, age, and sex. To do this are required more activities such as: identifying the professions and occupations which aren't covered with personnel, the pyramid analysis of the staff, analyzing the staff fluctuations on departments, comparing the requests with the availability of human resources of the organization241.

Human resource planning starts with identifying and recognizing the philosophy and mission of the organization and continues with the examination of the external environment, assessing the strong and weak points, forecasting the ability to organize, establishing the objectives and strategies, implementing and reviewing plans. Planning the personnel objectives includes a set of activities that facilitates obtaining the necessary labor of sustaining the production effort, of an organization. It is based on an intense activity of analysis and forecast of the supply and

241 Cornescu, V,. Bonciu, C., 1999, "The management of human resources", Ed. Three, Bucharest, p 15.

demand of work at the level of personnel category, of one service or of the organization as a whole 242. Planning the necessary of human resources involves identifying the exact number of the effective of persons on each compartment within an organization and uses it for a period to another. This effective is actually provided in terms of both humans of the necessity of human resources of each compartment, and of the global objectives of the organizations.

Human resource planning is based on accurate information, being adequate tot the organization specific and having as purpose providing the fulfilling of general objectives.

2. The planning process of the human resources

Before to engage ourselves in the planning process is necessary that in advance, to have access to the following basic information:

- a. The knowledge of the objectives and strategies of the organization for the period covered by the plan, as well as of the objectives of each structural links. These objectives and strategies in general are viewing: extending or restricting the production of goods and existent services, diversifying the production, possible reorganizing of the major functions within the organization, introducing the modifications in the procedures and methods of production, increasing the profitability.
- b. The knowledge of the profile positions of employment. The job profile includes a description of the sequence of the involved activities of each post (actual or future) as well as the qualification required to holders
- c. *The knowledge of the labor characteristics* used in present in the organization. The personnel files must, in this case, to contain: general information concerning the effectives: name, age, sex, occupied post in present, nationality, languages spoken and written, full academic formation and formation (training) gained during the work, experience: the jobs previous occupied and the type of enterprise or experience acquired, assessing the performance and potential, projects of career of the individuals and their progress on payroll plan As a whole, these processes include three main steps243:
- 1. The analysis of the effective characteristics existing and forecasting the effective movements (internal job offer, present and future).
- 2. The requisitions of the organization concerning the necessary perspectives for fulfilling the current tasks and of those that will be created (demand of wok in the interior of the organization).
- 3. The calculation of the positive and negative deviations between the internal supply and demand of organization to meet the future needs of effectives.

The internal offer of work – includes:

- a. establishing the profile of characteristics actual effective, on categories of staff (workers, technicians, administrative staff, officials, etc) for each of the structural links. These features relates to: age, sex, level of schooling, experience, academic studies, actual and potential competence, aspirations;
- b. trying to provide the number of individuals who will remain in the studied category during the upcoming months of the year or years to develop that plan.

The internal demand of work – includes:

- establishing an inventory of the currently held posts in present, in a given category, taking into account the qualifications required;
- calculation of the possible opening in this category: openings created as a result of increased volume of goods and services provided or trough a diversification of products and services, created trough a reorganization of the administrative structures or by introducing new technologies (automation of accounting activities oar those administrative);
- calculation of the number of posttest that can be dissolved after introducing new technologies, of an administrative of a tasks restructuring at the offices/workshops or a task modification or of hours of work etc;
- purchasing the data collected during previous stages in order to know the number of posts at the end of the period and of required qualification. Also it will be established the proportion of these jobs which will be effectively covered taking into account the financial resources.

Reconciling the supply and demand of work – supposes:

- a. comparison the forecasts of the supply with those of the demand, establishing the deficits that must be covered and the surpluses that must be corrected;
- b. scheduling some actions of recruitment, selection and training of the effectives employed or of reduction of the existent effectives;
 - c. provisioning a periodic review and of global assessment of the program

The plan of human resources, according to Aurel Manolescu concept244 is composed from: the recruitment plan, plan of preparation and perfection; plan of promotion.

²⁴² Nicolescu O., Lefter V., 2004, "The managers and human resources management", Ed. Economic, p.134.

²⁴³ Mathis, R. L., Nica, P., C., Rusu, C., 1997, "Management of the human resources", Economic Ed., Bucharest, p. 145.

²⁴⁴ Manolescu, A., 2001, "Management of the human resources", Economic ed., Bucharest, p. 123.

At developing the human resources plan it will take into account the main actors of influence and will be revealed the way in which they are putting conditions and acts on the plan. Among the most important factors of influence, may be mentioned: the technical progress, the level of resources, labor market, governmental regulations, the general economic situation, the policy of the internal and external partners; these factors work in close interdependence. Only taking into account these factors and the interdependences between them, it can develop a realistic plan and effective, oriented towards achieving the organizational objectives.

The planning process of the human resources must begin with the activity of collection of information, both from internal and external environment of the organization. The data from the interior of the organization are concerning the previsions strategic and tactical organizational, the growth prospects, technological change, product change, assortments, manufacturing lines, establishing of new activities, restrictions of some activities, concentration, aggregation, etc. Also the information on the number, structure and quality of labor existent in the organization, as well as the rates and causes of it fluctuations, are of great importance in planning the staff.

The information from the external environment of the organization refers to the internal policies in the scientific domain, education, cultural, etc., the factors from the economy and their trends, the technological situation at national and international level, the legal regulations, situation in which the evolution of the national and regional labor, the demographic trend and social, the situation and evolutions of the competitions and others. After collecting and analyzing the internal and external information of the organization, the specialists in planning the human resources will forecast the future demand of labor of it. The forecast of the personal demand will have in view the estimated necessary of an year, two or three, sometimes and on a period of five years. For the short period, of a year, the forecast will be more detailed, concerning each post and positions. After determining the future demand, the specialists in human resources will forecast the future supply of labor, having two major components: internal supply of staff, having as base the existent promotion of the personnel and the possibility of retraining; the external supply from the work force market, trough the offices of labor distribution, by transfer to other firms, from schools, universities, other forms of education etc.

Developing of each forecast in the domain of human resources is based on technological, financial, on those concerning the market, human potential and material of organization. The analysis and assessment of the results constitutes a mechanism of self-planning of human resources, serving at identifying the optimal strategies of action.

3. Forecast of human resources

Forecast of human resources is influenced by the activity domain at which refers, by the sphere of coverage and by the chosen horizon. Elaborating the forecast of human resources must ensure the compliance to some requirements: such as accurate knowledge of reality, the existence of data passed on periods of sufficient length, eliminating from the calculation the calculation of data with accidental character concomitant use of several methods of forecasting. In this context appears the question: "Can a manager to know the future in the human resources domain?"

The answer is yes, but no absolute, in the sense that the actual speed of progress of the phenomena economic and social is extremely big, and the technical scientific as well. In this sense, any manager of human resources must continuously inform concerning these changes (especially on the supply and demand of labor and at competition) for not to be taken by surprise and making decisions inappropriate of lack of information.

The objectives of the firm are the point of leaving of any forecast of the human resources, whereas on the basis of this are effectuated the inventory of available resources, and establishing the necessary is performed by professionals, training, performances, with the help of capable people from the inside and outside of the organization.

Regarding the human resources planning, the objectives if these are following:

identifying the issues concerning the personnel effectives, before to appear in the form of a short term crisis, medium or long;

identifying the uncertainties to which it is possible to cope with which reflects on the qualitative and quantitative necessary of human resources;

maintaining of a flexible organization of personnel to cope with the changes that occurs in the enterprises activity;

analyzing the existent situation in firm concerning the posts of work and human resources;

developing the forecasts in relation to the necessary of human resources of the organizations;

adopting on short term, medium or long of the necessary of human resources in relation to the number of existing human resources and with the strategic objectives of the firm.

3.1. Used methods for determining the necessary of human resources

In the literature of specialty and in the practice of economic units are presented different methods for determining the necessary of staff, like this:

Methods of regression, which establishes certain relationships between the effectives of workers (under qualitative and quantitative aspects) and some indicators of the enterprises as: sales volumes, production volume,

the value added, etc. Starting from these relations, it is projected the necessary of staff for each future periods, taking into account the planned indicators of the firm.

The analysis of trends as a method that estimates the predictable needs taking into account the evolutions and trends recorded in the company concerning the employees effectives, staff personnel, etc. Are obtained global estimates of the necessary of staff, compared with the data from the previous periods;

Estimating the staff necessary by each hierarchical chief. This method assumes that in each section of work, the production link and conception, the hierarchical chiefs respective to asses the staff needs for the future periods, taking into account the specific developed activities.

Delphi method. In the enterprises where the specific of their activity makes difficult to quantify of some estimations for the volume of the future activities, it may be forecast the necessary of staff using the Delphi technique. In this purpose is constituted a group of 10 - 20 of specialists – experts who know very well the specific of the developed activities. They express their opinion concerning the development in the future of the enterprise, filling some questionnaires, during on several interactive sessions, coordinated by an expert specialist in the field of prevision.

Estimating the necessary of personnel based on the work productivity. The variable productivity of work is the basis for forecasting the necessary of staff. The norms concerning the work productivity must be set according to the external criteria (probable progresses of the competition) and not by internal criteria (which are taking into account the existent relations between workers or between the workers and hierarchical bosses) because an organization can't support much time expenditures of work bigger of the competition.

3.2 Forecasting of the work offer

After forecasting the demand of work force, is necessary to establish the personnel offer, first the internal offer and then the external.

Internal supply

The internal supply is composed of all existing employees, at a time, in organization and which, are expected that will remain an in the future for which is made the forecasting. The internal supply of work force changes permanently because are making retires, having held deaths, dismissals, resignations, employments. The specialists in the human resources must have a good information system well put in place to meet all the time the situation of the internal supply of staff and to forecast the next offer. For the small organization it can be used **the file system of staff**, which shows the number of persons who carries a particular job within the organization. These records must be updated regularly to have a real situation. At the big organization, the manual system of the files of personnel isn't sufficient, having to create and operate a informatics system if the human resources.

To asses the current supply of work force and identifying the candidates for promotion or to transition to other positions within the organization, can be used the inventory **form of the qualifications**. For each employee there is also a form on which are passed the personal data: name and surname, place of employment, activity, experience, education, training courses, foreign languages, favorite post, favorite place, and hobbies. The informatics system of the human resources can respond to the inventory requirements of the personnel and of permanently actualization if the new data are entered into the computer as soon as they are known.

For **forecasting the intense supply** of work force it can be used various methods, including **the Markov analysis** based on the **probability matrix of transition**.

On long term are recommended the forecasts based on logic methods effectuated by the managers that are taking into account by the: employees categories, qualifications on categories, the system flexibility (how easy can be transferred the employees from a job to another), the syndicate position, promoting possibilities, fluctuation of the force work and from its causes.

The forecast of the internal supply of work force can be use in efficient way the information linked to the fluctuation of the staff if it's realized a analysis of departures from the organization, on categories of employees and on seniority categories at work.

The external supply of work force

The organization can't resolve the demand of work force only with the internal supply; she has relations of permanent inter-conditioning with the external market of its. The labor market is a concept which designates an area, geographical and on skills, from which a organization recruits its staff. The market can be situated in a small geographical area and close to the company which has demand of labor, for example, food chemistry engineers for a company of Galati are found in this town where a faculty works with this profile; persons with another qualifications, auto mechanics, mechanic or unqualified, also are found in the area. For other qualifications: university professors, top-level managers, researchers, engineers, etc, the labor market can be of national or international level. Moreover, for companies in the country, from Sibiu, Brasov, Timisoara, Baia Mare etc., which looks for engineers chemistry food, the respective market isn't situated in geographical area near to them.

Conclusions

The planning activity of human resources is particularly important for ensuring with the necessary of work force for the future periods from the organization evolution, being organically linked to the requirements and strategic objectives of the organization. In this process are intervenes several factors, of endogenous or exogenous factor of the organization of which evolution isn't always easy to predict, which requires more rigorous approach, based on experience and the managers intuition and of specialists in human resources and in planning, but and using scientific methods, specific to the management or adapted from mathematics, statistics, economics, etc. Developing the process presumes organizing a informational system which to be cable to provide the necessary information, in the required quantity and structure, at the right time. After were forecasted the demand and the internal supply of labor and was analyzed the external offer from the labor work, specialists, in human resources must establish programs to solve the coverage problem, at the appropriate moment, with employees, quantitative, structural and qualitative of the future needs. Due to the dynamicity of the environment evolution of the organization it he contemporary society, the planning problem of human resources remains always topical

Bibliography

- 1. Bordean, I., 2006, "The Human Resources Management", Ed Academic Foundation Danubius, Galati.
- 2. Cornescu, V., Bonciu, C., 1999, "The Management of Human Resources", Ed. Three, Bucharest.
- 3. Lefter, V., 2007, "The fundamentals of Human Resources Management", Ed. Economic, Bucharest.
- 4. Manolescu, A., 2001, "The Human Resources Management", Economic ed., Bucharest.
- 5. Matei, L., 2001 "Public management", Ed. Economic, Bucharest.
- 6. Mathis, B., R., Jackson, J., H., 1991, "The Human Resource Management", West Publishing Company, N.Y.
- 7. Nicolescu, O., Lefter, V., 2004, "The Managers and Human Resources Management", Ed. Economic, Bucharest.
- 8. Rotaru, A., Prodan, A., 2005, "Management of Human Resource", Ed. Sedcom Libris, Iasi
- 9. Tureac, C., 2008, Strategic Management, Didactic and Pedagogical Publishing, Bucharest
- 10 Zorlentan, T., Burdus, E., Caprarescu, G., 1995, "The Management of Organization", Ed. Holding Reporter, Bucharest

LEVELS OF ETHICS THAT CHARACTERIZE THE MANAGERIAL REASONING

Tutulea Anca

Universitatea "Lucian Blaga" din Sibiu Facultatea de Științe Economice Adresa de contact: Sibiu, Bld. Mihai Viteazu, Nr. 19, Bl. V9, Ap. 103, Cod 550350 E-mail: anca.tutulea@ulbsibiu.ro Telefon: 0744356382

Ethics in business has become a subject of increasingly important and topical due to the rapid change of technologies, internationalization of business, the impact of various economic, political and labor factors on public and private sector. Managers and employees should be aware, well informed about ethical issues that may arise in the process of adapting the organization to changes in business environment.

The ethics of business and its staff depend to a large extent on the qualities and leadership ability of its managers. Every manager has a special moral responsibility: it must show a high professionalism, to lead people so that they could achieve the business objectives, to be a model of conduct for its employees, moreover, the manager should contribute to the institutionalization of ethics within the organization through culture, media, rules, customs, practices, etc.

Keywords: ethics, manager, moral, imoral.

JEL Classification: M20, M21.

"A person who values more privileges than her own principles will soon lose both."

(Dwight D. Eisenhower)

1. The Manager – the decision factor of ethical behavior within organizations

Ethics seeks a rationalization of human actions that is based on the general ethical reasoning; it defines basic concepts (good-bad, right-wrong, values, beliefs, ethics, conflict of ethics, etc.) and it comes up with theories that can be developed into tools of decision making, of solving different types of moral conflicts and ethical dilemmas that may occur within organizations.

For a better understanding of the role of ethics in business it is very important the attitude of the superior in the company which shows a particular respect to ethics through their own actions as managers and through the policies within the company, through the decisions and delegated tasks, through wage policies adopted in the company, through the way of application of disciplinary sanctions, etc.

Thus, we can say that ethics is "image generator" both for the manager towards his employees and for the company towards the environment in which company operates.

Believing in the ethical principles is not an option. Regardless of the position held within a company and of the individual personality, the ethical principles should underpin all of its shares. For example, in positions of leadership, the ethics of the manager both in the internal or external relations is reflected automatically in the image of the company where he is employed. The manager represents a model of behavior both for the team he coordinates and whose team members are his subordinates and for his other colleagues.

Ethical principles²⁴⁶ should serve for each manager the basis for creating a personal system of ethics:

- central positioning of the "golden standard", implies the fact that the manager has the obligation not to show any unproper behaviour (a way he would not like to be treated himself) towards subordinates, management team, suppliers and customers;
- the manifestation of principiality in the life situation of duties, responsibilities, the right to benefit from the use of resources and establishing deadlines for completion and distribution of forces and means, rights and powers;
- adopting urgent measures to eliminate mistakes in one's own activity;
- participation in expanding and developing the application of ethics in business;
- supervising that in any action ethics should not violate rules or other ethical rules;
- ethical principles of respect of other firms, regions or countries;
- taking into account culture and traditions in the process of securing ethics in the company;
- implementation of involvement methods in management;
- the implementation of personal ethical beliefs when they are in accordance with the requirements of universal ethics and managerial ethics;
- avoid any signs of psychological aggression on subordinates;
- using constant influence through models and psycho-social means to achieve the ethical requirements imposed on the company;
- removing potential contradictions and conflicts likely to attack the quality and performance measures applied:

²⁴⁵ Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002, p.291.

²⁴⁶ Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002, p.309.

- improving confidence in the ability of the company, of the management team and staff to meet the demands arising from ethical concepts and moral foundations of performance management;
- respect for freedom of thought and action of employees;
- the development of the ethical way thinking and action of the subordinates.

Ethics Management operates with the following terms²⁴⁷: company, groups of interest, internal problems and personal problems.

The company is the general category towards which ethics management must define its behavior.

Groups of Interest define the correct paths in the initial steps to solve social problems of special Groups of Interest and how they are affected by managerial decisions.

Internal problems generate management attitudes that need to define the nature of relations between the company and employees, including managers.

Personal problems are those related to the relations of a person towards another person within the organization. Ultimately, the manager must take into account of issues²⁴⁸ with ethical values:

- interest of the general public;
- objectives for whom he works;
- understanding of all participants involved in the business and of the changes taking place in the organizations they

Managers have two main priorities²⁴⁹, which sometimes can be contradictory:

- the public;
- their own organization.

In general, what is considered moral for a manager, at the same time it may be considered immoral by the other actors involved in conducting business, thus ethical dilemmas may result.

2. The main levels of ethics that characterize managerial reasoning

The reality today confirms increasingly more clear and more often that managers of corporations are subject to considerable pressure to compromise on their personal ethics in order to achieve company goals. A research²⁵⁰ of over 238 managers from various industries, showed that almost 65% of the total agree with the following statement: "Managers now feel pressure to compromise personal standards to achieve organizational objectives." The results of the research suggest that managers live in a real pressure or perceive it, a preassure of making a compromise among moral standards, personal or organization to meet prospects. The research also suggests that this pressure is perceived more by middle managers and those on lower levels than the top managers.

Regarding this analysis of the behavior of managers in terms of ethics or unethics in business, Gheorghe Militaru suggests a guide for managers in the decision-making process, a simplified model of extremely valuable ethical behavior. This model highlights three types of ethical behavior of reference²⁵¹:

- 1. Maximum personal benefits (selfishness). A manager with a selfish behavior would evaluate alternatives in terms of having personal gains such as salaries, prestige, power or anything else that has value for him. If the organization or the company gains certain benefits, these are simply at random. Therefore, to maximize personal wealth is a priority for the management.
- 2. Maximum social benefits (altruism). A selfless decision to select the version that will provide maximum welfare benefit. In practice, taking decisions on a selfless basis is difficult because it is hard to establish personal benefits that they generate unselfish behavior.
- 3. The obligation of a formal principle. It is placed between the two extremes previously submitted. Selfishness is an act valid only if the benefits of individual counts. Altruism is good only if the benefits of the company count. In reality, the criteria which will establish a standard of ethics for managers is the consequences. In contrast, adherence to ethical principles is formally based on the idea of verticality of the manager because the correctness/fairness or incorrectness/unfairness of an act/action depends on principles rather than on consequences. Continuing the idea presented above, we can say that the main levels of ethical or moral that characterizes

managerial reasoning, are the following:

1. The immoral manager is characterized by selfishness that cares only for his own profits and for the benefits of the company. He has a negative position/attitude towards what is moral and his objectives are set out towards profitability and performance achieved at any cost, the legal violation and exploitation of opportunities strictly for the benefit of the company.

2. The moral manager can be characterized in opposition to the immoral manager. The moral manager is acting within an ethical standard, showing the sense of honor, righteousness, sense of duty and accepted values and

²⁴⁷ Popescu, D., Cultura organizațională și etica în afaceri, Editura ASE, București, 2006, p.190.

²⁴⁸ Popescu, D., Cultura organizațională și etica în afaceri, Editura ASE, București, 2006, p191.

²⁴⁹ Popescu, D., Cultura organizațională și etica în afaceri, Editura ASE, București, 2006, p191.

²⁵⁰ Ionescu, Gh., Dimensiunile culturale ale managementului, Editura Economică, București, 1996, p.252.

²⁵¹ Militaru, Gh., Comportament organizațional, Editura Economică, București, 2005, p.154.

practices. Profitability is situated within legal and ethical standards and he considers law as a basic minimal ethical behavior. He calls for action beyond what the law requires and solves ethical dilemmas and he highlights selfinterest

3. The amoral manager is acting from a legal point of view, taking decisions beyond the area of application and of the management activities, beyond the moral order of a specific code. His motivations are well-meant but selfish. The objectives of his plan are based only on profitability, the others being considered that they lack importance. The expression justifying his behaviour is: "the law is the ethical guide, and managers are responsible only to legal mandates and require these mandates".

Some of the guiding principles of common sense that can help managers to consider the ethical implications of managerial decisions and behaviors are the following:

- 1. obeying the law, as far as it regards content and spirit;
- 2. to tell the truth. Telling the truth is important in winning the confidence of the business partners:
- 3. to show respect for people, a fact that has deep roots in the study of ethics;
- 4. use and comply with the 'Golden Rule', which means treating individuals fairly and honestly, as managers would be treated if the business would belong to an individual.
- 5. most important than anything is not to cause anyone damage, or hurt. This principle is considered by some American researchers to be the baseline of any ethical consideration, and also an easy guideline to apply in
- 6. active involvement without paternalism. It refers more to learning about the customers' needs, than deciding what it is best for them;
- 7. always act when you have responsibilities.

In the paper, 'Ethics of the effective leader or leadership based on principles', Stephen Covey presents the results of a study and a detailed research of 500 managers conducting their business based principles. Characteristics of such managers²⁵² are:

- 1. They always learn, read, prepare, learn with your eyes and ears; they are curious, always developing their skills,
- 2. The purpose of their life is to serve others; they consider that their life is a mission, not a career.
- 3. They glow with positive energy, they have cheerful, pleasant, happy appearance' they are optimistic, enthusiastic, confident (not sullen, peevish, paranoid).
- 4. They believe in other people, they do not exaggerate towards negative behaviors, critics and human weaknesses, they are not vengeful; they do not label others taking into account prejudices and stereotypes.
- 5. They lead balanced lives, perceive their own value which consists of courage, integrity and lack of need to brag; they are simple, direct, open, not manipulative.
- 6. They believe that life is an adventure; relishing her life, without prejudices, their safety lies in their initiative, resourcefulness, willingness, courage, force, native wit.
- 7. They are synergetic (synergy is the condition in which the whole is the sum of the parts); they believe in the power and capabilities of others, they do not feel threatened by those who are better; they know to make a distinction between man and matter.
- 8. They constantly practice for self-renewalness; they regularly participate in a program physical exercises to strengthen their physical and mental health, they practice their minds through reading, writing, visualization and problem solving; they are patient, they listen to others with genuine empathy, unconditional love; they are responsible for their own lives, decisions and reactions; from the spiritual point of view they are interested in prayers, studying the Scripture, they practice meditation and fasting.

True leadership principles have profound moral bases. Practitioners of this type of management are recommended to forbid the so-called "seven sins" 253 that anyone could fall onto, namely:

- 1. Wealth without work. Nowadays, there professions built on the idea to make a fortune without work, to earn money without paying taxes, to benefit from government programs for free, without any financial liability bear etc. (types of network marketing, pyramid organizations).
- 2. Pleasure without awareness. Many people seem to want pleasure without consciousness or sense of responsibility.
- 3. Knowledge without character. Development of pure intellectual development in the absence of the same nature "is silly as high as if you give a sports car of high power in the hands of a stoned teenager". Action must be taken (in the education system) so that there should a balance between the development of intellect and character.
- 4. Business without morality. Adam Smith is the one who in the work "The richness of nations" explained how important is moral to our success, that it is important how to behave towards each other, the spirit of goodwill, of service, of help. If you ignore the moral foundation and allow economic systems to function without it and without constant education, there is the a risk of the appearance of amoral or even immoral companies and business.

²⁵² Stephen, R., Etica liderului eficient sau conducerea bazată pe principii, Editura ALLFA, București, 2006, pp.23-30.

²⁵³ Stephen, R., Etica liderului eficient sau conducerea bazată pe principii, Editura ALLFA, București, 2006, pp.83-90.

- 5. Science without humanity. Although we see very well prepared people, rapidly climbings on the scale of the scientific success, we notice that this step ladder lacks human kindness and it cannot rely on the wall which should support it (a normal, natural scientific accumulation of knowledge and teaching competence).
- 6. Religion without sacrifice. It takes sacrifice to help others in distress, killing our pride and prejudices.
- 7. Politics without principles. It is dramatic is that within many large economic organizations which support their existence on questionable statements, there people robbed in the broad daylight with witnesses, or somebody steal their self-respect, money, position and nobody is judged for this. And yet there is consolation that the best companies and organizations are run by natural laws and principles. That is why we advocate for such an ethics board and its corresponding attached.

3. Measures adopted to ensure the level of ethics

To prevent the occurrence of unehical practices, organizations adopt specific objectives²⁵⁴ such as:

- understanding the typology of ethical concerns;

recognition of the pressure exerted on managers and formulation of measures to implement the - - ethical concerns;

- understanding how decisions can be encouraged and targeted according to ethical criteria;
- counteracting ethics violations or abuses in the employment practices;
- familiarizing the management team and the employees with the steps that should be taken in the decision making process to achieve knowledge and application of ethical standards.

In order to preserve competitiveness and confidence in the activities, organizations distinguish themselves by intense concern for moral action. In this respect, the ways²⁵⁵ in which ethical behavior can be encouraged are the following:

- publishing its own code of ethics, according to recognized social standards and values;
- training managers on issues of ethics in business;
- developing programs to resolve ethical conflicts;
- institutionalization of committees to oversee ethical behavior;
- granting proper rewards and sanctions.

To improve ethical behavior²⁵⁶ several ways have been proposed among which we mention:

- 1. Top management involvement. Managers determine organizational culture as patterns of behavior for employees, through what they say but especially through what they do.
- 2. The selection of employees. Managers, in the selection process, shall hire persons whose characteristics show morality.
- 3. *Ethic codes*. The document which includes a set of values which the organization supports and defends, as well as general rules of behavior that the employees are expected observed.
- 4. Ethical behavior training. Using the training programs to strengthen ethical values of the organization specified in ethic codes.
- 5. Independent audit of ethical behavior. Evaluates the morality of the employees' behavior, aiming at finding inaccuracies.
- 6. Formal protection mechanisms. The establishment of formal mechanisms of protection (ethical issues counsels or committees, ethical issues officers, communication systems of ethical incidents), to protect employees who face ethical issues so that they act in the spirit of moral correctness.

An organization can not be ethical if its members do not have an ethical behavior, an organization that promotes moral principles through the institutionalization of a set of rules of conduct will not tolerate within itself individuals who violate these moral rules or values. Practice shows that compliance with moral principles within the company extends in its relationship with the external environment, ie it contributes to promoting values, to creating and maintaining a good image of the company in the community in the short and long term.

Bibliography:

- 1. Burdus, E., Tratat de management, Editura Economică, București, 2005
- 2. Burdus, E., Gheorgită C., Managementul schimbării organizaționale, Editura Economică, București, 2008
- 3. Dygert, C., Managementul culturii organizaționale, Editura Polirom, Iași, 2006
- 4. Ionescu, Gh., Dimensiunile culturale ale managementului, Editura Economică, București, 1996
- 5. Johns, G., Comportament organizational, Editura Economică, București, 1998
- 6. Jones, T., Wicks, A., Freeman, E., The Blackwell Guide to Business Ethics, ediția electronică, 2001
- 7. Mccollum, J., Idei americane pentru manageri români, Editura Universitară, București, 2006
- 8. Militaru, Gh., Comportament organizational, Editura Economică, Bucuresti, 2005
- 9. Moldoveanu, G., Analiză și comportament organizațional, Editura Economică, București, 2005

²⁵⁴ Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002, p.314.

²⁵⁵ Militaru, Gh., Comportament organizațional, Editura Economică, București, 2005, pp.154-155.

²⁵⁶ Ursachi, I., Management, Ed a3-a, Editura ASE, București, 2007, pp.332-335.

- 10. Nicolescu, O., Verboncu, I., Managementul organizației, Editura Economică, București, 2008
- 11. Ogrean, C., From business corruption to business ethics new challenges for the competitive strategz of the firm, în Studies in Business and Economics, no. 2/2007 (ISSN 1842-4120);
- 12. Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002
- 13. Popescu, D., Cultura organizațională și etica în afaceri, Editura ASE, București, 2006
- 14. Preda, M., Comportament organizational: teorii, exercitii si studii de caz, Editura Polirom, Iasi, 2006
- 15. Stephen, R., Etica liderului eficient sau conducerea bazată pe principii, Editura ALLFA, București, 2006
- 16. Ursachi, I., Management, Ed a3-a, Editura ASE, Bucureşti, 2007

SOME ACTUAL CONSIDERATIONS ABOUT CRISIS MANAGEMENT

Udrescu Margareta

Ovidius University From Constanta, Economical Sciences Faculty, University Road, No. 1, Udrescu Marga@Yahoo.Com, +40 721 983139

Ilie Constantin

Ovidius University from Constanta, Mechanical, Industrial and Maritime Faculty, Mamaia Ave., no. 124, ilie.ctin@yhoo.com, +40 721 205325

Considering the current worldwide financial and economical conditions and especially in the spectrum of an epidemic of H1NI virus the authors feel the need to remained the importance of crisis management. Defining what a crisis is and thinking a couple of its types and also the crisis management and the importance of the crisis communications the authors also want to signal the present needs for a more accurate consideration of the crisis management and its usage and also bending the decisions in order to minimize the psychological effects of the crisis and maximizing the positive effects of the decisions.

Keywords: crisis, crisis management, crisis communications

O20

1. What is a crisis?

In order to defined and comprehend a crisis and its effect we should defined the hierarchical level were the crisis acts:

- In general?
- For an organization?
- For government or bureaucracy?
- For a private company?
- In healthcare?
- In drug safety?

Crisis can be defined as:

"A significant business disruption that stimulates extensive news media coverage. The resulting public scrutiny will affect the organization's normal operations and also could have a political, legal, financial and governmental impact on its business." (Institute of Crisis Management)

Few organizations understand and qualify specific threats in order to evaluate risks accurately. The consequences can be extreme. Not only are some threats overlooked, but also resources and budgets are misapplied to threats that do not exist or have a minimal impact.

Specific threats to organization:

- Operational viability;
- Reputation;
- Credibility:
- Financial stability;
- Legal action.

The basic causes of a business crisis are four in number:

- 1. "acts of God" (storms, earthquakes, volcanic action, etc);
- 2. mechanical problems (ruptured pipes, metal fatigue, etc.;
- 3. human errors (the wrong valve was opened, miscommunication about what to do, etc.);
- 4. management decisions/indecision (the problem is not serious, nobody will find out).

1.1. Sudden crisis

A sudden crisis is defined as:

A disruption in the company's business which occurs without warning and is likely to generate news coverage and may adversely impact:

- 1. Our employees, investors, customers, suppliers or other publics
- 2. Our offices, franchises or other business assets
- 3. Our revenues, net income, stock price, etc.
- 4. Our reputation--and ultimately the good will listed as an asset on our balance sheet

A sudden crisis may be:

- a. A business-related accident resulting in significant property damage that will disrupt normal business operations
- b. The death or serious illness or injury of management, employees, contractors, visitors, etc. as the result of a business-related accident
- c. The sudden death or incapacitation of a key executive

- d. Discharge of hazardous chemicals or other materials into the environment
- e. Accidents that cause the disruption of telephone or utility service
- f. Significant reduction in utilities or vital services needed to conduct business
- g. Any natural disaster that disrupts operations, endangers employees
- h. Unexpected job action or labor disruption
- i. Workplace violence involving employees/family members or customers (Institute of Crisis Management) *Sudden Level 1*

Can be handled by on-duty personnel responsible for responding to and managing this kind of situation.

Example: A careless employee leaves oily rags in the storeroom of an office building. Spontaneous combustion occurs. Luckily the fire is discovered and extinguished quickly by one of the building maintenance men.

Sudden Level 2

Can be handled by the personnel who respond, with support from other employees on duty or who may have to be called in from their homes.

Example: The fire is out but heat and smoke damaged office furniture in the storeroom. The owners are irate and threaten to sue.

Sudden Level 3

Requires additional resources and people beyond the regular personnel. These managers and employees may be from other facilities or the corporate office, and may be supplemented by outside vendors or consultants

Example: The fire was not discovered in time and spreads outside the storeroom The fire department is called and puts out the blaze but it has severely damaged three offices. Two TV news stations cover the story and report that the fire was thought to have been caused by a careless employee.

Sudden Level 4

The situation is out of control and will impact an extended area and numerous people indefinitely. Business will have to be curtailed or discontinued and employees diverted from their normal duties until it is resolved. Other employees may have to be furloughed, vendors ordered not to make deliveries, etc.

Note: Local emergency response agencies will be actively involved. State and federal agencies also may be called in.

Example: The fire spreads throughout the office building. High winds send cinders into nearby neighborhoods causing additional fires and forcing the evacuation of residents in the area. The fire department calls in all available equipment from the city and surrounding areas to control the numerous fires.

Local TV stations feed the story to their networks and it is carried on the evening news programs, with the suspected cause of the fire mentioned in the reports.

1.2. Smoldering Crisis

A smoldering crisis is defined as: Any serious business problem that is not generally known within or without the company, which may generate negative news coverage if or when it goes "public" and could result in more than a predetermined amount in fines, penalties, legal damage awards, unbudgeted expenses and other costs. Examples of the types of smoldering business crises that would prompt a call to the Crisis Management Team would include:

- a. Sting operation by a news organization or government agency;
- b. OSHA (Occupational Safety and Health Administration) or EPA (Environmental Protection Agency) violations which could result in fines or legal action;
- c. Customer allegations of overcharging or other improper conduct;
- d. Investigation by a federal, state or local government agency;
- e. Action by a disgruntled employee such as serious threats or whistle blowing;
- f. Indications of significant legal/judicial/regulatory action against the business;
- g. Discovery of serious internal problems that will have to be disclosed to employees, investors, customers, vendors and/or government officials.

2. Crisis management

Crisis management is a relatively new field of management. Typically, proactive crisis management activities include forecasting potential crises and planning how to deal with them, for example, how to recover if your computer system completely fails. Hopefully, organizations have time and resources to complete a crisis management plan before they experience a crisis. Crisis management in the face of a current, real crisis includes identifying the real nature of a current crisis, intervening to minimize damage and recovering from the crisis. Crisis management often includes strong focus on public relations to recover any damage to public image and assure stakeholders that recovery is underway.

The first goal of crisis management is prevention. A model for the crisis management is shown in figure 1. The general purposes of crisis management are:

- Prevention;
- Survival;
- Successful outcomes.

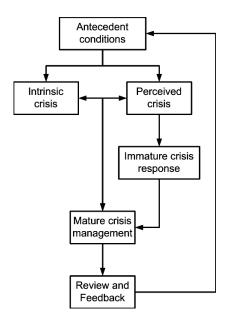


Figure 1. Example of crisis management model.

The model's elements from figure 1 can be briefly explained as follows:

- Perceived crisis: as seen by all individuals from particular viewpoints;
- Intrinsic crisis: total situation as seen by neutral observer with all the facts;
- Immature crisis response: instant and irrational (denial/shock/panic);
- Mature crisis management: grasp of intrinsic crisis;
- Review and feedback: assessing success and failure and feeding learning into future planning.

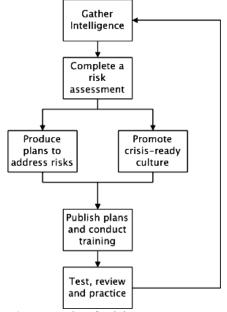


Figure 2. Example of crisis management model.

In order to define, to construct and to implement the decision as results of crisis management activities the first step is the management risk intelligence (figure 2) and consists in whether the management representative observe and determines the incipient signs of crisis.

Elements of this risk intelligence as:

- continuous scanning (networks/media/public opinion, etc)
- superficial focus
- collaboration
- positive relationships

are at the most important for the results of the crisis management implementation and must avoid effects such as: uncertainty/ambiguity and try to impose effect such: urgency of response and strategic effects of decisions.

The success can be measured results:

- Has organizational capacity been restored?
- Have losses been minimized?
- Have lessons been learned?

3. Crisis Management vs. Crisis Communications

The difference between crisis management and crisis communications and the new term of business continuity needs to be clarified. Where do you draw the line between management and communications in a crisis? If you and your management are smart, you won't. As a matter of fact, you'll do everything you can to coordinate the management, operational and communications response to any crisis that goes "public."

To start with, Trigger Points must be clearly defined and well understood by all of the members of the response team. All too often someone says, "We have a crisis out here." What are the factors that make it a crisis as opposed to a serious internal problem?

Operational response:

- implement emergency response procedures;
- protect employees and business operations;
- assess the situation;
- brief headquarters.

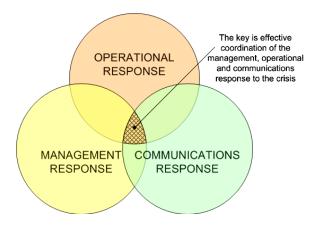


Figure 3. Elements of an effective crisis response

Management response:

- mobilize crisis teams;
- confirm crisis severity;
- advise senior executives;
- adjust and implement crisis response plans;
- prepare for external communications.

Communications response

- employees at all locations;
- families of employees;
- supporter and adversaries;
- government officials;
- the news media.

The key is in having an integrated, coordinated approach by all three groups. The process starts with defining the organizations vulnerabilities to business disruptions and developing realistic workarounds and contingency plans. That's the basis of the business continuity approach that has emerged as companies, non-profit organizations and government agencies worldwide prepare for any type of business disruption including a pandemic.

References

- 1. Barton, L., Crisis leadership now: A real-world guide to preparing for threats, disaster, sabotage, and scandal. New York, NY: McGraw-Hill. (2007)
- 2. Coombs, W. T. Code Red in the Boardroom: Crisis Management as Organizational DNA. Westport, CT: Praeger, (2006).
- 3. Seeger, M. W., Sellnow, T. L., & Ulmer, R. R. (1998). Communication, organization and crisis. Communication Yearbook, 21, 231-275;
- 4. * http://www.managementhelp.org/crisis/crisis.htm;
- 5. ** http://en.wikipedia.org/wiki/Crisis_management;
- 6. *** http://www.crisisexperts.com/vulnerability_main.html .

THE CORRELATIVE APPROACH IN THE MANAGEMENT OF COMPANIES AND PUBLIC INSTITUTIONS

Văruicu Nicoleta

The Bucharest Academy of Economic Studies Faculty of Management Contact address: Piteşti, str. Smeurei, Bl. PS2, Sc.A, Ap.10, Jud. Argeş (Piteşti, Smeurei Street, Block PS2, Entrance A, Flat number 10, Argeş County) Email: nicoletavaruicu@yahoo.com Telephone: 0743.43.99.39

Dumitru Alina Mihaela

The Bucharest Academy of Economic Studies Faculty of Management Contact address: Piteşti, str. Nicolae Bălcescu, Bl. L4, Sc.B, Ap.40, Jud. Argeş (Piteşti, Nicolae Bălcescu Street, Block L4, Entrance B, Flat number 40, Argeş County) E-mail: alina dumitru2004@yahoo.com Telephone: 0747.09.55.68

The year 1989 marked a turning point in Romania's evolution since it led to the passage, or to put it better, the coming back, after more than four decades from the strictly planned, administrative-bureaucratic centralized economy to the strongly decentralized market economy in which the orientation and leading of activities is done through economic/financial factors, compatible with the economic democracy and the market mechanisms. Within the frame of the new economic-social realities installed after 1989, managers' capacity to adapt to these new realities and efficiently operate in a dynamic economic environment, conditioned Romania's chances to take the path of development, and acquire dynamism, modernity and competitiveness. Following the establishment of the market economy, managers' activity and profiles undertook serious changes since the new context obliged them to cope with a more dynamic environment.

Keywords: company management, public institution management, performance, efficiency

Cod JEL: J28, O15.

When it comes to differences between state-owned companies and multinational companies, opinions are divided. They go from perceptions of the type 'people work like slaves on plantations in multinational companies' all the way to convictions of the type '"P" from "Public" sector comes from playing hard rather than working hard'. Each idea has its own partisans and there are employees who prefer to remain all their life on one side of the barricade due to these ideas. Generally speaking, there are no big differences between state-owned companies and multinationals. Both types of organization focus on hierarchy, unlimited information flow, discipline and the observance of rules and procedures.

In spite of all this, there are differences in work styles that can be seen with the naked eye and which mainly relate to organization. One of the main differences between public sector employees and private sector employees is their work schedule. Employees of state-owned institutions generally enjoy fixed working hours which begin at 8 a.m. and finish by 4 p.m. It is very seldom necessary for them to spend extra hours at work. There are also things that one can do back home. For instance, if you have a report that you have to draw up, you can work on it over the week end, but this situation occurs extremely rarely. One does not have to spend extra hours working on a frequent basis and this aspect is confirmed by many of the employees of a state-owned institution.

The situation is different with multinationals where, if needed, employees get to spend extra hours working for several days in a row in the case of rush jobs. One tax consultant working in a consultancy multinational company, present on the local market, explains: "Most of the times employees themselves are the ones that censor flexibility. As long as your projects are finished in due time, there is no problem and you are even allow to solve your personal problems. In case of projects which admit of no delay, however, there is no room for concessions; nay, employees have to work the needed number of hours in order to deliver the project on due time. There are obviously relaxed periods with few projects and in these cases the working hours finish by 6 p.m., but there are also days when employees leave the office by 9 p.m. or even 11 p.m". In the private sector, a senior economist with over three years of work experience can earn between 600 and 1500 euros a month, while a tax consultant with the same level of experience earns 1500 euros a month. On the other hand, consultants, experts, inspectors and auditors working in a City Hall, for instance, had by the end of last year basic wages that could reach 2000 lei (470 euros approximately), to which all sorts of bonuses and allowances are added.

There are many people who have worked both in the private sector and in a public institution and most of them believe that private sector employees work much harder than public sector employees. Within the public sector, everything moves terribly slowly and one can rarely meet with the concept of management inside state-owned institutions. Although there have been attempts to change this by means of international projects, results were anything but visible. A big problem with the state environment is that there are way too many irresponsible managers who not only put up with the lack of performance but also encourage it. Thus, apart from the fact that everything that is related to internal communication is a "sweet utopia", the relationship with the boss is most of the times formal. Projects are discussed with bosses and they are asked to express their opinion when difficulties arise. Differences of opinion may occur with respect to the interpretation of certain paragraphs from the applicable legislation, but most of the times a consensus is reached quite fast.

On the other hand, multinationals can also confront themselves with internal tension, but this is mainly related to the tight deadlines which have to be observed. Both sides face bureaucracy; yet, in the case of state-owned companies one feels as a defendant, as being held responsible for something or begging for mercy, while in a multinational company bureaucracy is somehow impersonal and easier to bear with, according to several individuals. State bureaucracy rather has its roots in politics. The whole system is politicized and I think this aspect creates the chaos everybody complains about. Bureaucracy is based on political interests since its establishment follows the rules conceived by Ministry officials. I believe everything could be more efficient if performance criteria were taken into consideration to the detriment of political orientation. As to the organizational culture, while private companies focus on a profitability-type of objective, which is usually set up by the shareholders, state-owned companies have generally no objectives. They just fulfil duties following indications in an approved recipe. Even if on the administration level there is a document which approaches these objectives, it is most probably written using a set language and with a low understanding of the strategic concepts and objectives. In the case of public administration and state-owned companies, objectives are not translated into inferior level objectives if these exist. In other words, no one in the system knows how his/her work shall lead to the fulfilment of the general objective or even which this objective is. Employees are only asked to observe some kind of regulation that is written somewhere. In the best case scenario, such recipes for functioning bring losses to the company. Generally, however, they are recipes for failure.

On the other hand, multinational private organizations have a delegation of authority and decision mechanism which, however stiff and imperfect it may often be, is still a lot more than nothing. Their problem is that they focus too much on results with no clear connection to the organization's mission and goals and this may result in hypercompetitiveness on the employees' side. Hyper-competitiveness is modern business world's evil. It is therefore associated with the lack of ethics, cooperation and quality in customer management.

Consequently, state-owned organizations are of the perfectionist-conventional type, process and rule oriented, with no external objectives and no extrinsic motivation whatsoever. Multinational organizations, on the other hand, are competitive-power dependant, meaning that employees are motivated to exceed their colleagues, use force to yield results and allow to be controlled by their superiors. Finally, the public sector employee is no different from the private sector employee. The key is in the way each of them is controlled. State-owned sector employees are not different from private-owned sector employees, except for status and salary. It is true that many of them adopt the "laisser-faire" attitude, meaning that they leave things follow their natural course. The public sector enjoys its highly capable employees just as multinationals have to deal with their "dry lands/woods". Wages and stability is what lures young people into the public sector. If we relate to the human resources policies, we can say that the state-owned institutions' system is way behind the private one. We are dealing with two completely different worlds with no common points between them. As far as differences in recruitment are concerned, in the private sector 80% of it is done based on competence, while in the public sector the ratio is almost reversed in favour of nepotism and political preferences.

Working in a state-owned institution imply:

- fixed working hours;
- formal relationship with the boss;
- a greater job stability;
- the existence of political interests.

Working in a multinational company imply:

- flexible work schedule, but with the perspective of working extra hours;
- more open relationship with the boss;
- possibility to get promoted according to performance;
- more stress because of tight deadlines.

The correlative approach in the management of companies and public institutions, seen in terms of managerial instruments, entails the following conclusions:

- the range of management systems, methods and techniques, that can be used in both types of organization, is extremely wide and, in the same time, varied. Any of the management functions, from projection to control, can be fulfilled with high efficiency results by resorting to specific managerial instruments;
- from the viewpoint of their contribution *to economic, social and educational managerial performance*, one can notice significant differences arising from the constructive and functional specificities of the two categories of organization, companies and public institutions, and even differences within each category arising from the type of organization (small, medium and large sized companies, companies with majority or integral state-owned capital as well as different decentralized and deconcentrated public institutions, etc.):
- at the "management systems" level, we must point out the fact that each such complex managerial instrument has to be approached differently according to its degree of use in the managerial practice. In this way:
- **profit centre-based management** can only be used within organizations whose essential objective is profit maximization (companies, public corporations, national companies);

- the management by objectives is recommended for any type of organization as long as some specificity elements are taken into consideration: the way objectives are set up and expressed (being approached rather quantitatively by companies and rather qualitatively by public institutions), the way the other management components lay their foundations by means of objectives, the way results are evaluated and the personnel that contributes to their yielding gets motivated;
- **project management** is recommended for all types of organization considering the ever growing number of complex, strategic and highly innovative problems. Unfortunately, due to the lower degree of decision autonomy that characterizes the deconcentrated public institutions, project management is seldom applied in their field, as opposed to the decentralized institutions (city halls, prefects' offices);
- exception management is mainly used in companies in spite of recommendations to use it in production organizations;
- the cost-hour-production system is only recommended to companies in the machining industry and under no circumstances to public institutions;
- **product-based management** is also exclusively recommended for companies with a wide well-defined production array.
- with respect to the management methods and techniques, other common or differentiation aspects are signalled, thus:
- **diagnosis** is used following the same methodological line, yet the analysis approach is different. In this way, a company needs a managerial viability analysis together with a financial-economic viability analysis. On the other hand, in the case of public institutions, the latter aspect focuses on the analysis of the way public money is spent, as a form of income valuation;
- management charts are also significantly different for the two types of organization, either due to the different information needs of their managers for which they are drawn, or to the different ways of expressing results yielded in the field that they manage;
- organizational instruments (regulations, flowcharts, job descriptions) cannot stand as authentic managerial instruments since their content does not underline the process, decision, information and structural-organizational aspects needed for the achievement of the different types of objectives. For instance, Regulations for the Organization and Functioning of the county public finance general directorates (the so-called "products" or "laboratories" of the National Agency for Fiscal Administration) comprise a separate chapter dedicated to some structural regulations for the set up and functioning of departments which promote from the very beginning stiff, inefficient organizational structures. As far as job descriptions from the deconcentrated public institutions are concerned, they focus on tasks instead of individual objectives, and their updating is far from being operated on a regular basis. Moreover, it is impossible to pragmatically assess the individual performance concept, which is frequently used in employee evaluation, based on the actual job description model which is heavy and inefficient;
- methodologies for the design/re-design and operative maintenance of management together with its components are identical in content for the two categories of organization, but they are almost never put into practice. While companies make attempts to achieve substantial managerial modernization, public institutions lack this aspect completely, and they all throw the blame on the obligation to observe certain standard provisions.

Bibliography

- 1. Verboncu, I.(coord.) Public Management, University Press, Bucharest, 2005, pag. 12-19
- 2. Androniceanu, A. Novelties in Public Management, Economic Press, Bucharest, 2004
- 3. Androniceanu, A. Public Management, Economic Press, 1999
- 4. Nicolescu, O., Verboncu, I. Foundations of Organizational Management, Tribuna Economică Press, Bucharest, 2001
- 5. Profiroiu, M. The Management of Public Organizations, Economic Press, Bucharest, 2001
- 6. Verboncu, I. Ştim sa conducem? (Are We Good Managers?), Economic Press Bucharest, 2005

ORGANIZATIONAL CONTEXT AND THE FORECAST OF HUMAN RESOURCES

Vărzaru Mihai

University Of Craiova Faculty of Economisc and Business Administration A.I.Cuza street, 13 email: mihaivarzaru@yahoo.com tel: 0722.923.835

Stancu Ion

University Of Craiova Faculty of Economics and Business Administration A.I.Cuza street, 13 email: istancu@gmail.com

Vărzaru Anca Antoaneta

University Of Craiova Faculty of Economics and Business Administration A.I.Cuza street, 13 email: varzaruanca@yahoo.com tel: 0722.368.988

Reference model of the forecast of human resources (SPRU), originally designed for integrated organizations are faced today with new problems, from the appearance of network - organizations and organizational networks. Although these organizational forms are not new, their development is a major comeback and a way of adapting the enterprises to the new organizational contexts. The paper examines the implications of structural characteristics of this type of organization on the model and the practices of the forecast system of human resources. Following the axiomas of the contingent structural theory of organizations, work assumes analysis of the possibilities of an extension of the sphere and the model theory of SPRU new organizational forms.

Keywords: organization, organizational-network, adaptation, forecast of human resources

Jel classification:L0, L2

I. The reference model

Foreseeable development approaches in human resources is a phenomenon that has started about forty years ago. However there wasn't and there isn't a worldwide terminology accepted by everyone and dedicated to its concrete utilisation (Gilbert, Parlier, 1999).

Planning staff, the concept from which has started, was named in turn 'preventive', management, 'anticipated' management, forecast management (system) of staffs, forecast management (system) of employment, management (system) of places of work and skills.

Emergence of forecasts in personnel management was held in 1960, following the progress of research and development of operational data, the first attempts were made in the American army, in the large western companies and administration practice (Benayoun, 1969). Management forecast models have been developed by several research groups and proposed to enterprises, but they are formed on a purely numerical basis, limited to what is calculable and refers only to long term. Intergration attempts of some elements of a quality appeared in the U.S., but the achievements were not that good.

The human relations era (1970-1975) reveals a transformation of the concept in France (Jardillier, 1972), which becomes "a management forecast of careers", pointing that the objective is the forecast distributions of individuals in accordance with the company requirements and aspirations of individuals. This guidance was applied in the management of staff, specifically in managing their careers, where it was taken and the new denomination.

The renewal of the foreseeable management recorded a revive at the end of the 1970s, in response to imbalances recorded in terms of jobs and worsening of unemployment, combined with deficits of human resources in other sectors. The up to now increase has been replaced by stagnation and human resources management has been faced with crisis prevention, following the massive staff reductions in heavy industry. Large industrial companies were the first to put into practice a management forecast job, which gradually becomes in some countries (France), "a national problem".

After 1990, the company must become more flexible and has to respond close to environmental challenges. It tries to develop, to better respond to these challenges, the potential of their employees in two ways:

- on internally, through polyvalent developing, increasing functional mobility and preventing the exclusion;
- on externally, by support the worker in the accumulation of recognized competences, which can be exploited on the labor market.

Thus it appears, the latest version of the concept, respectively "preventive and foreseen management of employment and skills".

Reference model of SPRU's, done by Mallet (1992), considers that its ensemble of activities it is of a specialized human resources structure. It presumes that activities of this foreseeing system are accurate sequences, chaining of operations to be performed successively in order to reach an effective result. SPRU activities result from the integration of a perspective in the foreseeable activities of presentation and distribution of personnel (Terence, 1993). Forecast lies in introducing a long-term projections (10-20 years, with annual distance) of the personnel structure in terms of age and structure of posts. It is described by a procedure consists of five sequential phases:

- an accomplishment of an inventory by knowing the current human resources (actual, positions etc.);

- forecast the evolution of such resources, accompanied by a probability of achievement, to meet requirements, the use the simulation and optimization (Vermont-Gaud, 1987);
- estimation of differences between what is wanted and the reality at some point;
- identification of risks in order to control the selection in best conditions (description, classification, job evaluation, recruitment, initiation and the testing perioad), assessment and participation;
- designing human resources policies that regulate the differences and optimize the solutions.

The objective of forecast is double and refers, primarily, to the identity the couple man-job at the individual level and then to the actual balance staff-requirements to the group level. Individual management concerns looking for a perfect compatibility between recruited person and tasks to be done, which is found in the job description of the organization. Collective management covers three functions:

- management forecast of staffs, whose goal is to anticipate the evolution of the structure of staff;
- management forecast a job of professors or qualifications based on organization skills required on medium and short term;
- management forecast of careers, attached to renewal of key competencies in the organization.

SPRU purpose lies in the reasoning and the tools used. Its activities describe an instrumental structure, a set of techniques for identifying requirements and staff resources, skills needed, namely:

- a structure of posts that correspond to a grouping and a ranking of the various tasks performed;
- a policy of promotion or career that will match to the desired developments done by individuals, through the posts and taking into account their qualifications;
- a forecast for the next years;
- a policy and a forecast of employment;
- information, discipline and sanctions, physical protection of personnel and social activities.

SPRUs model of reference is organizing the human resources function through various sequential activities derived from key variable, which is the job. Because causes precede effects, optimum causes have to be induced to obtain optimal effects at a certain time. This perspective has renewed human resources management system, adding to its administrative character a corresponding role of the organizational effectiveness.

The renewal of the reference way through organic paradigm did not alter the intrinsic logic of its reasoning. This opened the SPRU towards strategy, that has to adapt the organization to the environmental developments. Thus the system appears as a structure for adjusting the human resource to the developments of the strategy and environment. SPRU practices appear also contingent with different organizational strategies, determined in relation with the environmental configurations.

Keeping the ambition of universality (Igalens, 1996), SPRU evolves towards more universal contingent models, whose validity is limited to specific structural characteristics, and positions as a subordinate function to achieve the strategy. The organic SPRU articulates two contingent factors:

- the first development of the contingent theory is interested in adapting the system to the strategic plans of the organization (extraorganizational perspective). Starting from the definition of strategy, we arrive to the definition of optimal SPRU. Recently appared models are different by variables that they take into consideration. Some theoretical models are studying the foreseeable specific strategies to adapt to different degrees of stability and evolution of the external environment (Mathis, 1982, Stone & Fiorito, 1986), other to appropriate strategies for the growth and development activity (Alpander, 1989; Wils, Guerin, 1991), economic performance (Galbraith, 1993; Jerkins, 1994) or perfection of the organization (Igalens, 1994).
- the second development of this theory aims to achieve the strategy (intraorganizational perspective). Its reasoning is based on the postulate that the organizational strategy can't be achieved unless the employees behaviour don't differ from that which the organization expects. SPRU models try to eliminate the possibility of apparution of such divergent behaviours by providing by the organization adequate stimulus. It skips collective influences on individual behavior, considering that the first is a sum of the other, neglecting the psychological results and choose methodological individualism. A first theoretical set use the SPRH sociopolitical conception, concepting the SPRU elaboratio after a didactic and pedagogical approach (Lawrence, Mills, 1984; Fornbrun, Tichy, Devanna, 1984) or by satisfying the expectations of employees and the organization (Walton, 1984; Peretti, 1986, Igalens, 1997) or even through a cultural approach (Armstrong, 1992; Schuler, 1993). The second theoretical set adds to the sociopolitical dimensions an economic concept (Savall, Zardet, Iseor, 1995). More than divergent, the two theoretical stes demonstrate their complementarity in the construction of a SPRU linked to the organization a strategy, to its environment and guarantees the existance of human resources adjusted to strategic options.

II. The specific of new organizational forms

Development of competitional system has led to the emergence of organizational networks and a network organizations which pose problems for the forecast system of human resources. This model was designed for an organization with a compact structure, with an a well-defined place inside, rational and rationalized.

Organizational network is based on the interdependence and the reunification of independent organizations from juridic conception, the best known case is of a sustainable cooperative relations established in a car company and

its equipment provider. These relationships are characterized by relations of cooperation in a joint project (design and production of a car), each partner contributing with a part without which the ultimate goal can't be achieved. The leader of such organizations seek the combination of actors (partners) and not factors of production to optimize the profit.

Network organizations shall agree and work independently within a channel of value added harmonizing their plans and assuring to each other a degree of guarantee for the future (Frery, 1994; Desreumaux, 1996).

Network organizations are organizations running horizontally, such as transversal team set and configured for various missions, in whitch incorporation and the departure of the experts is based on the requirements and key competencies. Changing that appears here is developing within the organization and is characterized by the creation of multifunctional teams for a project that manages its parallel phases (Weiss, 1994). Other researchers define network-organization as a structural form by reducing the number of hierarchical levels, in which the decision is founded on expertise and less on hierarchical position, which increases flexibility by developing antreprenorial structures (such as SMEs), where is improved participation and self-discipline (Desreumeaux, 1996). In both cases, the organization manages processes in uncertain and unstable environments, where the reactivity must be intense manifested. Simon (1993) highlights another aspect of the network organization, namely it represents a structure able to learn, integrating in real-time restrictions and environmental opportunities. Taking the example of the automobile sector and the evolution of large companies, Moidson and Weil (1992) identify two points of this type of stucture, also known as the structure through project, respectively its secventiality and closing. Regardless the perspective from which it is analyzed, extraorganizational - by articulating legal independent organizations - or intraorganizational - with a multi-organizational activity, network - organizations cause changes in the forecast system of human resources.

III. SPRU classic model and new organizational structures

As mentioned above, the reference model of SPRU is a sequential and normative model, instrumental and tehnicist, which is based on a formal organizational structure in which jobs are defined, are managed staffs, qualifications, careers, pay and training etc. Network organizations and organizational networks no longer meet the basic principles of bureaucratic organization: a rational definition and specialized of work, a chain conceived as a process of adjusting and coordinating activities. The parameters of coordination and design of network organization - don't result of a standardization procedures or results (Mintzberg, 1995), but from a standardization of skills, itslef obtained by standardizing qualifications (professional bureaucracy) or jobs (adhocraty).

Structural analysis of network organizations provide a first conclusion regarding contingent practices SPRU. The degree of complexity of business organization, and levels of standardization and its forecast of tasks, is a factor in relation to practices and coordination of SPRU default. It determines the degree of autonomy of each employee in the work situation, because the assumption of a complex activity is difficult to control by an organization (such as assessment of the effectiveness and efficiency of employees' work of a project), while a "simple" organization may be exhaustive described by a definition of the job. Abandoning the notion post, known as a set of required tasks, whose execution is prescribed by the enterprise, apply for a structure based on the SPRU other variables associated to collective competence.

Implications for SPRU are centered around the concept of training. SPRU aims to prospect and develop skills, knowledge, and starting from here, the individual experiences. In classical organization the goal aims to develop adapting skills of the organization to its environment or even of the capacities for innovation, namely structuring / modeling of the environment to its structures.

From this point of view, the cross-project groups, multidisciplinary, don't have the vocation to achieve the tasks of study or production. Their roles is to ensure overall coherence of the project and coordination between project collaborators of various functions of the organization. These groups seek to optimal allocation and use of resources, accelerating the circulation of information and mobilizing the actors on the priority axes. Continuing the example of incorporating a car, Moidson and Weil presents this complex activity, which needs to articulate the different tasks of different competences, involving different players, teams, or the establishments partners. The competencies of the players are determined for the suport and the effectiveness of the project, developing through the experiences generated by it.

The organization-network is based on the interdependence between individual and collective efficiency, links and determinants of close cooperation. Thus, from an individual management competence, SPRU moves to a collective management skills of the organization-network. Its position is to develop and perpetuate the skills, knowledges and organizational experiences, sharing some elements to different actors individual and collective (Weick, 1995).

The complexity of tasks, activities, a media-network organizations require a multidisciplinary design, to gather teams and projects around a shared purpose, with different competent professionals. So change the meaning and purpose of training, which have a cross character, including professions, trades, establishments or teams.

A new method of inducing an organizational management skills and project team transcede the usual spilts between functional and optional services, the opposition between individual and collective development and simultaneously stimulates the expertise of each employee in the profession (Midler, 1995).

It is also necessary to identify the occupations and critical skills to the achievement of the project. From a technical point of view also, this function of the SPRU regards the developing a management system based on the available skills, both individual and collective (jobs). Thus, various competences look determinant for project success, namely:

- ability of the actors to connect and maintain relational networks with other actors and applications, through their critical competences in the project, essential for realizing the project, which is an prior item to the group project;
- relational and pedagogical skills of players who completed their technical expertise, work on the project effectiveness and of collective structure;
- autonomy, competence and self-organization of labor and management time determines the efficiency in project management. Management competencies of the project claim the construction of some methods and indicators for assessing its specific advancement.

Supporting the integrity and the unique vision of the organization, its structure, avoiding the risks of disruption in the pilot islands, controlling coherence and relevance of various projects and ensure their integrity and organizational missions. The organization-network is structured thourgh projects and structures that appear and disappear, it recomposes, which leads to risk of disappearance of a whole unit. SPRU has the mission to develop and communicate a book

project in progress to all employees.

In the external phase of change structures, the organization requires management of human resources to accompany the evolution from a functional structure to the dot-matrix, contributing to the emergence of new function - head of project, which should ensure the animation and regulation, the composition of the group by identifying critical skills.

Staff evolve to new hierarchical roles, to heads of the project assuming a role of animation and development of agents skills.

In the network-organizations the conception of human resources management is different depending on projects and professional (employees) who are or are not involved in the projects. The employees involved in the project belong to groups of occupations (jobs) of which are strategic for the organization, covering mission and its basic activity. SPRU becomes more individualized and, in part, delocalized at the level of group - project. Members of the group are breaking the special functional behavior, which influences its behavior or of his former colleagues to come-back.

Problems appear also to the actions of assessment, remuneration and career as project team members work evolves in different projects with different heads on different periods.

Conclusion

The development of new organizational forms is characterized, primarily, by the appearance of new structures. It put such issues in terms of validity and transferability of the reference model of SPRU to new organizational forms. Appealing to contingent structural theory, the paper reminds the structural characteristics of network-organizations and organizational networks to identify the research required by SPRU in such situations. Their organizational structures put in evidence the complexity of their activity, which requires a flexible organization in time and space. The aim of this paper is to fix some coordinates necessary to the construction of a specific SPRU to these evolutionary organizations. On one side are shown horizontal coordination mechanisms inherent in project groups, on the other hand the changes that these new organizational forms need to find an answer in the management of human resources and SPRU.

Bibliography

- 1. Bartholomew D.J., Manpower Planning, Penguin Books, Harmondsworth (U.K.), 1976
- 2. Benayoun R., Decostre J.-P., Leyrat P., Gestion prévisionnelle des cadres, Direction scientifique de SEMA, rapport de recherche, no.35, 1969
- 3.C.N.P.F., Gestion anticipative des emplois et des compétences à l'epreuve des faits, Direction de L'emplois, 1992
- 4. Gilbert P., Le model de référence de la GPE, postulats sous-jacents et structuration de l'action, Actes du 5e Congres de l'AGRH, Montpellier, 1994
- 5. Jardillier P., La gestion prévisionnelle du personnel, Presses Universitaires de France, Paris, 1972
- 6. Mathis L., Gestion prévisionnelle et valorisation des ressources humaines, Les Edition d'Organisations, Paris, 1982
- 7. Midler C., L'enseignement de la gestion projet. L'enseignement de la gestion est-il capable d'innover?, Revue des annales des mines, Gérer et Comprendre, 1998

LIFELONG LEARNING – PREREQUISITE TO SUSTAINABLE DEVELOPMENT OF ECONOMY AND KNOWLEDGE SOCIETY

Zaharia Milena Rodica

Academia de Studii Economice Bucuresti Facultatea de Relatii Economice Internationale Bulevardul Iuliu Maniu nr. 79, bloc 1, sc. A, et. 7, ap. 19, sector 6, Bucuresti Email: milena_zaharia@yahoo.com Telefon: 0722.179.201

Diaconu Mihaela

Universitatea Pitesti Facultatea de Stiinte Economice Geamana, str. Intrarea Ion Balaceanu, nr. 678 C, judetul Arges Email: diaconu m2005@yahoo.com Telefon: 0744.689.621

Education, training and vocational training play a vital role in Europe economic and social strategy. Training has become a national priority in all European countries, being a component of the concept of "life long learning" set in the Amsterdam Convention and again by the European Commission. Currently it is required the implantation on the educational ideology perimeter of some models taken from the field of scientific management and their adaptation to nowadays specific educational market. It is necessary to find a balance between social skills and develop attitudes, on the one hand and knowledge of general and specific occupational areas, on the other hand. Taking to account the utility on the labor market, it should be reconsidered those capacities which belongs to the general preparation and ability, communication skills and working manual of mental capacity to work collectively educate sustained work ability, the ability of independent learning.

Keywords: lifelong learning, learning society, the curriculum

JEL classification: A23

The concept of lifelong learning

Modern educational policies have as main purpose building and developing the learning society concept, characterized by the transition from education, where school is in center, to the one based on lifelong learning, by developing professional software conversion and continues training. This educational guidance is based on adult education reviving need as a result of confrontation with the major problem of unemployment and significant changes in the economic and social system due to the dynamism imposed by technological revolution.

The "life long learning" term has its roots in the concept of "life long education" used in the 1920s in connection with northern education system (Hasan, 1996). After 1970, there were used other terms, namely "recurrent education", "popular education", "continuing education", "adult education", "post-initial education and training". "The most quoted document referring to the life long learning term is "Learning To Be" (Faure et al, 1972).

During the 1980s the incidence of bibliographic references to the terms lifelong education and lifelong learning declined, while those to the term "adult education" continued to remain at a constant level. He does not fully explain this phenomenon. It may be that the focus in many countries throughout the 1980s combating the severe social and economic effects of recession and widespread unemployment by raising the literacy, skills base and quantifications of the adult population explains why a more specific term, such as "adult education" proved more useful for policy makers. Using a more specific term might also have helped them to distinguish between the needs of younger resource older and learns to relation in the labor market in a time of economic constraint and limited state budgets for education and training. During the 1990s, at international policy level, and individual in many countries at national level, lifelong learning became an umbrella term subsumed which part or all of what might earlier have been referred to as "lifelong education, recurrent education, popular education", "adult education" or simply "post-initial education and training".

The OECD report (1996) includes all aspects of education and training from pre-school through to adult education and includes learners of all ages within the concept of lifelong learning.

Lifelong learning was response to the 1990s, or even defense against a changing, frightening and unknown technological, economic, social and political environment-it became a concept as slippery and multifaceted as the environment in which it exists.

Others view the economic, technological, demographic, cultural and social trends prevailing in the 1990s as an intensification of a process that was present in earlier decades, but which grew in importance over the last quarter of the 20th century. Where agreement is hat is the speed of technological, particularly ICT, developments during the 1990s led to significant changes in employment trends, career patterns and skill demands (OECD, 1996). This, together with a widespread concern about the economic effects of increasingly aging societies (OECD, 1998), encouraged national governments and the international organizations to which they belonged, to consider policy instruments which might be used to meet these new demands.

Content of teaching is extremely important for the initial formation of the adult; it must be analyzed not only through the prism of what is taught but how, why and with what results. Educational ideologies evolution is significantly influenced not only by concepts of the curriculum but also by its actual configuration.

A development of the progressive current in the nineteenth and twentieth century is considered to be reconstruction, appropriate educational ideology of a democratic society with unlimited opportunities for

experimentation and development. Under this ideology, the curriculum should be structured according to the requirements of social life with significant influences over the individual quality of life.

Currently it is required the implantation on the educational ideology perimeter of certain models taken from the field of management. It is necessary to find a balance between social skills and attitudes development, on the one hand and knowledge of various general and specific occupational areas, on the other hand. Taking to account the perspective of the labor market, should be reconsidered those capacities which are the general preparation and ability, communication skills and mental and manual working, of collectively working capacity, educated sustained work ability, the ability of independent learning.

Lifelong learning at national, european and international level

The European process determined by the changes of recent years in the economic, social, cultural, political and academic world gives a very important role through the necessity of building and strengthening intellectual, cultural, scientific and technological dimensions of the new Europe. Only a Europe of knowledge is able to provide its citizens with the skills necessary to face the challenges of the current millennium.

The debate of continuing training of adults and the relationship between this and a sustainable development as a mean of eradicating poverty is a major concern and high current level. Thus, in Budapest in the period 3-5 December 2008 it was held the Pan European conference, that joined the following conferences prior to the sixth International Conference of Adult Education CONFITEA - VI which will be held in May 2009 in Brazil and its propose to discuss issues related to policies, structures, funding, quality, lifelong learning skills of duties as citizens and as a means of eradicating poverty.

Lifelong learning is an essential strategy in educational policy domain for civic attitudes development, social cohesion and personal fulfillment.

Education, training and vocational training play a vital role in Europe economic and social strategy. *Training* has become a national priority in all European countries, being a component of the concept of "life long learning" issued in the Amsterdam Convention and again by the European Commission in a statement that has the following *key points*:

- continuous and universal access to learning through the accumulation of basic knowledge, especially knowledge of science, foreign languages, entrepreneurship, technological culture, social knowledge to face the challenges of knowledge-based society;
- an increased amount of investment in human resource;
- the application of innovation through the use of methods of teaching-learning specific continuing education;
- assessment of learning;
- ensuring an easy access to quality information and advice on learning opportunities for every age;
- organization of education throughout life as close to home.

Continue training provides important opportunities on the individual to maintain and develop skills and abilities; it is an individual strategic objective.

In Romania, the professional training of adults according to Government Ordinance no.129/2000 has as objectives: to facilitate social integration of adult on the labor market, improving training in the basic occupation and occupations related, to acquiring advanced knowledge, modern methods and processes necessary for tasks of service, professional development skills already acquired and acquiring new skills. Adult training includes the initial and continuing training organized by other forms than the specific national education system.

The relationship of cooperation between education institutions and businesses, universities, business community, local community is called by the Government Ordinance No 115/2000 of *social partnership in education and initial training*, and activities relate to the development of knowledge, human resources development, development of voluntary and optional components of the national curriculum, the establishment of professional qualifications, diversifying and increasing sources of revenue of establishments of education, etc.

Training adults is differently organized than the original one and takes account of the needs of employers, of the basic skills of adults, the requirements imposed by the employment and adults' opportunity to build a career.

The procedure for training adults are courses organized by employers within their units or by specialist trainers, training courses and practical training in units throughout the country and abroad and other forms of training provided by law. To authorize providers of training at national level was created a body which coordinates this activity, namely the National Adult Training.

A component of the Bologna Process concerns to the higher education organization on the cycles of learning and is closely related to the need to increase the quality of education and the creation of closer links between higher education and research, between higher education and economic environment.

Common bases of European higher education are based in accordance with the Bologna Process, on two main cycles which divide higher education on different levels, known as Bachelor and Master in order to develop a rigorous framework, common to the qualifications of national and internationally level.

According to art. 9 of Law 288/2004 on the organization of university studies in Romania, university masters "provides in depth studies for a license or in an area near capacity building and scientific research as a basis for compulsory preparatory doctoral studies".

Education Law No. 84/1995 on art.134 states that the Ministry of Education grant specialist assistance, on a contractual basis, those who organize various training programs in adult education system and the permanent conversion training.

For Romania to participate in the Program for Integrated Lifelong Learning (LLP), officially launched at European level in May 2007, was created in 2005, the National Agency for Community Programs in Education and Vocational Training (ANPCDEFP - www.anpcdefp.ro), and for 2008 have been allocated from the budget over 21 million for the development of "Lifelong Learning". Since 1 January 2007, The SOCRATES II and LEONARDO DA VINCI II continues in a manner integrated with the new *Community Lifelong Learning, LLP - Lifelong Learning Program* 2007-2013, which will be held between 1 January 2007-31 December 2013.

Central Priority of the Lifelong Learning Program is to strengthen the contribution of education and training in achieving the Lisbon objective, of transforming the European Union into the most competitive knowledge based economy, with sustainable economic development, more and better jobs, and increased social cohesion. Each component of the program give priority to actions that support national strategies development for lifelong learning in the participating countries and consolidate cooperation between the various components of the system of national education and training, is strengthening the content of lifelong learning and supporting the acquisition of competent key.

Legislation it was created and that regulate the activity of training and adult education in various fields: Law no. 375/2002 for adults training, which provides the overall framework for the creation of training providers, Government Ordinance no 67/2007 on Romania's participation in community programs "Lifelong Learning", "Erasmus Mundus" and "Youth in action" during the period 2007-2013, OMECT no. 5.056/2008 regarding the provisions relating to the legal establishment and organization of university masters programs.

Dynamics of adults participating in the initial and continuing training

According to 2009 EUROSTAT edition, in 2006 the Romanian pupils and students was 3.8 million, meaning 4% of all European pupils and students, and students represented 21.8% of the total school population, compared with 20% of European average. Share of population aged 25 to 64 years included in the training is about 3% to almost 10% European average (Europe 27).

Number of higher education institutions increased from 48 to 286 students in 1991 to 104 to 775 of faculty in 2007 and the rate of students per 10,000 inhabitants from 81 in 1990-1991 to 364 students per 10,000 inhabitants in 2007

Between 1990 and 2007 the number of students increased by approx. 4 times and the highest growth recorded per students to university courses with low frequency (about 6 times) followed by students in university courses in education day (about 4 times) and open distance learning (about 3 times).

If in the 1990/1991 academic year, the technical specialties represented 62.5% of graduate school, in 2006/2007 they were only 21.7%, the medical-pharmaceutical were halved, while economic specializations and share tripled, and the legal increased about 5 times.

Postgraduate education has been an increase in the total school population from 1% in 2002/2003 to 3.2% in 2006/2007.

Population by level of school education Table No 1. (% Total school population)

Education level	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Higher Education	14,1	15,1	16,5	18,6	20,7
Postgraduate education	1,00	1,40	2,00	2,60	3,20

Source: Source: Romanian Statistical Yearbook, 08-Education p.353

In 2007-2008, according to the Report on the status of national education in 2008, higher education had the most spectacular growth, 6.4% more compared to the previous year. Thus, today more than half of the population age range is appropriate for this level of education. If the academic year 2000/2001 the rate of coverage in higher education was 27.7%, in 2007/2008 amounted to 53.6%. The rate of coverage of female population in higher education is higher by about 5 percentage points than that of men throughout the period 2000/2001-2007/2008.

The rate of occupancy of the active population at the University has increased during 2001-2007 from 81.7% to 86.6%.

A very significant indicator to highlight the effectiveness of external learning system and its adaptation to the needs of the labor market is the *insertion of graduates of various levels of education who have found a job one year after completing their studies*. Unfortunately, there are no investigation systems at national level for different levels of

education competence. Last investigation on the transition from school to work (in the investigation AMIGO) conducted regularly at system in Romania, took place in 2000 and is planned for current year.

Public expenditure on education as a share of GDP, highlights the financial support made by system for education sustaining and the importance given to education as a system and different levels of education and is issued as follows:

Public expenditure on education as% of GDP Table no. 2

2000	2001	2002	2003	2004	2005	2006	2007	2008
3,4	3,6	3,6	3,5	3,3	3,5	4,3	5,5	cca.6,0

Source: Ministry of Education and Research, General Directorate for Budget, Finance, Investment and Heritage

Romania continued trend of increased funds allocated to education as the Czech Republic and Bulgaria too, significantly closer to the average of the EU member countries. In 2007 Romania has allocated to education more than 17% of total public expenditure, being one of the privileged public services, including higher education having returned 3.9% (MECT, 2008, INS, 2008).

If we refer only to expenditure on higher education in total spending for education, we can find maintaining their weight around 22% during 2002-2007.

Total expenditure for continuing training as an expression of the total percentage of total expenditure on education should be calculated by considering the public and private contributions too. Unfortunately no information necessary to establish the correct value of this indicator is available. Joint Interim Report 2008 draws attention to the effectiveness and sustainability of funding education and training remain the most critical EU member. In Romania, the average expenditure per employee continues to be well below the European average.

According Progress Towards the Lisbon Objectives in Education and Training Report, Commission of the European Communities (2008) there are large differences with regard to participation in adult education and training between the EU Member States: the Scandinavian countries and the UK recorded the highest rate of participation over 20%, while in Bulgaria, Greece, Romania these rates are around 2%, over four times lower in comparison with the EU average.

In 2007 the rate of participation of adults (25-64 years) on education and training is at 1.3%, when the European states that the objective value is at least 12.5%.

In Romania, there are many *university departments of continuing education or lifelong learning and developing centers of excellence* in the programs of the National Council for Financing Higher Education (CNFIS) financed by the World Bank. Center for Continuous Training mission in the universities is to monitor and manage training programs conducted at their level. These training activities are defined as training activities in the sphere of vocational training programs which involve the conversion / reconversion / professional training courses, postgraduate courses for specialization, postgraduate refresher courses, workshops, summer schools.

Some departments integrated to the PRIME-NETWORK European association (Interuniversity Professional Networking for Educational Management).

The following extract from a report in 1994 by the Commission of the European Community is typical of policy documents of this period: "All measures must therefore necessarily be based on the concept of developing, generalizing and systematizing lifelong learning and continuing training. This means that education and training systems must be reworked in order to take account of the need-which is already growing this year set to grow even more in the future-for the permanent recomposition and redevelopment of knowledge and know-how".

Bibliography

- 1. Diamond, P., Life-Long Learning. Transforming Learning. Discovering Learning through living life in unlimited possibilities, Diamondlady Publishing, 2004
- 2. Faure, E. et al., Learning to Be: The World of Education Today and Tomorrow, Paris, UNESCO, 1972
- 3. Hodgson, A., Policies, Politics and the Future of Lifelong Learning, Routledge, 2000
- 4. Keogh, H., Non-Vocational Adult Education in Europe, 2007 available at

http://eacea.ec.europa.eu/ressources/eurydice/pdf/083EN/083EN 016 ACK.pdf, 2 April 2009

- 5. Sutton, P.J., Lifelong and Continuing Education, in: Husen, T. and Postlethwaite, T.N. (eds). The International Encyclopedia of Education, 2nd edition, Vol.6., p. 3419, 1994
- 6. Progress Towards Lisbon Objectives in Education and Training Commission of the European Communities Report, 2008, available at http://ec.europa.eu/education/lifelong-learning-policy (22 march 2009)
- 7. Report on the status of national education in 2008, the Ministry of Education and Research, 2008

MANAGING RENEWABLE ENERGY IN THE EUROPEAN UNION

Zamfir Andreea

Academy of Economic Studies Bucharest Faculty of Management 6th Piata Romana RO 010374 Bucharest Romania zamfir andreea ileana@yahoo.com +4021.319.19.00/250

This study investigates the instruments used by governments in order to support renewable energy sources in the European Union. The findings of this study reveal that policy goals could be achieved by using a large variety of instruments. The study was carried out by combining a wide variety of sources, such as strategies, reports and regulations. The methodology and the results reported in this research could be used for designing new, harmonized policy instruments to support renewable energy sources in the European Union.

Key Words: renewable energy, environmental protection, policy instruments, supporting schemes

JEL Classification: M11, Q42

1. Introduction

This study investigates how the governments could better promote the use of renewable energy sources. The manner in which renewable energies are supported is a highly debated issue these days because of renewable energies' role within the energy scenario. The main conclusion of this study is that policy goals could be achieved by using a large variety of instruments.

The research was conducted using a wide variety of sources, such as strategies, regulations, road map, as well as articles and reports. The research question was answered by analyzing published sources, evaluating and interpreting evidence. Answering the research question was difficult because some policy instruments used in several countries in order to support renewable energy generation are still too young to be evaluated.

2. Background

There are at least four reasons for valuing renewable energies: first, society relies mainly on fossil fuels, which are limited and non-renewable; second, fossil fuels will be exhausted in a foreseeable future; third, the use of fossil fuels has generated environmental effects that negatively affect social well-being beyond acceptable limits; fourth, renewable energy sources could satisfy the needs of modern society in terms of consumption and environmental impact.

Renewable energies promise some strategic improvements in the security of supply, reduce the long-term price volatility to which the European Union is subjected as a price-taker for fossil fuels and could offer an enhanced competitive edge for the European Union energy technology industry. In addition, renewable energies reduce air pollution and greenhouse gas emissions. They also facilitate improvement in the economic and social prospects of rural and isolated regions in industrialized countries and help meet basic energy needs in developing countries (Commission of the European Communities, 2006). Sustainable development is possible only when it is based on the real type of economic progress in harmony with the limitations in nature, especially the amount of natural sources and the regeneration and neutralization capabilities of the biosphere combined with human-made emissions (Pozeb & Krope, 2007). Therefore, the main research and development priorities are the development of renewable electricity, cost reduction and research on environment issues, as well as the need to adapt the electricity networks to new technological, economic, environmental and political realities (Kjaer, 2006).

The development and implementation of green electricity policies have evolved differently in European Union's member states. The current revenues expected for renewable electricity are largely dependent on the variety of national support systems. The revenues will be determined by market conditions, whereby competition between technologies determines the prices. In this context, member states' support systems for renewable electricity production may be extremely important.

3. Policy Instruments Used for Promoting Renewable Energy Sources in the European Union

European Union is applying a range of policy instruments to encourage electricity from renewable energy sources and to bring nature closer to an environment friendly consumption (Gan et al., 2007; Pozeb & Krope, 2007). According to Gan et al. (2007), a general tendency in European Union is that policies shift emphasis from research and development stimulation towards dissemination and market application of renewable energy technologies. The instruments used to promote renewable energy sources are usually grouped in more categories, the most widespread formula being direct and indirect instruments (Table 1).

Table 1 Policy instruments used for promoting renewable energy sources

No.	Policy instruments				
		•	1.1.1. Subsidies and loans		
			1.1.2. Tax exemptions or advantage		
			1.1.3. Feed-in tariffs		
			1.1.4. Green certificates		
		1.1. Financial measures	1.1.5. Bidding		
	Direct instruments		1.1.6. Funding research and development		
1.			1.1.7. Interconnection regulations		
			1.1.8. Independent power producer framework		
			1.1.9. Biofuels mandate		
		1.2. Non-financial	1.2.1. Negotiated agreements between producer		
			and government		
		measures	1.2.2. Quota obligation on production		
			1.2.3. Quota obligation on consumption		
		2.1. Information campaigns			
	Indirect instruments	2.2. Education and training			
2.		2.3. Labelling			
		2.4. Technology standards and certification			
		2.5. Grid connection standards			

Direct instruments could be financial measures or regulations, while indirect measures are represented by actions taken in other sectors that could influence the use of renewable energies, such as: education, information, standards. Taxes, subventions, environmental product marking, and green certificates are only some examples of such environmental instruments. The decision on what kind of instruments should be used is a very important one, as the instrument to be used will influence the outcome and the public expenses. How the decision is taken depends on the criteria used for the evaluation of the policy instruments. Usually, several criteria are used, and the final decision depends on how much weight is given to each criterion.

Electricity generation from renewable energy sources is promoted within the European Union by using different groups of support systems: feed-in tariffs, quota often combined with tradable green certificates, tender, and tax incentives or investment grants (Ragwitz et al., 2004; Pfaffenberger et al., 2006; Ragwitz et al., 2006; Swedish Energy Agency, 2008; Valle Costa et al., 2008).

It is to mention that policy instruments used to support renewable energies do not make any difference among various types of renewable energy sources. There are countries in the European Union where only one instrument is used to support wind onshore, biomass, biogas, small hydro and solar energy (Ragwitz et al., 2006; Howley et al., 2008; Swedish Energy Agency, 2008; Federal Ministry for the Environment, Nature Conservation and Nuclear Safety – BMU, 2008; Valle Costa et al., 2008). For instance, Austria, Denmark, Estonia, Portugal, Spain, Hungary and Lithuania use feed-in tariff as the only instrument to support all five renewable energy sources. For these renewable energy sources different instruments are used in different countries and all instruments could support each one of the renewable energy sources. Each country could choose any instrument or mix of instruments to promote renewable energy sources, taking into consideration the local conditions of renewable energy sources, the costs and the target for market penetration.

The use of renewable energy sources is stimulated in most countries by more than one instrument. This statement is based on surveying the support schemes applied by the different European Union countries to stimulate renewable energy development. National support is essential in order to ensure the development of renewable energy sources. A wide range of policy instruments are mixed support schemes, which vary among member states. Generally, a mix of instruments is essential and a key to success.

The dominant instruments for promoting the generation of electricity by renewable energy sources have been feed-in tariffs and quota with green certificates. These two instruments were also found as having high effectiveness (Dijk, van et al., 2003).

Feed-in tariffs are used by a majority of European Union's member states for promoting electricity generation from renewable energy sources. For instance, in Germany, Spain and Denmark they have been successful in supporting the expansion of wind, biogas and solar power production (Ragwitz et al., 2004; Ragwitz et al., 2006; Swedish Energy Agency, 2008). According to Ragwitz et al. (2006), this system allows independent electricity generators to sell green electricity at a fixed tariff for a determined period of time. The main advantages of feed-in tariffs system are the long-term certainty about receiving support, which may significantly reduce investment risks, and the

possibility of early market diffusion of less mature technologies, which may reduce costs for society in the long term. However, the system of feed-in tariffs was frequently criticised for not stimulating competition among electricity generators to a sufficient degree to bring down the costs of renewable energy technology investments (Ragwitz et al., 2004).

Green certificates or electricity certificate systems or quota obligations are used in several countries within the European Union (such as Sweden, Romania, Belgium etc.) and are based on the principle of imposing minimum shares of renewable electricity on consumers, suppliers or producers (Ragwitz et al., 2004; Ragwitz et al., 2006; Swedish Energy Agency, 2008). Compared to feed-in tariffs, quota systems are strongly market-oriented policy systems (Ragwitz et al., 2006), based on the interaction between the supply and demand of certificates. The producers receive additional revenue from certificates, in addition to that from the sale of electricity. This support system encourages expansion of the most efficient types of renewable electricity generation (Swedish Energy Agency, 2008), but there is a risk of supporting only lower-cost technologies, as forecasting the price of green certificates over a long period of time is difficult. A particular case in the European Union is Latvia which uses a quota system without certificates that includes elements of quota system and tenders. The Latvian system is based on quotas established yearly, determining the amount of installed capacity from renewable electricity that may be produced within the country.

The tender scheme, that has been used in the United Kingdom and Ireland and is still used only in France, is a quantity-driven mechanism (Ragwitz et al., 2006), meaning that the state calls for offers from companies wanting to supply renewable electricity on a contract basis at a particular price. The company submitting the most competitive tender receives the contract, and the consumers who purchase the electricity have to pay a fee element covering the additional costs arising in connection with production of the renewable electricity (Swedish Energy Agency, 2008). The main advantage of the tender system is related to the awareness of renewable energy investment opportunities (Ragwitz et al., 2004). Nevertheless, the market uncertainty and the risk of not covering the cost of electricity production through tenders lead to a much lower penetration of renewable energy sources than expected.

Tax incentives form a group of policy measures that include tax relief, exemptions from energy tax, grants and investment support (Ragwitz et al., 2006; Swedish Energy Agency, 2008). Frequently, these mechanisms are used in order to complement other types of policy measures for promoting renewable energy sources. For that reason it is difficult to evaluate the results of the tax incentives as instruments for promoting renewable energy sources.

4. Conclusions

The study reveals that policy goals in the renewable energy field could be achieved by using a large variety of instruments. This conclusion is based on the premises that (1) the local conditions of renewable energy sources, the costs and the target for market penetration influence one country's option for one instrument or a mix of instruments; (2) various instruments are used in different countries and all instruments could support each one of the renewable energy sources; (3) countries with more experience in this field use a variety of supporting schemes; (4) the market penetration of renewable energies is influenced by many factors; and (5) policy instruments complement each other in achieving the energy policy objectives.

The findings of this study could justify the effort invested in designing new policy instruments. This could be helpful in order to better address the problems encountered in supporting the use of renewable energies.

References

- 1. Commission of the European Communities (2006), "Green Paper Follow-up Action Report on Progress in Renewable Electricity", Brussels, COM (2006) 849 final.
- 2. Dijk, van A. L., Beurskens, L. W. M., Boots, M. G., Kaal, M. B. T., Lange, de T. J., Sambeek, van E. J. W. and Uyterlinde, M. A. (2000), "Renewable Energy Policies and Market Developments", REMAC 2000 project, last accessed April 10, 2009, http://www.ecn.nl/docs/library/report/2003/c03029.pdf>.
- 3. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety BMU (2008), "Legal sources on renewable energy", Berlin, Germany, last accessed April 10, 2009, http://res-legal.eu/en/search-for-countries.html>.
- 4. Gan, L., Eskeland, G. S., and Kolshus, H. H. (2007), "Green electricity market development: Lessons from Europe and the US", Energy Policy, 35, 144-155.
- 5. Howley, M., Gallachóir, B. O., Dennehy, E. and O'Leary, F. (2008), "Renewable Energy in Ireland. 2008 Report Focus on wind energy and biofuels", Sustainable Energy Ireland SEI, last accessed April 10, 2009,
- http://www.sei.ie/Publications/Statistics_Publications/SEI_Renewable_Energy_2008_Update/Renewable%20Energy%20Update%202008.pdf.
- 6. Kjaer, C. (2006), "Taking Control of our Energy Future", EU Power, 2, EWEA, 23-25.
- 7. Pfaffenberger, W., Jahn, K. and Djourdjin, M. (2006), "Renewable energies environmental benefits, economic growth and job creation", Bremer Energie Institut, Bremen.

- 8. Pozeb, V. and Krope, T. (2007), "Importance of Legal Protection and International Quality Standards for Environmental Protection", Proceedings of the 2nd IASME / WSEAS International Conference on Energy & Environment (EE'07), Portoroz, Slovenia, 89-90.
- 9. Ragwitz, M., Held, A., Resch, G., Faber, T., Huber, C. and Haas, R. (2006), "Monitoring and evaluation of policy instruments to support renewable electricity in EU Member States", Fraunhofer IRB Verlag.
- 10. Ragwitz, M., Schleich, J., Huber, C., Faber, T., Voogt, M., Ruijgrok, W. and Bodo, P. (2004), "Analysis of the renewable energy's evolution up to 2020", FORRES 2020, Fraunhofer IRB Verlag.
- 11. Swedish Energy Agency (2008), "The Electricity Certificates System 2008", last accessed April 10, 2009, ET2008_09w.pdf/\$FILE/ET2008_09w.pdf?OpenElement.
- 12. Valle Costa, do C., Rovere, La E. and Assmann, D. (2008), "Technological innovation policies to promote renewable energies: Lessons from the European experience for the Brazilian case", Renewable and Sustainable Energy Reviews, 12, 65-90.

SERVICE QUALITY IN THE AUTOMOTIVE INDUSTRY

Zima Liliana Adela

Ph.D.The North University of Baia Mare Faculty of Sciences, Victoriei Street No. 76, 430122 Baia Mare Email address: lili zima@yahoo.com; tel: 0741289893

Abstract: Every company and every team must be concern today about the quality of services because is a perfect correlation between the level of the "First Time Service Quality" and "Customer Loyalty". We must answer many questions regarding our customers: Who receives directly the products of services that you produce? How does your customer use that you produce? What would happen if you did not do your job right? How do your errors affect them? How do you find out if you are not meeting the needs or requirements of your customers? How far beyond your immediate customer can you trace the effect of what you do?

Keywords: service quality, customers expectations, customer loyalty, service satisfaction survey.

JEL code: M: Business, Administration and Business Economics; Accounting

1. INTRODUCTION

The need for a customer to have to bring his/her vehicle in for service, whether it be routine maintenance or to get a problem fixed, is in itself a burden. But the need to bring in back more than once for the same reason is a **major** dissatisfy.

Consider for a moment the time it takes a customer to travel to the retailer, the wait to be attended by service reception, the loss of one's transportation, the time and alternate transportation required to pick the vehicle up, and once again the wait at service reception to have the vehicle returned to the owner. This is anything but a pleasant experience and with today's level of "First Time Service Quality", the customer is faced with having to return and do it all again 44% of the time.

This article outlines a simple process whereby a retailer can identify, track, analyze, and resolve the reasons why a vehicle was not fixed at the first attempt. The result is drastically improved customer satisfaction and increased profits through the elimination of waste. The a perfect correlation between the level of "First Time Service Quality" and "Customer Loyalty".

In today's highly competitive automotive environment, there is no alternative but no meet and exceed customer expectations. You are asked to take the challenge and utilize this tool to effectively increase your level of "First Time Service Quality". For example, General Motors International Operations has set a goal to increase "First Time Service Quality" from the current level of 56% to 70% by the year 2009.

This article is aimed at helping you reduce the biggest single cause of customer dissatisfaction in your Service Department; Customer Comebacks. I shall refer to this topic, the process, and the performance measure as "First Time Service Quality".

All comebacks happen for a reason. Sometimes, this reason has to do with factors totally within your control at the dealership. Sometimes, it has to do with technical problems related to the product itself.

But whatever the reasons, your job at the dealership is to (1) find out what they are, and then (2) quickly take steps to control them, to the degree that you can.

It must be find a systematic approach for achieving both of these goals efficiently and effectively, at virtual no added costs to your current operation.

But as with so many aspects of service Department operations; if you, the Service Manager, do not take an active and continuing role in First Time Service Quality, the Comebacks will continue to be a problem – a problem none of us can really afford in today's highly competitive automotive market place.

2. GENERAL ASPECTS ABOUT THE PROCESS FOR IMPROVING FIRST TIME SERVICE QUALITY AND MINIMIZING THE IMPACT OF COMEBACKS

2.1. The definition and the type of comebacks

Definition: A comeback is any instance in which a customer must bring his or her vehicle back to the dealership to have work done that should have been done correctly the first time.

It does not matter why the work was not done - or done properly - the first time. The customer will not care what the technical reasons for the Comeback might be - an operations problem, competence problem, or product problem. All the customer knows is that he or she has had to return to the dealership a second time for the "same" problem ... and that's a "Comeback".

Comebacks are the single greatest cause of customer dissatisfaction and of poor Service Satisfaction Survey (SSS) scores. Comebacks erode consumer confidence, undermine customer loyalty and repurchase intention, and eat away at Service Department profits.

First Time Service Quality has a major impact on customer referrals to your business – very positive if is high, very negative if it is low.

Since most new-car purchase decisions are heavily influenced by the buyer's service experience, a poor First Time Service Quality record in the Service Department can have a devastating effect on the sales showroom floor.

So every Comeback has the potential for creating a tremendous "rippling" effect on your dealership's bottom line, which can in time add up to tens of thousands of dollars in lost revenues. Refer to the Figure Nr. 1.

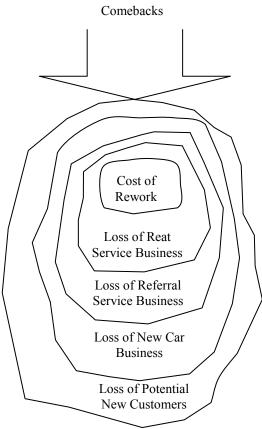


Fig. No.1. Comebacks

There are two kinds of Comebacks that affect First Time Service Quality – *AVOIDABLE* Comebacks and *UNAVOIDABLE* Comebacks. Avoidable Comebacks are those caused by conditions or actions in your workshop that are directly within your power to control or change, for example:

Service Advisor who do not accurately or completely fill in the Job repair Order so that the Technician knows exactly what the customer complained about or the actual condition(s) the customer described.

Service advisor who are unable to recognize a "Comeback Potential" situation when it arises, and who (therefore) do not respond appropriately to it.

Technicians who are inadequately trained or without the skill to do the repairs they are asked to do.

Technicians who do not have the tools or equipment to properly diagnose a vehicle's problem(s) and/or to repair them.

An understaffed Service Department that can not handle all the repair orders coming in on a given day (thus making customers "come back" another day for service).

A Parts Department that is not carrying an adequate inventory or that refuses to use expedited ordering procedures when the need arises to prevent a Comeback due to "parts" unavailability.

The lack of quality assurance procedures – including road testing and (where appropriate) visual inspection – applied to every repair after completion to ensure that problems cited on the Repair Order have been corrected.

Service department employees who do not adequately understand the crucial relationship between First Time Service Quality, customer satisfaction, SSS scores and the dealership's bottom line, and who (therefore) are not adequately motivated to achieve and improve First Time service Quality (or lessen the negative impact of Comebacks when they do occur).

In the vast majority of these cases – where a comeback is due to some failure in the Service Department – this failure can be easy to detect and easy to correct. That's why we say that these Comebacks are "avoidable".

As a practical matter, however, some levels of Comebacks are inevitable. Nobody's perfect, and even the best Service Advisors and service Technicians sometimes make mistakes. But there are also other reasons in addition for what we call "unavoidable" Comebacks, for example:

Sometimes, customers complain of problems that are of an intermittent nature, which are often impossible to accurately or completely diagnose on the customer's first repair visit.

Sometimes, a motor car develops a condition for which GM/Opel/Vauxhall has not yet developed a service fix; or, a Technician might (with the best intentions) try to "fix" something that's considered normal and operating the way it should.

Sometimes, a Technician will choose to employ a less-than-maximum repair procedure – to save the customer time, money, or inconvenience – only to find later that the symptoms re-occur and that a "bigger fix" than has to be carried out.

Sometimes, because of a mistake in a parts catalogue or service manual, a Technician will inadvertently install the wrong part, which ultimately does not solve the problem and (inevitably) results is a Comeback.

2.2. Improvement process

The test of a good Service Department is how well it responds to Comebacks when they do occur, (even after everyone has done everything possible to prevent them) and how well the department addresses the great potential for customer dissatisfaction inherent in every Comeback situation (regardless whether the Comeback is considered to be "avoidable" or "unavoidable").

It is possible to create a comeback-prevention and comeback-response process in your Service Department that virtually eliminates customer dissatisfaction caused by deficiencies in First Time Service Quality.

The first thing must do to reduce customers dissatisfaction due to service Comebacks is to eliminate avoidable Comebacks.

To do this, you have got to know as accurately as possible precisely where your Comebacks are coming from. This means you need to systematically track your Comebacks. Then, you have to make the changes necessary to remove those sources

The second step you can take to reduce customer dissatisfaction due to service Comebacks is to respond appropriately, sensitively, and caringly to the customer's feelings and transportation needs when an "unavoidable" Comeback does occur.

You need to know where these Comebacks are coming from, who or what is responsible, and the steps you can take to turn things around. We will talk about your Comeback Tracking Procedure in this Section – discussing (first) corporate date sources and how they may be used, and (second) you own, in-house records and their value in pinpointing specific troubles spots.

A. Analysis Causes of Comebacks – Corporate Data Sources Service Satisfaction Survey (SSS) – Total Europe

You must do a report which shows (among other things) the percentage of customer vehicles that were fixed right at the first attempt, by country, and for Europe overall. There is also data that indicates the reason why the problem neither was nor fixed right at the first attempt from the customer's perspective, for example, "Problem not identified/not corrected, Parts not available", or "Other".

Service Satisfaction Survey (SSS) – Retailer Results

The Retailer Results Report provides data on responses to the same questions as the Total Europe Report but focuses on your own dealership's performance. The Retailer's performance for the past 3 months and the last 12 months can be compared to the 12 month national average.

B. Analysing the Causes of Comebacks-in-House Data Sources The key to Service

You might have a vague or general idea about where your Comebacks are coming from – both from the reports available from GM Europe and from your own experience day-to-day – but the only way to known for sure is to count them. That's why it is a good idea for every dealership to establish and maintains a Comeback Tracking Procedure that becomes part of the ongoing daily routine within the service Department.

Another reason why it is useful to track Comebacks continuously is that they are not consistent. Both personnel changes as well as product changes can affect Comebacks. The weather can affect Comebacks. Because it influences customers expectations and perceptions, even GM/Opel/Vauxhall advertising can affect Comebacks.

So Comebacks are, to some degree a "moving target". But a good Comeback Tracking Procedure will help you stay on top of these changes and allow you to spot trends before they get out of hand and cause serious damage to customer satisfaction.

Until avoidable Comebacks are eliminated, they will probably remain the single most significant influence on your service customers' attitudes.

An effective Comeback Tracking Procedure can be set up any number of ways. If your Dealer Management System Provider is able to utilize your existing system to flag a potential Comeback upon reception on the customer and motor car, this one suggested method. But whatever method you use, your objective should be to keep a complete and detailed record of all Comebacks in your work-shop, on a continuing **daily** basis, the tracks Comebacks by date, by Service Advisor, by Technician, and by type or category of repair.

2.3. Comeback Tracking

A. Simple Comeback Tracking Procedure

This procedure requires the use of the following two forms:

Comeback Tracking Comet Sheet: This form can be reproduced in quantity from a master copy provided with this Manual. You will need one of these sheets for every Comeback detected and tracked.

Monthly Comeback Analysis Worksheet: This form can also be reproduced in quantity from a master copy provided with this Manual. You will need one of these forms per month, or 12 per year.

The Service Manager/Service Director, who is responsible for the Customer Comeback Investigation Phase is notified at this time. He or she should also be provided with details of the vehicle repair history.

B. Customer Comeback Investigation Phase

-The Service Advisor is normally the first person in the dealership to become aware of the Comeback situation and he or she will initiate the Comeback Tracking Comet Sheet at the time the Job Repair Order is written. The Comeback Tracking Comet Sheet is then passed to the Service Manager/Service Director along with the vehicle repair history for review.

-The Service Manager/Service Director reviews the Comeback Tracking Comet Sheet, passing it back to the Service Advisor, or to other responsible person within the Service Department for an effective follow-up to begin.

-The Service Advisor (or other individual) is asked to thoroughly investigate the cause(s) of the Comeback, and to write down his/her findings on the Comeback Tracking Comet Sheet in the space marked "Comeback Cause". This will involve a comprehensive review of the vehicle's entire service and repair history, customer complaint/comments, Technician's notes on Repair Orders, an interview of the Technician and anyone else involved in the repair process, and a determination of parts availability.

-After tracing the root cause of the Comeback he/she is also asked to write down in the space provided his/her best thoughts about what steps, actions, or operational changes could have prevented the Comeback.

-The Service Manager/Service Director asks the Parts Manager to add his/her comments and Comeback prevention suggestions to the Comeback Tracking Comet Sheet for Parts Department related Comebacks.

-Once the work has been completed and the vehicle returned to the customer, the Service Advisor will contact the customer by telephone to ensure the problem or concern has been rectified entirely to the customer's satisfaction.

-On completion, the Comeback Tracking Comet Sheet is returned to the Service Manager/Service Director for final review to ensure that the root cause of the Comeback has been identified and clearly understood. The Service Manager/Service Director will have also particular attention to actions taken to recover customer confidence and trust in the dealership, and to ensure that adequate follow-up has been conducted.

C. Monthly Comeback Analysis Worksheet

The Monthly Comeback Analysis Worksheet is used to record the number of Comebacks an daily basis and to summarize the findings of the investigation by technical category and area of responsibility.

-At the beginning of each month, write down the day and date of each working day coming up that month under the Date column. Also record the names of each Technician and Service Advisor under "Name" in their respective columns.

-Each day, record the number of Comebacks that require investigation in the "number" column adjacent to that day's date.

-Upon completion of the investigation, determine the "Repair Category" i.e. Technician, Service Advisor, Parts Department.

-Record a tally mark adjacent to the appropriate "Repair Category", "Technician", and "Service Advisor" under the respective "Number" column. For Parts Department related Comebacks record the "Repair Order Number" and "Part Name".

3. Conclusions and recommendations

The aim of this improvement process is to identify the customer comeback, the cause of this and eliminating them.

After you tracked your Comebacks for a while, you'll begin to see specifically where the majority of "avoidable" Comebacks are coming from in your after sales departments.

Avoidable Comebacks generally arise because of problems in one of four basic areas of operations: Training of Employees; Tooling and Equipment; Job Systems; Procedures and Manpower Loading; Parts Operations.

The following check list is provided for your reference:

- Staff Training

Sales Staff

- Explain operational features

Service Staff

- Effective customer communication
- Familiarity with Customer Comeback Tracking/Prevention

Service Advisor

- Accurate and complete Job Repair Order documentation

- Review all Service bulletins

Service Technicians

- Certification in their respective specialty areas
- Proper procedures for diagnosing, servicing, and repairing vehicles
- Review all Service Bulletins
- Knowledge in the use of TIS
- Effective utilization of technical assistance
- Tools and Equipment
- Specialized diagnostic, testing, and calibration equipment
- Tools, supplies, work materials and workshop equipment
- Well-maintained library of Service Manuals
- Logically catalogued set of Service Bulletins
- Ready access to TIS
- Job Systems, Procedures and Manpower Loading
- Utilization of an effective Quality Assurance Procedure
- No vehicle should be returned to a customer until the "fix" has been verified
- An appointment system for efficient handling of Comebacks
- A dispatch system that utilizes the proper Technicians
- Adequate availability of Service Advisor on hand
- Enough service Technicians to handle scheduled workload
- Parts Availability
- A policy that allows parts stocking and expediting that minimizes parts-related repair delays
- Stock parts comeback-tracking indicates a need
- A cohesive and co-operative working relationship between the Parts and Service Departments
- Comeback Control Meetings
- Review each Comeback
- Determine and implement process improvements
- Address Service Advisor, Technician, equipment and facility needs
- Develop new customer satisfaction initiative
- Review SSS performance

Bibliography

- 1. W. Edwards Deming, "Out of the Crisis", Massachusetts Institute of Technology. Center for Advanced engineering Study, 1995
- 2. Heinz Dallmer, Direct Marketing Manual, Journal of Pragmatics, vol. 38, Issues 6, June 2006
- 3. ***, General Motors Corporations, 2008, Annual Report, Detroit
- 4. ***, http://www.gmeurope.com

MARKETING

THE LIFE CYCLE OF SHOPPING CENTERS AND POSSIBLE REVITALIZATION STRATEGIES

Abrudan Ioana Nicoleta

Babeş-Bolyai University Cluj Napoca Faculty of Economics and Business Administration 58-60, T. Mihaly St., office 125 ioana.abrudan@econ.ubbcluj.ro 0740-427.336

Dabija Dan Cristian

Babeş-Bolyai University Cluj Napoca Faculty of Economics and Business Administration 58-60, T. Mihaly St., office 125 cristian.dabija@econ.ubbcluj.ro 0740-189.659

This paper addresses the concept of shopping centers life cycle. The concept is considered a possible explanation for the death of certain types of shopping centers and birth of others. Of course that there are also other theories that explains this evolution, such as the wheel of retailing concept postulated by Malcolm McNair (1958); the dialectic process discussed by Maronick and Walker (1974);, the retail accordion, or the general-specific-general process of Hollander (1966); the adaptive behavior and natural selection concepts, which are in fact very similar; Christallers location theory (Christaller: 1980); or the Thiessen Polygone (Thiessen: 1911). The article discusses the adaptation of the life cycle concept as used for products and stores. It tries to provide a framework for delineating the stages of shopping center life using certain relevant attributes. The last part of the article provides some suggestions for the revitalization of the centers found in the decline stage of their life cycle.

Keywords: life cycle, commercial center, strategy

JEL code of the paper: M31

Introduction

Since their birth, at the beginning of the 20th century, shopping centers have grown a great deal both in number and diversity of formats and the evolution process is not even nearly over. At present, there are an impressive number of projects of new shopping centers all over the world, on each continent (see table 1). The experience of developed countries, where the concept of shopping center has a significant age, may be also transferred to emerging markets, such as Romania. Therefore it is important to identify the stages of their life cycle, characteristics and appropriate strategies for each one, so that the profitable period of shopping centers can be extended as much as possible.

The concept of shopping centers life cycle, similar to that of store formats (George, 1997: 133; Ferring, 2001: 44) initially applied to goods and services. It studies and identifies the changes their characteristics suffer during the existence of a shopping center. The concept asserts the fact that shopping centers, just like store formats, goods or services, go through four different life stages, different one from the other: innovation (launch), growth (accelerated development), maturity and decline (adaptation from Berman & Evans, 2001: 148, Dunne et. al., 2002: 122, Lowry, 1997: 78). This concept is very useful since it "provides a plausible and useful explanation for the emergence and decline of the different shopping center formats" (Lowry, 1997: 78).

Table 1 Shopping Centers worldwide and in Romania (companies own site)

				Year of
Name of the Center	City, State	Surface m ²	Shop nb.	opening
Mall of Arabia	Dubai, United Arab Emirates	2.000.000	1000	2008
South China Mall	Dongguan, China	900.000		2005
Berjaya Times Square	Kuala Lumpur, Malaysia	700.000	1000	2003
Golden Resources	Peking, China	680.000	1000	2004
Colosseum	Bucharest, Romania	600.000		2010
Siam Paragon	Bangkok, Thailand	500.000		2005
Beijing Mall	Peking, China	440.000		2005
Grandview Mall	Guangzhou, China	420.000		2005
Cevahir S.M.	Istanbul, Turkey	412.000	328	2005
Mall of America	Minneapolis, USA	390.000	520	1992
West Edmonton Mall	Edmonton, Canada	350.000	600	1981–2004
Aricanduva Mall	Sao Paulo, Brazil	342.000		1991
Bluewater	Kent, UK	312.000		
Arkadia	Warsaw, Poland	287.000	242	2004
Shopping City Süd	Vösendorf, (Vienna) Austria	270.000	330	1976
King of Prussia Mall	Philadelphia, USA	250.000	400	
Ala Moana Center	Honolulu, USA	245.000	240	1986
Donauzentrum	Vienna, Austria	225.000	210	1975
Mall of the Emirates	Dubai, United Arab Emirates	225.000	465	2005
Iulius Mall			250	2007

Craiova Mall	Craiova, Romania	122.000		2009
Polus Center	Cluj-Napoca, Romania	120.000	150	2007
Militari S.C.	Bucharest, Romania	114.000		
Akropolis	Vilnius, Lithuania	108.000		2002
Sihlcity	Zürich, Switzerland	100.000	89	2007
Plaza Romania	Bucharest, Romania	100.000	150	2004
Băneasa S.C.	Bucharest, Romania	85.000		
Lotus Market	Oradea, Romania	30.000	120	2006

The concept of Shopping Center Life Cycle

As costs involved in planning, building and managing a shopping center are very high, it is important to identify the stages of shopping centers life cycle for both developers or owners and retailers in the strategic planning of their activity. The stages of the life cycle are differentiated (Lowry, 1997: 78, see table 2) by the following attributes: market factors, shopping center developer strategies and retailer-tenant strategies. *Market factors* include the number of competing shopping centers of that type and of other types, amount of shopping traffic generated by each type of center, growth rate of each type of center, and vacancy rate for the type of center. *Strategies of shopping center developers* include the control they exert, their advertising and promotional activities, renovation of their facilities, efforts to attract new retailers, rental rates, and length of lease. *Strategies of retailer-tenants* are based on advertising and sales promotion activities, store size and layout and selection of store managers.

Table 2 Shopping center life cycle

ATTRIBUTE		STAGE OF THE LIFE CYCLE				
	Important considerations	Launch/ Innovation	Growth/ Accelerated development	Maturity	Decline	
	Number of competing centers	Very few	Rapid growth	Many of the same type of center	Many same and newer types	
Market factors		Increases rapidly	Steadily increases	Stable amount	Steadily decreases	
		Very rapid	Rapid	Moderate to slow	Slow or negative	
	Vacancy rate Control exerted by developers	Low Extensive	Very low Moderate	Moderate Extensive	High Moderate	
	Advertising and promotional activities	Extensive	Moderate	Extensive	Moderate	
Shopping center developer	Renovation of facilities	None	Minor modi- fications	Maintenance of existing facilities	Neglect or extensive reformatting	
strategies	Efforts to attract new retail tenants	Extensive	Moderate	Moderate	Extensive	
	Rental rates	High	High	Competitive	Low	
	Length of lease	Long	Long	Moderate	Short	
	Advertising and promotional activities	Extensive, to create awareness	Moderate, to draw greater interest	Extensive, to compete on price	Moderate, to remind of sale price	
Retailer- tenant	Special sales and price discounts	Few	Moderate	Extensive	Extensive	
strategies	Merchandise offerings	Preplanned variety and assortment	Variety and assortment to the market	Stable variety and assortment	Reduced variety and assortment	
	Store size and layout	Prototype model	Adjusted to meet market demand	Stable size	Scaled down	
	Type of store	Entrepreneurial	Aggressive	Professional	Caretaker	

Source: adapted from Lowry, J.R, The Life Cycle of Shopping Centers, Business Horizons, January-February 1997, pp. 79

Factors more or less controllable by shopping center management determine the move from one stage of the life cycle to the next one and may also be exploited in the favor of shopping center profitability. These factors can be classified into two large categories, following the ease of influence from shopping center management, and more exactly, their location in center's marketing environment:

-exterior factors (less controllable by the shopping center management);

-situated in the micro-environment: changes related to shopping center—shareholders—and—stakeholders (owners, investors, builders, financial organisms,—professionalism of suppliers, local community, public authorities, various—organizations, mass-media); intensification of competition; consumers—preferences; For example, thoroughfare improvements can affect even a young—shopping—center's—accessibility—and—visibility (Carn et al., 1995: 31).

-situated in the macro-environment: changes in the demographic structure of the target market, changes affecting local culture, economic situation of the shoppers and of the whole country, changes in the legislation, technology, etc.

-interior factors (directly controllable by the shopping center management) — assortment of merchandise and services provided to shoppers, more specifically tenant mix, communication and promotion activities, location of a center, physical evidences, affected by shoppers traffic, age of the center, technology, shopping center personnel, shopping center operations, extra services, facilities and amenities.

Launch (Innovation) Stage

During this stage of a new type of shopping center there are only a few centers of that type, and, since the shopping center is fairly new, the component stores will register a rapid increase in store traffic, which will, in turn, induce a rapid growth of their sales volume. In order to provide the best possible mix of retailers for the profile of that shopping center's target customers, together with the lowest possible degree of vacancy rate, the developer maintains close control over its operations. In order to assist the increase of its tenants' sales volumes by attracting shoppers, the developer undertakes extensive promotional activities, especially advertising. Shopping center's management tries to lease space for long periods of time and at high rental rates, given the attractiveness and freshness of a new center. During this stage, profits are small, despite growing sales and high occupancy rate, because of development costs that need to be recovered.

Regarding tenants' activities, they will engage in significant advertising activities in order to generate awareness of their presence in the shopping center among customers and to attract them. Stores' advertising stresses more their novelty and attractiveness and less price promotions they develop. Initial merchandise selection and layout are predetermined, their adjustment being made only after a period of time. Merchandise selection and store design are customized to meet customers from that particular market's preferences. In order to accomplish this, the management must be enterprising, actively oriented towards shoppers.

Growth (Accelerated Development) Stage

During this stage, since other shopping center developers have noticed the monetary (financial) and also non-monetary (behavioral or attitudinal) success of that new type of shopping center, the number of competitors of the same type increases rapidly. At the same type, shopper traffic grows just as fast, because consumers have already found out about center's offer, and this generates an accelerated rate of sales volume growth. Other retailers are also attracted by the success of the existing stores, this contributing to the increase in shopping center's occupancy rate (if this hasn't already been of 100%). Having already an occupancy rate close to (or even) 100%, it is no longer needed that the management tries to attract new tenants, and may charge high rental rates, since the shopping center is in its early years and to secure leases for longer than the usual 5 to 7 years with its actual tenants. Owing to a high traffic of shoppers, promotional spending is reduced, while maintenance and renovation expenditures are augmented, because years passed have put their sign on the attractiveness of shopping center's facilities and its image must be adjusting to modern trends and to the image projected by center's tenants. In this phase, both market share and profitability tend to reach their highest levels.

Retailers continue to develop promotional activities in order to increase the attractiveness of their offer, and the focus shifts from advertising to sales promotion activities, while overall promotional spending may be reduced as shoppers traffic is already a high one and continuously growing. Stores operating experience allows stores managers to adjust merchandise assortment to consumers' needs and desires and to remodel their stores, or even to reduce their rented space. Although they have already established a particular niche in its market, store managers must remain aggressive in their efforts to meet competition and build a solid base of loyal customers.

A possible example may be the Leipzig Central Station, which was transformed in 1997 into a large shopping center with 140 stores covering 30,000 m². In 30 minutes this center is reachable by all of the 620.000 inhabitants of the city, and also by the approximately 75.000 daily commuters (Zentes, Swoboda, 1998: 81-85).

Maturity stage

It is characterized by the existence of a large number of centers of the same nature that often overlap their market areas. Intense competition among shopping centers prevent sales volumes from increasing, growth rate being medium to small, although each of the centers already has a base of loyal customers. Some of the retailers decide to move to other fresher and trendier centers at the moment that their lease contracts expire, this imposing on center's management the pressure to involve in finding new tenants. In certain cases it is needed, in order not to increase vacancy rate even more, to adjust the level of rental rates and the length of lease agreements. Among the most important measures that must be undertaken by shopping center developers or managers are modifications of existing facilities and facelift alterations of the spaces. If these measures are accomplished, the center may remain in this phase for a long period of time. At the same time, promotional activity must be resumed with an even greater intensity. During this stage, market share is stabilized, and profits begin their decline, at the same time with the decrease in the level of rental rates.

The tenants situated in a mature shopping center have already understood their consumers' preferences and, as a consequence, even from the previous stage they have already adjusted merchandise assortment, layout and dimension of their stores to market demand. Thus, in this period these store physical facilities and offer are already stabilized. In order to counteract their competitors' efforts of attracting their customers, managers must employ a variety of strategies and tactics. An important strategy concerns promotion. They must increase promotional actions, especially those of sales promotions; advertising is mainly used to support price-oriented promotional activities.

Decline Stage

As a result of increased competition from other similar centers and from other types of shopping centers, the shopping center enters the decline stage. In this situation, its management has two alternatives. The first one would be to convert that center into another type, undertaking elaborate renovations. The second option would be to sell it and invest its resources in something more profitable. A shopping center with a timeworn and careless look is the most vulnerable to new, modern competitors that offer modern, pleasant facilities, beautiful stores, with an attractive assortment of merchandise. In case shopping center developers decide to follow the first alternative, and wish to exit this unfavorable decline situation and possibly to initiate a new life cycle, they must initiate complex renovation and reorganization or reconversion programs (this strategy can be followed by those that invest into a decline center), followed by marketing actions that inform target shoppers about them.

Among the turnaround strategies a center may choose from are included the following (adapted from Lowry, 1997: 84-85, Feldman, 2004: 38, ICSC, Shopping Center Management, 1999: 221-223):

- 1) Redevelopment is an extensive strategy that may include renovation, expansion or reconfiguration of the center. Usually it is accomplished in order to meet the changes in the market environment, more specifically to better face up challenges and take advantage of the market opportunities.
- *expansion* involves creating large spaces for anchor tenants, by the department stores, hypermarkets, supermarkets or anchor tenants that provide entertainment services (the most popular ones are multiplexes and casinos), etc, or mini theme parks. In certain situations there might be added new spaces for smaller retailers as well.
- reconfiguration may comprise in certain cases an expansion component, too, but it aims in attracting retailers of smaller dimensions than anchor stores to avoid financial problems that might be caused by an eventual bankruptcy of these; innovative retailers of goods or services, whose offer cannot be found somewhere else; or those that match the new profile of the shopping center that it is intended to impregnate on the shopping center. It also aims at modifying parking lot configuration, the image of a center or of its use or in remodeling the space for new tenants, especially entertainment companies (bars, restaurants, coffee shops, multiplex theatres, casinos, game rooms, children playrooms, etc), because this type of companies are renowned to attract many consumers and improve the profitability of a center (Kang & Kim, 1999: 47).
- renovation is accomplished in order to freshen up a center's image and involves redoing entrances, public spaces, parking spaces, roofs, floors, toilets, sitting spaces, improving visibility of anchor stores, building various amenities (for instance baby changing rooms), etc. The decision to renovate a mall depends on the depreciation of net rental incomes, the level and rate of change of renovation costs, discount rates and changing market conditions (Wong & Norman, 1994: 46).
- 2) Termination of lease contracts with poor performing retailers, utilizing the amounts they pay for early cancellation of lease contracts for attracting new tenants.
- 3) Changing the destination of a shopping center into medical center, campus, convention center, etc. As suggested by Pilzer (1993: 76-77), an unsuccessful shopping center could be converted into a TEC center. The main tenants in such a center would be large organizations that need meeting rooms to train and confer with their current employees; recruiting organizations and offices of major employers; service firms related to employment activities (medical examination firms, drug-testing firms, reference-checking firms, skill-testing firms, training companies,

etc); life-long educational institutions that could provide information and skills to those that want to improve their knowledge or change careers.

4) Selling the center.

Also, if a center focuses its marketing efforts towards a certain marketing segment and succeeds in attracting retailers in this direction, it may be drawn to its maturity stage or even to accelerated growth stage (Lowry, 1997: 85). In case management planning is successful, shopper traffic may be augmented. In the opposite case, if the renovation is unsuccessful, or if no center renovation actions are undertaken, reduced shoppers traffic and sales volume will cause the loss of many of the tenants and the acceleration of center's decline. The efforts to attract new tenants, materialized in promotional actions (advertising and price reductions), the decrease of lease terms, and others are in many cases useless because of low shoppers' traffic. In this stage promotional expenditure as a means of attracting visitors are minor, promotional efficiency being very low since the atmosphere of the shopping center is inadequate.

In certain cases the decrease in shoppers traffic ad in sales volume are caused by demographic changes among target market – aging of that center's trade area population, changes in the level of incomes, in the structure of households, etc. Under such circumstances, the structure of a shopping center must be modified, so that the offer is adjusted to the new characteristics of the target market.

The strategies of the retailers in a shopping center that is in the decline stage of its life regarding promotion include many sales promotion activities and certain advertising actions that are meant to remind consumers of their presence within the shopping center. Advertisements are focused on price reductions in order to attract price sensitive consumers. Because they are aware of the fact that investments in stores renovation in a center that is in decline does not bring extra sales, stores managers avoid such expenses, trying instead to diminish merchandise assortment and to rearrange stores to reduce rented space.

In countries with mature markets from the shopping centers point of view it may be noticed that many shopping centers projects are, in fact, expansions or reconfigurations of the existing ones (Cushman & Wakefield, 2008: 2; James, 1982: 11). This is because there are a large number of centers that have adequately served their target markets, and it is considered not to be economically viable to build new ones, redevelopment being the best solution for all actors in the micro-marketing environment of those shopping centers. For investors, advantages of such a strategy include lower costs, circumvention of bureaucracy involved in building a new construction, avoidance of possible refuses to grant construction authorizations for new locations, rapidity in finalization of construction. For local communities renovations and expansions have positive aspects as well, including creation and/ or retention of existing jobs, retention or augmentation in the level of local taxes gathered by the local authorities, removal of the danger of degradation of decline shopping centers neighborhood areas, spurring the rehabilitation of surrounding areas (James, 1982: 11).

Shopping centers markets stages of life cycle

The study the life cycle of shopping centers in countries that have a long history of shopping center activity reveals their dynamics and heterogeneity. Because of this, identifying the stage of life cycle a shopping center is situated in is a difficult task. Developers must continuously pay attention to any modifications intervened in the environment and take appropriate measures to take advantage of the opportunities and counteract threats. Shopping center's age, competition, changes in shoppers' behavior and market changes, etc. are factors that affect vitality and determine the stage of its life. At present, shopping centers life cycle is an accelerated one, new formats passing much more rapidly through each life cycle stage.

The concept of life cycle may be also applied to shopping centers markets. Thus, from the age point of view and especially that of number of shopping centers found in each country, shopping centers markets may be divided into emergent, developing and mature. United States and Canada markets are mature markets. In Europe, the situation is the following:

- -Mature markets: Scandinavian Countries (where the first modern closed shopping center was built), Great Britain, France, Holland, Germany.
 - -Developing markets: Spain, Portugal, Italy.
 - -Emerging markets: countries from Easter Europe, Russia, Turkey, Greece.

Literature:

- 1. Carn N.G. et al. (1995), Impact of Thoroughfare Improvements on Neighborhood Shopping Centers, Economic Development Review, Spring, pp. 29-31;
- 2. Feldman L. (2004), Successful investment and turnaround strategies for distressed shopping centre properties, Journal of Retail & Leisure Property, Vol. 4, No.1, pp.32-38;
- 3. Ferring N. (2001), Marktbearbeitungsstrategien international tätiger Handelsunternehmen, Gabler;
- 4. George G. (1997), Internationalisierung im Handel, Berlin;
- 5. James F.J. (1982), Economic Impacts of Private Reinvestment in Older Regional ShC, Growth & Change, Vol.16, No.3, pp.11-24;

- 6. Kang J., Kim Y.K. (1999) Role of Entertainment in Cross-Shopping and in the Revitalization of Regional Shopping Centers, Journal of Shopping Center Research, Vol. 6, No. 2, pp.41-71;
- 7. Lowry J.R. (1997), The Life Cycle of Shopping Centers, Business Horizons, January-February pp.77-86;
- 8. Pilzer P.Z. (1993), Converting Shopping centers into campuses, Real Estate Review, Spring, Vol. 23, No.1, pp.72-78;
- 9. Thiessen A.H. (1911), Precipitation averages for large areas. Monthly Weather Review, 39 (7), pp.1082-1084;
- 10. Walter C. (1980), Die zentralen Orte in Süddeutschland, 3rd Edition, Wissenschaftliche Buchgesellschaft, Darmstadt;
- 11. Wong K.C., Norman G. (1994), The Optimal Time of Renovating a Mall, The Journal of Real Estate Research, Winter, pp.33-47;
- 12. Zentes J., Swoboda B. (1998), Handelsmonitor I 98, Trends&Visionen: Wo wird im Jahre 2005 Handel "gemacht"? Deutscher Fachverlag, Frankfurt am Main;
- 13. *** Cushman & Wakefield, Marketbeat. Shopping Centre Development Report Europe, Autumn 2008;
- 14. *** ICSC (1999), Shopping Center Management, International Council of Shopping Centers Publications Department, New York;

COMMUNICATION ET RELATIONS PUBLIQUES DANS L'UNION EUROPÉENNE

Amălăncei Brîndușa-Mariana

Université de Bacău, Faculté des Lettres, No. 8, Rue Spiru Haret, 600114 — Bacău, Roumanie, brandusa amalancei@yahoo.com, 0744908506

Manole Victor

Academie d'Etudes Economiques, Bucarest, No. 6, Piata Romana, sector 1, 010374 - Bucuresti, Romania, victormanole@eam.ase.ro, tel. 0722329733

Epuran Gheorghe

Université de Bacău, Faculté des Sciences Économiques, No. 8, Rue Spiru Haret, 600114 – Bacău, Roumanie, gheorghe epuran@yahoo.fr, 0723612501

Communication in the European Union combines the information with the new communication techniques, thus having a profit that is selling an image. However communication is a complex phenomenon which can not be reduced to persuasion. Communication Policy of the European Union is initiated by the European Commission, for which the distinction between information and communication appears to be clear: "Communication is addressed to the heart, while the information is addressed to the mind". The Commission also is responsible for the transmission of information to journalists, taking part in their achievement. But the public relations activity of the Commission can not be limited, as we shall see, to the relationship with the media.

Mots-clés: communication lucrative, politique d'information, médias, politique d'image

Cod JEL: M31

La communication, que de nos jours l'on rencontre partout (rubriques spécialisées des journaux, organigrammes des entreprises, écoles de publicité, circuits intégrés des puces électroniques, etc.), est devenue «un secteur industriel en pleine expansion»²⁵⁷ comprenant l'industrie publicitaire et l'industrie des nouvelles technologies d'information et de communication.

Dans l'unification européenne, ce concept a joué et joue encore un rôle essentiel car l'on considère que l'espace communautaire se construit physiquement par les voies et les réseaux de communication, que la prospérité des pays membres est assurée par les nouvelles technologies de communication, que les Européens peuvent surmonter leurs préjugés culturels à l'aide du contact et de l'échange d'information, que l'écoulement des marchandises et l'idée symbolique d'une conscience européenne reposent sur la communication persuasive.

C'est ainsi que la Communauté Européenne apparaît comme une «société de communication», comme la matérialisation du rêve d'une Europe unie et prospère, possible – semble-t-il – uniquement grâce à ce «secteur industriel» que les institutions européennes encouragent. Cependant, faire de la communication une marchandise culturelle en l'abandonnant aux seuls mains des industriels risque de réduire la Communauté Européenne à un marché dépourvu d'âme et de passion et d'empêcher même l'unification européenne, car, à la différence de la «société de communication» réclamée par les non professionnels, qui offrent une image des plus séduisantes, celle que dressent les industriels de la communication révèle des profils des plus alarmants résultant de la pratique différente de la communication dans l'industrie publicitaire et l'industrie des nouvelles techniques d'information et de communication. Dans le premier cas, l'essence de la communication est, selon l'expression de J. Baudrillard²⁵⁸, «faire vouloir», la «société de communication» repositionnant en fait la «société de consommation», tandis que dans le second cas la communication se définit comme un simple échange d'informations, la «société de communication» annonçant ainsi l'avènement de la «société de communication technologique». Celui-ci entraîne des conséquences telles: la mort de la communication interpersonnelle due à la communication médiatisée, le rapprochement des distances, mais l'éloignement des personnes (le téléphone, le minitel), l'ouverture sur le monde associée par contre à l'isolement de notre famille (la télévision, l'ordinateur), l'accès à plus d'informations ce qui s'avère être en réalité une «désinformation par surinformation», la participation à des événements déroulés à grande distance et le renouement du dialogue qui engendrent finalement le manque d'une véritable interaction²⁵⁹. La convergence entre communication technologique et communication publicitaire est très bien mise en évidence par les médias, dont l'influence symbolique est profonde surtout parce qu'ils informent la société sur elle-même.

La globalisation et l'utilisation systématique des nouvelles techniques d'information et de communication ont imposé le regroupement des différentes techniques de la communication persuasive en un même modèle, à savoir, la *communication lucrative*²⁶⁰, qui peut emprunter deux voies:

²⁵⁷ Dacheux, É., Les stratégies de communication persuasive dans l'Union Européenne, Éditions l'Harmattan, Paris, 1992, p. 77.

²⁵⁸ Baudrillard, J., «L'ère de la facticité» in Technologie et Symbolique de la communication, P.U.G., Grenoble, 1990.

²⁵⁹ Dacheux, É., op. cit., p. 94-95.

²⁶⁰ C'est une communication qui à travers une gamme toujours plus diversifiée de techniques poursuit toujours le même objectif final: maintenir ou augmenter les profits de la firme.

- une voie «psychologique», ouvertement commerciale, qui vise à déclencher l'acte d'achat et qui recourt à des techniques telles: la création de noms de marque, la packaging, le merchandising;
- une voie «sociologique», qui cache son caractère lucratif derrière une patine culturelle et qui a pour but de renforcer les valeurs sociales favorables à l'organisation et de neutraliser celles qui lui sont hostiles.

De cette façon, l'organisation sort de l'espace privé et fait entendre sa voix dans l'espace public par une présence accrue dans les médias (communication publicitaire, parrainage d'émission, sponsoring sportif), mais aussi par des actions plus «feutrées» auprès des instances politiques (lobbying) ou journalistiques (relations publiques; celles-ci assurent la transmission des informations entre l'organisation et les médias à travers les dossiers, communiqués ou conférences de presse, instaurant ainsi un climat de confiance). Il faut préciser que toute communication lucrative qui tent à créer un milieu externe favorable n'est pas nécessairement «tapageuse». Une communication plus discrète, pas du tout perçue par le grand public, s'est avérée efficace, à savoir le lobbying et les relations publiques, car ces deux techniques ne s'adressent pas au public.

Dans l'Union Européenne, c'est la Commission qui a initié la politique de communication, mettant en place un organe spécialisé, la «Direction générale audiovisuel, information, communication, culture» (DG X) qui adopte une double stratégie à partir de la distinction entre information et communication:

- une communication «persuasive», entièrement calquée sur la communication lucrative, destinée à «vendre» la Communauté aux citoyens européens;
- une communication «informative», plus originale, pour expliquer le fonctionnement du Grand Marché²⁶¹.

Des spécialistes dans le domaine des médias européens ²⁶² ont essayé à analyser les relations entre la Commission Européenne et les médias afin de relever si elles reposent sur une véritable «politique» de l'information, si «derrière les mots de la rhétorique institutionnelle peut se déceler une véritable action publique, dotée d'une cohérence politique et d'une certaine profondeur historique²⁶³». En examinant comment se sont établis, dès 1960, sous la forme du «système Olivi», de nombreux et étroits rapports entre la Commission Européenne et les journalistes présents à Bruxelles, voués à rendre l'actualité, on est arrivé à la conclusion que ces liens ont été le résultat d'une activité administrative «discrète mais intelligente», constituant la «matrice» d'une politique de l'information. Ce terme ne doit pas être entendu dans son sens conjoncturel (la gestion quotidienne des conflits d'intérêt entre l'institution et les médias) mais plus radicalement comme création des conditions assurant à la Commission la coparticipation à la réalisation de l'information la concernant²⁶⁴.

Quant à la gestion des relations publiques et de la politique d'information des institutions européennes des années '50, les sources sont assez pauvres. Par contre, le peu de témoignages disponibles mettent en évidence les grandes difficultés auxquelles se sont confrontées les institutions dans la promotion de leurs premières activités et dans l'intention de focaliser l'attention des médias des pays membres²⁶⁵. L'idée qui en ressort c'est qu'à l'époque les responsables chargés de la politique d'information européenne ne disposaient d'autre moyen de toucher ces médias que d'aller eux-mêmes porter l'information dans les capitales. On peut se rendre compte que cette politique rudimentaire se fondait sur un modèle centrifuge dans lequel la diffusion de l'information dépendait exclusivement de l'effort et de la capacité des instituitons. Après des débats très intéressants sur ce sujet, à la fin des années 1950, la sollution trouvée pour remédier le manque d'intérêt des médias européens relatif au processus en cours a été la création d'une agence de presse européenne «officielle» capable de rédiger des documents à diffuser dans les médias²⁶⁶. Pourtant on a rapidement renoncé à cette idée au profit d'un autre modèle, qualifié de centripète, qui consistait à attirer les les journalistes des agences de presse internationales à Luxembourg et à Bruxelles dans le but de transmettre l'actualité communautaire. Un premier pas sur la voie de la mise en place de cette stratégie a été la

262 Bastin, G., Institut d'Études Politiques de Grenoble; http://hal.archives-ouvertes.fr/docs/00/33/24/14/PDF/Politique de l information ENA 2007 .pdf.

²⁶¹ Cf. Dacheux, É., op. cit., p. 184-185.

^{263 «}On sait par exemple que c'est seulement à la suite des remaniements institutionnels ayant suivi la démission de la Commission Santer en mars 1999 que le service du Porte-Parole, auparavant directement rattaché à la Présidence de la Commission, fut intégré à une Direction générale de la communication en charge de la stratégie de communication».

²⁶⁴ Les éléments présentés dans cet article ont été recueillis avant 1999. C'est pourquoi certaines évolutions propres à la période la plus récente peuvent ne pas être prises amenées en discussion.

²⁶⁵ A noter, dans ce sens, le témoignage de Paul Collowald, un ancien correspondant du «Monde» à Strasbourg, devenu fonctionnaire du service d'information de la ECA en 1957 et chargé de la promotion du premier baccalauréat européen. Entre 1958 et 1959 celui-ci dirige le service commun d'information des Communautés Européennes, entre 1959 et 1967 devient porte-parole de Robert Marjolin (Vice-Président de la Commission Européenne) puis, entre 1967 et 1972, porte-parole adjoint de la Commission, entre 1973 et 1984, Directeur à la DG X et enfin Directeur général de l'information et des relations publiques du Parlement Européen (1984-1988); http://hal.archives-ouvertes.fr/docs/00/33/24/14/PDF/Politique_de_l_information_ENA_2007_.pdf.

²⁶⁶ Dans les archives conservées à Florence [CEAB 12/632], le document 3903/54f, prenant acte de l'importance des agences de presse pour la diffusion d'informations sur la CECA et de la difficulté de les persuader de venir à Luxembourg, avance que «d'autres solutions doivent être examinées, par exemple celle qui permettrait de rédiger nous-mêmes des textes d'information et de les diffuser parmi les agences de presse par la voie des bureaux établis dans les capitales». Il s'agit particulièrement d'une newsletter mensuelle; ibidem.

politique d'abonnements des Communautés aux dépêches de ces agences²⁶⁷, continuée bientôt dans les années '60 par d'autres moyens aléatoires.

Les documents historiques disponibles mentionnent la mise en place à Bruxelles, au début des années '60, d'une véritable organisation des rapports entre la Commission et les journalistes y présents²⁶⁸, à savoir les «rendez-vous de midi» qui donnaient l'occasion au groupe à fonction de service du porte-parole actuel de rencontrer chaque jour à midi les journalistes accrédités à Bruxelles et de leur transmettre des informations sur l'activité de la Commission²⁶⁹. Une fois le «rendez-vous de midi» institutionnalisé, le détour des médias internationaux a été assuré et les relations entre la Commission et les journalistes ont été régulées à la fois par une forme de contrat implicite défendant les journalistes accrédités sur le travail du marché dans ce secteur et le maintien d'une multitude d'information disponible pour ces journalistes en échange de leur stabilisation professionnelle à Bruxelles mais aussi d'un traitement plutôt favorable de l'actualité européenne. Ces conférences sont gérées en commun avec les journalistes qui ont un droit de regard sur l'accréditation par l'intermédiaire d'un comité consultatif dont la tâche est l'examen des nouvelles demandes de journalistes. Le plus souvent cela n'est pad du ressort de ce comité vu le renouvellement de postes régulier, mais au moment où la demande semble problématique, la Commission se remet au pouvoir du comité. Remplaçant en quelque sort un organisme de régulation professionnelle, ce comité a de plus mis en place des règles facilitant l'accès progressif au statut de journaliste accrédité à la suite d'un stage permettant d'estimer le sérieux de la demande. D'un autre côté, l'association représentative des journalistes accrédités à Bruxelles, l'Association de la Presse Internationale (API), a beaucoup travaillé à la mise en place d'un régime de protection des journalistes accrédités de la concurrence extérieure (régimes spécifiques d'attribution des propos en salle de presse pour maintenir l'avantage de la présence en face-à-face par rapport au suivi de la conférence de presse sur le canal EbS par exemple, interdiction faite à un journaliste professionnel de passage à Bruxelles d'entrer dans la salle de presse jusqu'en 1996, maintien de délais avant la diffusion des notes de presse sur Internet, etc.)²⁷⁰. Les journalistes doivent aussi détenir le monopole de la réception de l'information exclusivement émise par le porte-parole, parfois même avec leur contribution, car la participation aux «rendez-vous de midi» leur permet de disposer non seulement d'un ensemble de documents facilitant la rédaction des papiers et des dépêches mais aussi l'environnement matériel de travail nécessaire pour le faire (bar et espaces de discussion, salle de travail, matériel de reprographie, fax, téléphones, etc.).

Depuis 1960, le nombre de documents transmis à la presse à l'occasion des «rendez-vous de midi» tout comme celui de journalistes accrédités par la Commission est de plus en plus grand. Ces journalistes étaient «poussés par une dynamique historique qui conférait à la place de Bruxelles une importance grandissante aux yeux des rédactions de médias internationaux» mais également «attirés et fixés professionnellement sur place par le développement d'un véritable *monde de l'information*» leur garantissant l'accès à une abondance de documents et d'informations dont la valeur sur le marché ne cessait d'augmenter à mesure que se développait le besoin d'information européenne et aussi tout un ensemble de positions professionnelles et de sources de revenus permettant de durer dans ce monde»²⁷¹.

Pour que le «système Olivi» fonctionne, les journalistes devaient s'installer, rester et travailler à Bruxelles, ce qui a été possible grâce au développement d'organes de presse locaux ²⁷² et celui des activités communicationnelles de la Commission.

À partir de 1970, la réglementation liée au Marché Commun a favorisé l'apparition d'un marché pour la production de *newsletters* destinées à des secteurs d'activité déterminés. Depuis 1980, avec la perspective de l'Objectif 1992, ce marché a été encore élargi mais également investi par des spécialistes des relations publiques qui «ont cependant toujours recours aux journalistes européens comme cadres ou comme sous-traitants lorsqu'ils ne disposent pas de la main d'oeuvre nécessaire pour répondre à une demande spécifique d'un client (ce qui est fréquent) ou qu'ils recherchent un style d'écriture *punchy*, une qualité souvent attribuée aux journalistes»²⁷³. Par conséquent, les journalistes et les anciens journalistes sont nombreux dans ce secteur d'activité, tout comme dans les *think tanks* ou dans l'organisation de conférences à Bruxelles.

À la fin des années 1980, le «système Olivi» entre en crise, cela pouvant s'expliquer, dans l'opinion des spécialistes, par deux éléments: d'un côté, l'incapacité pour la Commission de garder la position centrale longtemps occupée dans la mobilisation professionnelle des journalistes présents à Bruxelles, de l'autre côté, le

1 1033 271 I

²⁶⁷ L'inexistence du dispositif de l'information qui permettra aux institutions européennes à partir des années '60 d'intéresser à leur activité un nombre toujours croissant de professionnels de l'information impliquait la nécessité de convaincre les agences mondiales de dépêcher un correspondant sur place. L'abonnement était un argument dans ce sens.

²⁶⁸ C'est Bino Olivi, porte-parole de la Commission entre 1962 et 1977, qui en fut le principal artisan.

²⁶⁹ Ces conférences de presse sont plus communément dénommées briefings aujourd'hui.

²⁷⁰ Cf. Bastin, G., «Les journalistes accrédités auprès des institutions européennes à Bruxelles. Quelques signes du changement d'un monde de travail», article paru dans Les métiers de l'Europe politique. Acteurs et professionnalisations de l'Union européenne (D. Georgakakis dir.), Presses Universitaires de Strasbourg, 2003.

²⁷¹ Ibidem.272 Ibidem.

²⁷³ http://hal.archives-ouvertes.fr/docs/00/33/24/14/PDF/Politique_de_l_information_ENA_2007_.pdf.

développement de formes de résistance professionnelle à ce modèle de coproduction de l'information au sein même des journalistes accrédités²⁷⁴.

À part son devoir d'informer les médias, il faut que la Commission, par sa DG X, informe aussi les citoyens de ses activités. De plus, la DG X est chargée de relaver l'opinion publique dans les États membres auprès de la Commission (par les Eurobaromètres), de coordonner les représentations de la Commission dans les États membres, de centraliser tous les contacts avec les médias et d'essayer à assurer une cohérence des questions concernant l'information et la communication au sein de la Commission. Cette dernière tâche implique des contacts très réguliers avec les autres directions générales et services. Une attention particulière est également portée sur l'information en direction des pays tiers²⁷⁵.

Souvent ces objectifs ne sont pas atteints pour plusieurs raisons: l'emploi d'un vocabulaire très technique, la quantité écrasante d'informations, le manque de coordination entre les politiques informatives des institutions communautaires, le recours trop fréquent à l'«eurojargon», etc.

L'intérêt de la Commission concernant les relations avec le grand public se traduit par une importante politique directe. Dans cette direction, la Commission organise et encourage financièrement la visite des institutions européennes, action qui vise tous les citoyens européens mais qui s'adresse principalement aux partenaires sociaux et aux étudiants.

Dans la diffusion de l'information communautaire, la Commission privilégie l'information écrite sur laquelle se fondent trois types de documents: publications d'information générale et de vulgarisation (qui visent le grand public et particulièrement les jeunes et les partenaires sociaux), publications à caractère documentaire (qui s'adressent essentiellement aux grands industriels et aux PME), publications officielles (qui diffusent l'ensemble de l'information juridique).

Par contre, la Commission emploie également d'autres moyens informatifs tels l'unité audiovisuelle de la Direction information de la DG X, les conférenciers répartis dans les différentes Directions générales, les nouvelles technologies d'information et de communication.

Son activité de relations publiques s'associé à une politique symbolique qui essaie de faire émerger une identité commune (l'Union européenne a un drapeau, un hymne, une monnaie), sans chercher à développer une communication originale fondée sur la participation des citoyens et imitant le «modèle marchand» de la communication destiné à provoquer une adhésion passive à une image mythique²⁷⁶. Dans cette politique d'image, la Commission ne recourt pas, quand même, à la communication publicitaire, mais au sponsoring et aux événements (foires expositions internationales, compétitions sportives, etc.). Ce choix de plus en plus fréquent de telles techniques persuasives s'explique essentiellement par l'échec de la politique informative, échec qui oblige à confier l'information européenne aux médias et à délaisser le «produit» Europe au profit de «l'image» Europe, afin de développer une communication audiovisuelle. Cela correspond à la fois à une «stratégie d'image» et à la stratégie économique énoncée par la Communauté.

Pourtant, il semble que la télévision ne soit pas adéquate pour diffuser l'information communautaire. L'appropriation du concept «image» (de marque) par la Commission s'avère, à cause de la rigidité du terme, une communication persuasive contraire à l'esprit ouvert d'une société pluriculturelle. Tenter donc de créer une «culture européenne» par une technique (la création «d'image de marque») qui, dans l'opinion d' É. Dacheux, n'est efficace que si elle renforce la culture nationale, constitue une erreur grave.

Au fur et à mesure, la Commission s'est vu obligée à repenser et à renforcer sa stratégie de communication, surtout pendant les dernières années. Quelques aspects ont été décisifs dans ce sens: l'insuccès de la constitution européenne, le constat de la mauvaise connaissance des citoyens relative à l'Union européenne et leur désir de mieux la comprendre, la prochaine ratification du traité modificatif et les craintes d'une forte abstention aux élections européennes de 2009.

Par conséquent, la Commission a lancé en octobre 2005 le «Plan D comme Démocratie, Dialogue et Débat»²⁷⁷. A la suite du rejet par la France et les Pays-Bas du Traité constitutionnel, l'objectif était de promouvoir le dialogue et la réflexion sur l'avenir de l'Europe dans chaque État membre. Entre 2005 et 2007, le Plan D a permis de cofinancer six projets transfrontaliers novateurs de consultation des citoyens, coordonnés par des organisations de la société civile, ainsi que des projets locaux axés sur les femmes et les jeunes.

La Commission Européenne a publié, le 3 octobre 2007, une texte intitulé Communiquer sur l'Europe en partenariat²⁷⁸, dont la principale proposition est la signature d'un accord interinstitutionnel entre le Parlement Européen, le Conseil et la Commission. L'accord doit faciliter la coopération entre institutions et entités communautaires, ainsi qu'avec les États membres. Il vise à obtenir une convergence de vues autour des grandes

²⁷⁴ Bastin, G., «Les journalistes accrédités auprès des institutions européennes à Bruxelles. Quelques signes du changement d'un monde de

²⁷⁵ http://www.touteleurope.fr/fr/actions/construction-europeenne/information-et-communication-sur-l-europe.html.

²⁷⁶ Dacheux É., op. cit., p. 189.

²⁷⁷http://europa.eu/rapid/pressReleasesAction.do?reference=IP/05/1272&format=HTML&aged=0&language=FR&guiLanguage=en.

²⁷⁸ http://ec.europa.eu/dgs/communication/pdf/political_declaration_081022.pdf.

priorités de l'UE dans le domaine de la communication et souligne la nécessité d'une meilleure coordination des méthodes utilisées par les institutions européennes pour communiquer. Un groupe interinstitutionnel de l'information (GII) serait chargé de mettre en application le partenariat en coordonnant la communication sur les questions européennes.

Afin d'élargir le dialogue instauré par le plan D, on a initié "Debate Europe" en vue des élections européennes de 2009. En janvier 2008, le nouveau site "Debate Europe" a été mis en ligne. Plusieurs questions y sont proposées pour lancer le débat. Par exemple: Pensez-vous que l'Europe va dans la bonne direction? Où doivent s'arrêter les frontières de l'Europe? La Commission a publié également en 2008 une stratégie dédiée à l'audiovisuel qui vise une couverture plus large des affaires européennes sur les chaînes audiovisuelles existantes et le soutien à la création de réseaux européens d'organismes de radio et de télévision²⁷⁹.

En guise de conclusion, nous pouvons affirmer que les activités de communication et de relations publiques de la Commission favorisent la création des échanges, des débats et la compréhension entre les institutions européennes, le grand public, la société civile organisée et des publics spécialisés au niveau européen, national, régional et local. De plus, le dialogue avec les citoyens et le renforcement de la transparence devraient se retrouver dans toute question. Consacrer du temps et une part adéquate des ressources disponibles à de telles fins, ce serait, donc, un investissement profitable.

Bibliographie

- 1. Baudrillard, J., «L'ère de la facticité» in Technologie et Symbolique de la communication, P.U.G., Grenoble, 1990.
- 2. Bastin, G., «Les journalistes accrédités auprès des institutions européennes à Bruxelles. Quelques signes du changement d'un monde de travail», article paru dans Les métiers de l'Europe politique.
- 3. Acteurs et professionnalisations de l'Union européenne (D. Georgakakis dir.), Presses Universitaires de Strasbourg, 2003.
- 4. Dacheux, É., Les stratégies de communication persuasive dans l'Union Européenne, Éditions l'Harmattan, Paris, 1992.
- 5. www.euractiv.com; www.strategie.gouv.fr; www.touteleurope.fr

²⁷⁹ http://www.euractiv.com/fr/opinion/communication-europe-commission-privilegie-audiovisuel/article-171924.

THE USE OF READING NONVERBAL MESSAGES FROM CUSTOMERS

Barin Ioana

University of Bacau Faculty of Economic Sciences ioana barin@yahoo.com

About 50 percent of communication is nonverbal. Nonverbal messages sent by customers are conveyed by body language. The five channels of body language communication are body angle, face, arms, hands and legs. No single channel can be used to determine the feelings or attitudes of customers. Salespeople need to analyze the body language pattern composed of all five channels to determine when a customer is nervous, bored or suspicious. In addition to asking questions and listening, salespeople can learn a lot from their customers' nonverbal behaviors. This article is about how salespeople can use the three forms of nonverbal communication – body language, space, and appearance – to convey messages to their customers. In business and social situations, buyers often use nonverbal cues to try to be polite. As a result salespeople often have difficulty knowing what a customer is really thinking. Salespeople can use nonverbal communication to convey information to customers. Salespeople need to know the appropriate distances between themselves and their customers for different types of communications and relationships. Salespeople should learn to use their physical appearance and dress to create a favorable impression on customers.

Keywords: body language, physical contact, appearance.

The article's JEL code: M310

Intoduction

The moment salespeople meet prospective customers, the customers are being judged by how they look and what they do. The process takes about seven seconds, but the impression lasts. Making or breaking a sale often depends on the nonverbal signals that are exchanged during this initial contact. Attire, body positions, expressions, facial movements, and eye contact are all factors to be understood and managed by the successful salesperson. Masterful negotiation results from being able to correctly read between the lines of what people are saying. One of the most powerful ways to do this is to acquire an understanding of body language. Effective negotiators recognize when they need to slow down or speed up the negotiation process. They know how to relieve anxiety and calm difficult situations. Rather than relying solely on verbal cues, however, the primary way they gauge what is happening is by watching for nonverbal behavior that signals someone's unconscious, and therefore unmonitored, motivation.

1. Reading nonverbal messages from customers

In addition to asking questions and listening, salespeople can learn a lot from their customers' nonverbal behaviors. In this article I discuss how salespeople can collect information by observing their customers' body language.

1.1. Body angle

Back-and-forth motions indicate a positive outlook, whereas side-to-side movements suggest insecurity and doubt. Body movements directed toward a person indicate a positive regard; in contrast, leaning back or away suggests boredom, apprehension, or possibly anger. Changes in position may indicate that a customer wants to end the interview, strongly agrees or disagrees with what has been said, or wants to place an order.

1.2. Face

The face has many small muscles capable of communicating innumerable messages. Customers can use these muscles to indicate interest, expectation, concern, disapproval, or approval. The eyes are the most important area of the face. The pupils of interested or excited people tend to enlarge. Thus by looking at a customer's eyes, salespeople can often determine when their presentations have made an impression. The average blink rate for a relaxed person is 10 to 20 blinks per minute (bmp). During normal conversation, it increases to about 25 bmp. Bmp over 50, and particularly over 70 bmp, indicates high stress levels.

Eye position can indicate a customer's thought process. Eyes focused straight ahead mean a customer is passively receiving information but devoting little effort to analyzing the meaning and not really concentrating on the presentation. Intense eye contact for more than three seconds generally indicates customer displeasure. Staring indicates coldness, anger, or dislike. Customers look away from the salesperson while they actively consider information in the sales presentation. When the customer's eyes are positioned to the left or right, the salesperson has succeeded in getting the customer involved in the presentation. A gaze to the right suggests the customer is considering the logic and facts in the presentation, and gazing to the left suggests more intense concentration based on an emotional consideration. Eyes cast down offer the strongest signal of concentration. However, when customers cast their eyes down, they may be thinking, *How can I get my boss to buy this product?* or How *can I get out of this conversation?* When customers look away for an extended period, they probably want to end the meeting.

Significant cultural differences dictate the appropriate level of eye contact between individuals. In the United States salespeople look directly into their customers' eyes when speaking or listening to them. Direct eye contact is a sign of interest in what the customer is saying. In other cultures looking someone in the eye may be a sign of disrespect. In Japan looking directly at a subordinate indicates that the subordinate has done something wrong. When a

subordinate looks directly into the eyes of his or her supervisor, the subordinate is displaying hostility. In Muslim countries, eye contact is not supposed to occur between men and women. In Korea eye contact is considered rude. Brazilians look at people directly even more than Americans do. Americans tend to find this direct eye contact, when held over a long period of time, to be disconcerting. Skin color and skin tautness are other facial cues. A customer whose face reddens is signaling that something is wrong. That blush can indicate either anger or embarrassment. Tension and anger show in a tightness around the cheeks, jaw-line, or neck.

1.3. Arms

A key factor in interpreting arm movements is intensity. Customers will use more arm movement when they are conveying an opinion. Broader and more vigorous movement indicates the customer is more emphatic about the point being communicated verbally. Always remember cultural differences. For example, it's rude to cross your arms in Turkey.

1.4. Hands

Hand gestures are very expressive. For example, open and relaxed hands are a positive signal, especially with palms facing up. Self-touching gestures typically indicate tension. Involuntary gestures, such as tightening of a fist, are good indicators of true feelings. The meanings of hand gestures differ from one culture to another. For example, the thumbs-up gesture is considered offensive in the Middle East, rude in Australia, and a sign of OK in France. In Japan the OK sign made by holding the thumb and forefinger in a circle symbolizes money, but in France it indicates that something is worthless.

1.5. Legs

When customers have uncrossed legs in an open position, they send a message of cooperation, confidence, and friendly interest. Legs crossed away from a salesperson suggest that the sales call is not going well. Crossing your feet and showing the bottoms of your shoe soles are insulting in Japan.

1.6. Body language patterns

The patterns of signals that generally indicate the customer is reacting positively or negatively to a salesperson's presentation. However, no single gesture or position defines a specific emotion or attitude. To interpret a customer's feelings, salespeople need to consider the pattern of the signals via a number of channels. For example, many men are comfortable in informal conversations with their arms crossed. It doesn't necessarily mean they're against you or what you're saying.

In business and social situations, buyers often use nonverbal cues to try to be polite. As a result salespeople often have difficulty knowing what a customer is really thinking. For example, smiling is the most common way to conceal a strong emotion. Salespeople need to know whether a customer's smile is real or just a polite mask. The muscles around the eyes reveal whether a smile is real or polite. When a customer is truly impressed, the muscles around the eyes contract, the skin above the eyes comes down a little, and the eyelids are slightly closed. Some other signals that customers may be hiding their true feelings are as follows:

- Contradictions and verbal mistakes. People often forget what they said previously. They may leak their true feelings through a slip of the tongue or a lapse in memory;
- Differences in two parts of a conversation. In the first part of a conversation, a customer may display some nervousness when asked about the performance of a competitor's product and give a flawless response outlining the product's benefits. Later in the conversation, the evaluation of the competitor's product may be much more convoluted;
- Contradictions between verbal and nonverbal messages. For example, facial expression may not match the enthusiasm indicated by verbal comments. Also, a decrease in nonverbal signals may indicate that the customer is making a cautious response;
- Nonverbal signals such as voice tone going up at the end of a sentence, hesitation in the voice, small shrugs, increased self-touching, and stiffer body posture suggest that the customer has concerns. When customers disguise their true feelings, they are often trying to be polite, not deceptive. To uncover the customer's true feelings and build a relationship, the salesperson needs to encourage the customer to be frank by emphasizing that she or he will benefit from an open exchange of information. Here are some comments a salesperson can make to encourage forthright discussion: *Perhaps there is some reason you cannot share the information with me; Are you worried about how I might react to what you are telling me?; I have a sense that there is really more to the story than what you are telling me. Let's put the cards on the table so we can put this issue to rest.*

2. Sending messages with nonverbal communication

The preceding part described how salespeople can develop a better understanding of their customers by observing their body language. Salespeople can also use their own body language, spacing, and appearance to send messages to their customers.

2.1. Using body language

During a 30-minute sales call around 800 nonverbal signals are exchanged. Astute salespeople use these signals to communicate more effectively with customers. For example, salespeople should strive to use positive signals. Cooperative cues indicate to customers that the salesperson sincerely wants to help them satisfy their needs. On the

other hand, salespeople should avoid using negative cues. These cues will intimidate customers and make them uncomfortable. The most effective gestures are natural ones, not those you are forcing yourself to perform. A buyer can spot nongenuine non-verbals.

2.1.1.Facial Muscles

Nonverbal communication is difficult to manage. Facial reactions are often involuntary, especially during stressful situations. Lips tense, foreheads wrinkle, and eyes glare without salespeople realizing they are disclosing their feelings to a customer. Salespeople will be able to control their facial reactions only with practice.

As with muscles anywhere else in the body, the coordination of facial muscles requires exercise. Actors realize this need and attend facial exercise classes to learn to control their reactions. Salespeople are also performers to some extent and need to learn how to use their faces to communicate emotions. Nothing creates rapport like a smile. One recent study of tradeshow attendees found that 80 percent were more likely to have a positive perception of a company or product if the seller was smiling. The smile should appear natural and comfortable, not a smirk or an exaggerated, clownlike grin.

2.1.2. Eye Contact

Appropriate eye contact varies from situation to situation. People should use direct eye contact when talking in front of a group to indicate sincerity, credibility, and trustworthiness. Glancing from face to face rapidly or staring at a wall has the opposite effect. However, staring can overpower customers and make them uncomfortable.

2.1.3. Hand Movements and Hand Shaking

Hand movements can have a dramatic impact. For example, by exposing the palm of the hand, a salesperson indicates openness and receptivity. Slicing hand movements and pointing a finger are very strong signals and should be used to reinforce only the most important points. In most cases pointing a finger should be avoided. This gesture will remind customers of a parent scolding a child. When salespeople make presentations to a group, they often use too few hand gestures. Gestures should be used to drive home a point. But if a salesperson uses too many gestures, acting like an orchestra conductor, people will begin to watch the hands and miss the words.

In terms of shaking hands, salespeople should not automatically extend their hand to a prospect, particularly if the prospect is seated. Shaking hands should be the prospect's choice. If the prospect offers a hand, the salesperson should respond with a firm but not overpowering handshake while maintaining good eye contact. Chances are that you have experienced both a limpid handshake - a hand with little or no grip - and a bone-crunching grip. Either impression is often lasting and negative.

Women should shake hands in the same manner men do. They should avoid offering their hand for a social handshake (palm facing down and level with the ground, with fingers drooping and pointing to the ground). Likewise, a man should not force a social handshake from a woman in a business setting.

The salesperson selling in an international context needs to carefully consider cultural norms regarding the appropriateness of handshaking, bowing, and other forms of greeting. For example, the Chinese prefer no more than a slight bow in their greeting, whereas an Arab businessperson may not only shake hands vigorously but also keep holding your hand for several seconds. A hug in Mexico communicates a trusting relationship, but in Germany such a gesture would be offensive because it suggests an inappropriate level of intimacy. Germans tend to pump the hand only once during a handshake. Some African cultures snap their fingers after shaking hands, but other Africans would see this act as tasteless. And some Eastern cultures also use the left hand for hygienic purposes, so offering a left hand to them would insult them.

2.1.4. Posture and Body Movements

Shuffling one's feet and slumping give an impression of a lack of both self-confidence and self-discipline. On the other hand, an overly erect posture, such as that of a military cadet, suggests rigidity. Salespeople should let comfort be their guide when searching for the right posture.

2.2. The role of space and physical contact

The physical space between a customer and a salesperson can affect the customer's reaction to a sales presentation. The intimate zone is reserved primarily for a person's closest relationships; the personal zone for close friends and those who share special interests; the social zone for business transactions and other impersonal relationships; and the public zone for speeches, teachers in classrooms, and passersby. The exact sizes of the intimate and personal zones depend on age, gender, culture, and race. For example, the social zone for Latinos is much closer than that for North Americans. Latinos tend to conduct business transactions so close together that North Americans feel uncomfortable. Customers may react negatively when they believe that salespeople are invading their intimate or personal space. To show the negative reaction, customers may assume a defensive posture by moving back or folding their arms. Although approaching too close can generate a negative reaction, standing too far away can create an image of aloofness, conceit, or unsociability.

In general, salespeople should begin customer interactions at the social zone and not move closer until an initial rapport has been established. If the buyer indicates that a friendlier relationship has developed, the salesperson should move closer.

In terms of touching, buyers fall into two touching groups: contact and noncontact. Contact people usually see noncontact people as cold and unfriendly. On the other hand, noncontact people view contact people as overly friendly and obtrusive. Although some customers may accept a hand on their backs or a touch on their shoulders, salespeople should generally limit touching to a handshake. Touching clearly enters a customer's intimate space and may be considered rude and threatening - an invasion.

2.3. Appearance

Physical appearance, specifically dress style, is an aspect of nonverbal communication that affects the customer's evaluation of the salesperson. Two priorities in dressing for business are (1) getting customers to notice the salespeople in a positive way and (2) getting customers to trust the salespeople. If salespeople overdress, their clothing may distract from their sales presentation. Proper attire and grooming, however, can give salespeople additional poise and confidence. During a given day a salesperson may have to visit his or her company's and customers' offices, each of which may have a different dress code. And sometimes the buyer will have dress codes that even salespeople who visit them must follow.

Conclusion

Using nonverbal communication as a business tool means becoming conscious of what was previously a mostly unconscious process. Instead of just having a feeling about someone, the salesperson can learn which body signals led him/her to that insight - and then decide whether their conclusion was valid. Instead of just hoping that are making a good impression, the salesperson can learn the nonverbal signals of confidence and credibility.

The ability to perceive and use nonverbal cues to one's advantage gives the business person the power to be successful. Nonverbal communication includes any part of the body used by a person to send a message to another person. A person's dress, attitude and movements are all contributions to personal business transactions. These cues can help a business owner get the message across or be able to correctly interpret a message received from a customer. Often the nonverbal messages express true feelings more accurately than the actual words.

References

- 1. Fatt, J.P., (1998), "Nonverbal communication and business success", Management Research News, 21(4/5), 1-8; 2. Garside, S.G., & Kleiner, B.H., (1991), "Effective one-to-one communication skills", Industrial and Commercial Training, 23(7), 24-27;
- 3. Graham, G.H., Unruh, J., & Jennings, P., (1991), "The impact of nonverbal communication in organizations: A survey of perceptions", Journal of Business Communication, 28(1), 45-62;
- 4. Knapp, M.L., Hall, J.A., (2005), Nonverbal Communication in Human Interaction, Belmont, CS: Wadsworth;
- 5. Larson, J., &Kleiner B., (2004), "How to read nonverbal communication in organizations", Management Research News, 27(4/5), 17-22;
- 6. Lynn, V. and Lynn M., (2005), SourceBook of Nonverbal Measures: Going bryond Words, Mahwah, NJ: Lawrence Erlbaum Associates;
- 7. Remland, M., (1981), "Developing leadership skills in nonverbal communication: A situational perspective", Journal of Business Communication, 18(3), 18-29;
- 8. Weitz, Barton; Castleberry, Stephen; Tanner, John Jr., (2007), Selling. Building Partnerships, Editura McGraw-Hill, New York;

REGULATION AND MARKETING TO CHILDREN

Barin Ioana

University of Bacau Faculty of Economic Sciences ioana barin@yahoo.com

Prihoanca Diana

University of Bacau Faculty of Economic Sciences dianaprihoanca@yahoo.com

Marketing to children is a major concern to regulators and consumers groups. The regulation of marketing activities aimed at children focuses primarily on product safety, advertising and promotions, and privacy protection. Product safety issues focus on appropriate product design and materials. The article is about the privacy protection and advertising and other promotional activities targeting children as consumers. The regulation of these activities rests heavily on theories of children's consumer behavior, particularly their information – processing skills. In addition to concerns about children's comprehension of advertisements, there is concern about the effect of the content of commercials on children. There are a variety of state, federal and voluntary guidelines and rules governing marketing to children. Despite these rules, many feel that some marketers continue to take advantage of children and that the overall marketing system, particularly advertising, is socializing children to value things rather than intangibles such as relationships and integrity.

Keywords: children, product safety, advertising, privacy protection.

The article's JEL code: M310

Introduction

There are a variety of state, federal, and voluntary guidelines and rules governing marketing to children. Despite these rules, many feel that some marketers continue to take advantage of children and that the overall marketing system, particularly advertising, is socializing children to value things (products) rather than intangibles such as relationships and integrity. One basis for the concern over marketing to children is based on Piaget's stages of cognitive development which indicate that children lack the ability to fully process and understand information, including marketing messages, until around 12 years of age. This and related theories are the basis for most regulation of advertising aimed at children and, according to critics, for some marketing programs that deliberately exploit children. It is difficult to articulate how young children interpret advertising. An ability to understand persuasive intent develops over time, primarily as a result of cognitive growth and development, and is independent of the quantity of media messages to which children are exposed. A mature comprehension of persuasive intent goes beyond a child's ability to acknowledge that an ad is trying to persuade. Four key elements must be understood: the source of the message has other interests and perspectives than the receiver; the source intends to persuade; persuasive messages are biased; and biased messages demand different interpretive strategies than unbiased messages.

1. Concerns about the Ability of Children to Comprehend Commercial Messages

Advertisers should always take into account the level of knowledge, sophistication, and maturity of the audience to which their message is primarily directed. Younger children have a limited capacity for evaluating the credibility of information they receive. They also may lack the ability to understand the nature of the personal information they disclose on the Internet. Advertisers, therefore, have a special responsibility to protect children from their own susceptibilities.

Realizing that children are imaginative and that make-believe play constitutes an important part of the growing-up process, advertisers should exercise care not to exploit unfairly the imaginative quality of children. Unreasonable expectations of product quality or performance should not be stimulated either directly or indirectly by advertising. The article's current focus is limited to children's abilities to *comprehend* advertising messages. There are two main components to this concern: (1) Do children understand the selling intent of commercials? and (2) Can children understand specific aspects of commercials, such as comparisons?

Do Children Understand the Selling Intent of Commercials? Research suggests that younger children have at least some difficulty understanding the selling intent of commercials. Currently, the advertising industry strives to separate children's commercials from the programs by prohibiting overlapping characters and by using separators such as "We will return after these messages."

This problem is growing in intensity, as children's products are often the "stars" of animated children's films and television programs. Increasingly, product lines and television programs (and movies) are being designed jointly with the primary objective being sales of the toy line. Parents have expressed concerns ranging from the effects that toy-based programming has on their children's behaviors and emotional development to the fear that such programming may replace other more creative and child-oriented programs. These proposals have produced an ongoing debate about who controls the television set. One argument is that it is the parent's responsibility to monitor and regulate their children's viewing behaviors. If a sufficient number of parents find such programs inappropriate and refuse to let their children watch them, advertisers will quit sponsoring them and they will no longer be available.

Another argument is that today's time-pressured parents do not have time to screen all the shows their children watch. Furthermore, tremendous peer pressure can develop for children to watch a particular show or own the products associated with it. Denying a child the right to watch such a show then causes arguments and resentments. Therefore, society should set appropriate standards within which broadcasters should operate. Which, if either, of these views matches your own?

Can Children Understand the Words and Phrases in Commercials?

The second aspect of comprehension involves specific words or types of commercials that children might misunderstand. For example, research indicates that disclaimers such as "Part of a nutritious breakfast," "Each sold separately," and "Batteries not included," are ineffective with preschool children. Young children have a difficult time understanding these phrases.

For example, one toy ad contained this disclaimer: "TV Teddy comes with one tape. Other tapes sold separately." However, it appeared near the bottom of the screen in lettering that measured only 3.5 percent of the screen height against a multicolor background. It was not repeated by an announcer and appeared for less than three seconds. A child would have to read at 200 words per minute to read the message! Unfortunately, this treatment of the disclaimer is more the rule than the exception.

There are special rules for comparison advertising and prohibits price minimizations such as "only" and "just." It also suggests specific phrasing for certain situations, such as "your mom or dad must say it's OK before you call" rather than "ask your parents' permission."

2. Concerns about the Effects of the Content of Commercial Messages on Children

Even if children accurately comprehend television ads, there are concerns about the effects the content of these messages has on children. These concerns stem in part from the substantial amount of time children spend viewing television. The large amount of time children devote to watching television, including commercials, gives rise to two major areas of concern: the impact of commercial messages on children's values and the impact of commercial messages on children's health and safety. Recognizing that advertising may play an important role in educating the child, advertisers should communicate information in a truthful and accurate manner and in language understandable to young children with full recognition that the child may learn practices from advertising which can affect his or her health and well-being.

Advertisers are urged to capitalize on the potential of advertising to influence behavior by developing advertising that, wherever possible, addresses itself to positive and beneficial social behavior, such as friendship, kindness, honesty, justice, generosity and respect for others.

Care should be taken to incorporate minority and other groups in advertisements in order to present positive and pro-social roles and role models wherever possible. Social stereotyping and appeals to prejudice should be avoided. Although many influences affect a child's personal and social development, it remains the prime responsibility of the parents to provide guidance for children. Advertisers should contribute to this parent-child relationship in a constructive manner.

Products and content which are inappropriate for children should not be advertised or promoted directly to children. Representation of food products should be made so as to encourage sound use of the product with a view toward healthy development of the child and development of good nutritional practices. Advertisements representing mealtime should clearly and adequately depict the role of the product within the framework of a balanced diet. Snack foods should be clearly represented as such, and not as substitutes for meals.

Children should not be urged to ask parents or others to buy products. Advertisements should not suggest that a parent or adult who purchases a product or service for a child is better, more intelligent, or more generous than one who does not. Advertising directed toward children should not create a sense of urgency or exclusivity, for example, by using words like "now" and "only."

Benefits attributed to the product or service should be inherent in its use. Advertisements should not convey the impression that possession of a product will result in more acceptance of a child by his or her peers. Conversely, it should not be implied that lack of a product will cause a child to be less accepted by his or her peers. Advertisements should not imply that purchase and use of a product will confer upon the user the prestige, skills, or other special qualities of characters appearing in advertising.

Advertisements should not portray adults or children in unsafe situations, or in acts harmful to themselves or others. For example, when athletic activities (such as bicycle riding or skateboarding) are shown, proper precautions and safety equipment should be depicted.

3. Health and Safety

In many instances, children and teenagers are exposed to advertising directed at adults. Even ads clearly not targeting children can have potentially harmful consequences:

A television commercial for Calgonite automatic dishwasher detergent showed a woman inside an automatic dishwasher. The commercial was withdrawn voluntarily after it was received a complaint that a three-year-old child had climbed into a dishwasher shortly after viewing the commercial. The problem caused by the Calgonite

commercial illustrates the difficulty marketers face. This commercial was not aimed at children nor shown during a children's program. The fact that children watch prime-time television extensively places an additional responsibility on marketers.

Ensuring that advertisements portray only safe uses of products is sometimes difficult, but it is not a controversial area. Advertising of health-related products, particularly snack foods and cereals, is much more controversial. The bulk of the controversy focuses on the heavy advertising emphasis placed on sugared and high-fat products. Advertising sugared products such as presweetened breakfast cereals does increase their consumption. However, this same advertising may also increase the consumption of related products, such as milk. What is not known, and probably cannot be determined, are the eating patterns that would exist in the absence of such advertising.

4. Values

Advertising is frequently criticized as fostering overly materialistic, self-focused, and short-term values in children: We cannot afford to raise a generation of children that measures its own value by the insignia on their clothes—not by the compassion in their hearts or the knowledge in their minds.

One reason is the magnitude of advertising focused on kids. One estimate is that marketers spend \$15 billion per year advertising to children. In addition, estimates of the number of TV ads that children are exposed to ranges from 18,000 to 40,000 per year. Obviously, these numbers are conservative in terms of total ad exposure since they exclude other popular media such as the Internet. Many are concerned that this consistent pressure to buy and own things is producing negative values in children.

Numerous cosmetics companies are now targeting children as young as 8 with products and advertising. Most position the products in terms of fun rather than sensuality. For example, Disney's products are packaged in boxes with pictures of Tinkerbell, Winnie the Pooh, and similar characters. According to an industry expert, girls 8 to 12 are now wearing platform heels and "low-rise jeans, tight miniskirts and midriff-baring T-shirts."

There is also an increase in concern about looking thin and eating disorders in children as young as 6. Many find this apparent shortening of childhood and the related body image problems inappropriate. They assign a large part of the blame to the marketing of products such as cosmetics and personalities such as Britney Spears.

5. Controversial Marketing Activities Aimed at Children

There are a number of marketing activities targeted at children in addition to television advertising that are controversial and for which various regulatory proposals are being considered. For example, violent entertainment products (movies, videos, and music) labeled for those 17 and older were, until recently, routinely marketed to kids. Highly publicized acts of violence by teenagers produced threats of regulation and improved self-regulation by the industries. However, it remains a problem.

5.1. Mobile Marketing and Children

Sometimes referred to as the "Third Screen," cell phones are an increasingly integral part of our lives. And marketers see younger children as the next big growth market.

Various types of promotional efforts are being used including:

- *Ringtones* Customized ringtones are quite the craze. Movies have gotten into the mix in a big way and allow downloads of ringtones such as Samantha's "nose wiggle" ring tone for the movie *Bewitched*. An example targeting an even younger audience is the Pokemon ringtone.
- *Mobile games* General mobile games are a major market. Increasingly, mobile games are being customized to a brand or event. *Batman Begins* was promoted with a mobile game custom designed around the movie.
- *Text-in contests* Text message codes are being used by numerous companies for contests and other promotions. Text in a specific code provided in an ad or on the package and you can enter to win various prizes. The ability for marketers to infiltrate yet another media domain with promotions and materials that are seen as further blurring the line between advertising and entertainment has many parents and consumer advocate groups worried.

5.2. Commercialization of Schools

There has been ongoing concern and controversy around the commercialization of elementary and high schools. Schools are often motivated by money as budgets continue to be tight. The issue of commercialization covers a broad sphere of activities. Consumers Union has the following classification system:

- *In-school ads* Ads in such places as school buses, scoreboards, bulletin boards, as well as coupons and free samples. Other aspects might include schools selling naming rights to companies and distributing ads in student newspapers
- Ads in classroom Ads in classroom magazines and television programs. This also includes ads in magazines distributed in school libraries.
- Corporate-sponsored educational materials and programs Also called sponsored educational materials or teaching provided SEMs. **SEMs** are materials by corporations, usually free. for They come in various forms including posters, activity sheets. multimedia teaching aids.

- Corporate-sponsored contests and incentive programs - When companies gain access through various contests and incentives including prizes such as travel, free pizza, and so on.

Another area of great concern includes direct sales, usually by food products companies. Carbonated beverages are increasingly under pressure as a result of health concerns related to obesity and juvenile diabetes.

5.3. Internet Marketing and Children

Children are major users of the Internet. Not surprisingly, marketers use the Internet to communicate with kids. Two major concerns have emerged: invading children's privacy and exploitation of children through manipulative sales techniques.

Concern regarding manipulative Internet practices often revolves around the creation of sites that blur the line between entertainment and advertising. This goes back to concerns touched on earlier in terms of difficulties that children have in discerning selling intent and their ability to distinguish commercial from noncommercial content. An emerging concern is "adver-games." These customized games which are placed on a company's Web site prominently feature or integrate the company's brands and products as part of the game itself.

An early set of guidelines set the following principles for development of online commercial services:

- Personal information should not be collected from children, nor should personal profiles of children be sold to third parties.
- Advertising and promotions targeted at children should be clearly labeled and separated from content.
- Children's content areas should not be directly linked to advertising sites.
- There should be no direct interaction between children and product spokespersons.
- There should be no online microtargeting of children (commercial or promotions developed for individual children), and no direct-response marketing.

6. Children's Online Privacy Issues

Online privacy relates to the collection and use of information from Web sites. Collecting information from children is a sensitive issue, as well it should be, given all we know about their information processing deficits relative to adults

Care should be taken not to exploit a child's imagination. Fantasy, including animation, is appropriate for younger as well as older children. However, it should not create unattainable performance expectations nor exploit the younger child's difficulty in distinguishing between the real and the fanciful. The performance and use of a product should be demonstrated in a way that can be duplicated by the child for whom the product is intended. All price representations should be clearly and concisely set forth. Price minimizations such as "only" or "just" should not be used. Program personalities, live or animated, should not be used to sell products, premiums, or services in or adjacent to programs primarily directed to children in which the same personality or character appears.

Children have difficulty distinguishing product from premium. If product advertising contains a premium message, care should be taken that the child's attention is focused primarily on the product. The premium message should be clearly secondary.

The act requires that commercial Web sites that collect personal information from children under 13 obtain prior parental consent before they collect that information. The act only applies to Web sites, or portions thereof, directed to children or to Web sites that knowingly collect personal information from children under 13. The act does not apply to nonprofits.

Children's commercial Web sites have modified their data collection practices and limited the amount of data being collected. More children's commercial Web sites that collect personally identifiable data are posting privacy policy notices informing parents of what they are collecting and how it will be used. A majority of sites do not have a "clear and prominent" link to privacy policies. Children's sites that have a link for feedback, such as e-mail, often overlook this as a data collection point. In attempting to restrict children under 13 from entering personal identifying information, some sites use methods that could encourage age falsification.

Conclusion

Marketing messages are powerful communications that can have a positive or negative influence on children's behavior, attitudes, health and well-being. Children today are exposed to more marketing that any previous generation, having expanded beyond traditional TV ads into newer media. Food and beverage products developed for, and advertised to, young people are dominated by those that are calorie dense and nutrient poor. Young children have been shown to lack the cognitive abilities to objectively evaluate advertising. An increased interest among stakeholders in addressing the regulation of children's advertising suggests there is an opportunity to move forward with this approach. Several organizations have made public statements about the need for improved regulation of children's advertising. There are legitimate concerns about the effectiveness of a legislated ad ban given the quantity of cross-border media available to children via TV and the Internet. The susceptibility of young children to marketing messages is well established. There is strong evidence that children under eight years of age

generally lack the cognitive abilities to objectively evaluate marketing messages. Younger children, four years and under, cannot consistently tell the difference between television commercials and programming. Marketing to children is seen as critical to establishing and maintaining a life-long relationship with customers and children are increasingly becoming a powerful economic group in their own right.

References

- 1. Chronic Disease Prevention Alliance of Canada (2006), Background Paper: Marketing and Advertising of Food and Beverages to Children;
- 2. Bandyopadhyay, S.; Kindra, G.; Sharp, L., (2001), "Is television Advertising Good for Children?", International Journal of Advertising 20, no. 1, pp. 89-116;
- 3. Brand, J.E.,; Greenberg, B.S., (1994), "Commercials in the Classroom", Journal of Advertising Research, pp. 18-27:
- 4. Dwzer, Robert; Tanner, John, (2006), Business Marketing, Editura McGraw-Hill, New York,;
- 5. Goldberg, M.E., (1990), "A quasi-experiment assessing the effectiveness of TV advertising directed to children", Journal of Marketing Research. Vol.27: 445–454;
- 6. Hastings, G., Stead, M., McDermot, L., Forsyth, A., MacKintosh, A.M., Rayner, M., Godfrey, C., Caraher, M. & Angus, K., (2003), Review of Research on the Effects of Food Promotion to Children, Glasgow, UK: Centre for Social Marketing;
- 7. John, D.R., (1999), "Consumer Socialization of Children", Journal of Consumer Research, pp. 183-209;
- 8. Martin, M.C., (1997), Children's Understanding of the Intent of Advertising, Journal of Public Policy & Marketing, pp. 205-216;
- 9. McGinnis, J.M., Gootman, J.A. & Kraak, V.I. (Eds.) (2006), Food Marketing to Children and Youth: Threat or Opportunity? Committee on Food Marketing and the Diets of Children and Youth, Institute of Medicine of the National Academies. Washington, D.C.: The National Academies Press;
- 10. Roberts, P., (1983), "Children and commercials: Issues, evidence, interventions", Prevention in Human Services. Vol.2: 19-35;
- 11. Schor, J.B., (2004), Born to Buy: The Commercialized Child and the New Consumer Culture. New York, NY: Scribner;
- 12. Westen, T., (2005), "Government Regulation of Food Marketing to Children: The Federal Trade Commission and the Kid-Vid Controversy", Loyola of Los Angeles Law Review. Vol.39(1): 79-97;
- 13. Williams J., (2005), Product Proliferation Analysis for New Food and Beverage Products Targeted to Children 1994-2004, University of Texas at Austin Working Paper;
- 14. Wiman, A.R., (1983), "Parental Influence and Children's Responses to Television Advertising.", Journal of Advertising. Vol. 12(1):12-18.

MARKETING RESEARCH REGARDING FACULTY-CHOISE CRITERIA AND INFORMATION SOURCES UTILISED

Băcilă Mihai-Florin

Babeş-Bolyai University of Cluj-Napoca Faculty of Economics and Business Administration 58-60 Teodor Mihali street, Cluj-Napoca mihai.bacila@econ.ubbcluj.ro 0744558400

Pop Marius Dorel

Babeş-Bolyai University of Cluj-Napoca Faculty of Economics and Business Administration 58-60 Teodor Mihali street, Cluj-Napoca marius.pop@econ.ubbcluj.ro 0745519559

Ţîrcă Alexandra-Maria

Babeş-Bolyai University of Cluj-Napoca Faculty of Economics and Business Administration 58-60 Teodor Mihali street. Clui-Napoca alexandra.tirca@econ.ubbcluj.ro 0742390447

Today, marketing is essential to any educational institution of higher education, so much as it is imperative that the needs of potential candidates to be identified and satisfied in a manner which will generate long-term effects (post-graduation), may particularly with regard to continuing education and voluntary classification in communities Alumni.

Because the marketing education undertaken to end in attracting and maintaining a higher number of students, institutions of higher education need to know and to understand better how the criteria of choice, expectations and sources of information used by prospective candidates.

That is why, the general objective of this study is investigating and analyzing the items listed above (criteria of choice, sources of information, expectations, etc.) and charting directions of strategic and tactical support for higher education in marketing education.

Keywords: educational marketing, institution of higher education, marketing research.

JEL Classification: M

1. Introduction

For Romanian universities, strategic marketing is a novelty. Private universities use couple marketing instruments to attract high school graduates but these are simple and non adapted forms of classical marketing. ²⁸⁰

We appreciate that the concept of marketing may help the institutions of higher education to understand the wide context of changes within which they are operating, thus supplying an important feedback system to identify the various and ever changing needs in order to establish the quality services satisfying those who are building the target-segments: potential students, actual students, companies, parents, society etc.

Recruitment of college students is an increasingly policy issue for many institutions of higher education. While an important part of university budgets as financial burden have shifted from government to institutions and students, it increased the importance of being able to recruit and enrol prospective students, especially high-ability students. That's why, faculties must carry out surveys among high school pupils in order to obtain information about student choice decision making to assist institution in optimizing their recruitment and enrolment efforts.

2. Decision making process of educational choices

The student's choice literature details that the faculty-choice process involves three broad stages. The first stage is the formation of faculty aspirations, which typically takes place from early childhood through high school. The second stage involves the identification, selection of, and application to a set of faculties known as "choice set". This stage typically takes place in a pupil's junior or senior year in high school. The final phase is admission to an institution of higher education (or a number of institutions) and eventual matriculation to one or many of them. ²⁸¹ Potential students are often viewed as "autonomous choosers" who make decisions about whether to apply for university, and which university to attend. Some surveys are signalling that some students have no choice ²⁸². Student choice decision-making is not rational or linear, but a complex process, influenced by numerous factors including tuition fee and other costs, information, access, academic achievement, admission method, job opportunities, life and school experience. ²⁸³

The educational marketplace is highly reputational. The choice process involves an outcome of the filtering of information through layers of preconceptions influenced by personal priorities, family background, culture and subjective judgement. Evaluating options, even for students with access to quality information, is challenging

280 Brătianu C., Pop N. Al., (2007) "Managementul și marketingul strategic universitar", Amfiteatrul Economic, 9 (22), p. 9.

²⁸¹ DesJardins S. L., (2002) "An Analytic Strategy To Assist Institutional Recruitment and Marketing Efforts", Research in Higher Education, 43 (5) pp. 532.

²⁸² Briggs S., Wilson A., (2007) "Which University? A Study of the Influence of Cost and Information Factors on Scottish Undergraduate Choice", Journal of Higher Education Policy and Management, 29 (1), p. 68.

²⁸³ Moogan Y. J., Baron S., (2003) "An analysis of student characteristics within the student decision-making process", Journal of Further and Higher Education, 27(3), p. 272.

because of the product intangibility, the complexity of the process and the implications on student's life. Reducing the complexity of decision-making requires that managers of higher education institutions understand which information is truly important to the potential student. Consumer behaviour is influenced by three categories of factors: cultural (culture, subculture, social class), social (reference groups, family, social status), and personal (age, life cycle, occupation, life style, personality, self concept)²⁸⁴.

People make choices every day, but most of them are low-involvement decisions. The decisions about educational choices are high-involvement decisions because²⁸⁵:

- The pupil's decision will reflect upon his or her self-image and could have long- term consequences.
- The cost to carry out a decision involves major personal or economic sacrifices.
- The personal and social risk of making a "wrong" decision is perceived as high.
- There is a considerable reference-group pressure to make a particular choice or to act in a particular way, and the target consumer is strongly motivated to meet the expectations of these reference groups.

The decision about which faculty to attend is a process that starts long before the enrolment decision is made and may have consequences long time afterward because it may affect career, friendships, residence and life satisfaction. This is the reason why faculty managers must understand each aspect of educational consumer behaviour. They should understand how pupils gather information about educational options, the reasons for choosing an educational program, and even the reasons to abandon faculty.

There are conflicting findings as to which factors are most influential and variation on numbers of such factors. However, 'quality' factors such as Academic reputation and Quality of faculty are consistently identified as fundamentally important.²⁸⁶

Other factors that applicants typically consider are:

- Location of the university and closeness to home area.²⁸⁷
- Job opportunities following completion of study: placements, employability, reputation and careers guidance.
- Influence of others. Extensively researched factors include the influence of family, friends, socioeconomic status, etc. ²⁸⁸

Next figure shows the steps followed by a potential student in educational choice decision-making process.

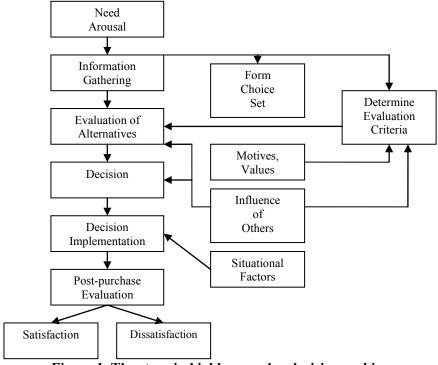


Figure 1: The steps in highly-complex decision making

Source: **Kotler Philip, Karen Fox,** *Strategic Marketing for Educational Institutions,* Second Edition, Prentice-Hall, Inc., New Jersey, 1995, p. 251.

²⁸⁴ Smith J. R., Terry D. J., Manstead A.S.R., Louis W.R., Kotterman D., Wollfs J., (2008) "The Attitude–Behavior Relationship in Consumer Conduct: The Role of Norms, Past Behavior, and Self-Identity", Journal of Social Psychology, 148 (3), pp. 331-333.

²⁸⁵ Kotler Ph., Fox K., (1995) Strategic Marketing for Educational Institutions, New Jersey: Prentice-Hall, Inc. p. 245.

²⁸⁶ Soutar G. N., Turner, J. P., (2002) "Students' preferences for university: A conjoint analysis", International Journal of Educational Management, 16 (1), p. 41.

²⁸⁷ Moogan Y. J., Baron S., (2003) "An analysis of student characteristics within the student decision-making process", Journal of Further and Higher Education, 27 (3), p. 280.

²⁸⁸ Briggs S., Wilson A., (2007) "Which University? A Study of the Influence of Cost and Information Factors on Scottish Undergraduate Choice", Journal of Higher Education Policy and Management, 29 (1), p. 72.

3. Survey carried out among 12th grade pupils

The aim of this survey is to determine: the information sources used by potential students, the most important criteria used by pupils when they choose a faculty, the reasons to choose a particular educational program, the influence of other persons, the potential students' choice regarding the admission methods.

3.1. Methodology

The research was carried out through survey method, using the interview technique (Malholtra, 2006). The questionnaire was the instrument of data gathering. The pupils were asked to deliver information about: their intention to attend a faculty, the institution of higher education chosen, the city in which they want to study, the reasons for choosing a particular educational program, the information sources used, the persons that may influence their decision and the preferred admission method.

To determine the importance of various influence factors in decision making process, it has been used a four point scale ranging from (1) "Not important at all" to (4) "Very important". The scale has an even number of steps to "force" the pupils to adopt a positive or negative attitude towards the analysed factors.

The questionnaire assessed the perceived importance along the following factors: "tuition fee", "institution's reputation", "closeness to the home area", "campus facilities", "student centeredness", "information offered by faculty", "family tradition", "job opportunities", "fields of study", "courses attended in high school", and "admission method".

The research was carried out among 12th grade pupils from 16 counties.

3.2. Need arousal

The results of the study show that 96% of the pupils intend to apply to a faculty. Among those who want to continue their studies, 47% said that the reason is the need to have higher education and 20% want to develop their skills in a particular field. Yet, 5.5% of pupils want to attend courses of an institution of higher education just to obtain a diploma. The arguments invoked by the pupils who didn't intend to matriculate to a faculty were lack of need to continue studies (66.7%) and the intention to leave the country (33.3%).

3.3. Information gathering

12th grade pupils prefer to use as information sources in the process of data gathering about education choices faculty internet website and brochures. The less utilised information source is family. Just 3.9% have visited faculty facilities and 2.6% have assisted to presentations held by university professors.

Regarding educational fairs, most of the students (89%) don't know any fair. In the case of the students which heard about educational fairs 80% of them have visited at list one fair. After visiting an educational fair most of pupils said that they are satisfied (25%) or very satisfied (33%), but there are also some which are unsatisfied.

Table 1: Information sources utilised by 12th grade pupils

Information source	Percent
Internet websites	61.0%
Brochures	19.5%
High school colleagues	7.8%
Presentation held by high schools' professors	3.9%
Visit the faculty facilities	3.9%
Presentation held by faculties' professors	2.6%
Family	1.3%
Total	100.0%

3.4. Faculty evaluation criteria

The most important factors when pupils select their faculty are "Job opportunities" and "Disciplines studied in High School", 94.8% of students said that those factors are important or very important. On the second place there is "Institution's reputation" 89.7% considering this factor important or very important. Another very important criterion in process of selection is "Information offered by faculty" 89.6% of pupils indicated this factor as being important or very important.

Table 2: The importance of factors which influence decision to attend a faculty

Tuble 2. The importance				•
Factors which influence	Not	Unimportant	Important	Very
decision to attend a faculty	important at			important
·	all			_
Admission fee	16.9	31.5	41.6	16.9
Tuition fee	1.3	20.8	55.8	22.1
Institution's reputation	1.3	7.8	48.1	41.6
Institution size	20.8	37.7	33.8	7.8
Location of the university	14.3	24.7	41.6	19.5
Campus facilities	6.5	11.7	54.5	27.3
Information offered by faculty	-	10.4	54.5	35.1
Family tradition	48.1	36.4	11.7	-
Job opportunities	-	5.2	35.1	59.7
Disciplines studied in High	-	5.2	35.1	59.7
School				
Admission method	1.3	10.4	62.3	26.0
Foreign lines of studies	1.3	19.5	49.4	29.9

The less important factor is "Family tradition", just 11.7% seeing this criterion as at list important. Same time criteria like "Institution size", "Admission fee" and "Closeness to home town" are seen as being not so important. Most of the pupils (83.1%) wish to study in traditional way. Among these, 32.4% will choose traditional learning because increased volume of information and 22.1% will choose this form of education to enjoy "student life". The rest of them will choose distance learning to be able to work in same time.

Most of students prefer state universities (62%). The reasons for this choice are lesser costs (38%), the prestige of the state universities (19%), and a better student selection (3%).

In case of the pupils who prefer private universities 72% think that there is no difference between the diplomas offered by state and private universities, 21% want to attend a private institution because is seen as being easier and 7% of those pupils have greater confidence in private faculties.

The most wanted faculty is Faculty of Economics and Business Administration from Cluj-Napoca (22.1%). The main reason for this option is the possibility to find easier a job. On the second place is Faculty of Computer Science from Cluj-Napoca (12%). The reason in this case was also the possibility to find easier a job. On the third place is Faculty of Political Sciences and Public Administration and the main motive is the possibility to study in foreign languages.

The most wanted admittance form is exam based admittance chosen by 49% of interviewed persons. In same time 38% of pupils prefer file based admittance and 13% wish a mix form of admittance based on exam and file. The preferences is influenced by sex, females chose exam based form while males chose file based form.

Most of pupils want to study in Romanian language (57%) but there are 30% of pupils who want to study in English language.

4. Conclusions

The most utilised information sources regarding educational programs are faculties' internet websites, universities brochures and high school colleagues.

The most important criteria in faculty-choice process are: "Job opportunities" and "Disciplines studied in High School", showing rather rational than emotional motivation. Because the next most important factors are "faculty's reputation", "information offered by faculty" and "admission method", institutions of higher education must focus on recruitment process in order to attract enough students. The ignorance of those aspects may result in loosing potential students to other faculties from same or different cities. Family tradition has almost no influence in choosing a particular faculty. There is little association between mentioned factors and "sex".

The most important reason, for pupils who want to study economics or business administration, is to continue studies from high school. The other reasons are the fields studied in faculty, the wish to work as an economist, the reputation of faculty the opportunities offered by the Bachelor of Science degree and the interest in economics.

The most preferred admittance method is exam based form. Managers of the institution of higher education must give high attention to admittance method because this criterion is seen as important and very important by most of the pupils. But, in the same time, faculty must take into consideration her mission and it must to keep their strategy to achieve a high university performance.

References

- 1. Brătianu C., Pop N. Al., (2007) "Managementul și marketingul strategic universitar", Amfiteatrul Economic, 9 (22), pp.9-18.
- 2. Briggs S., Wilson A., (2007) "Which University? A Study of the Influence of Cost and Information Factors on Scottish Undergraduate Choice", Journal of Higher Education Policy and Management, 29 (1), pp. 57-72.
- 3. DesJardins S. L., (2002) "An Analytic Strategy To Assist Institutional Recruitment and Marketing Efforts", Research in Higher Education, 43 (5) pp. 531-53.
- 4. Foskett N. H., Hemsley-Brown J. V. (2001) Choosing futures: Young people are decision-making in education, training and careers markets, London: Routledge Falmer.
- 5. Hoyt J. E., Brown A. B., (1999) Marketing UVSC: How prospective students view the college Retrieved March 2008, from http://www.uvsc.edu/ir/research/collegechoice5.pdf.
- 6. Hodkinson P. A. C., Hodkinson H. (1996) Triumphs and tears: Young people, markets and the transition from school to work. London: Kogan Page.
- 7. Kotler Ph., Fox K., (1995) Strategic Marketing for Educational Institutions, New Jersey: Prentice-Hall, Inc.
- 8. Malhotra N. K., (2006) Marketing Research: An Applied Orientation, Upper Saddle River, New Jersey: Pearson Education, Inc.
- 9. Moogan Y. J., Baron S., (2003) "An analysis of student characteristics within the student decision-making process", Journal of Further and Higher Education, 27(3), pp.271–287.
- 10. Pop N. Al., Băcilă M. F., Pop L. , "Client's Satisfaction Research Premise of Customer Relationship Management", Studia Universitatis Babes-Bolyai Oeconomica, LI (2), pp. 484-494.
- 11. Rotariu T., Bădescu G., Culic I., Mezei E., Mureșan C., (1999), Metode statistice aplicate în științele sociale, Iași: Polirom.
- 12. Sisodia R., (1992) "Marketing Information and Decision Support Systems for Services", The Journal of Services Marketing, 6 (1), pp. 51-64.
- 13. Soutar G. N., Turner, J. P., (2002) "Students' preferences for university: A conjoint analysis", International Journal of Educational Management, 16(1), pp.40–45.
- 14. Smith J. R., Terry D. J., Manstead A.S.R., Louis W.R., Kotterman D., Wollfs J., (2008) "The Attitude–Behavior Relationship in Consumer Conduct: The Role of Norms, Past Behavior, and Self-Identity", Journal of Social Psychology, 148 (3), pp. 311-334.
- 15. White K., Dahl D. W., (2006) "To Be or Not Be. The Influence of Dissociative References Groups on Consumer Preferences", Journal of Consumer Psychology, 16 (4), pp. 404-414.

NATURAL RESOURCES AND COMPETITIVENESS OF THE TRAVEL AND TOURISM INDUSTRY IN CENTRAL AND EASTERN EUROPEAN COUNTRIES: AN EXPLORATORY APPROACH

Bălan Diana

Academy of Economic Studies Faculty of Marketing 41 Dacia Blvd., Sect. 1, 010404 Bucharest, Romania balan diana1@yahoo.com 0040722291667

Veghes Călin

Academy of Economic Studies Faculty of Marketing 41 Dacia Blvd., Sect. 1, 010404 Bucharest, Romania c veghes@yahoo.com 0040744673862

Competitiveness of the travel and tourism industry - one of the common concepts employed to approach and describe the sustainable development of the industry, as well as, that of the tourist destinations, is generally defined taking into consideration a set of reference elements related to the major functional dimensions such as the business environment, infrastructure, laws and regulations, and resources available in the tourist destinations.

The paper assesses in an exploratory manner how important are and what is the contribution of the natural resources to the overall competitiveness of the travel and tourism industry and to its specific performances based on the specific data referring to the Central and Eastern European countries.

Key words: natural resources, tourism competitiveness, CEE countries

JEL classification: L83, M31

Introduction

In the last decades, environmental worries used to focus on the effect of running out of natural resources like oil and industrial metals on the economy growth. Lately, these issues became more diversified and impacted significantly the tourism industry. According to Esty and Winston (2006), top ten environmental issues are climate change, energy, water, biodiversity and land use, chemicals, toxins, and heavy metals, air pollution, waste management, ozone layer depletion, oceans and fisheries, deforestation.

There is an inherited and fixed trade-off: ecology versus economy. On one hand, there are benefits of environmental standards and, on the other hand, there are higher prices to be paid and a reduced industrial competitiveness (Porter and Van der Linde, 2008).

Due to the impressive growth, in the last decades, in the number of the international tourist arrivals, from only 25 (in 1950) to 903 million (in 2007), tourism has become one of the largest and fastest growing economic sectors. (WTTC 2008). In this context, the competitiveness of tourism destinations and, generally, the overall competitiveness of the travel and tourism industry, became vital for their survival and growth in the international market. Hence, sustainable tourism and preservation of natural resources are essential for tourism destination competitiveness and development.

The competitiveness of a tourism destination is a complex and relative concept, a part of this complexity being suggested by the definition given to the tourist destination seen as places or some form of actual or perceived boundary, such as physical boundaries of an island, political boundaries, or even market-created boundaries (Kotler, Bowen, and Markens, 2006). As a consequence, measurement of the tourism destinations competitiveness is also a complex due to the methodology employed and to the reference considered in the process of measurement (that can be a destination itself or an organization operating at the level of that destination). One of the tools that can be used to analyze and measure the competitiveness of a tourist destination can be the Porter's five forces model, which takes into consideration the factor conditions (skilled labor, infrastructure, natural, cultural and historical resources), demand conditions, related industries, corporate strategy, structure and rivalry in the sector (Claver-Cortes, Molina-Azorin, and Pereira-Moliner, 2007, 2009).

Characteristics of a competitive tourist destination are of a very different nature and form a significantly diversified set of features. Among these are mentioned the ability to increase tourism expenditures, to increasingly attract visitors, to provide tourists with satisfying and memorable experiences in a profitable manner, to contribute to the enhancement of the well-being of destination residents and preservation of the natural resources for the future generations (Richie and Crouch, 2003). Seen from a macroeconomic perspective, tourism destination competitiveness has a support the three pillars of natural resources, climate and culture (Lumsdon, 1997). Ejarque (2005) proposes the following set of elements to be considered in analyzing the tourism destinations: the geographical location, environmental and physical conditions, demographical situation, existing tourist attractions, image perceived and image associated with the tourist destination, tourism resources (natural, cultural, activities, infrastructure and services).

Natural resources and climate have been identified a one of the significant factors, together with the cultural heritage, sport, recreation and education facilities, shopping and commercial facilities, infrastructure, and the cost of living (Tang and Rochananond, 1990) in determining the attractiveness of a country as a tourist destination and,

by extension, the competitiveness of the travel and tourism industry. There is a set of natural elements accepted by specialists: forests, soils, water and fisheries, minerals, energy. (Lovins, Lovins, and Hawken, 2007; Hart, 2007).

Methodological Notes

The main objectives to be reached through the present research approach referred to the assessment of the correlations between the natural resources and overall competitiveness and performances of the travel and tourism industry and economy and between the determinant factors and the overall competitiveness of the natural resources in the case of the selected CEE countries.

In order to assess the impact of the natural resources over the travel and tourism competitiveness it was employed a set of data included in The Travel & Tourism Competitiveness Report 2009 (called further TTC Report 2009) issued by the World Economic Forum in Geneva, Switzerland. Ten countries of the Central and Eastern Europe (CEE) have been selected from a list of 22 based on the affiliation to the region and their status as members of the European Union: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia.

Variables of the research approach have been the following:

-overall travel and tourism competitiveness, as it is expressed by the indexes determined, according to the specific methodologies, for all the 133 investigated countries;

-performances of the travel and tourism industry and economy: GDP and travel and tourism industry and economy, employment in travel and tourism industry and economy, international tourist arrivals and international tourism receipts;

-factors describing the natural resources competitiveness: number of the World Heritage sites, protected areas, quality of the natural environment and total known species.

Pearson correlation coefficient has been the statistical tool employed to conduct the measurements and produce the aimed results.

Major Findings

An overall assessment of the travel and tourism competitiveness in the CEE allow drawing a conclusion according to which there is not a significant difference between these countries regarding their competitiveness: although Czech Republic (with an overall score of 4.86) and Estonia (4.83) appear distanced, in the upper part of the hierarchy, from the remaining countries, the all ten CEE countries form a relatively uniform assembly in terms of their travel and tourism competitiveness (the average score at the level of the group being of 4.41).

For all ten CEE countries, regulatory framework appears as a supportive dimension of their competitiveness. Business environment and infrastructure appears as a dimension exerting an unfavorable impact over the competitiveness of the CEE countries (with the exception of Slovenia) while human, cultural and natural resources play a similar unfavorable role, Poland being the single CEE country for which these resources represent a strength of the travel and tourism industry's competitiveness.

Impact of the natural resources on the competitiveness of the travel and tourism industry in the CEE countries has been assessed considering the scores expressing the competitiveness of the natural resources and the performances in terms of the gross domestic product and employment (for the industry and for the economy), international tourist arrivals and receipts at the level of the ten CEE countries.

Table 1. Natural resources and the travel and tourism industry, economy and performances in the selected CEE countries (2008)

Country	TTC	13NR	GDPi	EMPi	GDPe	EMPe	ITA	ITR
Czech Republic	4.86	2.89	3474	86	22019	478	6680	6618
Estonia	4.83	3.83	750	19	4887	115	1900	1035
Slovenia	4.53	2.98	1238	28	6101	113	1751	2483
Hungary	4.45	2.60	4078	170	10419	244	8638	4728
Slovakia	4.34	3.73	1312	34	11324	261	1685	2013
Latvia	4.31	3.00	496	14	2433	66	1653	671
Lithuania	4.30	2.49	467	14	2690	80	2180	1153
Bulgaria	4.30	3.11	1483	84	5757	324	5151	3130
Poland	4.18	3.53	7962	244	38780	1092	14975	10627
Romania	4.04	2.87	3631	304	9352	600	1551	1464

Notes: TTC – Travel and Tourism Competitiveness Index; 13NR – Natural Resources; GDPi – GDP and travel and tourism industry (US\$ millions); EMPi – employment and travel and tourism industry (thousand jobs); GDPe – GDP and travel and tourism economy (US\$ millions); EMPe – employment and travel and tourism economy (thousand jobs); ITA – international tourist arrivals (thousands); ITR – international tourism receipts (US\$ millions); countries ranked in the descending order of the TTC index.

Extremely surprisingly, natural resources (defined and assessed through the number of UNESCO natural World Heritage sites, quality of the natural environment, total known species of animals in the country and the percentage of nationally protected areas in the total surface of the country) appear to be very poorly related to the competitiveness of the CEE countries as travel and tourism destinations (r=0.18). This may suggest that although these countries have several natural attractions their contribution to the overall competitiveness of the travel and tourism industry and activities at their level is rather less significant. Also, CEE countries seem to unfortunately not have the knowledge and/or found the capacities for an effective employment of the natural resources as a critical driver of their competitiveness.

Measurement of the association between the indicators expressing the performances of the travel and tourism industry and economy and the scores expressing the competitiveness of the natural resources in the CEE countries shows rather poor relationships between these variables in the cases of the gross domestic product and travel and tourism economy (r=0.27), and employment and travel and tourism economy (r=0.22), respectively very poor relationships in the case of the employment and travel and tourism industry (r=0.11) and gross domestic product and travel and tourism industry (r=0.07).

A more effective employment of the natural resources available in the CEE countries seems to not determine a significant improvement in terms of the macroeconomic performances generated by the travel and tourism industry and economy (gross domestic product growth and/or a higher number of newly created workplaces). Or, in other words, CEE countries should orientate their efforts, on a shorter-term perspective, toward the improvement of the business environment and infrastructure, respectively the regulatory framework as these appear to be the major determinants of their overall travel and tourism competitiveness.

Association between the number of the international tourist arrivals and the international tourism receipts and the scores expressing the competitiveness of the natural resources in the CEE countries shows also a very poor relationship between these variables (r=0.06, respectively r=0.11). These results may suggest the necessity for these countries to expand the specific efforts of preserving, promoting and taking advantage of their available natural resources. In spite of the less significant present, these resources should become one, considering a medium or a long-term horizon, one of the most important motivators of the international tourists in their selection of the CEE countries as destinations for the travel and holidays to be made.

Table 2. Major determinants of the natural resources pillar competitiveness

Country	TTC	13NR	1301	1302	1303	1304
Czech Republic	4.86	5.41	0	15.8	4.3	390
Estonia	4.83	2.26	0	31.1	5.5	327
Slovenia	4.53	2.68	1	6.5	5.3	396
Hungary	4.45	3.92	1	5.6	4.0	383
Slovakia	4.34	2.69	2	19.6	4.5	401
Latvia	4.31	2.11	0	14.1	5.3	346
Lithuania	4.30	2.39	0	6.1	4.9	319
Bulgaria	4.30	3.13	2	9.5	3.8	447
Poland	4.18	5.08	1	23.6	4.1	398
Romania	4.04	2.85	1	11.3	3.7	439

Notes: TTC – Travel and Tourism Competitiveness Index; 13NR – Natural Resources; 1301 – Number of World Heritage natural sites; 1302 – Protected areas; 1303 – Quality of the natural environment; 1304 – Total known species; countries ranked in the descending order of the TTC index.

According to the Travel and Tourism Competitiveness Report, variables describing the content of the natural resources pillar are the number of UNESCO natural World Heritage sites, the protected areas, the quality of the natural environment and the total known species. Measured correlations between each of these variables and the general competitiveness of the natural resources illustrate a moderate association in the cases of the quality of the natural environment (r=0.47), the number of the World Heritage sites (r= -0.45), and the total number of the known species (r= -0.40), respectively a rather moderate association in the case of the percentage of the protected areas in the total surface of the country (r=0.33). The inverse connection between the competitiveness of the natural resources competitiveness and the number of the World Heritage sites and the total number of the known species, although surprisingly to a certain extent, indicate that CEE countries could seize the opportunities created by the relative scarcity of these elements: international tourists could probably be more interested and to visit a destination where the natural environment has provided less places registered as World Heritage sites and/or hosts a lower number of animal species.

Assessment of the correlations between the factors used in the TTC Report 2009 to describe the content of the natural resources pillar and the overall competitiveness of the travel and tourism industry in the CEE countries had led to the following, and again surprising, results:

-there is a moderate and inverse correlation between the overall competitiveness of the travel and tourism industry and the number of the World Heritage natural sites in the investigated CEE countries (r=-0.45); apparently, a lower number of the natural sites registered by UNESCO (at least by comparison to other tourist destinations worldwide) should transform these countries in more attractive destinations for the international tourists, generate higher receipts (and revenues) and influencing in a favorable manner the overall competitiveness of the travel and tourism industry;

-the correlation between the protected areas and the overall competitiveness of the travel and tourism industry in the CEE countries can be characterized as a rather moderate one (r=0.33); it could be expected that an increase in the percentage covered by the protected areas in the total surface of the countries would determine a positive evolution but not in the same measure significant of the travel and tourism industry's competitiveness. Maintaining and expanding the areas of land and/or sea especially dedicated to protect and preserve the biological diversity and natural resources should determine a slightly reasonable increase of the CEE countries competitiveness as tourist destinations;

-the correlation between the quality of the natural environment and the overall competitiveness of the travel and tourism industry in the selected CEE countries can be characterized as a moderate one (r=0.47); an improvement of the natural environment quality will determine a moderate effect at the level of the overall competitiveness of the travel and tourism industry of these countries;

-finally, the correlation between the total known species of mammals, birds and amphibians and the overall competitiveness of the travel and tourism industry in the CEE countries can be characterized as a moderate but inverse one (r=-0.40); like in the case of the natural World Heritage sites. countries registering a lower number of known species, at least by comparison to other tourist destinations worldwide, should be more attractive as tourist destinations, generate higher receipts and revenues and being more competitive in terms of their travel and tourism industry.

Conclusions and Future Directions of Research

Although their overall scores vary around the determined average value, the investigated group of CEE countries form a relatively uniform assembly in terms of their travel and tourism competitiveness characterized through a higher attention given to the appropriateness of the business environment and infrastructure and the regulatory framework and a less concern for capitalize the existing natural heritage. The overall scores registered by these countries according to the TTC Report 2009, place them in the middle area of the hierarchy built in terms of the travel and tourism competitiveness.

Natural resources are related, surprisingly, very poorly to the overall competitiveness of the CEE countries seen as travel and tourism destinations although it would have been expected a more consistent contribution in this respect. Knowledge as well as the capacities for an effective employment of the natural resources become both essential for the CEE countries in their attempts to transform this category of resources in a critical driver of their travel and tourism competitiveness.

A lower number of the natural sites registered by UNESCO in the World Heritage, and a lower number of known species (at least by comparison to other tourist destinations worldwide), as well as an expanded surface of the protected areas and an overall better quality of the natural environment should transform these countries in more attractive destinations for the international tourists, generate consequently higher receipts and revenues, and exerting a favorable influence over the competitiveness of the travel and tourism industry.

Further directions of research to be followed refer to the:

-identification of a more adequate set of determinants of the natural resources competitiveness, including, on a hand, some of the elements considered by the TTC Report methodology (such as the enforcement of the environmental regulation or the number of the threatened species) and, on another hand, new elements besides the existing ones considered by the TTC Report methodology in order to allow a better measurement of the natural resources impact over the competitiveness of the travel and tourism industry;

-conducting of a benchmarking analysis of the travel and tourism industry's competitiveness in the selected CEE countries having as reference the most important world tourism destinations and taking into consideration the elements describing the natural resources and their contribution to the industry's competitiveness.

References

- 1. Claver-Cortes, E., Molina-Azorin, J.F., Pereira-Moliner, J. (2007), Competitiveness in mass tourism, Annals of Tourism Research, Vol. 34, No. 3, pp. 727–745.
- 2. Ejarque, J. (2005), Destinos turísticos de éxito. Diseño, creación, gestión y marketing, Madrid, Ediciones Piramide
- 3. Esty, D.C., Winston A. S., (2006), Green to Gold, Yale University Press New Haven and London
- 4. Hart, S.L., (2007) Beyound Greening: Strategies for a Sustainable World, Harvard Business Review on Green Business Strategy, Harvard Business School Press

- 5. Kotler, Ph., Bowen, J.T., Markens, J.C. (2006), Marketing for Hospitality and Tourism, New Jersey, Pearson Prentice Hall International Edition
- 6. Lumsdon, L. (1997), Tourism marketing, London, International Thomson Business Press
- 7. Lovins, A.B., Hunter Lovins, L., Hawken, P. (2007) A road Map for Natural Capitalism, Harvard Business Review on Green Business Strategy, Harvard Business School Press
- 8. Molina-Azorin, J.F., Pereira-Moliner, J., Claver-Cortes, J., (2009), The importance of the firm and destination effects to explain firm performance, Tourism Management
- 9. Porter, M.E., Van Der Linde, C., (2008) Green and Competitive: Ending the Stalemate, Harvard Business Review on Prifiting from Green Business, Harvard Business Press
- 10. Ritchie, B., J.R., Crouch, G.I. (2003), The Competitive Destination: A Sustainable Tourism Perspective, Cabi Publishing
- 11. Tang, J.C.S, Rochananond, N. (1990), Attractiveness as a Tourist Destination: A Comparative Study of Thailand and Selected Countries, Socio-Economic Planning Science, Vol. 24, No. 3, pp. 229-236
- 12. * * * WTTC Progress and priorities 2008/09 available at http://www.wttc.org/bin/pdf/temp/progress and priorities 2008.html).

THE ANALYSYS OF THE EVOLUTION AND TENDENCIES OF RETAIL MARKETS, WORLD WIDE AND IN ROMANIA

Bălășescu Marius

Str. Ciucaş, 38, Mun. Săcele, județul Brașov Transilvania University of Brasov Economic Sciences Faculty sala AIII7 – Colina Universității , corpul A, etajul III, Brașov, f-economic@unitbv.ro 0268419304

The present work aims presenting and analyzing the evolution and tendencies of retail markets all around the world, but mainly in Europe and in Romania. Under these circumstances the major objectives of the work are: clarification of retail market concept; evolution and tendencies of retail markets world wide, in Europe and in Romania; effects of the economic crisis on retail markets in Romania.

Keywords: market, retail, evolution and tendencies, consumption, crisis.

JEL code: M

1. General consideration

Contemporary economy, by the means of the complex phenomena it generates, leads to a continuous evolution of the methods and forms of distribution. Therefore, permanently show up new forms of selling, as well as new distribution systems. Besides new forms of selling, new visions and perspectives appear in commerce. So, by this point, retail meant a form of small quantities selling. Nevertheless, retail market refers to consumption goods market (final consumption goods), goods that are sold either by en-gross distribution forms, or by retail distribution forms, or by any forms of distribution and selling that reach the final consumer.289

A brief analysis of the way the distribution systems evolved in different countries of the world emphasizes that in all areas of the world distribution has become progressively an extremely dynamic sector. We may state that the commercial apparatus suffered profound mutations, implying a continuous evolution of selling methods, distribution forms, geographic expansion, company administration, and so on.290

The appearance of modern ways of organization of the commercial activities is due to the continuous growth of competition and consumers' needs. Companies realized that without restructuring activities, remake strategies and thoroughly analyze commercial markets, cannot survive.

The modernization process of distribution circuits in Europe started in the northern countries in the 60's and gradually expanded towards Mediterranean countries. This evolution which allowed a well concentrated and organized method of distribution, determined the appearance of new operators with the following features:

- Large dimensions (supermarkets, hypermarkets, large specialized stores).
- Highly automated operations.
- Retail units covering a region or an entire national territory.
- Larger selling and service areas.
- Sophisticated methods of supplying, especially for well known branded goods.
- Internationalization of distribution, both conceptually and logistically.

2. Evolution and tendencies of retail markets around the world

Once with the expansion of distribution and commerce companies and with their systematic development increased the **concentration** of the companies in the domain. In Luxembourg, for example, 96.7% of the market is owned by top 5 companies in distribution. At the opposite pole are the countries in Central and Eastern Europe. (Figure 1)

²⁸⁹ Balasescu M,Balasescu S,.-Restructurarea activitatilor din domeniul distributiei bunurilor de consum final in conditiile integrarii Romaniei in Uniunea Europeana.Ed Tehnica a Moldovei,Chisinau,2005,pag 13

²⁹⁰ Patriche D. – Bazele comerțului, Ed. A.S.E. București, 2004 – cap.1 Distribuția mărfurilor, pg.15

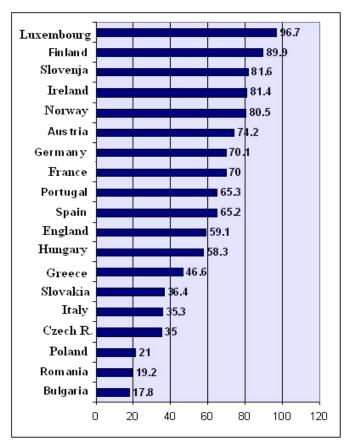


Figure 1. Concentration of the European retail markets in 2005 (share of top 5 retailers, %)²⁹¹

The statement according to which the concentration degree is directly connected to the level of economic development must be moderately accepted. The relatively small selling areas per individual in the U.K. are not a proof of underdevelopment, but one of a very specialized distribution system. Actually, this country registers the higher consumption rate outside households in Europe, and restaurants are the main competition of the superstore. Concentration's effects are also visible in the goods acquisition domain by the decrease of national groups and maximum focus, and on the other hand by creating international buying groups (euro-groups). More than this, buying groups join, aiming:

- Common exploration of the market.
- Identifying European producers.
- Increasing the power of buying and the presence on the market of the members.
- Sharing logistic resources, as well as administrative, financial, and marketing ones, in order to optimize the acquisition of goods.

Globally speaking, concentration is a bit different. There are markets on which concentration is very high, meaning top 5 retailers owning 85.31% of the sales in the country (e.g. South Africa), and important markets on which concentration is relatively low. For example, on an important market such as China, the top 5 retailers own 5.74% of the sales. (Table 1)

Table1. Sales volume on the 20 most important markets in 2006 (€ million)²⁹²

	Top 5	Others	Total		Top 5	Others	Total
USA	416,853	966,135	1,382,988	Russia	10,780	89,741	100,521
Japan	114,433	514,118	628,551	Spain	57,705	35,674	93,379
China	16,825	376,230	293,055	Mexico	27,471	63,794	91,265
UK	139,017	153,644	292,661	Canada	55,778	43,871	99,649
France	151,289	75,556	226,845	South Korea	26,610	76,361	102,972
Germany	146,022	72,673	218,695	Indonesia	3,105	20,325	23,430
India	1,516	46,622	48,138	Australia	61,511	13,124	74,635

^{291 &}quot;Piata" Magazine, no. 35, 2007.

21

²⁹² Planet Retail, Global Retail Rankings 2007.

Italy	38,249	68,431	106,680	Turkey	7,019	27,171	34,190
Brazil	18,427	51,943	70,370	Poland	10,547	36,000	46,547
Netherlands	20,976	15,492	36,468	South Africa	17,355	2,988	20,342

Concerning sales on regions world wide, we may state that the European, North American and Asian markets are equal in dimensions (Figure 2), but different when it comes to concentration. (Table 2). In North America, the top 10 retailers own 41.14% of the sales, while in Europe 32.49%, and Asia only 13.76%.

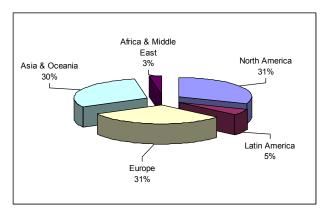


Figure 2. Distribution of sales on regions 2006293

Table2. Sales volume on regions in 2006 (€ million)294;

	Top 10	Others	Total
North Am.	610,037	872,600	1,482,637
Latin Am.	63,906	194,651	258,557
Europe	475,795	988,270	1,464,065
Asia &			
Oceania	200,738	1,258,635	1,459,373
Africa &			
Middle East	27,715	100,594	128,307

Top 30 retail companies, world wide, attest the supremacy of Wal-Mart from the US, which has a 3 times larger volume of sales than the follower: Carrefour, from France (Table3).

Table3. Top 30 retailers in the world²⁹⁵

	Company	Country	Sales (mil. €)		Company	Country	Sales (mil. €)
1	Wal-Mart	USA	292,936	18	Edeka	Germany	38,263
2	Carrefour	France	97,445	19	CVS	USA	36,737
3	Metro Group	Germany	69,629	20	Safeway	USA	34,886
4	Tesco	UK	69,204	21	Leclerc	France	33,662
5	Ahold	Holland	62,186	22	ITM	France	29,465
6	Kroger	USA	55,632	23	Woolworths	Australia	27,882
7	Seven & I	Japan	55,377	24	Sainsbury	UK	27,154

²⁹³ Planet Retail, Global Retail Rankings 2007.

²⁹⁴ Planet Retail, Global Retail Rankings 2007.

²⁹⁵ Planet Retail, Global Retail Rankings 2007.

8	Sears	USA	51,674	25	SuperValu	USA	26,797
9	Costco	USA	51,506	26	Tengelmann	Germany	25,430
10	Target	USA	49,881	27	Coles Group	Australia	24,156
11	Rewe	Germany	45,789	28	Loblaw	Canada	21,224
12	Schwarz Gp.	Germany	45,553	29	Delhaize Gp.	Belgium	20,726
13	Casino	France	44,062	30	Morrisons	UK	19,865
14	AEON	Japan	43,746	Top 30			1,526,660
15	Aldi	Germany	43,173	Others			3,266,281
16	Auchan	France	42,869	Total			4,792,940
17	Walgreens	USA	39,751				

Globally speaking, we may state that almost 32% of the total retail sales volume is owned by the most important 30 retailers. There are some other preoccupations meant to differentiate the retailers' offer from the one of different players on the market. Therefore, private labels and their development and administration, is the latest preoccupation of retailers.

Introducing private labels on the global market is increasing without stop, as a study realized by Planet Retail shows, called: "Private Label Trends Worldwide". The phenomenon is positively influenced by globalization, concentration and consolidation. In other words, private labels spread more and more, as international retailers strengthen their position on the market and export their ranges of products on new geographical markets.296

The development level of private labels touches the highest values in Europe (especially in the Occident), followed by North America. In spite of this, South America and Asia-Oceania, are far behind.

A market study realized in Europe in 2006, called "European Retail and Foodservice Trends" shows that consumption in Europe had a value of 1015 c billion, being estimated for 2007 at 1088 € billion. The predictions for the following years show that there are small increases in consumption. According to the same source, modern trade will continue to dominate the retail market in 2010 and own approximately 70% of the total consumption goods sales.

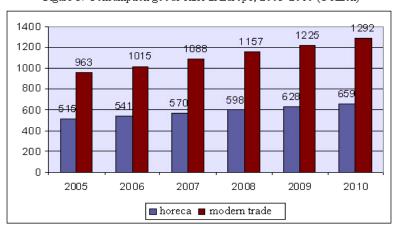


Figure 3. Consumption goods sales in Europe, 2005-2010 (€ billion)

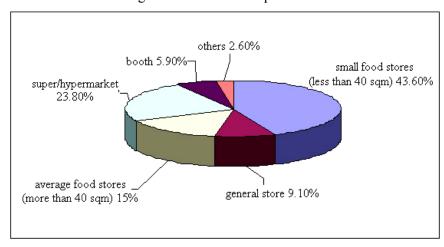
(Figure 3). 297

On the Romanian retail markets, modern forms of trade are small in comparison to other European countries (Figure 4), but they are fairly dynamic. Therefore, the percentage of hyper and supermarkets in the total sales volume of consumption goods reached the value of 23.8%. The attraction of Romanians towards modern forms of distribution and commerce is very high, representing a new form of relaxation and entertainment. Romanians caught the "shopping" fever, which has become for more and more people a new way of spending spare time.

^{296 &}quot;Piata" Magazine, no. 35, 2007.

^{297 &}quot;Piata" Magazine, no. 35, September, 2007.

Figure 4. Share of sales per distribution forms ²⁹⁸



Even though the growth of the Romanian retail market is high, specialists say that it is still immature and that only in 2010-2012 it will reach its maturity. This maturity implies, taken under consideration the experience of neighbor countries (Poland, Czech Republic, Hungary and Slovakia), that shop networks to stop investing in new locations and start transactions between themselves. Nowadays in Romania, big retailers head towards smaller provincial cities, where traditional commerce still rules.

3. The effects of the economic crisis on Romanian retail markets Romanian retail markets will grow up suddenly due to the economic crisis

Retailers' profits on local market will decrease consistently in the following 2-3 years, reaching a normal level of 1-3%, as a result of the consumption reduction with more than 20% in the context of the global economic crisis. Retail industry has normal profits of 1-3%, but Romania is a great exception, net profits reaching even 50%. Things will change in the following 2-3 years in which consumption demand reduction is clear in parallel with competition growth in the domain.

The reduction of the operational profit will attest the achievement of a mature stage in the retail market in Romania, which needs a few adjustments due to the new macroeconomic conditions. More than this, in the following years a reduction of the consumption is expected with 20-30%, as it happened on the foreign markets after the strike of the crisis.

Retailers will confront this year with financial problems and many of them will find impossible completing the announced and already started projects. Meanwhile, banking market is blocked and so are 90% of the retail credits. Retailers will be forced to change their development plans and reduce profits in order to survive and to adjust selling points to the new conditions on the market.

2009 will be characterized by a deceleration of the expansion process of commercial chains, most retailers stating that difficulties met by constructors and/or retailers in finding finances are the main issue. Nevertheless, expansion plans for 2009 announced by 25 big retailers show a decrease of 9% of the expansion rhythm, compared to 2008: 162 locations compared to 176 in 2008 (expansion by acquisition is included).

This year will be a rather difficult one especially for local networks, confronted with the alert expansion of the international chains on a market that is shaken by the global financial and economic crisis.

References:

- 1. Balasescu, M., Balasescu, S., Restructurarea activităților din domeniul distribuției bunurilor de consum final în condițiile integrării României în Uniunea Europeana. Ed. Tehnică a Moldovei, Chișinău, 2005.
- 2. Patriche, D., Bazele comerțului, Ed. A.S.E. București, 2004.
- 3. "Piata" Magazine, no.35, September, 2007.
- 4. "Piata" Magazine, no.37, November, 2007.
- 5. "Piata" Magazine, no 48, October, 2008.
- 6. Planet Retail, Global Retail Rankings 2007.
- 7. www.wall-street.ro, article published on November, 25th, 2008.

-

^{298 &}quot;Piata" Magazine, no 48, October, 2008.

THE EVALUATION OF ATTITUDES AND OPINIONS OF RETAIL COMPANIES MANAGERS IN BRASOV REGARDING THE USE OF MARKETING INSTRUMENTS

Bălăsescu Simona

Str. Ciucaș, 38, Mun. Săcele, județul Brașov Universitatea Transilvania din Brașov Facultatea de Științe Economice sala AIII7 – Colina Universității , corpul A, etajul III, Brașov, f-economic@unitbv.ro 0268419304

As a consequence of the present economic crisis situation, identifying new means of improving the activity of retail companies is a must. Marketing is considered to be one of the most profitable investments, its results having a positive influence on long term, but in Romania, marketing in the true meaning of the concept is only used by companies which can afford it, which have sufficient funds. A small shop chain or a company with only one selling point consider marketing a luxury that is not worth the effort. The present work emphasizes companies with marketing activity, as well as the marketing instruments used by retailers and the marketing intermediaries, if they exist.

Keywords: economic crisis; retail; marketing instruments; information.

JEL code: M.

1. Introduction

In order to have a clearer opinion on the present situation of the Brasov retail market, a quantitative marketing research was done amongst retail companies. At the basis of this research stood the statement or hypothesis that retail companies' managers use, in most cases, adequate marketing instruments. Using these instruments, as well as using marketing, can lead to a diminution of the negative effects of the economic crisis that our country is going through. The quantitative research was done after a qualitative research, a focus-group amongst retail companies' managers. The results of the focus-group imposed a secondary research, the quantitative one, briefly presented in this work, in order to obtain a better observation and understanding of the phenomena on the retail market. A profile of the consumer was also drawn. When it comes to this profile, all subjects characterized the consumer by the means of one word. Therefore, the consumer's complete profile is: snob; pretentious; undecided; and susceptible to influence. In other words, the profile of today's client is as follows: clients want high quality, low prices and very short terms of delivery. This profile makes thing even harder for retailers, given the context they confront with. The focus-group lead to obtaining a set of hypotheses that set the basis for the quantitative research. One of the main hypotheses is that marketing is highly important for all companies. The usage of marketing leads to improving activity on the markets. The importance given to marketing instruments, strategies and plans emphasizes the fact that in our country marketing activity has become a primary condition for the success of any company.

From the aspects of the quantitative research, are underlined through the present work only the most important ones that allow drawing a clear opinion on the retail activity in Brasov.

2. Methodological considerations regarding sampling

The quantitative marketing research was done on a representative sample of 384 subjects, with an error of \pm 5%. The exactness of the sample was assured by giving equal chances to all individuals of taking part to the research. This leads to a minimization of the subjective elements in the selection process, by using the principle of random draw.

2.1. The population and its size

The analyzed population is formed by all active retail firms in Brasov. From the selected companies were interviewed only General Managers, Executive Managers or Marketing Managers, in the case of companies that have marketing departments. The structure of the population is as follows:

Table 1. Structure of active companies registered in Brasov²⁹⁹

Class	Lei	No.	Retail form	No.
Small	0 - 250.000 lei	2648	Food	1239 (46.7%)
		(75.77%)	Non-food	1409 (53.3%)
Average	250.001 – 800.000 lei	500	Food	248 (49.6%)
		(14.3%)	Non-food	252 (50.4%)
Large	More than 800.000 lei	347	Food	178 (51.3%)
		(9.93%)	Non-food	169 (48.7%)
Total		3495		3495

²⁹⁹ Camera de Comerț și Industrie Brașov, 2009.

2.2. Choosing the method of sampling

Proportionally random multistage sampling was used in order to create the sample, taking under consideration 2 aspects: the size of companies and the retail form.

Table2. Structure of the sample by turnover and retail form³⁰⁰

Class	Lei	No.	Retail form	No.
Small	0 – 250.000 lei	291	Food	133 (45.7%)
		(75.8%)	Non-food	158 (54.3%)
Average	250.001 – 800.000 lei	54	Food	27 (50%)
		(14.1%)	Non-food	27 (50%)
Large	More than 800.000 lei	39	Food	20 (51.3%)
		(10.2%)	Non-food	19 (48.7%)
Total		384		384

3. Presenting relevant questions in the research

The research had a questionnaire of 41 questions. Out of these, the most relevant ones are presented:

How much is your company interested in gathering marketing information in order to conceive marketing actions?

Table3. Frequency of preoccupation towards gathering marketing information

How much is your company interested in gathering marketing information in order to conceive marketing actions?

		Frequency	Percent
		Trequency	LOLOGIE
Valid	very little	19	4,9
ı	2	24	6,3
ı	3	40	10,4
l	4	63	16,4
l	5	97	25,3
1	very interested	141	38,7
	Total	384	100,0

From the results we may see that 4.9% of the subjects claim that their companies are very little interested in gathering marketing information in order to conceive marketing actions, while 36.7% are very interested in gathering information. So, we may state that retail companies in Brasov that have marketing departments collect marketing information from the market. The information is used in conceiving marketing actions and in developing activities per se.

Do you own a clients data base, at the moment?

Table4. Frequency of owning a clients data base

Do you own a clients data base, at the moment?

		Frequency	Percent
Valid	no	95	24,7
	yes	289	75,3
	Total	384	100,0

From all analyzed companies 24.7% do not own a clients data base, while the rest of 75.3% do. This means that retail companies in Brasov are interested in knowing information about their clients, most retailers owning data bases of their own clients. The preoccupation towards owning clients data bases emphasizes the importance given

-

³⁰⁰ Camera de Comerț și Industrie Brașov, 2009.

to having devoted clients. Having under consideration the present situation of economic crisis, the development of the market is slow down, and having devoted clients is an essential condition for surviving on the market.

How often do you appeal to information in mass-media in order to know what happens on the market you act?

Table5. Frequency of informing from mass-media

How often do you appeal to information in mass-media in order to know what happens on the market you act?

		Frequency	Percent
Valid	daily	315	82,0
l	weekly	42	10,9
l	monthly	23	6,0
	do not use this kind of information	4	1,0
	Total	384	100,0

82% of the analyzed companies appeal daily to information in mass-media in order to know what happens on the market they act, 10.9% appeal weekly, 6% appeal monthly, while only 1% of the companies do not use that kind of information. From here results that companies are permanently interested in the events on the market they act, mass-media being an important resource of information. Retail companies in Brasov are preoccupied in staying informed because of the possible threats that need to be foreseen, as well as the opportunities that can show up. Any information connected to the domain of retail can lead to a development of companies' activity, despite the economic crisis. Knowing the market is vital, given the strong competition.

How much are your suppliers willing to give you useful marketing information?

Table6. Intensity of the information exchange between suppliers and retailers

How much are your suppliers willing to give you useful marketing information?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very little	121	31.5	31.5	31.5
	2	95	24.7	2 4.7	56.3
	3	37	9.6	9.6	65.9
	4	70	18.2	1 8.2	84.1
	very interested	61	15.9	1 5.9	100.0
	Total	384	1 00 .0	1 00.0	
Total		384	1 00 .0		

A lack of communication is noticeable between suppliers and retailers, as the retailers state. A very significant percentage of subjects, more precisely 31.5%, claim that their suppliers are not so interested in sharing useful marketing information, while only 15.95% of the subjects claim that their suppliers are very interested in this matter. The lack of efficient communication between business partners, in our case suppliers-retailers, is not a beneficial to neither of them when it comes to the activity on the market, but it only sets barriers in the way of developing and improving partnership relations.

Please evaluate the influence of the economic crisis on your market activity:

Table 7. The intensity of the crisis effects on the activity of retailers on Brasov market **Please evaluate the influence of the economic crisis on your market activity**:

		Frequency	Percent
Valid	very much	155	40,4
l	much	113	29,4
l	little	67	17,4
l	very little	35	9,1
	does not affect the activty of the company	14	3,6
	Total	384	100,0

40.4% of the subjects consider that the present financial-economic crisis can affect the activity of their companies very much; 29.4% of the subjects consider that the crisis will affect their activity significantly, while 17.4% of the subjects state that the crisis will have a little influence on their companies and 9.1% go for very little influence, and only 3.6% state that the crisis will not affect the activity of their companies.

How much does marketing can help getting through the present economic crisis?

Table8. The importance of marketing in getting through the economic crisis

How much does marketing can help getting through the present economic crisis?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid very little	19	4.9	4.9	4.9
2	28	7.3	7.3	12.2
3	43	11.2	11.2	23.4
4	109	28.4	28.4	51.8
very much	185	48.2	48.2	100.0
Total Total	384 384	100.0 100.0	100.0	

4.9% of the subjects consider that marketing can help very little in getting through the present economic crisis, while 39.3% of the subjects claim that it can help very much. It is visible that most of the subjects consider marketing very useful in diminishing the negative effects of the economic crisis. This aspect will lead to a development of marketing activity at the level of retail companies in Brasov, in the nearby future.

4. Conclusions

The present situation on the retail market in Brasov is to become more and more difficult for most companies in the domain. Staying informed regarding the events on the market as well as the struggle to have devoted clients certify that retailers fight not for supremacy, but for survival. Marketing instruments, such as data basis, marketing strategies, and so on, used by retailers confirm the hypothesis referring to the importance given to marketing in developing the activity of any company. Most managers of retail companies in Brasov claim that by an efficient marketing activity the negative effects of the economic crisis can be diminished and even eliminated. The insufficient communication and cooperation regarding information exchange between business partners, such as suppliers and retailers, in a real threat to the development of the activity of retailers in Brasov.

The impossibility of an extensive expansion as a result of the financial blockage and the deceleration of the demand impose an intensive development of retailers. Therefore, the fight is not only for finding new clients, but also for having the devotion of the actual clients. In the context of economic crisis, retailers who know how to better use marketing instruments and limited resources that they posses will gain the confidence of clients as well as market share. Nowadays, the focus is on services that lead to winning clients' devotion.

The results of the present study can be used as a source of information for all retailers in Brasov and not only, regarding the phenomena on the local retail market. Educating retailers in the direction of using marketing instruments and marketing per se can lead to a diminution of the crisis' effects.

References

- 1. Bangs, H.: The Business Planning Guide, 6th Edition, Upstart Publishing Company, 1999;
- 2. Berman, B., Evans, J., Retail Management A Strategic Approach, 10th edition, PEARSON, Prentice Hall, New Jersey, 2006;
- 3. Chopra, S., Meindl, P., Supply Chain Management Strategy, Planning & Operation, 3rd edition, PEARSON, Prentice Hall, New Jersey, 2007;
- 4. Constantin, C., Sisteme informatice de marketing. Analiza și prelucrarea datelor de marketing. Aplicații în SPSS, Editura Infomarket, Brașov, 2006;
- 5. Jobber, D., Lancaster, G., Selling and Sales Management, 7th edition, Perason, Edinburgh, 2006;
- 6. Kotler, Ph., Marketing Management, The Millenium Edition, Prentince Hall, New Jersey, 2000;
- 7. Lefter, C., Cercetarea de marketing. Teorie și practică, Editura Lux Libris, Brașov, 1998;
- 8. Lefter, C., Cercetarea de marketing. Teorie și aplicații, Editura Infomarket, Brașov, 2004;
- 9. Lefter, C., Marketing, Editura Universității Transilvania, Brașov, 2006;
- 9. Malhotra, Naresh K., Marketing research. An applied orientation, Fourth Edition, Pearson Education International, 2004.

THE INFLUENCE IN ROMANIAN HOSPITALITY INDUSTRY OF SMALL MEDIUM-SIZED FIRMS AND THEIR SPECIFIC MEANS TO IMPROVE PERFORMANCE

Băltescu Codruța Adina

Transilvania University of Braşov Faculty of Economic Sciencies Armata Romană 20, Săcele, Brașov, 505600 mbaltescu@clicknet.ro 0728994278

SMEs play an important role in fostering variety, self-fulfillment, and independence in society as well as essentially contributing to social and local integration. Because the tourism sector, especially the hospitality industry, in Europe is dominated by SMEs, inevitably each tourism destination represents an amalgam of the SMEs providing tourism products and services. SMEs are also claimed to be a key factor in the development of tourism destinations, but they also face a number of challenges. Implementing marketing strategies in real-life SMEs firms overcome the talking-doing gap and the problems created by a turbulent environment and by the weaknesses of the firms' structural and systemic mechanisms.

Keywords:small medium-sized enterprises, tourism, performance, Internet

JEL Classification: M

1. Introduction

According to an EU recommendation (European Commission 2003), SMEs are classified into three categories—micro enterprises, small enterprises, and medium-sized enterprises—based on four criteria. Applicable to all are the number of employees, annual turnover, and total balancesheet. The fourth criterion, independence, is applied only to small- and medium-sized enterprises categories³⁰¹. The details of the criteria are outlined in Table 1.

Table 1. Definition of Small and Medium-sized Enterprises (SMEs)

Table 1. Definition of Small and Medium Steel Enterprises (SMES)							
Criteria	Micro Enterprise	Small Enterprise	Medium-sized				
			Enterprise				
Number of employees	< 10	< 50	< 250				
Annual turnover	< 2	< 10	< 50				
(millions)							
Total balance sheet	< 2	< 10	< 43				
(millions)							
Independence		No more than 25% of	f the capital or voting				
	rights held by one or more enterprises, w						
		are not themselves SMEs					

Source: European Commission (2003).

A small hotel is financed by one individual or small group [and is] directly managed by its owner[s] in a personalized manner and not through the medium of a formalized management structure. It may or may not be affiliated to an external agency on a continual basis for at least one management function. In comparison to the largest unit of operation within the hotel industry it is perceived as small, in terms of physical facilities, production and service capacity, and number of employees.³⁰²

2. Challenges and opportunities facing SMEs in the tourism sector

The SME sector is regarded as fundamental to the competitive development and as the backbone of the European economy. As stated by the European Commission, "SMEs make a significant contribution in terms of competitiveness, research, innovation, skills and employment" Furthermore, SMEs are claimed to contribute significantly to the productivity and growth of large enterprises as they increase competition, add to a diversity of enterprises, and adapt new technology and ideas developed in other enterprises³⁰⁴. Because the tourism sector in Europe is dominated by SMEs, inevitably each tourism destination represents an amalgam of the SMEs providing tourism products and services³⁰⁵. Romania is no exception in this.

SMEs are argued to be well suited to tourism, but they also face a number of challenges. As far as their suitability for tourism is concerned, small business owners have personal contacts with their customers, and they are therefore able to respond rapidly to customers' needs and demands. They provide an interface and a contact between local

³⁰¹ European Commission, Commission Recommendation of 6 May 2003, 2003/361/EC, Brussels, Belgium: European Commission, 2003.

³⁰² Morrison, A., M., Small-firm Statistics: A Hotel-sector Focus, Service Industries Journal, Vol 18, No. 1, 1998, p.132-142.

³⁰³ European Commission, European Charter for Small Enterprises. Santa Maria de Feira, Portugal: European Commission, 2000, p.84.

³⁰⁴ European Network for SME Research, SMEs in Europe, No.7. Luxembourg: European Network for SME Research, 2004.

³⁰⁵ European Commission, A Renewed EU Tourism Policy:Towards a Stronger Partnership for European Tourism, COM, 134 Final, Brussels, Belgium: European Commission, 2006.

culture and tourists and thereby contribute in communicating the particular characteristics of their destination. As SMEs are flexible because of their size, they are also able to provide customized products and services. In addition, through SMEs, tourism expenditure reaches the local economy rapidly ³⁰⁶.

Turning to the challenges, SMEs in tourism, including those in Romania, and like SMEs elsewhere, face a shortage of financial resources, a lack of management and marketing skills, and a lack of industry expertise and strategic vision.

3. The hospitality industry overview in Romania

According to the European Commission, the European tourism industry is dominated by small medium-sized enterprise (SME) organizations, with more than 99% of firms employing less than 250 employees and about 94% employing less than 10 persons. On average, tourism SMEs in Europe provide jobs for 6 employees (microenterprises). Of the total turnover generated by SMEs in Europe, 6.5% is sustained by tourism SMEs. As tourism is a labor-intensive industry, any improvement in performance will enhance employment levels, which, in turn, will enhance competitiveness at the national level³⁰⁷.

In our country the small and medium-sized firms account 99,8% of the total units acting on this market, out of which the micro and small enterprises represent the majority (Table 2).

Table 2. Active enterprises in the "Hotels and Restaurants" activity, by size class (number units)

							-	(
Year	Total	of which:by size class according to employee number							
		0-9	% 10-49 % 50-249 % 250 and over					%	
2004	17240	15409	89,4	1571	9,1	233	1,3	27	0,2
2005	19229	17157	89,2	1821	9,5	226	1,2	25	0,1
2006	20579	18178	88,3	2148	10,4	228	1,2	25	0,1

Source: www.insse.ro

Furthermore, the analysis of the units type suggests that the small establishments of tourist reception with functions of tourists accommodation, such as tourist villas, urban and rural tourist boarding houses, tourist chalets, bungalows, hostels and hotels for youth dominate the romanian lodging industry, by representing more than 70% of total active units in 2006 (Table 3).

Table 3. Establishments of tourists reception with functions of tourists accommodation, by type of establishments

Number of establishments	2004	2005	2006
Total	3900	4226	4710
Hotels	928	993	1066
Motels	15	11	9
Hotels for youth	10	25	34
Hostels	21	33	41
Tourist villas	691	716	742
Bungalows	279	305	298
Tourist chalets	132	113	116
Holiday villages	2	3	2
Campings	72	72	68
School and pre-scool camps	157	151	128
Tourist halting places	25	29	31
Urban tourist boarding houses	461	597	702
Rural tourist boarding houses	892	952	1259
Houselet-type units	53	52	53
Ship accommodation spaces	13	9	7

Source: www.insse.ro

Weigts of staff and turnover in active SMEs in the romanian hospitality industry, as well as the staff of these enterprises complete the description (as shown in Table 4 and Table 5).

Table 4. Weight of staff and turnover in active small and medium "Hotels and Restaurants" enterprises(percent)

³⁰⁶ Buhalis, D., Cooper, C., "Competition or Co-operation?" In Embracing and Managing Change in Tourism, edited by Laws, E., Faulkner, B., Moscardo, G., Routledge, London, 1999, p. 324-346.

³⁰⁷ Phillips, P., Louvieris, P., Performance Measurement Systems in Tourism, Hospitality, and Leisure Small Medium-Sized Enterprises: A Balanced Scorecard Perspective, Journal of Travel Research, Vol.44, 2005, p.201.

Weight off:	2004	2005	2006
-staff	85,1	85,6	86,2
-turnover actived	77,8	78,8	81,1

Source: www.insse.ro

Table 5. Staff of active local units, by size class according to employee number, in 2006 (member persons)

Activity	Total	0-9	10-49	50-249	250 and over
Hotels and	123071	44840(36,4%)	44497(36,2%)	24447(19,9%)	9287(7,5%)
restaurants					

Source: www.insse.ro

4. Improving business performance in hospitality SMEs

The importance of SMEs for tourism in Europe is clear. At least in terms of numbers they dominate the tourism sector. They do, however, lack resources.

An analysis performed recently among the SMEs in the tourism industry outlined the following issues:³⁰⁸

- Enterprises are seldom, if ever, self-sufficient, and they need to exchange resources to survive.
- Start-up enterprises are particularly in need of adequate externally sourced resources.
- SMEs intending to internationalize are often held back because of a lack of appropriate resources.
- Resource dependence theory suggests that a possible way of managing dependencies is to *enact* its environment. Enacting means that by responding to environmental and resource factors organizations attempt to reduce uncertainty by minimizing their dependencies. Strategic planning is one possible way of "enacting" the environment. It was assumed that those SMEs that plan their operations would be more aware of the demands in their environment and would be able to respond to them better. Therefore, they would be less dependent on external resources than SMEs that did not make plans.
- Growing SMEs have a greater need for external resources than do enterprises that do not aim to grow. Use of external resources may increase an SME's dependence on resource providers. Therefore, enterprises' plans for the future were expected to explain differences in the extent of resource dependence between enterprises.
- Cooperation not only is considered to be an important factor in helping small enterprises achieve economies of scale and expand their business but also is believed to be important for their mere survival. SMEs might need to cooperate with other organizations to gain the resources they require. Cooperation is a means for an organization to decrease its dependency on external resources.

The following actions provide a way to overcome the number of challenges:³⁰⁹

- Collect the relevant information to support financial decision making. In essence, operators will be better equipped to formulate performance measurement strategies if they work with appropriate information.
- Build a customer profile. Operators are not able to set effective customer related indicators and targets unless they have a good understanding of their customer base. SMEs should be aware of who their customers are, where they come from, what they expect from a visit, and whether they will return.
- Investing in staff is essential. Operators should think more about their internal business processes and enable them to form more effective performance measurement strategies across the business as a whole—in terms of the guest/staff relationship, encouraging innovation, and facilitating learning, as well as refining internal operations.

A study carried out among 242 small firms in the tourism accommodation sector in Canada indicates that success requires an emphasis on both transaction marketing and interaction-based relationship marketing to acquire customers and achieve sales growth. More contemporary practices such as database marketing, e-marketing, and network marketing are in evidence, but they are not found to influence performance. Furthermore, it is success with customer acquisition rather than customer retention that leads to profitability for these firms. On one hand, these firms focus their efforts on establishing and developing relationships at an individual customer level based on face-to-face and interpersonal contact. On the other hand, they also focus on managing their offer to attract customers in a more arm's-length and impersonal manner, and invest in internal marketing assets to develop classic marketing mix capabilities. The findings for e-marketing and database marketing support reports that the tourism industry may not be using online or database technology to its full advantage, although some level of implementation is apparent across most firms. The lower level of network marketing (a practice requiring interfirm cooperation) is also consistent with the high proportion of independent operators in the study. Finally, when certain practices are implemented (e.g., database marketing and network marketing), this tends to be with somewhat larger firms; firms likely having a greater resource base for such activities.

 $³⁰⁸ Seppala-Esser,\,R.,\,Airey,\,D.,\,Szivas,\,E.,\,The\,dependence\,of\,Tourism\,SMEs\,\,on\,\,NTOs-The\,case\,\,of\,Finland,\,Journal\,\,of\,Travel\,Research,\,March\,\,2009,\,p.1-14.$

Turning to the marketing practice-performance relationship, the study shows four interesting results. First, customer retention is positively associated with interaction marketing, whereas customer acquisition is positively associated with both interaction marketing and transaction marketing. Consequently, the interaction form of relational marketing is effective as both an offensive and defensive strategy, whereas transaction marketing is an effective offensive strategy. Second, customer acquisition is positively associated with sales growth, whereas retention is not. Third, only sales growth (and not customer retention) is positively associated with profitability. Fourth, although the sample was dominated by smaller firms, the findings for the practice-performance relationship are independent of firm size. These results suggest that for tourism accommodation firms, (a) customer acquisition appears more important to financial success than customer retention, and (b) transaction marketing is still relevant to the customer acquisition process. Given the findings, the conclusion is that tourism accommodation firms profit from sales growth, generated by the use of interaction marketing and transaction marketing, to attract customers. Furthermore, investment to retain customers seems inconsequential for the firms in the study regardless of firm size or market served. Despite increased attention in the literature on newer forms of practice such as database marketing, e-marketing, and network marketing, and the fact that they are all implemented by the firms in the sample, these forms of marketing appear to have no impact in terms of either directly influencing performance or enhancing the effect of transaction marketing and interaction marketing³¹⁰.

From the early stages of the internet's commercial use several authors outlined the unprecedented opportunuties for small businesses. It was suggested that the internet would assist organizations in the areas of communications, personnel, sales, advertising and business intelligence. Those observers thought the internet would support innovative small businesses and even individual entrepreneurs in developing 'virtual size' so that they could compete with much larger corporations. The outcome would be that all businesses would effectively become worldwide enterprises regardless of whether they wished or planned for such globalization. ³¹¹

In comparison to other industries, the tourism and hospitality industries have traditionally been relatively slow on the uptake of new information technologies. This has especially been the case amongst small to medium-sized tourism enterprises (SMTEs). In many respects, the major impediments to SMTEs' uptake of the Internet appears to be the confusion caused by the masses of information concerning e-commerce, Internet marketing, online promotion and the plethora of solutions currently available, as well as issues related to the adoption of new technologies, the initial financial burden of uptake, the structural nature of the market and problems with content and design. If SMTEs are to remain competitive they need to overcome these impediments and they must decide on how to strategically use the Internet as an important marketing tool. Many of these businesses have few clients to manage at any one time and accounts are open for short periods of time compared to other credit dependent industries, therefore there has been little need for advanced software applications. There are many cost-effective promotional opportunities afforded by the Internet, and the demographic similarities between Internet users and consumers of tourism and hospitality goods and services is obvious. Some of the steps to follow include³¹²:

- Developing a site (defening the website's objectives, clearly identifying the target audience, establishing the buyer-readiness stage of the target audience, developing simple and persuasive messages, answering all of the most frequently asked questions, avoiding the use of gimmicky technology, promoting the website).
- Distribution. Searching and indexing of the Internet is now dominated by a handful of large players (Yahoo, Google). In addition to these mainstream search facilities, there are a growing number of specialist search engines and directories offering highly targeted distribution to particular businesses such as those within the tourism and hospitality sector. The only way to increase the distribution of the independent site is to list the URL in as many relevant places as possible.
- Joining a special-interest site/portal.

5. Conclusions

_

This paper outlines that managers within best practice SME tourism, hospitality, and leisure organizations who wish to develop effective performance measurement systems should incorporate digitization, holistic approaches, and well-trained and motivated staff into the process. Managers should aim for digitization to enable the swift and accurate retrieval of information from financial and management information systems, a system that would, in turn, allow for greater operational control. Financial, customer- related, internal business process and innovation and learning should not be measured in isolation but must be viewed as part of a whole. Staff should be acknowledged in the formation and performance measures. Well-trained and empowered staff enhance the guest experience, track and evaluate the effectiveness of internal business processes, and drive innovation and learning.

³¹⁰ Coviello, N., Winklhofer, H., Hamilton, K., Marketing Practices and Performance of Small Service Firms: An Examination in the Tourism Accomodation Sector, Journal of Service Research, Vol.9, No.1, 2006, p.38-58.

³¹¹ Paraskevas, A., Buhalis, D., Outsourcing IT for Small Hotels: The Opportunities and Challenges of Using ApplicationService Providers, Cornell Hospitality Quarterly, Vol. 43, 2002, p.27.

³¹² Christian, R., Developing an online access strategy: Issues facing small to medium-sized tourism and hospitality enterprises, Journal of Vacation Marketing, Vol.7, No.2, 2001, p.170-178.

References

- 1. Buhalis, D., Cooper, C., "Competition or Co-operation?" In Embracing and Managing Change in Tourism, edited by Laws, E., Faulkner, B., Moscardo, G., Routledge, London, 1999.
- 2. Christian, R., Developing an online access strategy: Issues facing small to medium-sized tourism and hospitality enterprises, Journal of Vacation Marketing, Vol.7, No.2, 2001.
- 3. Coviello, N., Winklhofer, H., Hamilton, K., Marketing Practices and Performance of Small Service Firms: An Examination in the Tourism Accommodation Sector, Journal of Service Research, Vol.9, No.1, 2006.
- 4. European Commission, European Charter for Small Enterprises.Santa Maria de Feira, Portugal: European Commission, 2000.
- 5. European Commission, Commission Recommendation of 6 May 2003, 2003/361/EC, Brussels, Belgium: European Commission, 2003.
- 6. European Commission, A Renewed EU Tourism Policy: Towards a Stronger Partnership for European Tourism, COM, 134 Final, Brussels, Belgium: European Commission, 2006.
- 7. European Network for SME Research, SMEs in Europe, No.7. Luxembourg: European Network for SME Research, 2004.
- 8. Morrison, A., M., Small-firm Statistics: A Hotel-sector Focus, Service Industries Journal, Vol 18, No. 1, 1998.
- 9. Paraskevas, A., Buhalis, D., Outsourcing IT for Small Hotels:The Opportunities and Challenges of Using ApplicationService Providers, Cornell Hospitality Quarterly, Vol.43, 2002.
- 10. Phillips, P., Louvieris, P., Performance Measurement Systems in Tourism, Hospitality, and Leisure Small Medium-Sized Enterprises: A Balanced Scorecard Perspective, Journal of Travel Research, Vol.44, 2005.
- 11. Seppala-Esser, R., Airey, D., Szivas, E., The dependence of Tourism SMEs on NTOs-The case of Finland, Journal of Travel Research, March 2009.
- 12. www.insse.ro Accessed: 9.05.2009e

ADVERTISING IN TIMES OF CRISIS

Belu Mihaela Gabriela

Academia de Studii Economice Facultatea Relații Economice Internaționale Strada Mihai Eminescu, Nr. 13-15, Et. 2. Sala 1212, Sector 1, Bucuresti Email: mihaelabelu2000@yahoo.com Telefon:012.319.19.00

Paraschiv Mihai Dorel

Academia de Studii Economice Facultatea Relații Economice Internaționale Strada Mihai Eminescu, Nr. 13-15, Et. 2. Sala 1204, Sector 1, București Email: dorelpar@inde.ro

Cărăgin Andreea Raluca

Academia de Studii Economice Facultatea Relații Economice Internaționale Strada Mihai Eminescu, Nr. 13-15, Et. 2. Sala 1205, Sector 1, București Email: andreeacaragin@yahoo.com

The article analyzes some key issues in advertising industry in times of crisis. Marketers are always in search for new and effective ways to reach the target market before the competitors. The general spirit is that by disturbing the markets, the deceleration of the economy, and especially of consumption, creates news, gives the opportunity to reconfigure the strategies marketing. One of the main consequences of the economic crisis is to reduce marketing budgets of major corporations for huge growth markets; after a long time, they will start to lower investment in advertising, at some time on an upward trend.

Keywords: advertising, recession, media markets

JEL Classification: M37, E37

1. Introduction

Financial uncertainty weighs on the cost and the accessibility to the financing, the rise of the raw materials seem to feed a share of inflation, the weak growth is and even more slowed down, the profits of purchasing power are extremely heterogeneous, the movement of globalisation continues and changes. In the short run, these factors weigh on investment, consumption continuing to increase even slightly. Such a climate can worry the advertisers, who, under the pressure of financial, are encouraged to reduce their expenditure in order to maintain the levels of margins.

Reasons to continue to spend in advertising during recession are as follows: to protect the value of the mark at a time when it can be mined by promotional actions of the market actors; in the short run, to facilitate the choice of the consumers who redefine theirs practices and change their behaviors; from the same point of view, to even maintain or increase the penetration of the mark and the sales, when this one does not reach its potential level (not all the consumers are reached) that economic environment redefines; in the medium term, to support the resumption of the sales at the time of change of cycle; to benefit from what the reduced advertising interference to launch an offensive in terms of market shares; to benefit from the effect of ousting (of the intermediate actors) to maintain and increase, all things being equal, a profitability stronger than the others; to send positive signals to the financial markets to maintain and increase the financial value of the mark and thus to reduce the volatility of the courses.

The three major functions of advertising are as follows: it is informative and gives to the consumer the means for a rational decision, while communicating him the existence of the mark and by informing him on its characteristics, including the price; it is persuasive insofar as it changes certain beliefs in connection with the mark and of the product.

2. Literature review

The variations of the advertising budgets seem to be the consequence of the variations of the economic activity, whether it is seized by consumption or the GDP. Ashley, Granger and Schmalensee (1980) which by a causal analysis return account the fact that the growth of consumption involves the growth of the advertising budgets, without one being able to accept the reciprocal one.

Rohme and Weisser (2007) find that advertising does not Granger-cause growth but Granger-causes consumption. They considered that advertising is good for consumption; consumption is good for output and output growth. Hence, advertising is good for economic growth.

In spite of often contradictory results as for the direction of causality, a point of agreement is established in the fact of a strong correlation of the advertising expenses and GDP and in the short-term impact of advertising when this impact is established. The cause of the correlation probably comes from budgetary determination of the type ratio (pub/sales), which confirms a study of Chakrabarti and Arora (1997) by stressing that this ratio depends mainly on the category and consequently of elasticity price, to a lesser extent by the frequency of launching of new produces and by the price One includes/understands too easily that to cross in the budgets is an immediate decision which makes it possible to preserve profitability when the sales stagnate or erode whereas the effect of the reduction of the budgets cannot be seen in the immediate future.

The recession does not affect the homogeneous consumption of manner

What is true on a macro-economic level is undoubtedly debatable on a microeconomic level. The recession does not have the same direction for all the actors, certain markets see their growth continuing and others crumble. One can with difficulty expect that the environment affects in a homogeneous way the behavior of the firms. The crucial point is sartorial specificity. The current context is that of a quasi stationary maintenance of the incomes, of a fear of devalorisation of the saving which acts in the direction of a feeling of reduction of the income intended for consumption (returned permanent); it is also characterized by one restarting of the all the more significant inflation as the discretionary share of budget is reduced, and which is occupied by food expenditure and fuels. One thus expects modifications of behaviors of the consumers, some occurring already.

If the restriction of consumption is very probable, another behavior can be observed: consumption turned towards quality. Economies are made on functional products while turning to white promotions, products and other marks of distributors, but for hedonic consumption by reducing volume or frequency, a preference for products of the first quality can appear - to drink less wine but of the middle-class vintages! Substitution effects can also occur between the categories: if the idea to leave on holiday is deferred, the budgetary economy can be affected with expenditure of decoration or gardening, to give only one example. One understands with this argument that the effect of a recession (or a deceleration of the economy) plays less quantitatively than qualitatively by moving the request, in redefining the segments, and naturally the nature of the offer. It would be thus an error to stick to an average effect, they are the effects differentiated by segments which must be retained. This change in the preferences is the occasion for certain actors to reinforce them by the adequate publicity, centered on the economy on the one hand, or the exceptionality on the other hand. These phenomena encourages less the budgets reduction than the reformulation of the messages. For the company it is thus necessary before acting to understand what the deceleration of the economy involves, individually, by examining the impact on the incomes and consumption.

Cycle business and effectiveness of advertising

A long time ago, one was interested in the relative effectiveness of the variables of the marketing mix in the various phases of the life cycle. The life cycle of offered product as a succession of different modes of growth, it is the old assumption of Mickwitz. Unfortunately, this work was little developed even if recently some researchers reconsidered the question. Naturally we are at the level of analysis of the markets and either of the economy as a whole. But this level has more relevance for the advertiser. The general environment is less important than that of the sales. The phases of growth correspond to an extension of the market; the role of advertising is informative, in particular on the new consumers of the category. One thus expects a strong response of the market to the requests, and definitely positive advertising elasticity. It is the result obtained by Abraham et al., or Parker and Gatignon (1996). On the other hand price elasticity is likely to be increased by advertising of the informative type (the case of I-pod is rather revealing from this point of view. In spite of its success, a notable fraction of the market resisted the purchase, speculating in falls to come). In the phase of maturity the advertising effect is supposed to be weaker. He plays volume with difficulty, but can have effects in terms of considerable market shares. With a more persuasive type of advertising, one expects little effect on the sales of the category, but a paramount effect on the market shares. If one cannot confuse recession and cycle of business, the recession can be considered as a disturbance which affects them, slowing down the phase of growth and accelerating the maturity of the markets. It is thus a question of considering the interaction of these two tendencies, and of carefully distinguishing the type of advertising and the types of effects.

Supporting the sales in economic period of deceleration

When the economy even slows down contracts, the main aim of the firm is to resist the erosion of the sales. This resistance can be passive, and results in a correlative reduction of the expenditure to the contraction of the sales aiming at maintaining the margin; it can be also active and pass by a reinforcement of the effort marketing. This objective of resistance privileges the short term insofar as the variation of the sales is recorded instantaneously. There will be thus preference for the immediate effects, mechanics, calculable. The hope of the support by the sales is however moderate insofar as the elasticity of advertising is low in period of maturity. A great part of the advertising effectiveness comes from its information effect; the effect of seduction is longer to settle. It thus seems to us not very reasonable to propose advertising a role of support of the sales in period of recession. However, this point of view deserves a thorough examination. The evolution of the sales is function of the penetration and of average sales by purchaser. Insofar as the deceleration of the economy affects consumption (and thus the purchasing power), one can understand that advertising does not strongly support the level of consumption per purchaser. On the other hand, the things are different in terms of penetration. The problem is thus not to reduce the advertising expenses, but to reorient them to the marks which can profit from a greater penetration.

One expects that the effect of advertising in period of deceleration exploits more the market share than the volume of the sales. This effect is more pronounced for the marks with strong Brand equity. Thus, the investments will be more effective as the interference advertising-executive decreases. In conclusion, independently of the growth targets or the maintenance of the sales, to make advertising in period of recession is the occasion to increase market shares.

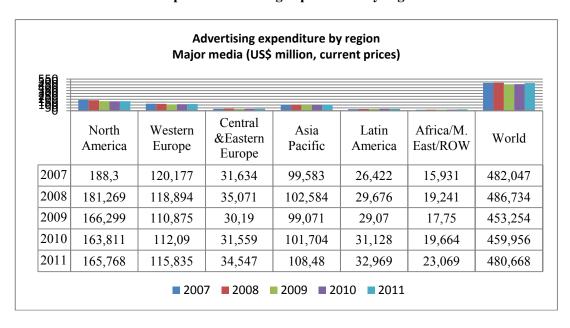
Creating mark value. One of the principal effects sought by advertising great media is the construction of the image; positioning consists in creating a value, that of the reputation, legitimacy, statute, reference and to support thus the prices. Persuasive advertising plays this part by decreasing the sensitivity to the prices. One imagines a famous brand not to be based on a strong legitimation and to shine without occupying in the space of the media a paramount place. We must underline that if the variations of sales relative to a price change are immediate and that the effects of remanence are moderated, the elasticity-price is constant.

Benefiting from opportunities. The recession leads to a redistribution of the market shares insofar as the marks do not have all an equal capacity to resist the contraction of the market. Those of which profitability is reached quickly are strongly encouraged to disinvest, offering opportunity for their competitors of taking market shares to them. There are serious arguments to think that this inequality is systematic. To reinforce the expenditure thus amounts exerting a pressure on the competitors more threatened in the incentive to maintain their investments, even if it means to reduce their profits. With this argument, from an extreme point of view, it is not necessary for the advertising effort to have important effects on the sales, the market shares or elasticity price. It is enough that it influences the level of relative profit, and consequently the competitive advantage of the firm (i.e. the difference between its level of profit and the mean level of profit of the market). In other words, if the recession by the weakening of the sales which it involves, led to a general reduction in the profit, the strategic use of advertising can allow the most profitable marks, to preserve or even to increase their "excessive profit".

3. Media markets

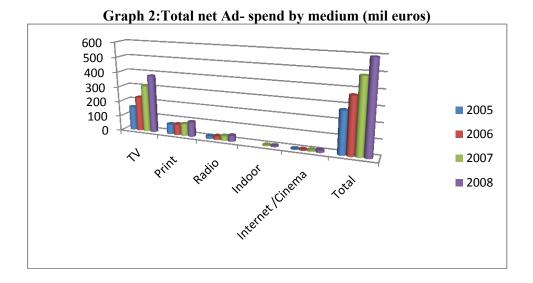
Forecasts from Zenith Optimedia predict that global ad spend will decline with 6.9% over the course of 2009. Ad spend in North America will shrink by 8.3% in 2009 in the absence of quadrennial events such as the Olympics and presidential elections. This includes an 8.7% decline for the US and stable 0.2% growth for Canada. All major markets in Western Europe currently are suffering substantial decline in ad expenditure and the overall market is expected to drop 6.7%. With regard to specific countries, a 7.3% decline is expected in France, a 5.5% drop in Germany, a 5.0% drop in Italy, 10.1% drop in Spain and an 8.7% plunge in the UK. Overall spend is expected to drop 6.7%.

In 2010, all major markets are expected to grow with the exception of Italy, which will shrink another 0.8%. Central and Eastern Europe will suffer the sharpest drop-off in 2009, at 13.9%. The Asia Pacific area is expected to drop by 3.4% in 2009, including 5.4% growth in ad spend in China (down from 18.8% last year), 6.4% growth in India (down from 18.9%) and 7.9% growth in Indonesia (again down from 18.9%). Though these and several smaller markets are also still growing, they are being counterbalanced by sharp falls in other markets (-11% in Taiwan, -16.5% in Singapore and -20.0% in South Korea) and a 5.0% fall in Japan, which contributes with 38% of the region's ad expenditure. Most markets in Latin America are still growing, but the region as a whole is being dragged down by two markets (Brazil and Colombia). Overall ad spend is expected to shrink 2.0% but will return to strong 7.1% growth in 2010 (See Graph 1).



Graph 1: Advertising expenditure by region

- The publishing industry has been building an online presence to balance falling print revenues. But only a few online newspaper and magazine sites have managed to generate sufficient profit to offset declining margins from print versions.
- The Romanian media market has grown in size and diversity in recent years. The media market is characterized by: media fragmentation, media pricing inflation; decreasing inventory on main TV channels. In 2008, the Romania media market grew in net value by 22 %% (See Graph 2).



As for advertisers, P&G maintains the leading positions from 1999 through 2007, with the biggest TV budget. L'Oreal climbs on second place and Unilever maintains its 3rd positions in top (Table 1)

Table 1: The biggest advertisers expenditures

Advertisers	Exp (000'euro)
P&G	526,909
L'Oreal	345,859
Unilever	315,663
European Drinks & Food	188,160
Danone	177,601
Coca-Cola Co.	163,681
Colgate Palmolive	143,341
Kraft Foods Romania	134,301
Henkel	128,939
Nestle Romania	120,204

Source: TV-TNS AGB International, Press and Radio: AlfaCont

The publishing industry has been building an online presence to balance falling print revenues. But only a few online newspaper and magazine sites have managed to generate sufficient profit to offset declining margins from print versions.

The online advertising continue to grow by 50-60% annually. Even if currently the Romanian media market is geared toward traditional media, we can notice a fast grow of new media.

4. Conclusions

Through this survey a certain number of key ideas appear.

First of all, the recession or the economic deceleration disturbs doubly the market equilibrium and consequently opens a window of opportunity. It redefines the market segmentation and modifies the capacities of action of the advertisers, creating for some an effect of ousting, but for others the occasion offers to redefine their policy in an offensive way.

Secondly there is not obviously less effectiveness of advertising on the sales. This one is related to the life cycle of the market, than with the business cycle. The informative role of advertising can then play full. It is then the occasion to launch out to the conquest of the market shares.

A third idea also sticks to the capital of mark, and obviously of the increase in the sensitivity to the price in difficult period. Not to spend in advertising, it is to be likely to lend the side to the marks of distributors and the whole of the low cost and thus to resort excessively with the price weapon. Advertising would immunize against degradation too much strong of profitability.

Fourth is that on the medium-term, an important issue is given by the exit of the cycle. Those who would have given up the effort are likely not to benefit from the recovery, because they will have let degrade the capital of mark.

References:

- 1. Ashley, R., C. W. J. Granger, and R. Schmalensee Advertising and Aggregate Consumption: An Analysis of Causality, 1998, Econometrica, Vol.48, No. 5, pp.1149-1167.
- 2. Günther Rohme and Sara-Frederike Weisser Advertising, Consumption and Economic Growth: An Empirical Investigation, Darmstadt Discussion Papers in Economics, Issue178.
- 3. Moriarty, S; Mitchell, N.; Wells, W. Advertising (8th Edition): Advertising: Principles and Practice, Prentice Hall, 2008
- 4. Parker, Philip M. et Hubert Gatignon. Order of Entry, Trial Diffusion, and Elasticity Dynamics: An Empirical Case, 1996, Journal of Marketing Letters, Volume 7, No 1, January 1996, pp. 95-109
- 5 Chakrabarti, S. Arora, A. P. Drivers of ad spend trends among global marketers, International Journal of Advertising, 2007, Vol.26, No.3, pp. 387–398
- 6. ***, Media Fact Book, 2008

BUILDING A RELATIONSHIP WITH THE CUSTOMER: A CRM VERSUS A QM PERSPECTIVE

Bena Irina

Academia de Studii Economice din București Facultatea de Administrarea Afacerilor (cu predare în limbi străine) Str. Mihail Moxa, nr. 5-7, 010961 București, camera 3303 Email: irina.bena@gmail.com

Sandru Ioana Maria Diana

Academia de Studii Economice din Bucureşti Facultatea de Administrarea Afacerilor (cu predare în limbi străine) Str. Mihail Moxa, nr. 5-7, 010961 București, camera 3303 Email: diana_sandru@yahoo.com, sandru.diana@gmail.com

Customer relationship management (CRM) and quality management (QM) both define the customer as being the focus of all business activities. The question arises on how these two concepts work together. In the change defined environment, where getting ahead of the competition means survival, how should one juggle the two concepts? This paper defines the terms, compares them and gives a clue for managers on how they might dose their effort on customer focus.

Keywords: relationship marketing, customer relationship management, quality management, customer centric approach

The article's JEL code: M

1. The evolution of the CRM concept

From the first suggestion Levitt made in the late 1960s of the importance of creating relationships with the customers (Mendoza, et al., 2007, p. 914), the evolution of relationship marketing (RM) is directly linked with the evolution of the business environment. Sheth (Sheth, 2002, p. 290-291) presents the main factors that contributed to the development of RM as follows:

- -the energy crisis of the 1970s and the consequent economic stagflation which confronted companies with excess capacities and high material costs;
 - -the emergence and development of services marketing;
- -the collaborative as opposed to combative attitude towards suppliers stimulated by the quality drive in the 1990s;
- -the rapid evolution of the information and communication technology which created the support for addressing customer needs directly and more specific.

In addition, the issue of profitability resulting from the customer-company relationship led scientific research to focus on identifying the most profitable segment and designing models for customer valuation. Sheth concludes that the focus in marketing shifted from customer acquisition to customer retention and thus RM "emerged as a popular new paradigm".

The 1990s are marked by the popularity of the new RM concept. The rise of RM and the emerging research interest have been regarded by Webster (1992) and Nevin (1995) (as quoted by Greenberg and Li, 1998, p. 208) as "a fundamental reshaping of the field", respectively as "one of the most revolutionary changes" within the marketing area. Loyd (Loyd, 2000, p. 12) even gives the number of articles publishes on the concept between 1995 and 2000 – in this five year period 500 scientific articles were published.

Loyd (Loyd, 2000, p. 15) selected a set of definitions for RM to show the evolution of the concept: Copulsky and Wolf (1990), Gronsroos (1990), Shani and Chalasani (1992). Copulsky and Wolf regarded RM in 1990 as a combining "elements of general advertising, sales promotion, public relations, and direct marketing to create more effective and more efficient ways of reaching consumers. It centers on developing a continuous relationship with consumers across a family of related products." Although stressing the focus on a long term relationship with customers this definition doesn't recognize RM as a new paradigm. It is rather a combination of various instruments of the promotion policy within the marketing mix. Gronroos' definition from the same year offers a different perspective: "To establish, to maintain, enhance, and commercialize customer relationships (often, but not necessarily always long-term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises." This time RM appears as an activity with the scope of creating and sustaining relationships with the customers. In addition, the definition includes the implication of the customers with their objectives and promises. Interesting for this definition is the time perspective – Gronroos doesn't regard the long term perspective as a must. Shani and Chalasani offer in 1992 a more comprising definition, corresponding with the version accepted also in the recent years: "An integrated effort to identify, maintain, and build a network with individual consumers to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized, and value-added contacts over a long time period." RM is referred to as an *integrated* effort, reaching all company levels and departments. The relationship acts out through interaction and individualization; in an effort to offer value to the customer.

As Sheth predicted (Sheth, 2002, p. 291), RM shifted and evolved into *Customer relationship management* (CRM). It emerged as a concept defining the implementation effort at the overall company level of RM. Teo et al (Teo et al, 2006, p. 1614-1616) categorized the definitions CRM into three complementary perspectives: technology, business

and customer. The technology perspective regards CRM "as the underlying infrastructure and sophisticated applications to understand customers and analyze customer information." The second, business perspective considers CRM as "the strategy of identifying, understanding and predicting consumer behavior to foster long-term profitable relationships". From the third perspective, the one of the customer, CRM is viewed as focusing "on all interaction points of the customer with the organization". All three perspectives rely on the use of IT and change management. While the technology perspective uses IT infrastructure on a high level, for the other two perspectives change in the mindset of employees is needed.

Another way to classify CRM definitions is presented in a recent article by Richard and Jones (Richard and Jones, 2008, p.121). They make the distinction between the strategic and operational definitions different other authors give. "A comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer" is one strategic definition offered by Parvatiyar and Sheth (2001). On the other side, operational definitions are more closely related to the processes and technologies associated with enabling better customer relationships. Such a definition is offered by Rigby et al (2002): "CRM allows companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services".

2. CRM implementation and its problems

In spite of the positive definitions, stating that CRM enables the creation of superior value to both company and customers or that CRM allows the increase of loyalty, the reality companies face seems to be rather different. Studies analyzing the results of companies undertaking CRM projects show alarming figures. A Forrester Research report of 2006 indicates that "only 10% of the business and information technology executives surveyed strongly agreed that expected business results were achieved from implementing CRM" (Richard and Jones, 2008, p.120). A Gartner Group study from 2001 reveals that only 3% of the companies are developing successful CRM projects (Mendoza, et al., 2007, p. 914). In fact 55% of all CRM projects don't produce results. According survey of 451 senior executives from 2001, 20% of the users reported that their CRM initiatives not only had failed to deliver profitable growth but also had damaged longstanding customer relationships. According to Bain's 2001 survey of management tools CRM ranked in the bottom three for satisfaction out of 25 popular tools (Rigby, et al., 2002, p. 101).

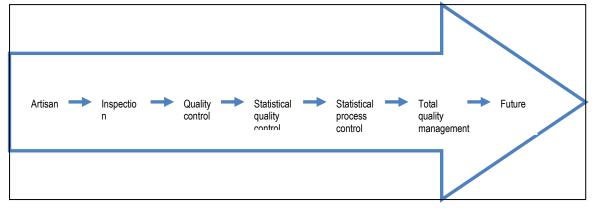
These reported bad numbers apparently don't reduce the popularity of CRM among practitioners. During eight years of analysis CRM reveals itself as the fastest-growing technique. And, "according to the research and consulting firm META Group, the CRM software market is expected to more than double from \$20 billion in 2001 to \$46 billion by 2003" (Rigby, et al., 2002, p. 102).

The importance of *correct CRM implementation* is obvious. In order for companies to be successful, Mendoza et al underline that CRM projects need to be viewed as more than the implementation of IT. Companies need adequate planning, coordination and controlling – 35% of the companies have started projects without any type of coordination and 45% have not evaluated CRM. Another study, performed by Forsyth on a sample of about 700 companies, names the main causes of failure as being:

- -Organizational change (29%).
- -Company policies/inertia (22%).
- -Little understanding of CRM (20%).
- -Poor CRM skills (6%) (Mendoza, et al., 2007, p. 914).

3. Quality dimensions

Quality has evolved during time and turned into a multifaceted concept (see fig. 1), becoming part of the steps necessary to deliver products that comply with customers' needs. Thus, the latest developed form of the quality notion is total quality management, "a management approach that places emphasis on continuous process and system improvement as a means of achieving customer satisfaction to ensure long-term company success" (Summers, 1997, p. 12).



Source: Summers, D. C. (1997), Quality, Prentice Hall, Upper Saddle River 1997, p. 8.

From artisan to inspection, from quality control to statistical process control and total quality management, quality is a complex notion. So, how would one define quality? On a primary level it indicates the "characteristic, property or attribute" of things, "character or nature, as belonging to or distinguishing a thing" (Webster's Encyclopedic Unabridged Dictionary of the English Language, 1996, p. 1175). On more elaborated levels its meanings become, as well, more sophisticated:

- -"character with respect to excellence, fineness" (Idem, p. 1175),
- -"fitness for use" (Juran, 1974 in Wonigeit, 1994, p. 17),
- -"conformance to requirements" (Crosby, 1979, p. 15), "zero defects" (which is step 7 of Crosby's 14 Step Quality Improvement Process³¹⁴)
- -"the total composite product and service characteristics of marketing, engineering, manufacture, and maintenance through which the product and service in use will meet the expectations of the consumer" (Feigenbaum, 1983, p. 7),
- -"Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for." (Drucker, 1993, p. 228).

As one can observe, the definition of quality, though pointing towards a customer related perspective, begins to be more and more directly, explicitly related to satisfying clients' needs. Thus, customers become the binding element of both quality and customer relationship management.

Building a relationship with the customer, and thus, building customer loyalty is the premise of successfully adopting relationship marketing (Morris et al., 1999, p. 660).

4. QM – what lies behind the customer perspective?

According to Garvin (in Oess, 1993 p. 31-34; in Wonigeit, 1994, p. 15-20), apart from its user related definition which places the customer as the decisive factor in judging the usefulness of the product/ service in satisfying needs and expectations, quality bears more meanings that will be further on briefly presented (see fig. 2).

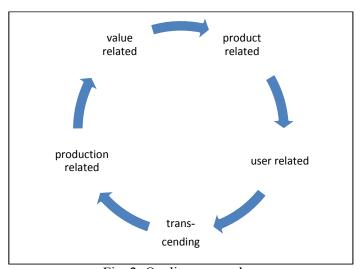


Fig. 2: Quality approaches

Source: cf. Wonigeit, J. (1994), *Total Quality management: Grundzüge und Effizienzanalyse*, Deustcher Universitätsverlag, Wiesbaden, p. 15-20 and Oess, A. (1993), *Total Quality Management: die ganzheitliche Qualitätsstrategie*, Gabler, Wiesbaden, p. 31-34.

If the client holds the central role in the QM-CRM equation, should quality be restricted only to this dimension, should, under these circumstances, all the other quality approaches be banned?

From a transcending perspective, quality is to be understood as something exceptional, absolute, whose high standards leave no room for compromises in their aim to reach them. It is extremely difficult to find measures and benchmarks for such a perception, experience being seen as a possible way to reach such a state. Within this approach could lie the germ of a possible intrinsic need which requires further exploration.

³¹³ The concept "zero defects" does not mean that everything must be done perfect and no error must occur; it refers to communicating employees a performance standard (Crosby, 1982), namely if someone does things right the first time, then a certain number of errors is not allowed to occur within a product/ service.

³¹⁴ See Winter Park Public Library (Ed.), links to Philip Crosby's Essays and Writings, retrieved on 8 May 2009 from: http://www.wppl.org/wphistory/PhilipCrosby/grant.htm

A product related approach brings within quality differences as identified in different and divergent product characteristics. Within this approach, quality becomes an objective attribute of products/ services which provides a basis of comparison between *similar* outputs, while a product/ service classification becomes possible. Though within this approach quality is associated with the sum of comparable higher (better) product characteristic, one can conclude, as well that customers' needs are different and that their fulfillment corresponds to different levels of quality.

Production related quality highlights the idea that along the supply chain levels, product/ service related norms, standards, specifications have to be met. *Conformance with requirements and doing things right the first time are not so much related with fulfilling customers' demands, but with meeting given specifications*. A much expected consequence of keeping standards is the delivery of *reliable* products/ services for clients. This approach brings within the idea that despite keeping similar specifications, two products/ services may differ and have a different impact on consumers. Though highly reliable products/ services are being marketed, it often happens that by not fulfilling customers' needs, these are being rejected.

Last, but not least, quality is perceived by customers as a price-benefit relation, approach which is beginning to gain supporters on the market. In this respect, quality is that particular benefit that a customer enjoys by paying a certain price, by blending a user related and production related approach.

The meaning of quality should, thus, not be limited only to a customer-focused approach. It needs the whole range of meanings because of all them generate a more or less significant impact on customers.

3. QM versus CRM and the customer approach

So what do QM and CRM have in common except for a customer focus?

- -A quality centered offer (see fig. 3),
- -which refers not only to a *quality based output*, but also to *quality based processes*,
- -and a customer centered interaction,
- -which sets the ground for receptiveness towards customers' needs and requirements,
- -and involvement of the entire personnel,
- -by not limiting contributions only to the marketing and sales *departments*, are the main binding elements.

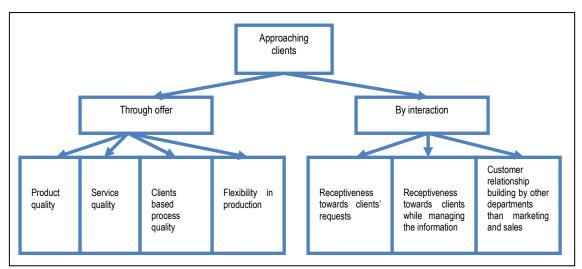


Fig. 3: The concept of "customer approach"

Source: Cf. Bruhn, M. (2001), Orientarea spre clienți. Temelia afacerii de succes, Ed. Economică, București, p. 20.

From a more technical perspective, the integrative character the two concepts together build, resides in their capacity to employ tools and techniques and serve joint goals. If we take, for example, the notion of "customer satisfaction", then, reaching this CRM goal implies implementing total quality management (TQM) tools, such as scatter diagram, as well as TQM techniques, such as gap analysis customer needs mapping (Morris, 1997, in Morris et al., 1999, p. 663). CRM and QM, respectively TQM have to team up in order to fulfill clients' intrinsic needs and expectations. Often, it is CRM "intrinsic promise" (Morris et al., 1999, p. 663) that needs to be made explicit by using TQM related tools and techniques.

In *conclusion*, to meet customer expectations and motivate customer retention, high levels of customer awareness and service need to be present throughout the product service delivery process. TQM offers a solution to operationalize such a system and insure the success of CRM implementation.

The marketer must remain an active agent in the pursuit of quality throughout the organization (Morris et al., 1999, p. 663) in order to successfully fulfill its goals. This means that the marketer does not necessarily need to personally employ the tools and techniques of TQM but an understanding of them would prove beneficial.

References:

Bruhn, M. (2001), Orientarea spre clienți. Temelia afacerii de succes, Ed. Economică, București.

Crosby, P. B. (1979), Quality is free. The art of making quality certain, New American Library, New York.

Crosby, P. B. (1982), Zero Defects: Subjective Vs. Objective, retrieved on 8 May 2009 from: http://www.wppl.org/wphistory/PhilipCrosby/ZeroDefectsSubjectiveVSObjective.pdf

Drucker, P. (1993), Innovation and entrepreneurship: Practice and principles, Harper Business New York.

Feigenbaum, A. V. (1983), Total quality control, McGraw-Hill, New York.

Greenberg, B. A./Li, F. (1998), Relationship marketing: A tactic, a strategic choice, or a paradigm, American Marketing Association. Conference Proceedings, Winter, p. 208-214.

http://www.wppl.org/wphistory/PhilipCrosby/AnInadequateProcessVSZeroDefects.pdf

Juran, J. M. (1974), Basic concepts, in: Juran, J. M., Gryna, F. M. (Eds.), Quality control handbook, McGraw Hill, New York, p. 2.1-2.4, in: Wonigeit, J. (1994), Total Quality management: Grundzüge und Effizienzanalyse, Deustcher Universitätsverlag, Wiesbaden.

Lloyd, S. M. (2000), Toward understanding relationship marketing from the consumer's perspective: What relationships are and why consumers choose to enter them, American Marketing Association, Conference Proceedings, Summer, p. 12-20.

Mendoza, L.E.; Marius, A.; Pérez, M.; Grimán, A.C. (2007), Critical success factors for a customer relationship management strategy, Information and Software Technology 49, p. 913–945.

Morris, D. S., Bradley, R. Barnes, Lynch, J. E. (1999), Relationship marketing needs total quality management, in: Total Quality Management, 10, 4/5, p. 659-665.

Oess, A. (1993), Total Quality Management: die ganzheitliche Qualitätsstrategie, Gabler, Wiesbaden.

Richards, K.A./Jones, E. (2008), Customer relationship management: Finding value drivers, Industrial Marketing Management 37, p. 120–130.

Rigby, D.K./Reichheld, F.F./Schefter, P. (2002), Avoid the Four Perils of CRM, Harvard Business Review, February, p. 101-109.

Sheth, J. N. (2002), The future of relationship marketing, The Journal of Services Marketing, Vol. 16, Nr. 7, p. 590-592.

Summers, D. C. (1997), Quality, Prentice Hall, Upper Saddle River.

Teo, T.S.H./Devadoss, P./Pan, S.L. (2006), Towards a holistic perspective of customer relationship management (CRM) implementation: A case study of the Housing and Development Board, Singapore, Decision Support Systems 42, p. 1613–1627.

Winter Park Public Library (Ed.), links to Philip Crosby's Essays and Writings, retrieved on 8 May 2009 from: http://www.wppl.org/wphistory/PhilipCrosby/grant.htm

Wonigeit, J. (1994), Total Quality management: Grundzüge und Effizienzanalyse, Deustcher Universitätsverlag, Wiesbaden.

**** Webster's Encyclopedic Unabridged Dictionary of the English Language (1996), Grammercy Book, New York, p. 1175.

GUIDELINES REGARDING EFFICIENT COMMUNICATION WITHIN MODERN ORGANIZATIONS

Bente Florina Maria

University of Oradea The Faculty of Economics Postal Address str. Carpaţi nr. 1B, Bl. PB 36, Ap. 9, Oradea, România E-mail: florinaalb@yahoo.com Phone: 0745-087.095

Abstract: Efficient communication is one modern organization's key to success, strengthening from within the employees' confidence in the vision and mission of the organization, pinning them down to the reality of their workplace, feeding the development process of that entity, facilitating the necessary amends towards progress and contributing to the change of employees' way of being. On the outside, the image of the organization, the discovery of new opportunities and the relation with the society depend a great deal on how well this continuous process of communication is being conceived and managed.

Keywords: organization, feed-back, memo

Cod JEL lucrare: M3

Under the influence of the changes in the economic, political and social activities, as well in the infocommunicational revolution, today more than ever, managers must undergo a multilateral performance training in order to face the situations related to the overall success of an organization. Experience, outlook, conduct, efficient communication skills in general and persuasion of the entourage in particular, prove to be of essence in spotting out and avoiding the difficulties and inherent risks of a restructuring process, substantiating adequate solutions to the complex issues of Romanian organizations. Or, the economic, functional and structural evolution of the organizations pertaining to the national economy sector mostly depend on the communication methods of managers and on the persuasive strategies enforced in their activity. Holding onto multiple advantages communication is an important strategic resource of maintaining and/or increasing performance.

Communication is that continuous process through which data, information, instructions, ideas and feelings are conveyed from individual to individual and from one group to another. Thus, communication presumes the transfer of the sense and meaning of a certain message sent to the interlocutor, depending on the way the conveyed message is being percepted.

Communication is essential for the efficient coordination of the activities implying such connections; it is a process for the materialization of which it is necessary to build communication channels that may transmit ideas, knowledge and exigencies. The qualitative dimension focuses on the maintenance of a mutual understanding attitude, on creating and developing a motivational climate as well as on assuring the solving of demands and claims in an amicable manner.³¹⁵

In order to achieve its goal communication must be good and efficient. One method of communication is considered good if the message sent to the receiver is understood. The efficient communication is the one that manages to send a relatively short and clear message understandable by the receiver and at the same time prone to assimilation in order to forward it. As a comparison between good and efficient communication, the latter implies motivational related elements meant to positively influence the receiver, to trigger acceptance of the message and its enforcement in life.³¹⁶

Realization of such an efficient communication supposes optimal dosage of data and information conveyed. One too vast, or, on the contrary, too small amount of information influences in a negative way the efficiency of the activity within the organizations. Likewise, forwarding a substantial volume of information in a short period of time has bad consequences on the established target.

Employees of certain organizations with a good communication feel connected to the normal evolution of facts and understand the way in which their actions may support that activity. New comers link themselves more quickly to the culture of the respective organization and face much better the changes that may be demanded of them by the management in certain situations.

In other words, organizations communicate more and more but – considering the technological progress – they prefer the more modern and faster ways to send and receive messages. Measuring up the communication process becomes compulsory to design, apply and modify – where necessary – the communication strategy of a company or of an organization, in order to enhance its profit.

Of course, some may wonder how the separation of the communication process from the organization's development related factors was achieved. And the answer is simple: communication is the foundation for the other company related factors, like investments (shareholders invest more confidently in a transparent organization with a predictable future), a performing management (the true managers are in fact leaders who bring their team to success especially through a motivational internal communication development), human resources and their clever

³¹⁵ Luminița Gabriela Popescu, Comunicarea în administrația publică, Economic Publisher, Bucharest, 2007, p.11.

³¹⁶ Stancu Şerb, Relații publice și Comunicare, Teora Publisher, Bucharest, 2006, p. 36.

use (people give the greatness of success), brilliant ideas (without communication and team effort they cannot be put to practice), tenacity-endurance (communication is the only catalyst for building and maintaining a constantly performing team throughout the years).

In situations when the other factors are approximately equal, efficient communication is the only one to make a difference, being the most important vector influencing radically all the others.

Efficient communication begins with listening to the other. Listening is not a behavior. Listening is a status of availability to the others and to what they have to say. It means to give the others all the importance and to unconditionally recognize them in the moment of communication. To really listen doesn't mean to nod, to utter sounds like "aha", "hmm" while staring in their eyes. Listening means to do one's best to understand the point of view of one's discussion partner. It is indicated, especially for business men, to listen at least as much as they talk. Many don't realize that an efficient communication is a double process: we send information and receive information. Thus, while their interlocutor speaks they often think about other things that distract them. It is commonly known that during a conversation, besides listening to the other, thinking is also functioning. Meaning that we get distracted by a thought that has nothing to do with the subject of conversation or we think about how to respond to the other and what advice to give our partner in conversation. In both cases, attention is diminished. We can reach the highest point of attention (thus of real listening) if we are able to stop the flux of thoughts and try to just listen. Studies show that employees who are not listened to by their managers would loose motivation, would feel unappreciated, missing more hours from work, facts that would lead to a great fluctuation within the organization

Communication is one of the most difficult tasks of a manager. The source of most communication problems is the difference between the content of the message or its intended impact and the way the other organization members receive it.

One of the most appropriate methods for the manager to be more efficient is for him to check the impact of his words and actions on those around him. So the key is to trigger their reaction, the feed-back, which is risky. In intimate relationships, the more trust they gain in one another the more open they get. But in an organized context things change, on one hand because the manager has the power and, on the other hand, because information is distorted as it passes through informal communication channels. There are methods to develop an efficient communication strategy which gives managers the certainty of a correct reception of the conveyed message as method to obtain the needed feed back.

In order to increase the performances linked to the organizational communication, the majority of managers develop their ability to process the information obtained from their subordinated employees and to transmit a quick and concrete feed-back. Such feed-back assures a good reception and understanding of the message, adjusting the information to the receptors' characteristics, social balancing by flexibility of roles and functions held by the receptors as well as increasing the work satisfaction. Organizations are more and more interested in implementing such instruments, because the productivity rate of every employee depends greatly on them.

Beside a good salary package, bonuses and benefits, for a worker will always count the working environment, the way his access to information and development is or not facilitated; he needs to understand his own role in applying a strategy and the impact he will have at a certain point on him and the others, the way he relates to his colleagues and other teams, the managerial practices, or, in other words, the culture of the organization. All of these are key factors for keeping a good employee and, through informal communication, to attract new ones. The bases of an efficient communication always start with establishing the targeted audience.

Developing a community the employee feels he is part of, is crucial for preserving the talents. Communication inside the organization becomes an essential weapon for any entity that wants to exist on an ever competitive labor market.

Based on the organization developing such practices, the way of communication differs from one entity to another. Some of them developed own tactics, specific to their field of activity, other chose to implement some Western "rules" that worked on other markets. Internal communication started to find its way up on the Romanian company managers' agenda, especially on the multinational ones.

One organization having internal marketing is more interested in the faith of the employee beyond the professional stiffness. Internal communication channels are as important as they may become at any time the conversation subject between friends, increasing its notoriety.

While the Romanian organizations use mainly vertical formal communication, the Western ones and the multinationals passed on to more complex techniques, meant to keep the employee closer as an individual.

Maintaining a steady control over the conveyed information but also assuring the understanding, receiving and fulfillment of obligations, objectives and tasks is much better controlled by using the vertical formal way of communication. Such an organizational communication proved to be efficient especially with the organizations having multiple employees as long as it is backed up by other types of inter/intra departments communication.

In order to have an efficient communication one must firstly know one's audience. That's why an important phase is audience segmentation in order to set up the tactics. Dialogue openness is the first change in attitude; employees are more available to presenting their opinions about what works and what needs amending, about their

expectations and problems, these having a major impact on the results, many times helping the simplification/improvement of some processes, technologies and services destined to clients/citizens.

At present, internal communication lies in constructing the correct relations types, with no regard to status, hierarchy, politics, personalities and technologies meant to contribute to the consolidation of the image of one's organization because image is a way of communicating. Practically, it is the way the internal communication may add to its value.

In order to be sure that in the entities they work in, communication goes on in good conditions and the feed back is at its optimal range, many managers rely on certain ways and procedures through which they find out if what they conveyed is properly received by employees. Also, by these methods they may find out about opinions, problems and other suggestions the employees may have about their tasks. According to the study results performed by HR in Romania³¹⁷, among the most popular ways to improve organizational communication are the following:

- Open meetings;
- Inter-departments meetings;
- A more correct adaptation of the organization chart to an efficient communication, both horizontally and vertically;
- Realization of an internal newsletter;
- Mail messages to the entire organization;
- INTRANET;
- Preservation of contact with the employees. Maintaining permanent communication channels.

Those organizations which manage to effectively communicate with their employees have a four time bigger probability to report an increased level of employees' commitment as opposed to less efficient communicative companies.

Also, there is the feed back not only between manager and subordinates but also between managers themselves. When talking with their superiors from a hierarchy point of view, managers face many of their subordinates' problems when they are given the possibility of feed back. When they speak with their underlings they must know about the standards the underlings must reach, the degree to which an employee must improve its performances and the consequences of an alleged failure. Having as main subject the manager's expectations of performances, communication should begin before the actual hiring of the underling.

There are within organizations types of communication in a horizontal plan or on a diagonal/oblique one, as methods to improve coordination between different departments. It also may be the case that people from technical departments coordinate their activities and exchange information with the engineers, creating the need to communicate horizontally (communication between equal titles holders within the hierarchy of the organization). Oblique communication is the least used modality because it crosses the traditional authority hierarchy lines. Employees situated on uneven hierarchy positions from different departments may still feel the need to directly communicate among themselves especially when that means avoiding time loss.

Due to the fact that it links directly the emitting party to the receiver, oblique communication may prove to be more efficient and precise in certain situations than the traditional ways of communication.

Communication may follow several directions: from top to bottom, from bottom to top, and sideways. The updownwards communication is used to convey messages to superiors and may take up different shapes like *memos*, organization politics manuals, bulletins, direct orders and statements regarding the mission. This type of communication is essential to the proper functioning of an organization, but harms its survival if it becomes the only acceptable way to transmit information. This type of unilateral communication may halt innovation causing increasing dissatisfaction among the organization's employees.

There must be a balance established between the up-downwards communication and the down-upwards one because messages conveyed from up downwards loose their true meaning and their motivational power due to the distortions introduced while crossing the hierarchy levels.

The down-upwards communication permits a free informational flux in the organization. Free circulation of information may be improved by putting to practice by managers of certain communication policies (the policy of "open doors", free discussion sessions between managers and employees, and so on)³¹⁸.

The employees are being eased into the different aspects of the organization environment and need a communicational channel through which to share their knowledge with their superiors. Recent practice showed that managers who receive feed back from their underlings are more efficient in fulfilling their tasks as the others. There are certain aspects that may cause failure of the communication process. Usually managers communicate personally by direct impersonal contact, but also formally by memos, orders, speeches and other.

"At the core of most managerial communication problems are the issues of perception or credibility. None of us sees the world as it is but as we or our reference systems or "maps" describe the territory. And our experience owed perceptions influence to a large extent our feelings, convictions and behavior." 319

_

³¹⁷ www.hr-romania.ro.

³¹⁸ Luminița Gabriela Popescu, Comunicarea în administrația publică, Economic Publisher, Bucharest, 2007, p. 210.

We find in communication the explanations of misunderstandings, disapprovals and even conflicts; in the barriers people – managers and executants - put up more or less intentionally in the way of communication.

Thus, every organization, public or private, must develop a communication strategy built on the organization's objectives and attributions as an essential part of the overall strategy.

Communication means teamwork and the department of communication cannot function efficiently without the support of all colleagues and without their expertise in different fields.

References:

- 1. Luminița Gabriela Popescu, Comunicarea în administrația publică, Economic Publisher, Bucharest, 2007
- 2. Stancu Şerb, Relații publice și Comunicare, Teora Publisher, Bucharest, 2006
- 3. Stephen R. Covey, Etica liderului eficient sau Conducerea bazată pe principii, Alfa Publisher, Bucharest, 2001
- 4.www.hr-romania.ro

THE CLINICAL MANAGEMENT - THE SANITARY MARKETING CONVERGENCE AND COMPLEMENTARITY

Bitca Tiberiu Alexandru

National School of Politic and Administrative Science, Strada Uranus nr 5-7, Bl. A7, Ap.7, sector 5, Bucuresti, tiberiubatca@gmail.com, 021.410.72.74.

Ioanăs Corina

The Academy of Economic Studies Bucharest, The Faculty of Accounting, Informatics and Management Control Bucharest, Strada Piata Romana nr 6, Sector 1, Bucuresti, corina ioanas@yahoo.com, 0723.425.592

Initially appeared in the context of increased preoccupations for leading the organization as best as possible, the Marketing-management has later imposed itself as a management of the request, concretized in the formulation of marketing objectives and strategies for all the problems concerning performance achievement. In what these objectives are concerned, the sanitary organization differs from the other domains, since it doesn't enjoy the freedom of establishing the prices and choosing the consumers according to their payment capacity, this difference leading to conflicts, because, while doctors make decisions in the best interest of the patient, the management is mainly concerned with the cost and efficiency of the performed activities. Having as a starting point a literature review, the present paper sets to highlight the main difficulties encountered in the implementation of this frontier discipline in the medical field.

Key words: health management, sanitary management, business marketing, social marketing, sanitary marketing, marketingmanagement.

JEL classification: I18, M31, P36

1. Management versus sanitary management

At its origin, the word **management** comes from the Latin "manus", which means "to hold a horse or a carriage with the help of the reins", and throughout the time, several other definitions have been given to management³²⁰:

- Henry Fayol: to foresee and plan, to organize, to lead, to coordinate and control;
- Hersey and Blanchard: working with individuals or groups in order to accomplish some organizational objectives;
- H Brech: assuming the responsibility for deciding, planning and regulating the activities of some individuals working for a common purpose, in order for the correct result to be efficient and economic. Synthesizing the above mentioned assessments, we can state that, in a broader sense, the word **management** represents an ensemble of activities coordinated in view of directing and controlling an organization.

The play upon words management – health has been conceptually delimited by A. V. Ciurea, V. Gh. Ciubotaru and E. Avram in the paper *The development of Management in Health Organizations*, University Publishing House, Bucharest, 2006, making a clear difference between:

The management of health systems, which is concerned with planning and accomplishing, in good conditions, the division of responsibilities, of the coordination and regulation mechanisms, the distribution of decisional power, of resource management, in the regulating and deciding institutions of the health system.

The management of health structures comprises all the management activities and operations of the medico-sanitary practice and of the personnel management of each health unit.

The health management refers to all the management activities that are accomplished and which can be achieved in the system and subsystems of the health department; it includes the economic management, the organizational management and the human resources management, being applied within and between the organizations from the social sector of health-care.

Sanitary management deals, mostly, with those managerial operations that strictly regard the activities, actions, the medico-sanitary tasks, operating with that knowledge and practice related to the norms and specific actions of the health-care units.

If concepts such as economic management, organizational or human resources management are considered to be somehow obsolete, being treated for several decades in the specialty literature, the greatest challenge of our times seems to be **the quality management.**

Even though the dictionaries provide a plentitude of definitions for the term of **quality**, neither of them has been universally accepted. Strictly related to the concept of **product**, the term quality can be approached in two ways³²¹: "the quality is rendered by those characteristics of the products that meet the needs of the customers; the better these characteristics, the higher the quality, and quality implies lack of deficiencies; the lesser the deficiencies, the better the quality".

³²⁰ Petru Armean, Management sanitar noțiuni fundamentale de sănătate publică, Editura CNI Coresi S.A., București, 2004.

³²¹ Petru Armean, Managementul calității serviciilor de sănătate, CNI Coresi S.A. Publishing House, Bucharest, 2004.

Some authors³²² offer a more pragmatic definition of **quality, adapted to the medical activity**: "The achievement of the client's durable satisfaction, primarily of the patient's, at the best cost. Quality is nothing else but the satisfaction of the client, the consistency between what they expect and what they get. On the one hand, we have the patient, with a certain number of needs, of expectations and demands, and on the other hand we have the care, with a certain number of characteristics and attributes. So: quality means how to satisfy your patient? How to proceed so as the attributes of the health-care should correspond to the expectations of the patient?".

2. Marketing versus sanitary marketing

There are more definitions given to the notion of "marketing", the most complete being this one³²³: Marketing represent the process of planning and executing the concept of establishing the price, of promoting and distributing idea, goods and services, in order to create fluxes that should satisfy the individual and corporate objectives.

The American professor **Philip Kotler**, also known as "the father of modern marketing" proposed, in 1992 the following definition³²⁴: Marketing represents the economic and social mechanism by the means of which individuals and groups obtain what they need and desire through producing and exchanging goods and services.

Therefore, the dynamic force that stands at the base of the marketing activity is the human need. To meet this need, we must come prepared, equipped with the knowledge that should help us know what, when, how and to whom we must offer in the exchange process.

The marketing vision combines the adoption at the level of the entire organization of the marketing philosophy with the functional aptitudes of satisfying the consumers' needs, in such a way that the *previously known market is* the one that determines the characteristics of the product and service and the manner of commercialization, and the producer creates only the products and services the customer desires.

This way, the **objective of the marketing activity** is achieved, objective about which the great American specialist **Peter Druker** says that "it is not the one of making the sale redundant. The purpose is getting to know and understand the client so well that the product or service should match its needs... to sell itself" This vision has gradually gained ground, along with the transition from the concept of marketing, which represented only the sale activities, the physical distribution and advertising, to the **marketing managerial orientation**, **expressed through the marketing mix.**

The key elements of the marketing activity are: the consumers, who must be the focus of attention for the activity of the enterprise, with their needs and desires; the profit, which is the final purpose accomplished through the satisfaction of consumers' needs; the marketing organizing that enables the making of decisions according to the demand.

Therefore, accepting **the marketing vision** can be transposed in the following imperatives: to discover the needs of the consumer and to fulfill them; to produce only what can be consumed, instead of trying to sell what is produces; to love the consumer, and not the product; to profitably satisfy the needs of the consumer.

The universality of marketing – a feature of modern marketing theory and practice – has asserted itself over the last few decades, when the fundamental structural changes taking place in the configuration of the economic, social and political environment created new opportunities that confer new dimensions to the content and functions of marketing, new perspectives and orientations. A retrospective of marketing evolution reveals, over the last few decades, a permanent tendency of diversification and specialization, in various rhythms and proportions, determined by the particular conditions of each domain, which has led to the outline of a marketing typology.

The delineation of marketing types can be made on according to certain criteria, which abound in the specialty literature, such as: *the objective of the activity, the level of organization, the territorial area, etc.*

The objective of the activity enables the classification in:

- **1.** The marketing in social or non-lucrative domain, in which there are no products or services produced or performed for commercial use, but in which we deal with ideas meant to trigger social behaviors pointing towards a social legitimate cause.
- **2.** The marketing in the economic domain, which refers to the lucrative department, in which goods and services are produced in order to satisfy the demands of the consumer, but at the same time in order to bring profit to the producer. Due to the profit or to the nature of the economic activity, the economic marketing has split into:
- **a. Consumer goods marketing** the consumer goods is the field where marketing has originated from, now having the widest applicability.
- **b.** Productive use goods marketing (of the means of production or investments goods), mainly destined for industrial consumption, meaning industrial marketing, employed on a broader scale.

³²² Costică Opincaru, Emanuel Mugurel Gălețscu, Emilian Imbri, Managementul calității serviciilor în unitățile sanitare, CNI Coresi S.A. Publishing House, Bucharest, 2004.

³²³ Nepveu – Nivelle, Le marketing industrie, les Editions d'Organisation, Paris 1972.

³²⁴ Kotler Ph, Principles of marketing, Third Edition, 1989, pag. 757.

³²⁵ Kotler Ph., Armstrong G, Principles of Marketing 5th, Prentice Hall Englewod Cliffs, New Jersey 1991 pag. 497.

3. Services marketing – has as a domain the tertiary sector, characterized by heterogeneity, intangibility and inseparability of the provider, fact which has imposed some specific methods and techniques, and, along with the development of both tertiary sector and marketing, led to the delineation of separate areas, that are now at their peak; medical services marketing, financial marketing, transport marketing.

Bearing in mind the previous classification, we further present the main differences between the business marketing, the social marketing and the medical marketing.

Table 1: Differences between the business marketing and the social marketing ³²⁶:

Business marketing	Social marketing
It is applied to goods and services, and less	It is applied to persons, places, ideas, goods and services
to ideas.	
The changes are of a financial nature	The changes are not of a financial nature.
The purpose of the activity is profit	The purpose of the activity is more complex, not being able to be
increase.	strictly measured in financial terms.
The benefits are correlated with the	The benefits are not correlated with the payments made by the
payments made by the consumer.	consumer.
The enterprises address only to profitable	The non-profit organizations regularly address to groups with a
market sectors.	rather reduced buying power.
The market of the enterprise has a sole	The market of social organizations has two components: the
component: the relationship with the client.	relationship with the client and with the financing system, between
	which there are antagonistic liaisons.

Table 2: Differences between the business marketing and the medical services marketing:

Business marketing	Medical marketing	
The purpose is profit increase, either through the improvement of the product's features, or through cost reduction, in order to maintain the supremacy on the market.	The purpose is the increase of the quality of the provided services, in order to better serve the patients and in the end, the improvement of the population's state of health.	
The main objective is having a price policy that should maximize the profit (the rapport between incomes and costs)	0	
The purpose is of bringing the product in contact with potential consumers.	The purpose is making the medical service accessible to all patients.	
The purpose is that, through the means of advertising, to modify the demand of the consumer, in the benefit of the promoted products.	The purpose is to adapt the medical service to the patients' expectancies and to familiarize them with it, taking into account the asymmetric information of the patients, due to the different social environments they emerge from.	

3. Sanitary management-marketing. Difficulties and controversies

Henri Guitton, to whom we owe the development of **health economy** in France, considered that that was a new discipline, ascertaining that "the principles that gave birth to the economic science are not perfectly applicable to the health related issues." Indeed, the concepts and paradigms employed for the description, explanation and organization of all the activities of a human collectivity, related with the production and exchange of material goods, seem not to be adapted to the goods and services that regard life itself.

The first difficulty the economists specialized in health-care problems are confronted with, concerns the definition and measurement of the quality of the product resulted from the activities of the professionals in this field (producers). Undeniably, even though, in theory, the means used by these professionals are relatively easy to determine, the definition of the obtained result is of an unquestionable difficulty. What the consumers that resort to the services of one of these producers desire to obtain is: to recover the lost health, to maintain their health or to improve their health.

The second difficulty encountered by the health economists is the one of the information the agents have about themselves and about the results they hope to attain by addressing themselves to a professional in the health department. The patient doesn't generally have more than minimum information regarding the state of his or her health and its evolution; therefore, the patients resort to the professional in order to obtain first of all a piece of information about this state: a diagnosis. Irrespective of the qualities of this expert, the answer cannot be

596

,

³²⁶ After Violeta Rădulescu, Marketingul serviciilor de sănătate, Uranus Publishing House, Bucharest, 2008.

formulated in anything more than probability terms. The patient will then want to obtain information about the various means and technical processes that could allow him or her to either maintain this state or improve it. Again, the results of these means and processes can be described only in probability terms. The context in which the patient must exercise his preferences over certain distributions of probability determines him to generally give the producer the freedom to choose the treatment strategy. The client assigns the producer to decide for him. We are, thus, very far from the common hypotheses of neoclassic economy, because the independence of the demand and of the offer is no longer ensured.

A third problem emerges from the specific character of the "health" good and of its social representations. In our modern societies, "the right to health for all" is a undeniable value, resulting from a continuous process of social negotiation concerning the definition of the health needs that must be satisfied. The concept of need is imprecise, and since every need brings about another need, they risk becoming infinite. Consequently, the society engages to establish social justice and equity principles and then implement devices that should allow it to define the objectives of health, compatible with these principles.

A forth problem is represented by the evaluation, which is generally defined as a "demarche that consists in a judgment of value over a technique, a practice, program or policy, enacted in view of making a decision". The apparition of medico-sanitary evaluation and analysis as a new discipline that adds the economic criteria to the medical ones, is regarded with a certain withholding, even reticently we might say, by the world of health care. Therefore, questions such as: "How should financial criteria be introduced in such an essential area as the health-care domain? Wouldn't it be appalling to refuse certain medical care due to economic considerations? Is it in the doctor's power who has the liberty to prescribe treatment, to take into consideration only the well being of the patient, providing him the best medical treatment?" determine the medical institution not to take into consideration the economic consequences of their decisions.

The health-care economist, however, will fill in this simple instrument with: a theoretical efficacy evaluation of the health programs that quantify the therapeutic benefits for the patient in a situation defines as ideal; a practical evaluation of the health programs, which has as a goal the integration of the patients' adhesion to therapeutic benefice; and an evaluation of the health programs availability that concerns the selection of the studies population.

Controversies related to the economic evaluation – medical evaluation rapport take into account:

I. The perspectives of evaluation. The evaluations can be performed from the point of view of several actors. So, we can concentrate *only on the patient and his or her family* (for instance: for the cost of *dialysis we can analyze the expected repercussions over the patient's entourage*); further on, we can extend the perspective over the *health institution* (example: what operations in the ambulatory can be performed in view of improving the budget of certain structures); or over the collectivity taken as a whole – the state.

In either of these hypotheses we might place ourselves, the adopted angle must be indicated, since it influences the nature of the elements taken into account and the calculation of costs. Therefore, the cost of a health program depending on the chosen perspective can be defined as it follows:

- **a.** From the point of view of the **social security system, the cost of the health program** equals the sum of the reimbursements of the expenses it triggers, its evaluation having as a starting point the nomenclature of the documents published by the health insurances.
- **b.** The patient perceives the same cost through the prism of the honoraries and possible expenses related to the disease and treatments not reimbursed by the social insurances.
- **c.** The medical institution evaluates the cost of a certain health program from the perspective of financial, material and human resource, necessary for its implementation.
- **d.** From the viewpoint of the **employment institution**, the cost of a health program consists in the production losses related to the patient's work interruption.
- **e.** Regarded from the **global perspective of the society,** this cost corresponds to the amount it accepts to pay for health, in the detriment of other budgetary domains, being evaluated through adding together the costs engendered by the previously enumerated programs.
- **II. Cost determination.** From the standpoint of the sanitary institution, there are **three possible types of classifications of the hospital expenses: accounting classification,** which corresponds to the distinction between *direct-indirect expenses*; **medical classification,** which distinguish between *medical expenses, logistics expense and structure expenses*; **economic classification** sets in contradiction *variable costs fixed costs.* As such, the regrouping of the expenses will have to be operated depending on the purpose of the study: *the perspective of the made decision, the perspective of the management through budgetary abatements or the perspective of the hospital structures financing*.
- **III. Evaluation instruments.** The experts in the health department are more and more preoccupied by issues such as: *Is it necessary to launch a breast-cancer detection program? Should laparoscopic surgical interventions be preferred over classical interventions? What type of anti-asthmatic treatment must be planned and for what type of disease? For what kind of surgical intervention should be established a smaller number of hospitalization days?. The answer to all these questions can be given once we have the evaluations of the rapports cost-results of various*

health programs that presuppose, in fact, three types of interventions: cost measurement, result measurement and the combination of the two elements. The proposed endeavor is rather heavy because in the health-care field, the lack of market price raises serious problems in cost evaluation. At the same time, in the absence of economical aspects, it is difficult to express measure and regroup the patient's preferences.

IV. The temporal horizon. The medico – economic studies generally analyze the health programs whose costs or consequences extend over a longer period of time. Time intervenes both on the *level of accomplishments (for instanced the long term treatments that require long life equipments)* and at the *level of the consequences (avoiding a disease for a long time)*. Due to this fact, if we wish to compare the different periods of time, it is important to account them in the same measuring unit, technique called *actualization, which takes into consideration the population's preference who benefits from the health-care programs in the present, which will be paid for later on, in the future*. Health, regarded as a non-transferable good in time that doesn't belong to the market, raises the following issues, in the actualization domain: *What actualization rate should be employed? Are we actualizing only the costs or the results, as well? In case of a positive answer, is the actualization rate the same?*

REFERENCES:

- 1. Armean, P., Managementul calității serviciilor de sănătate, CNI Coresi S.A. Publishing House, Bucharest, 2004.
- 2. Kotler, Ph., Armstrong, G., Principles of Marketing 5th, Prentice Hall Englewod Cliffs, New Jersey 1991.
- 3. Opincaru, C., Gălețscu, E., Imbri, E., Managementul calității serviciilor în unitățile sanitare, Editura CNI Coresi S.A., București, 2004.
- 4. Rădulescu, V., Marketingul serviciilor de sănătate, Editura Uranus, București, 2008.

CONSUMER BEHAVIOR AND ENTERPRISE AGILITY – A MODEL OF THE SURVEYED INDICATORS

Boier Rodica

Tehnical University "Gh. Asachi" of Iaşi Economics and Marketing Chair 53 D. Mangeron Blvd., 700050 Iaşi Inovare Marketing@tex.tuiasi.ro Tel/Fax: 0232.239.154 Mobile: 0744.514.441; 0728.332.996

Enhancing the agility of the response to market demands is one of the most desirable qualities for the management of today's enterprise, which is facing an unstable environment, with abrupt, frequent and unpredictable changes. The paper proposes a model of the consumer behavior factors involved in market monitoring, in order to secure rapid responses: brand image, buyer risk, the customers' attitude toward the product, the buying intentions and the post-purchase satisfaction. The correlation type is described and the measurement method is proposed for each of these factors.

Key words: agile enterprise, customer value, marketing research, brand image, customer preferences, buyer risk, customer attitude, buying intentions, post-purchase satisfaction

The article's JEL code: M

1. Conceptual framework

1.1. The agile enterprise

During the times of rapid technological changes, extensive globalization and intensive competition, but especially during the current financial and economic crisis, perhaps the most critical concern is finding solutions for the quick, flexible and consistent adaptation of the enterprise to a business environment marked by frequent, abrupt, extensive and unexpected opportunities, events, and challenges, leading into unpredictable directions. Enhancing the *enterprise agility*³²⁷ – as sum of flexibility, visibility and consumer responsiveness –, is pursued constantly and in all its components. The enterprise's marketing agility is particularly important as it highlights its ability to manage and even generate change, which is viewed as an opportunity. Thus, the agile enterprise basically relay on marketing and innovation, an iterative and incremental development, which means to continually explore new opportunities and exploiting the marketplace with new solutions.

The agile enterprise relies on its ability to rapidly evaluate feedback, and also new information, followed by taking decisions almost in real time. The agile organization of the enterprise effectively means that it operates according to the "just-in-time" principle. For this purpose, the enterprise constantly builds and upgrades its IT architecture so that it is able at any moment to handle the complex data flows that must be retrieved, processed, analyzed and interpreted to ensure rapid, effective and efficient decision-making.

There is a further point to note here: agility must not be understood as navigation without a compass, as just a series of responses to the opportunities and/or threats in the environment, but rather as the complex process of assessment, planning and monitoring the enterprise's resources and capabilities³²⁸ that deliver *customer value*, to a higher level than the competition, and therefore guarantee sustainable competitive advantage and stability on the market.

1.2. Customer value – a benchmark guiding the agile enterprise's market responses

The concept of "customer value" assesses the benefits obtained through the consumption of the product (utility of the offering for the customer), on the one hand, with the costs incurred in order to acquire and consume/use it (customer costs), on the other hand. The cornerstone in understanding the chances of the enterprise to generate the success of its offer on the market is the value that it is able to propose to the client. Value is created by meeting a customer need, solving a problem, helping him to achieve a goal, in a word, by delivering a certain benefit to the customer.

Customer value = Customer utility - Customer costs

The product's utility for the customer derives from the benefits of the proposed products in relation to the intensity of the customer's needs. This will result into what the customer estimates to be the fair price for the functional and emotional benefits provided by consuming / using the product. For example, the utility of a textile clothing product may derive from the possibility to modulate its components in order to extend the occasions of use or to match it with necessary accessories to keep up to date with fashion trends. Utility may also stem from the feelings of pride, satisfaction and self-confidence that the product generates in the owner.

The product's cost for the customer consists in the total expenses involved, which the customer expects to incur in order to enjoy the stated benefits. They include, in addition to the actual purchasing price for the product, a whole

³²⁷ Nirmal Pal, Daniel Pantaleo (Eds.) (2005), The Agile Enterprise: Reinventing your Organization for Success in an On-Demand World, Springer, Berlin; Ori Brafman, Rod A. Beckstrom (2006), The Starfish And The Spider: The Unstoppable Power of Leaderless Organizations, Penguin Books, London.

³²⁸ Cohn, Micheal (2005), Agile Estimating and Planning, Prentice Hall PTR, New York; Krebs, Jochen (2008), Agile Portfolio Management, Microsoft Press.

series of other potential expenses related to transport, installation, operation, insurance, storage, maintenance, servicing, dismantling, disposal, etc., in addition to possible waste of time, frustration, anxiety, and others. For example, to the perceived cost of purchasing a textile clothing product, the customer will add expenses for potential waist adjustments or for purchasing matching accessories, etc. Some costs may be anticipated by the buyer/user, yet others are not generally expected or desired (wasted time, stress, etc).

It emerges therefore that the agile enterprise will seek to respond rapidly and gain competitive market advantage either by delivering superior benefits to those proposed by competitive products or by providing comparable benefits at a lower cost for the customer. In either of the two types of response, the enterprise's effort will focus on delivering on the market the type of product that will provide target consumers with a level of value that they will perceive as being *superior to the competition's* offe³²⁹r.

The agile enterprise creates value when it rapidly transforms the various inputs into commercially viable products. All along this complex course, marketing is involved in:

- 1. designing value identifying the market opportunities and configuring the product in such a way as it is as compatible with the needs, desires, and preferences of target customers and provides sustainable competitive advantages, in brief, being attractive for the market;
- 2. communicating value the science and art of informing the market about all the aspects of the proposed offering, so as to aid the customers in making the most favorable buying decision;
- 3. delivering value that is the whole system of distribution activities, through which the consumer accesses the product/service in the most convenient way.

Highlighting the indicator "customer value" involves market measurements related to the *customers' perception of* the level of value – data generated through marketing research – and comparisons with the equivalent values of competitive offers (benchmarking).

2. Indicators of consumer behavior surveyed

The indicators proposed to be tracked in order to identify the solutions to enhance the organization's agility will be (Table 1):

- brand image (I1),
- the customers' perceived risk (I2),
- the customer's attitude towards the proposed product (I3),
- the buying intentions (I4), and
- the level of post-purchase satisfaction (I5).

Marketing research will provide such information.

Tab. 1. Consumer behavior indicators monitored to enhance the organization's agility

Indicator	Explanation	Type of influence	Measuring method
[I1] Brand image	The enterprise gains agility when it is able to rapidly create a strong favorable perception of its brand/brands among customers.	Direct correlation: enhanced agility due to better product/brand image.	quantitative researchnumerical evaluation scales
[I2] Buyer perceived risk	The enterprise acquires agility when it is able to rapidly create a strong favorable perception of the limited buyer risk involved by the proposed product/brand.	Indirect correlation: enhanced agility due to the more favorable perception of a lower risk involved in buying the company's products/brands (consumer protection against the purchasing risk).	 quantitative research verbal evaluation scales
[I3] Attitudes towards the product/brand	The enterprise gains agility when it is able to rapidly create a favorable attitude towards its offering and its approach to the market, etc. among its customers.	Direct correlation: higher agility due to a more positive attitude towards the company's product/service.	quantitative researchattitude scales
[I4] Buying intentions	The enterprise gains agility when it is able to create a more defined buying intention among its customers.	Direct correlation: enhanced agility due to a more favorable rating of the intention to buy the enterprise's products/brands.	quantitative researchnumerical evaluation scales
[15]	The enterprise gains agility when	Direct correlation: enhanced	- quantitative

³²⁹ William C. Johnson, Art Weinstein (2004), Superior Customer Value in the New Economy: Concepts and Cases, 2nd Edition, CRC, Danvers, MA; Peter Duchessi (2004), Crafting Customer Value: The Art and Science, Purdue University Press, Ashland, OH.

Post-purchase	it is able to rapidly create a higher	agility due to a higher post-	research
satisfaction	level of customer satisfaction.	purchase satisfaction.	 numerical
			evaluation scales

2.1. The customers' perception toward the brand (brand image) – Indicator [I1]

The overall vision or position of brand in the mind of the consumer defines the *brand image*³³⁰. The enterprise gains agility when it manages to rapidely create a strong and favorable perception towards its brand/brands among customers. In order to link the brand image more expressively to the company's agility, the "consumer brand preference" will be suggested for monitoring. The indicator will be tracked both in relation to the enterprise's own brand and to those of its competitors.

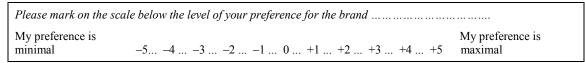


Fig. 1. Measuring customer preferences toward product category / brand

In terms of influence, there is a direct relation, i.e. enhanced agility due to a more positive image for both product category and brand. Measuring method: in general, quantitative research – market survey based on a sample of consumers and a questionnaire with a numerical scale for preference evaluation; the method of administering the questionnaire will be selected on a case-by-case basis. Figure 1 presents the potential configuration of the survey sequence.

2.2. The customers' perception of purchasing risk – Indicator [12]

Perceived risk means the uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions³³¹. The enterprise gains agility when it is able to rapidly create a strong and favorable perception of the limited buyer risk carried by the proposed product/brand.

```
Please mark on the scale below the corresponding level of your view of the risk involved in using the brand ......

I believe that the risk is
the highest
-5...-4...-3...-2...-1...0...+1...+2...+3...+4...+5 is the lowest
```

Fig. 2. Measuring customers' perceived risk

The type of influence is an indirect correlation, i.e. enhanced agility due to a more favorable perception of a lower buyer risk in purchasing the enterprise's products/brands (consumer safeguard against the purchasing risk). The measuring method will be, in general, a quantitative research – market survey using a sample of consumers and a questionnaire with a numerical scale of evaluation; method of administering the questionnaire – it is selected on a case-by-case basis. Figure 2 presents the potential configuration of the survey sequence.

2.3. The customers' attitude towards the enterprise's offering – Indicator [13]

Attitudes are learned predispositions to respond to an object or class of objects in a consistently favorable or unfavorable way, which can be used to predict consumer behavior³³². The enterprise gains agility when it is able to rapidely create a favorable attitude towards its overall offering or just a specific product/brand.

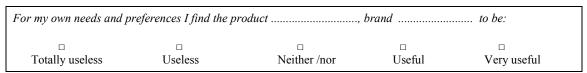


Fig. 3. Measuring customers' attitude towards the utility of product ... / brand

The type of influence is a direct correlation, i.e. increased agility owing to a more positive attitude towards the enterprise's offering. The measuring method will be, most likely, a quantitative research – market survey using a sample and a scale questionnaire to evaluate attitudes; the method of administering the questionnaire is to be selected on a case-by-case basis. Figure 3 presents a potential formulation of the corresponding survey sequence.

2.4. Buying intentions – Indicator [14]

Intention is the behavioral component of attitude, and it describes attitudes not toward a brand, but toward brand purchase³³³. This way, it is a far better predictor of behavior than either beliefs or affective responses. The enterprise gains agility when it is able to rapidely generate more definite buying intentions among its customers.

³³⁰ Jay Lindquist, Joe Sirgy (2005), Shopper, Buyer, and Consumer Behavior, 3rd Edition, Atomic Dog Publishing, Mason, Ohio.

³³¹ Leon Schiffman, Leslie Kanuk (2006), Consumer Behavior, 9th Edition, Prentice Hall.

³³² Banwari Mittal (2008), Consumer Behavior: How Humans Think, Feel and Act in the Marketplace, Open Mentis, Cincinnati, OH.

If product were available on the market, for the price:				
I will definitely not buy it	I will probably not buy it	Neither/nor	I will probably buy it	I will definitely buy it

Fig. 4. Measuring buying intention for product brand

The type of influence is a direct correlation, i.e. enhanced agility due to a better rating of the intention to buy the enterprise's products/brands. The measuring method will be, in general, a quantitative research – market survey using a sample of consumers and a questionnaire with a evaluation sacle for buying intentions; the method of administering the questionnaire is to be selected on a case-by-case basis. Figure 4 suggests a potential design of the corresponding survey sequence.

2.5. Post-purchase satisfaction – Indicator [15]

Positive evaluation after purchase leads to *satisfaction*, while negative evaluation after purchase leads to *dissatisfaction*³³⁴. The enterprise gains agility when it is able to rapidely deliver higher customer satisfaction.

The type of influence is a direct correlation, i.e. enhanced agility due to the increased level of post-purchase satisfaction. The measuring method will be a quantitative research – market survey using a sample of consumers and a Likert-scale question; the method of administering the questionnaire is to be selected on a case-by-case basis. Figure 5 suggests the potential questionnaire sequence.

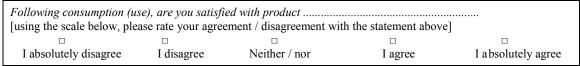


Fig. 5. Measuring customer satisfaction for product brand

The proposed model of consumer behavior indicators involved in managing the enterprise agility will be validate by further investigations.

References

- 1. Cohn, Micheal (2005), Agile Estimating and Planning, Prentice Hall PTR, New York; Krebs, Jochen (2008), Agile Portfolio Management, Microsoft Press.
- 2. Johnson, William C., Art Weinstein (2004), Superior Customer Value in the New Economy: Concepts and Cases, 2nd Edition, CRC, Danvers, MA; Peter Duchessi (2004), Crafting Customer Value: The Art and Science, Purdue University Press, Ashland, OH.
- 3. Lindquist, Jay, Joe Sirgy (2005), Shopper, Buyer, and Consumer Behavior, 3rd Edition, Atomic Dog Publishing, Mason, Ohio.
- 4. Mittal, Banwari (2008), Consumer Behavior: How Humans Think, Feel and Act in the Marketplace, Open Mentis, Cincinnati, OH.
- 5. Pal, Nirmal, Daniel Pantaleo (Eds.) (2005), The Agile Enterprise: Reinventing your Organization for Success in an On-Demand World, Springer, Berlin; Ori Brafman, Rod A. Beckstrom (2006), The Starfish And The Spider: The Unstoppable Power of Leaderless Organizations, Penguin Books, London.
- 6. Schiffman, Leon, Leslie Kanuk (2006), Consumer Behavior, 9th Edition, Prentice Hall.
- 7. Solomon, Michael (2008), Consumer Behavior, 8th Edition, Prentice Hall, Upper Saddle River, New Jersey.

³³³ Michael Solomon (2008), Consumer Behavior, 8th Edition, Prentice Hall, Upper Saddle River, New Jersey.

³³⁴ Wayne D. Hoyer, Deborah J. MacInnis (2006), Consumer Behavior, 4th Edition, South-Western College Pub., Boston, Massachusetts.

EVALUATING ENTERPRISE AGILITY – AN EXPLORATORY RESEARCH ON CONSUMER BEHAVIOR INDICATORS

Boier Rodica

Tehnical University "Gh. Asachi" of Iaşi Economics and Marketing Chair 53 D. Mangeron Blvd., 700050 Iaşi Inovare Marketing@tex.tuiasi.ro Tel/Fax: 0232.239.154 Mobile: 0744.514.441; 0728.332.996

Starting from a model of the factors which are directly involved in the consumer's buying behavior – brand image, the perception of purchase risk, the attitude towards the product category and, in this context, the attitude towards the brand, the buying intention, and post-purchase satisfaction – the paper describes the exploratory research carried out through a set of focus group sessions and multiple case studies. The objective of the research was to validate the proposed indicators and design – on these basis – a self-evaluation system expressing the level of enterprise agility.

Key words: agile enterprise, exploratory research, focus group, brand image, customer preferences, buyer risk, customer attitude, buying intentions, post-purchase satisfaction.

The article's JEL code: M

1. Enhancing enterprise agility

The current study is the continuation of a first part, which described a possible model of consumer behavior factors that the enterprise must consider to gather feedback and wholly new data in its efforts to enhance market agility ³³⁵. The agile enterprise relies on its rapid decision-making capability. The agile organization of the enterprise effectively means that it operates according to the "just-in-time" principle³³⁶. For this purpose, it constantly builds and upgrades its IT architecture³³⁷ so that it is able at any moment to handle the complex data flows, which the company must retrieve, process, analyze and interpret to ensure rapid decision-making³³⁸. It is therefore relevant to identify those indicators, which the marketing of the agile enterprise will require for a sound decision-making.

Enhancing the agility of the response to market demands is one of the most desirable qualities for the management of today's enterprise, which is facing an unstable environment, with abrupt, frequent and unpredictable changes. The present paper develops researches around a prior proposed model of the consumer behavior factors involved in market monitoring, in order to secure rapid responses. The objective is to validate the described correlation type and the proposed measurement method for each of these factors of the model.

A set of indicators were proposed to be monitored in order to identify solutions for enhancing the enterprise's agility, information about them will be ascertained by means of marketing research:

- [I1]. "Brand image" reflected in the customers' preference for the brand.
- [I2]. "Customers' perception of purchase risk".
- [I3]. ",Customers' attitudes towards the firm's offering".
- [I4]. "The buying intentions of prospective customers".
- [I5]. "Post-purchase satisfaction of consumers (users)".

2. The focus group exploratory research

To validate the indicators, a preliminary exploratory investigation, conducted by a transversal qualitative research, was designed and executed, using the group interview (focus group) method, to facilitate the design of the further more specific, descriptive/causal research.

The surveyed group consisted of 11 Romanian companies from various industries (software, construction, textiles, chemical products, pharmaceutical products, wine, and wood exploitation and processing) based in the North East Region, considered as representative in terms of their distribution of the industry profile in that area, their expertise in marketing, openness in detecting opportunities, determining and implementing new solutions, their consistent market share and strong brand equity.

Five specialised sequential interviewing sesions were conducted, each of them sustaining the validation of the five proposed indicators.

The moderator of the focus group session was a project team member, specializing in such method of marketing research, with the rest of team playing an observer role. The moderation guide was designed in cooperation by the project research team and tested in advance with three leading (key) customers as test-agile enterprises. The basic sequence of the moderation guide was organized as shown in figure 1.

³³⁵ Rodica Boier (2009), "Consumer Behavior and Enterprise Agility – a Model of the Surveyed Indicators", paper presented at the International Conference European Integration – New Challenges for the Romanian Economy, 5th Edition, University from Oradea, Faculty of Economic Sciences, 29-30 May 2009, Oradea, Romania.

³³⁶ James Shore, Shane Warden (2007), The Art of Agile Development, O'Reilly Media, Inc., Cambridge, MA.

³³⁷ Kevin C. Desouza (2006), Agile Information Systems: Conceptualization, Construction, and Management, Butterworth-Heinemann, Oxford, UK.

³³⁸ Goran D. Putnik, Maria Manuela Cunha (2008), Encyclopedia of Networked and Virtual Organizations, Information Science Reference, Hershey, PA.

- 1. To what extend do you estimate that customers' perceptions of your offering impact the agility of the firm's response to the rapid (sometimes abrupt) and pronounced market changes?
- 2. Do you regularly measure, analyze and diagnose the perceptions of customers (current, potential, prospective) have of your company's offering?
- 3. Does this process help you to make rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 4. Do you regularly measure, analyze and interpret the image that have of your company's brand?
- 5. Does this process help you to take rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 6. Do you regularly measure, analyze and interpret the consumers' perceived risk toward your company's brand?
- 7. Does this process help you to make rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 8. Do you regularly measure the cognitive component of your (current, potential, prospective) customers' attitude?
- 9. Does this process help you to take rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 10.Do you regularly measure the emotional component of your (current, potential, prospective) customers' attitude?
- 11. Does this process help you to take rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 12. Do you regularly measure the conative component of your (current, potential, prospective) customers' attitude?
- 13. Does this process help you to take rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 14. Do you regularly measure the buying intention of your (current, potential, prospective) customers?
- 15. Does this process help you to take rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?
- 16. Do you regularly measure the level of satisfaction of your (current, potential, prospective) customers?
- 17. Does this process help you to take rapid and accurate strategic and/or tactical marketing decisions? In what manner? To what extent?

Fig. 1. Moderating guide in focus group session

To verify the proposed agility factors multiple case studies were also conducted which, based on the activity on the Romanian market, aimed to highlight both positive and negative experience. The longitudinal qualitative research was carried out using method of in-depth, face-to-face individual interviews with top managers of the surveyed companies, most often the executives, general or marketing managers.

Finally, a descriptive/causal (transversal) quantitative research was carried out, in order to validate the proposed set of indicators; the type of influence specific to each individual indicator of agility on the organization's actions; the measuring method for each indicator in the proposed set; the mutual conditions established between the factors and the impact of their joint action on the market performance of the agile enterprise.

The information gathering during this stage of the research was the questionnaire-based survey. The method of administering the questionnaire – mail survey. To increase the answer rate and limit error sources in the research, the interviewing method was accompanied by phone support provided to respondents by the research team.

3. The findings

The processing of the data collected following the research has produced a number of conclusions, which are able to validate the indicators proposed earlier, as outlined below.

- 1. The surveyed companies monitor the proposed indicators [II]. Customers' perception of the offering. The brand image reflected in the customer preference for the brand; [I2]. Customers' perception of purchase risk; [I3]. Customers' attitudes towards the company's offering; [I4]. The buying intentions of potential (prospective) buyers; [I5]. The consumers' (users') post-purchase satisfaction which is dependent on the consumers' actual statements and reliability, as these are assessed in a largely empirical manner, quite different from the methodology exposed above.
 - 2. With respect to **Indicator [I1]. Customers' perceptions of the company's brand**, the surveyed firms estimate that:
- the indicator impacts on the company's agility in responding to rapid (sometimes abrupt) and pronounced market changes;
- the enterprise gains agility when it is able to create a strong and favorable perception of its brand/brands;
 - one direct correlation is confirmed enhanced agility due to more positive product/brand image.
- 3. With respect to Indicator [12]. Customers' perceptions of purchase risk, the surveyed firms estimate that:

- the indicator impacts on the company's agility in responding to rapid (sometimes abrupt) and pronounced market changes;
- the enterprise gains agility when it is able to create a favorable perception of limited buyer risk; one indirect correlation is confirmed enhanced agility due to a more favorable perception of lower buyer risk involved in purchasing the company's products/brands (consumer safeguard against purchasing risk).
- 4. With respect to **Indicator [I3]. Customers' attitude towards the company's offering**, the surveyed firms estimate that:
- the indicator impacts on the company's agility in responding to rapid (sometimes abrupt) and pronounced market changes;
- the enterprise gains agility when it is able to create a favorable attitude towards its overall offering; one direct correlation is confirmed enhanced agility due to more positive attitude towards the company's offering.
- 4. With respect to **Indicator [I4]. Customers' buying intentions towards the company's offering,** the surveyed firms estimate that:
- -the indicator impacts on the company's agility in responding to rapid (sometimes abrupt) and pronounced market changes;
- -the enterprise gains agility when it is able to create a more definite buying intention among customers;
- -one direct correlation is confirmed enhanced agility due to a higher rating of the intention to buy the enterprise's products/brands.
- 5. With respect to Indicator [I5]. Customers' post-purchase satisfaction, the surveyed firms estimate that:
- the indicator impacts on the company's agility in responding to rapid (sometimes abrupt) and pronounced market changes;
- the enterprise gains agility when it is able to create a higher level of customer satisfaction;
- one direct correlation is confirmed enhanced agility due to a higher level of post-purchase satisfaction.

4. Assessement form proposed for further research

As a result, an assessement form for the enterprise agility, based only on consumer behavior indicators, was proposed (Table 1).

Tab. 1.	Assessing the lev	el of the enterprise	's agility based on	consumer behavior indicators
I WO. I.	TIBBOODS TITE TO			

Indicator	Perceived risk	Brand preference	Attitude towards the brand	Buying intention	Post-purchase satisfaction
Level of agility					
Very good	[+4.0 -+5.0]	[+4.0 - +5,0]	The rating ,, Very useful" is prevalent	The rating "I will definitely buy it" is prevalent.	The rating "I absolutely agree" is prevalent.
Good	[+3.0 - +3.99]	[+3.0 - +3.99]	The rating ,, Useful" is prevalent	The rating " <i>I will probably buy it</i> " is prevalent.	The rating "I agree" is prevalent."
Poor	[+1.0 - +2.99]	[+1.0 - +2.99]	The rating "Neither useful nor useless" is prevalent	The rating "Neither/nor" is prevalent.	The rating "Neither / nor" is prevalent."
Very poor	[-5.0 - +0.99]	[-5.0 - +0,99]	The ratings "Totally useless" and "useless" are prevalent	The ratings "I will probably not buy it" and "I will definitely not buy it" are prevalent	The ratings "I do not agree" and "I absolutely do not agree" are prevalent

The exploratory research presented here will be extended through a quantitative research, based on questionnaires, conducted on a relevant sample of enterprises that operate with agility or/and aim to gain improved market agility. The objective of the research will be build a multi-criteria decision-making model for the evaluation of the whole enterprise's agility level at a particular moment and also to provide information that will underpin decisions for agile market actions.

References

1. Boier, Rodica (2009), "Consumer Behavior and Enterprise Agility – a Model of the Surveyed Indicators", paper presented at the International Conference European Integration – New Challenges for the Romanian Economy, 5th Edition, University from Oradea, Faculty of Economic Sciences, 29-30 May 2009, Oradea, Romania.

- 2. Desouza, Kevin C. (2006), Agile Information Systems: Conceptualization, Construction, and Management, Butterworth-Heinemann, Oxford, UK.
- 3. Putnik, Goran D., Maria Manuela Cunha (2008), Encyclopedia of Networked and Virtual Organizations, Information Science Reference, Hershey, PA.
- 4. Shore, James, Shane Warden (2007), The Art of Agile Development, O'Reilly Media, Inc., Cambridge, MA.

CHOOSING THE MEDIA CHANNELS ACCORDING TO THE IDENTIFIED MARKET SEGMENT

Botezat Elena

University of Oradea, Faculty of Economic Sciences, Pţa Independenţei nr. 53,bl. A10, ap. 12 ebotezat@uoradea.ro, 0722/260.308

Sav Teodora

University of Oradea, Faculty of Economic Sciences, Str. Cazaban, nr. 17, bl. AN 49, ap. 15 savteodora@yahoo.com, 0745/358.748

The present paperwork presents the importance of the linking of the media channels chosen in the framework of an advertising campaign with the identified target for the product/service that will be promoted.

Starting from the identification of the need to promote a product / range of products, from the identification of the target (target market) of the respective product, the most creative and innovative promoting methods can be chosen; but, quite often, these can prove to be useless or irrational if the chosen promoting support does not aim directly the people interested in this product. The final monitoring of the advertising campaign helps us analyze and detail the results obtained as a consequence of the promoting process.

Keywords: media channels, target, rating, CPP vs. RC

Jel Code: M31

We can notice that a lot of marketing people do not understand the concept of "integrated campaign" and consider that an advertising campaign limits to the realization of booklets, a week/month of broadcasting a radio or a TV spot or the display of their brand on street billboard, without thinking wheter through these variants they reach the aimed public or not.

For exemple, let's talk about sponge cake products, a range of half made alimentary products.

1. Identifyig the products

The range of half made products aims at the active housewives who like to cook at home but who do not have enough time to spend hours in the kitchen.

Even if they are top quality, many people are afraid of using them, because usually they contain lots of preservatives. But, let's consider there are some products made following traditional recipes, with natural ingredients, with a low content of additives and preservatives, in the best hygienic and food safety conditions. There are few big companies producing this range of products in our national alimentary industry and many small enterprises - bakeries - that commercialise them. So, for a big company should be vey easy to become a leader on this market, taking in consideration the fact that it does have no important competitor. Still, imposing a range of this kind of products on the national market can be unfeasible unless it takes measures to promote it. For that, the best decision is to turn to a specialized advertising agency to promote these products, in order to increase the notoriety and the sales of the company.

2. The identification of the target market

In order to elaborate an advertising message, the marketing specialists need **preliminary essential information** about the target group:

- to know the benefits that the consumers expect;
- which benefit is more important, relevant and different in report with other offers;
- information about: social, demographic, psychological characteristics;
- consumption behaviour;
- the attitude towards the brand and the attitude towards the products.

Which is the target aimed by the Sponge-Cake advertisement campaign?

In order to identify the target market of the sponge-cake products, **the virtual communities** that had as interest and discussion topic – gastronomy. Except for this research method, other **qualitative research instruments** were used: groups, shelf research, direct interaction with potential clients, observation. Of all these methods, the most **efficient in the determination of the target market was, in this case, the focus-groups and the discussion forums on-line.** After the research developed for the identification of the target of the sponge-cake products, the partial results were the following:

- Sex: female
- Age: between 25-55 years
- **Social status:** married, with at least one child (usually younger than 7 years)
- **Profession**: housewife, baby-sitter, on maternity leave; confectioner, pastry chefs, chefs, apprentices, students of specialized schools; assistants; journalists, educational system.
- Environments: mostly urban
- Income: average and slightly above

Features of the aimed woman:

- very sociable, opened to new, active, dynamic, joyful and ready to experiment new recipes in the kitchen;
- likes to tell stories and to share recipies with friends;
- they are proud of a "well done cake" that looks very good;
- the joy of a surprise made to the child / husband / friends;
- devoted to the family, she is willing to dedicate a big part of her free time to cooking;
- willing to accept innovations in the culinary field, without giving up "traditional recipes";
- the habit of the weekend dessert to please the family / the neighbours;
- considers cooking is a method of relaxing and bringing the family close to one another around the table;

The purchase decision:

- the purchase decision belongs to her both in what regards the impulsive shopping and in most of the analytic shopping.

The sponge cake layers represent an **impulsive shopping.** In the decision of buying this product, housewives can be **influenced** mostly by the recognition and acknowledgement of the product / brand, but also by the opinion of friends, neighbours, family, the environment of the virtual community where she is a member. Therefore, here we can observe the increasing importance of the promotion method known as "word of mouth".

Interest topics: cuisine / international cuisine, children / topics about children, health and food / diets, flowers and / or pets, sports, romantic movies; they get their information from magazines.

The identification of the behaviour of the target towards the use of the product

Even if the aimed target has been very well identified by the campaign that will be launched the marketing specialist needs another important information before moving to the action itself: **finding out the opinion of the target public about this type / range of products**. How does the potential buyer perceive the use of the ready-made sponge cake layers? Would they buy it? What would determine him to buy them, use them and stay faithful to the product?

Therefore, after several variants elaborated, debated upon and analyzed, according to the benefits identified as important for the consumers of the "sponge cake" product, the message suggested to communicate the Sponge Cake can be:

"Sponge cake layers – For the cake that is always a success!

3. Choosing the communication channels

After the identification of the product target, the message and the creative concept that will address to the target market were established, we need to identify the channels through which we reach it. Therefore, where do we promote our message? Obviously, were we find the target! This is where the research work of the media department comes up.

For the beginning, let's make the distinction between two notions: the declination of the *campaign concept* and the *declination of the campaign*.

We call "declination of an advertising concept" the way it will vary according to the media supports. The objectives stay the same, but the concept varies. What changes is the way the advertising specialist will adapt its concept according to the concept in the case of various media channels. It is the same as in the case of the grammar specialist that declines a noun, the marketer keeps the same radical, the same structure, the same concept. In the case of the declination of the message, the media channel and the support stay the same, but there are a series of variants 339

The communication channels have two types: personal channels and the non-personal channels.

Personal channels- involve the existence of two or more persons that communicate directly with one another, through discussions, discourses, through telephone, post or internet. The efficiency of these channels derives from the possibility to individualize the presentation and to perceive directly the reaction of the auditorium.

Non-personal channels – spread messages that do not imply the contact or the interaction at personal level. These can be: information means: press, newspapers, magazines, radio, billboards and manifestations organized in various occasions (press conferences, sponsorships).340

According to the marketing mix and the creation strategy, the decision of the media plan follows the following process:341

1. Choosing the media channel;

_

³³⁹ Luc Marcenac, Alain Milon, Serge- Henri Saint- Michel- "Advertising strategies: from the marketing study to the choise of the various media" (ro. orig. "Strategii publicitare: de la studiul de marketing la alegerea diferitelor media"), Polirom Publishing House, Collegium Collection, 2006

³⁴⁰ Lazăr, D.D.- "Strategic marketing" (ro. orig. "Marketing strategic"), Printing House of the Oradea University, Oradea, 2003;

³⁴¹ Luc Marcenac, Alain Milon, Serge- Henri Saint- Michel- "Advertising strategies: from the marketing study to the choise of the various media" (ro. orig. "Strategii publicitare: de la studiul de marketing la alegerea diferitelor media"), Polirom Publishing House, Collegium Collection, 2006

- 2. Choosing the supports;
- 3. The sharing of the budget;
- 4. The campaign plan.

For the sponge cake products campaign, the general promotion media chosen can be:

Television,

Street display (OOH billboards)

Written press – magazines aimed at women,

On-line media.

A.Television

TV Advertising is the most efficient promoting mean. The results of a TV campaign are measurable; when we contract publicity space on the TV, we actually buy viewers who find out about our message. The results of a campaign are measured in thousands of viewers who have seen the spot. The measurement of the audience is realized in Romania by TNS / GfK Romania. GfK is the new company who takes over the measurements supplied by TNS, realised electronically (through the people meter). The results are unanimously accepted because GfK was designated through bid, starting with the summer of 2007, to perform this service by ARMA (The Romanian Association of Measuring the Audiences) – formed of the representatives of the TV stations, advertising agencies and advertising clients.342

ADVANTAGES AND DISADVANTAGES

The television, even if it has the biggest weight in the total of media means, is overloaded. This fact leads to an advertising suffocation (number of broadcasts, rapid rhythm of broadcasting the insertions). In what regards the target, we can observe the tendency to become faithful to a TV show or channel, according to it's type.

Strong points:	Weak points:
- Strong media channel	 Very suffocating
- Wide national covering;	- Low selectivity;
 It has a strong effect of notoriety; 	- Considerable technical
- Fast impact in the households;	expenses.
- Strong demonstrative effect.	

RATING (audience) - It shows how many TV owners watch a certain TV program / TV channel at a given moment (it is measured in thousands of people or percentage from the universe).

MARKET SHARE - It shows how many of the TV owners, who have their TV sets on watch a certain TV program / channel at a given moment (percentage).

- GRP (Gros Rating Point): represents the total of the rating points (rtg%) accumulated by a spot campaign, in a certain period of time.
- TRP (Target Rating Point): represents the total of the rating points (rtg%) accumulated by a spots campaign, in a certain period of time, on the client's target, that is TRP = GRP in the client's target.

AFFINITY: represents the report between the audience on the studied target and the audience on the reference target, that is: **Affinity** = **TRP**/**GRP**; **A good affinity has to be higher than 100%.** Affinity, **from the point of view of the campaign**, shows how efficient some TV channels or TV programs are for this.

COST PER POINT vs. RATE CARD

Cost Per Point (CPP) or the net cost of a rating point. The guaranteed audience sale is the most correct method. At its basis, there are accurate scientific researches, for establishing the compatibility between the profile of the target public of the promoted product and the profile of the target public of each program of the TV channel that makes the promotion. The method allows a complete post-campaign analysis and even the modification of the promotion strategy during the development of the campaign.

Rate Card (RC) or the classic method; list price – discount = net cost – nr. of broadcasts. Through this method we buy broadcasts, not audience. The tariffs are established statistically through: demographic & economic reports, the performance of the sales of that channel.

According to the results of these indicators, the following are suggested: the TV channels, the hour intervals, the shows during which the commercial will be broadcast considered adequate to the target.

The proposal of the agency for the Sponge Cake Campaign should be the following: **acasa**. These Tv channels were chosen because the target of the sponge cake products fits perfectly in the typology of their target:

Main Target Acasa (MT Acasa): Urban women between 15 and 49 years, average and high incomes, medium and higher education.

³⁴² http://www.arma.org.ro

Main Target ProTV (MT ProTV): Urban between 18 and 49 years, average and high incomes, medium and higher education.

"Acasă" has the higher audience on the target of the half made cakes campaign. Additionally, ProTV contains men too.

The hour intervals, respectively the shows proposed were the ones that after the TNS Agb analysis turned out to be audience leaders on the aimed target:

- 1. "acasa" channel: At home in the kitchen, The recipe at home, the soap opera "Inimă de Țigan" (Gypsy Heart);
- 2. "Pro Tv" channel: Happy Hour, ProTv News, the 7 pm edition, Pro Movie, at 9 pm.
- 3. "prima tv" channel- Teo Live! The sponge cakes products presented by Teo! Teo is very popular and she has become an opinion leader who is able to promote topics.

B. Display

The display represents one of the oldest promotion means in the world. From graffiti to 3D, the will of every man to leave something behind is a logical one. Together with television and written press, the display remains one of the most important media channels.

Its big disadvantage is represented by the incapacity to select the target audience, followed closely by the difficulty to assess the number of targeted people, reached through the billboards. But, in what regards the covering offered by the posted, it is total, the percentage of the Gross Rating Point (GRP) reaching a maximum level. 343

Strong points:	Weak points:
 Incisive media channel Violent, impact character Strong media channel, capable to create rapid notoriety Good geographic frequency and selectivity Direct connection with the distribution Colour visualization and good reproduction. 	 Ephemeral media channel Weak demographic selectivity Weak adaptability of use Important technical expenses.

The display proposal for sponge cake:

For the sponge cake campaign, the OOH display is not one of the recommended variants in this situation. However, in order to make a certain selectivity – at least geographical – panels were chosen in the cities where are sales points for this products. The number of billboards suggested for each city took into consideration the number of inhabitants of that city. Other selection criteria can be: - The number of Key Accounts of the producer of this products in that city;

The sales percentage of the sponge cakes range in that city.

C. Press

The press represents an exceptional tool to create the files or the request of the documentation, but also a good direct sale support. It occupies the second rank, after television. The press offers the marketing professionals a high number of segmenting possibilities, analysing the ranking of the periodicals that dedicate most pages to the announcements. 344

Regional daily press is a strong media channel, even if it varies from one region to another.

Strong points:	Weak points
National covering;Faithful target;Strongly argumentative.	 Ephemeral message; Suffocating media channel Low degree of adaptability and
	availability

The magazines suggested for the target of the sponge cake campaign

In order to reach the target public of the Sponge cake products, a series of fashionable magazines were suggested, aiming at the public with average and above average incomes. The readers of these magazines are between 25-54 years old and they are interested on topics such as family, health, kitchen, carrier, children, medicine, beauty.

³⁴³ Luc Marcenac, Alain Milon, Serge-Henri Saint-Michel- "Advertising strategies: from the marketing study to the choise of the various media" (ro. orig. "Strategii publicitare: de la studiul de marketing la alegerea diferitelor media"), Polirom Publishing House, Collegium Collection, 2006

³⁴⁴ Sasu, D. V.- Strategic marketing" (ro. orig. "Marketing strategic"), Printing House of the Oradea University, Oradea, 2008

Briefly, the proposal for this range of products, can be divided in three categories: fashionable magazines, culinary magazines and magazines aim at fresh moms.

- **1.** *Lumea Femeilor* ½ page in the "Culinary" section starting with the second half of the month of February until the first half of the month of April. In total: 5 apparitions.
- 3. *Ioana* ½ page in the section "Kitchen secrets" starting with the second half of the month of February until the first half of the month of April. In total: 5 apparitions.
- **4.** Practic în bucătărie- magazine with an impressive number of readers per edition: 160.000 people. Proposal: one page in the months of February, March and April (presentation of recipe) in the section: "Recipes for the Sunday in my family".
- **5.** Cărticica Practică- special Easter supplement of the magazine "Practic în bucătărie";
- 6. Baby- Cover 3 in the months February, March, April.
- 7. mami- ½ page in the months of February, March and April in the section "Mommy recipes".

D. On-line promotion

Considering the exponential growth of the on-line promotion, it could not miss from an advertising agency's proposal. All the more that, as we have already seen, a big part of the campaign's target was identified with the help of the on-line forums and magazines. Therefore, the most read on-line magazine of our target proved to be: www.reteteculinare.ro - Leaderboard: at least 3000 displays/day + Advertorial

Obviously, for this presentation, it is also important to realise a site of products presentation that offers a direct link on the banners on the site.

4.CONCLUSIONS

The Campaign "Sponge Cake, for the cake that is always a success!" led to the increase in popularity of this brand and especially the "sponge cake products", as well as to the increase of sales of the products during the campaign. These favourable results obtained after the implementation of the campaign at national level for two months were due to the declination of a well-conceived advertising concept on the target aimed by the product.

According to a popular saying" "One flower doesn't bring the spring", in the same way we can say that in marketing "one campaign doesn't make brand awareness!". After the end of the campaign, a drop in the sales could be observed and also a decrease of the traffic on the site.

Therefore, from a promotion campaign of a brand or range of products there is a long way until its transformation in a brand or even in a "love mark" for the client!

Bibliography:

- 1. Balaure, V. (coord.) "Marketing", Editura Uranus, Bucureşti, 2002;
- 2. Bettinghous, R.P.; Cody, M.J. "Persuasive Communication", Ford Worth: Harcourt Brace College Publishers, 1994:
- 3. Gronroos, C., Gunnerson, C. "Service Management and Marketing", Lexington Books, Massachusetts/Toronto, 1990;
- 4. Kotler, Ph., "Managementul Marketingului" Editura Teora, București, 1997;
- 5. Lazăr, D.Dumitru "Strategic marketing" (ro. orig. "Marketing strategic"), Printing House of the Oradea University, Oradea, 2003;
- 6. Marcenac, Luc, Milon Alain, Saint-Michel, Serge-Henri "Advertising strategy" (ro. orig. "Strategii publicitare"), Polirom Publishing House, Iasi, 2006;
- 7. Rossiter, J.R.; Percy, L. "Advertising Communications& Promotion Management", Boston, Mass: Irvin, McGraw-Hill, 1998;
- 8. www.arma.org.ro

MARKETING FOR SMALL ENTREPRISES – CASE STUDY DAISY SARA LTD

Brandabur Raluca

Academia de Studii Economice Bucuresti Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, Bucuresti raluca.brandabur@mk.ase.ro 021-319.10.00/237

Popescu Andrei

Academia de Studii Economice Bucuresti Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, Bucuresti pandreirobr@yahoo.com 021-319.10.00/237

Half of Romanian small and medium-sized firms are seriously and severely affected by the economic and financial crisis. In Romania small businesses do represent a high percentage of the total number of enterprises. Three young professionals (a sociologist, a mathematician and an economist) invests without reckoning, in studies, market surveys or even project studies necessary to identify opportunities of creating enterprises and/or new and more-paying jobs for the population – create Daisy Sara a services company designed to produce and manage private events. Now, like thousand others small companies Daisy Sara should acquire marketing knowledge and use marketing techniques in order to survive the crisis.

cod JELlucrare: M3

Keywords: SME, marketing strategy, case study

1.General economic context:

Small Business Enterprises (SBE's) do play a major role in the world economy, and they are recognized as one of the main contributors to economic, development and employment growth. That is also true in Less Developing Countries like Romania since small businesses do represent a high percentage of the total number of enterprises.

During the early stage of the transition, small and medium enterprises (SMEs) began to grow dramatically, primarily because of the privatization of enterprises in trade and services. The majority of SMEs at that time specialized in trade. While the state did not take appropriate measures to promote SME development, the number of SMEs still more than quadrupled and their total employment doubled during this period.

Romania registers over 600,000 small and medium-sized businesses345 any many operate in the shadow economy. It is primarily greater state support to micro, small and medium enterprises that could attract many of the enterprises operating in the shadow economy back into the formal sector. Current taxes policy put a higher pressure an SMEs in order to back into the formal sector. But the answer to reducing the informal sector is not higher taxes on micro, small and medium enterprises or more regulation of their activities. Such policies would only drive more entrepreneurs and workers into the informal sector. This would shrink the tax base even more and produce added pressure to raise taxes on formal-sector enterprises—intensifying a vicious circle of increasing tax evasion and spiraling taxes.

Like many of its East European neighbors, Romania is experiencing a sudden reversal of fortune. After years of record economic growth fueled by easy credit and heavy foreign investment, people here are bracing for a sharp slowdown that they hope does not turn into an outright crash

Romania's biggest problem is its current-account deficit: Far more money has been pouring into the country than going out. Much of the money comes from the estimated 2.5 million Romanians -- more than 10 percent of the population - who work in countries such as Italy and Spain and send earnings back. But with those economies now suffering as well, many emigrants are expected to return home empty-handed. The deficit has tripled in the past five years, making the Romanian economy vulnerable if foreign investors suddenly pull out.346

However, a big economic slowdown is inevitable in 2009 as a result of slowing exports, harder access to finance for business and slowing consumption. The first signs of the slowing economy are increased unemployment and lower consumption. Initially layoffs were announcing by private companies, but recently also state-owned firms have started to cut jobs.

Half of Romanian small and medium-sized firms are seriously and severely affected by the economic and financial crisis, according to a poll conducted in April 2009 by the National Council of Private SMEs in Romania.

The poll conducted in Romania's Sights development regions indicated that 23.53% of firms polled were "catastrophically" affected by the financial crisis and 25.49% experienced large negative effects of the crisis. 36.27% of SMEs said the impact of the crisis on their business was medium and 11.76% said the impact was mild. Only 2% of Romanian SMEs are unaffected by the crisis.

On the other hand, most respondents (80%) said measures taken by authorities to reduce the effects of the crisis on SMEs are unsatisfactory and 13% said the measures are satisfactory. Only 1% of respondents said the respective measures are good347.

612

³⁴⁵ National Institute of Statistics, on 31 of December 2008

³⁴⁶ www.washingtonpost.com

³⁴⁷ Mediafax, 05.05.2009

2. The Daisy Sara company

In 2004, 3 young professionals (a sociologist, a mathematician and an economist) invests without reckoning, in studies, market surveys or even project studies necessary to identify opportunities of creating enterprises and/or new and more-paying jobs for the population - create Daisy Sara a services company designed to produce and manage private events. This small businesses that require minimal capital or a level of kick-off investment lower than 5000 Euro is today one in its closed region well-known. As a small sized enterprise planted in the society, they are established in the centre of a city and form an integral part of Bacau local community. As a result both the small enterprise and the three entrepreneurs are very visible and they form a recognisable unity. This makes it possible to have meticulous and involved contacts 348

None of the owners has previous experience, training or even idea about business. They practiced an adapted training that qualifies each one of them directly operational for the job market (not academic or diploma). Two more persons are added to the team as full time employee and more than 20 persons like collaborators. For new personals training is adapted according to the tool (equipment in the environment), to the mentality of the environment, according to the needs of the enterprises and the society.

It has also with poor marketing activity enough customers. Every kind of improvement and innovation depends on phantasm, capital and enterprising temper.

However, like other small-scale entrepreneurs, especially at the early stages, often lack the necessary information and tools needed for running their businesses. They were also lack of updated data about the market and about the threats and opportunities around them.

Daisy Sara creates some of the most spectacular and memorable events in Bacau area Daisy sara are a full service event planning and production company with over 5 years of experience, into a young market (around 10 years), producing events for private individuals and corporations, ranging from 20 to several thousand people. Company plan and produce imaginative special events, worry-free corporate events, meetings, trainings, road shows, incentive trips and product launches as well as parties (Weddings, Birthdays, Anniversaries, etc...). Detailed some other services Daisy Sara can provide include venue site inspections, securing quality vendors for catering, decor, floral, entertainment, transportation, audiovisual / production and rentals, to name a few.

The market they act – Bacau area349, is covered by almost 25 competitors and is dominated by 3 local competitors (around 70%). One of them is Daisy Sara. Almost none of the companies in this sector are dealing with full service of an event like Daisy Sara. The large majority of them are small companies which are active only in the cities where they have been established. Big, powerful player, with national coverage are less important (few than 10%) from local market.

With little help and almost five years of experience, now they are able to design a SWOT analyses. Key strengths and weaknesses, opportunities and threats of the enterprise analyzed in terms of its operating capabilities and the external environment are:

Strengths: dynamism; creativity; flexible enough to the changes of market; simply structure; supply is according to demand; full services offer for any event; well skilled personal; low cost for a large range of used materials due to own production; influent local clients who are bringing value to the company portfolio

Weaknesses: poor cost control; poor/incipient use of marketing –management techniques like most SMEs; poor environment information; none customer profile/segmentation; sales based only trough word of mouth and wedding fairies

Opportunities: today, they are perceived as the best local wedding organizer; the market is fix enough, if the prices remain competitive, the market is given for new products, according to the experiences; to improve the technical background; extending market in other geographical areas; strong word of mouth importance; new markets – raw material for other companies who provides events; create alliances with other suppliers for events (tourism operators, public alimentations, music/artistic bands, camera/film operators)

Threats: increase competition from old players; entrance of new competitors; copy of their products and services; decreasing economy; perceived more like wedding organizer than any event organizer, loss of corporate events market and others private events

3. Marketing proposals for Daisy Sara into socio-economic crisis context

The main purpose of this initiative is that of promoting a new entrepreneurial culture, helpful for companies to consolidate their position on the market supported by innovative processes. First of all Daisy Sara must prepare a realist and adequate business plan for a small size enterprise. Indeed, small enterprises have specific characteristics which distinguish them from big businesses.

Elements of a marketing plan should be outlined in accordance with the enterprise vision, mission, objectives, and the external operating environment estimation of market size, identification of key competitors. When the

³⁴⁸ UEAPME Position Paper on the Green Paper, Promoting a European Framework for Corporate Social Responsibility, COM(2001)366 349 Daisy Sara estimations

marketing discipline is well practiced and combined with a notion known as the marketing concept most small businesses will enjoy significant success. Main proposals for Daisy Sara in terms of marketing are:

- setting marketing objectives: increasing customer satisfaction and though this increasing notoriety, increasing market share,
- target market profile(s): several years of experience on the Bacau market are enough in order to be able to create and use an accurate segmentation for private and corporate events. We recommend development of actual position segment private clients. Daisy Sara can create customer loyalty and enduring success by offering human, personal, and specific knowledge in it's transactions with its customers.
- **positioning strategy**: in order to surpass the individualism which normally distinguishes them one from another, allowing them to appear on the market to *offer services that are unique through high degree of personalization*
- range of products/services offered: special products *standardized offer for dedicated segment*, extend the product line in amount *producing materials for similar companies*;
- **pricing strategy:** double oriented *price structure* cost and competition; *seasonal prices; forfeiter prices* for ready made package
- **promotional strategy**: improve the presence into local media *especially trough PR techniques, barter promotion* with all other event involved suppliers By collaborating with complementary partners, small business can expand its footprint quickly and at lower cost. Advertising is an effective tool to create awareness and sales but is less affordable for this moment.
- **distribution strategy**: *extending his position in the Internet*. Implementing E-marketing by small business enterprise can change the shape and nature of SBE's business all over the world350

Other said, Daisy Sara should escape to the vicious cycle of the most often ignored marketing area in the small business setting. She must exploit that SMEs are more flexible and adaptable to rapid changes than bigger companies. Marketing can be learned or outsourced and it is the foundation for small business success.

Bibliography:

- 1. Anghel Dan Laurentiu, Marketingul intreprinderilor mici si mijlocii, Ed. ASE, Bucuresti , 2005
- 2. Hatem El-Gohary, The effect of E-marketing on the marketing performance of Small Business Enterprise: A comparative study between Egypt and the UK, 16th EDAMBA Summer Academy, Soreze, France, July 2007
- 3. Mediafax. 05.05.2009
- 4. National Institute of Statistics, on 31 of December 2008
- 5. UEAPME Position Paper on the Green Paper , Promoting a European Framework for Corporate Social Responsibility, COM(2001)366
- 6. www.washingtonpost.com
- 7. www.financiarul.ro
- 8. www.euranet.eu

³⁵⁰ Hatem El-Gohary, The effect of E-marketing on the marketing performance of Small Business Enterprise: A comparative study between Egypt and the UK, 16th EDAMBA Summer Academy, Soreze, France, July 2007,

QUALITATIVE RESEARCH ON THE NATIONAL PUBLIC TELEVISION IMPACT ON TODAY'S MARKET

Budacia Elisabeta Andreea

Romanian – American University Management – Marketing Faculty 1B Expoziției Ave., Sector 1, Bucharest andreeabudacia@yahoo.com 0722.29.92.93

Perju Alexandra

Romanian – American University European Economic Studies Faculty 1B Expoziției Ave., Sector 1, Bucharest susie alex@yahoo.com 0748.280.802

Avram Emanuela Maria

Romanian – American University Domestic and International Commercial and Financial-Banking Relations Faculty 1B Expoziției Ave., Sector 1, Bucharest emanuela.maria@yahoo.it 0745.350.009

Marketing research is the activity through which, by using methods and techniques of investigation, specification measurement, data collection are made, as well as analysis and interpretation of information marketing units required for the knowledge management environment in which it operates, opportunities are identified, alternatives, marketing actions and effects are evaluated. Marketing research has a sphere of extremely wide coverage. We could say that there is no area of business marketing which is not subject to investigation and research.

Keywords: qualitative research, National Public Television, audiovisual and cultural field, television broadcasting market, the nature of the TV audience

JEL codes: M10, M31

Of the many variants of marketing research, television in particular uses quantitative research - via the people meter. We however, proposed to have a qualitative approach to investigating the phenomenon, the purpose being able to develop a series of proposals to improve the performance of public television's audience. Through qualitative research one records opinions, attitudes, feelings, leading to certain behaviors. Our basic idea was to surprise the phenomenon from the perspective of professionals from the audiovisual and cultural field. For this purpose, we considered research through semi-structured interviews among specialists to be extremely useful, having the intention to turn the results to a better positioning of the channel in the public broadcasting landscape of Romania, but especially for the better fulfillment of their role and functions. Specialists consider that the role of marketing research in decision making is very important, because it allows: identification of favorable opportunities and potential dangers of the environment in which the business operates, enabling the choice of alternative decision-making within the field, assessing the effectiveness of marketing decisions. Fulfilling this role, research marketing practice creates the conditions necessary for a proactive management, adapting continuously to changes in the economic, social and competitive environments.

The issue is addressed is one of special and national interest, because broadcasting in general and television in particular, determine passionate contradictory views; in this context it is useful to remember that public television more specifically the role and importance in the local broadcasting landscape - raise special interest. The main issues that determine the controversies are: the audience, the quality of broadcasts, assuming a cultural – educational role, the TV fee, etc., which we address through this research.

Research performed fits into the qualitative research category as exploratory research, conducted in order to allow a deeper understanding of the problems addressed in this paper. The results are of qualitative nature and cannot be extrapolated to the entire population studied. Research through the semi-structured interview seeks specialists in the field of broadcasting. The steps followed in carrying out research are the classic ones, recognized by professionals - setting objectives and hypotheses, designing the research, including determining the sample survey, the place and time of data collection, methodological issues on the actual interview, developing an interview guide, presenting research results.

As far as objectives are concerned, we mention that given the research purpose stated above, we proposed a series of objectives for it, of which we consider of particular importance the following:

- identifying the main issues in the television market in Romania;
- knowledge of opinions on current trends specific to the television market in Romania, regarding the number of broadcasters, their typology, the promotion of certain values / non values and personalities / characters through the TV channels as well as other points of view;
- shaping the role and importance of public television in today's Romanian society and the broadcasting market;
- identify the strengths and weaknesses of public versus commercial television;
- identify views on the typology of broadcasts and assuming the specific role of public television;
- values promoted by public television versus values which should be promoted;
- establish the extent to which target audiences are indicated in public television broadcasts;
- the nature of the audience which public television should focus on: quantitative, qualitative, mixed;

- advice on identifying sources of income of public television: the TV tax, budget allocations and revenue from advertising;
- opportunities to improve public television's audience performances.

Regarding the test study, we must point out that our intention was to investigate a number that varies between 30 and 50 people involved in broadcasting and in particular the television, and finally managed to talk to 36 subjects, all involved in activities undertaken in specific broadcasting institutions such as public television, certain commercial television, the National Broadcasting Council, the Ministry of Culture and Religious Affairs. The choice of subjects interviewed was done through personal relations.

Regarding **the place and time** of data collection, we note that the interviews were conducted during 15 April-13 June 2008 in Bucharest, particularly at the workplace of the people interviewed.

Regarding specific activities, the respondents engaged in particular activities in the area of marketing, marketing research, promotion, is also important to specify that some people held lower level positions, while others were in management. As regards the timeframe when people were involved in the institution as staff, they all had an experience of at least two years by the time that the study was performed.

Regarding the television broadcasting market in Romania opinions were targeted in two main directions, namely: the main problems in the television market in Romania and on issues of current trends in the television market in Romania

Regarding the overall **television broadcasting** market in Romania, the specialists have underlined a number of distinct aspects of the phenomenon examined, the most common being the congestion of the Romanian media landscape, the lack of clear strategy and effective marketing, excessive politicization messages, lack of content, concentration of capital in real media trusts.

In relation to matters concerning the running staff (TV stars) and messages being broadcast, the opinions of specialists are very similar and particularly focused on the absence of genuinely cultural and educational programs, and the rush for the sensational and macabre, doubled by the appetite of part of the public for such information, promotion of false stars and values, promoting the plain and derisory to exceptional levels.

Regarding the **position and role of public television in today's broadcasting market**, we have outlined several aspects focused mainly on: the importance of public television in the market and use of public sources of income to support this institution, relevance to audience the nature and objectives aimed by an ideal public broadcasting service.

The **role and importance** of public television services are recognized by most of the specialists interviewed, especially on what should the institution be and less on what it is. To take in more of the aspects investigated, we divided them into two categories: the importance of public television broadcasting in the current landscape and the values that public television services should promote in today's society development context and the demands of the knowledge society.

Regarding the **importance** of public television broadcasting in the current landscape we outlined a number of issues arising in particular from the fact that it is an institution of national interest, which has assumed the role to inform all citizens fairly, as per its legal status under which public television promotes the values of domestic and European culture. The general opinion is that public television holds an important role and place in the contemporary media landscape.

The values that public television services should promote arising from its status and as defined by their legal organization and functioning, but also European regulations on public television services. The most representative ideas were outlined as issues around culture and cultural diversity, human rights, public education, promotion of national minorities, the family values and Christianity, a healthy business environment and proper reporting of problems with social aspects etc.

Regarding the **importance and relevance** for public television audience, specialists have varied and contradictory views, therefore they were divided - for ease of analysis - into three categories: utility of audience for public television stations, the target audience that should be related to in public television services and means by which to increase ratings.

The usefulness of audience to public television stations is a subject whom has led to different opinions, leading us to appreciate that it is extremely useful to measure the activity and orientation of the institution in terms of these indicators up to the part where it is considered unnecessary. Arguments for the first possibility are the need for public television and to periodically assess the activity compared to commercial stations in determining objectives and targeting the supply, and for the second alternative is the premise that public television still has the largest audience at national level.

Regarding the **nature of the audience** that public television services should cover, the importance of both quantitative and qualitative indicators was highlighted. In fact, the need to assess the audience both in the qualitative and quantitative aspects is important because both the quality of the public and its impact on supply are key in the idea of future development. Considering especially the quantitative audience is appreciated by specialists as halfway work and sabotage of targets set for public television, because it also has the function of public education. From a quantitative point of view, it is interesting to know first that almost all the population has access

to public programs, and on the other hand is actually the number of those who view them. From a qualitative point of view, there is the effect that a TV program has on people who watched it, how well it has informed; to what extent has it enriched the knowledge and learning of new things, useful and interesting. Specialists consider that performance through public television audience is important for orientation in terms of the offer according to public preferences, and also for the presenters and directors, for the purpose of directing the budget and formulating the messages.

In relation to options to improve public television audience, the answers are simple and straightforward: no bad taste - which involves removal of some grid shows of emotional entertainment, but also the soap item on TVR2, even if some of the public demands it, - addressing the issue of quality - good series and movies, cultural shows, sports, music, debates, well prepared presenters - and respecting the principles of journalism, especially impartiality and equidistance.

Public Television has three sources of income: TV tax, budgetary allocations and advertising revenue. We entered this issue into debate, because the survival of the institution and particularly important the role they assume in the Romanian society, cannot be achieved without financial resources, and how it's thus worthy to mention the large disputes they determine. We focused the discussion on TV tax revenues and advertising revenues, as these two are of particular interest; budgetary allocations in itself led vehement reactions, rather as an addition to the fact that public television charges the fee but also features advertising spots (it's true, with some restrictions in duration for the one hour program and without the opportunity to discontinue the program). In connection with the broadcast of advertising, opinions are divided on the one hand those who argue that only by revenue from advertising can the public television broadcasting service achieve all objectives, on the other hand, the introduction of the fee along with the advertising distorts competition in the industry. As for TV tax, there are a series of very interesting issues, primarily in the communication strategy of television to determine payment of the public is ineffective because, although the fee is very low, evasion is considerably high, and the number of subscriptions is declining.

On the ideal public television, experts consider that although it is impossible to satisfy all of the audiences' tastes, a number of features that focus public television the ideal can be identified: reliability, dynamics, attractiveness, editorial independence or exclusion of political interference, sanity in terms of spending money mainly for the purchase of TV formats from abroad and accountability.

In the end of the interview, we scored certain aspects on items discussed earlier with respondents, and asked them to add some elements that they consider relevant, but unaddressed previously. Thus specific aspects were outlined, such as the management, programs broadcasted, image and communication, social involvement.

Issues on management and overall organization, outlined the following ideas:

- "the organizational structure of the institution is frequently changing, and often for subjective reasons";
- "as long as management of the institution is appointed by political forces, it is practically impossible to be fully impartial and apolitical";
- "competitions to fill vacancies raise some suspicions, some managers being appointed on political criteria";
- "although there is an organizational structure that takes care of retrieving messages from the public (via e-mail, forum, phone, letters), feed-back is not always compatible";
- "some presenters and directors migrate to private stations, attracted by wages and consistent public television frequently face the problem of lack of professionals (although it is the largest supplier of professionals)";
- "although some of the activities have been outsourced, the cost cut is not very visible, sometimes it looks as though the opposite has taken place";

Issues on the programs broadcasted:

- "there is a paradox: some shows which have a large budget recorded small audience, and others have much smaller budgets but higher numbers";
- "the main broadcast, the 7pm news, although it is superior in terms of broadcast news, has a lower audience than news channels from competing stations";
- "TVR movie broadcasts are better than those of Pro TV and Antena 1, but not well promoted";
- -"to be more daring in promoting its quality shows";
- "organize regular and qualitative research to guide its activities according to the results";

The debate generated by **communication and image**, was outlined by ideas regarding:

- "TVR brand valuation";
- "the need for a corporate communication strategy";
- "the need for campaigns where the public is informed on its importance on the one hand, and the level very small level of this tax compared to the needs and market realities of the television services industry on the other";

In the field of **social involvement**, the main issues are:

- -"it would be useful to engage in social responsibility projects";
- "to promote projects that are conceived on the universal values of humanity".

In analyzing the problems identified in the television market in Romania, following the discussions, two main aspects became obvious: the overall problems in the market and problems regarding the programs, personnel (TV stars), and work placements.

Average consensus is that at this time, the television is overwhelming the public because of the large number of networks, but even so, when there are many investors, the major TV channels are concentrated around some "moguls" of the media.

Most often, the issues regarding the quality of broadcasts was identified, which is obviously directly linked in with the personnel policy of the television networks and their availability and ability to invest in serious projects.

Trends in the television market in Romania are rather bleak, at least in terms of quality broadcasts, and unfavorable effects on the public will occur, as long as TV is regarded as the most important means of entertainment. Specialists consider that the thirst for information and entertainment of the public on the one hand, and intentions to invest or to expand the "mogul" in the press on the other hand, will lead to the emergence of new TV channels.

Recently, on the Romanian market, big trusts in the general press and television in particular, the tendency is to reach different niches outlined, of which in particular we note the niche of information and debate politics, sports and music

The reality is that the market has expanded enormously in recent years and will probably be extended, but this trend will lead to:

- reduction of ratings in each channel;
- control over the market by the CNA, will decrease;
- danger for television, called zapping, will increase;
- some form of cannibalization between presenters and directors will extend;
- competition, although generally beneficial, it is possible that this field would lose a quality in the race for ratings;
- emergence of pay-per-view TV channels;
- as ratings decrease against the backdrop of dilution and sharing between multiple TV channels, the financial resources obtained from advertising will also decrease;
- positions of bankruptcy or takeovers by the more powerful networks;

Nowadays, we are witnessing an interest in this market, so young, i.e. all TV stations are successful in Romania, or at least manage to survive on the market.

The role and importance of public television itself derive from its status as an institution of national interest, which should choose as first objective the interests of the citizens and meeting their needs for information, education, culture and entertainment, though not because we always like it, television is the cheapest means of entertainment for people of poor and average income. In this context, it is public television's role to contribute to the reconstruction of the Romanian society, to promote the genuine and to find ways to reach the public. Although experts consider that the efforts directed television programs to provide quality are considerably higher, compared to the commercial channels, has no ability to communicate clearly and effectively, it seems somehow in expectation, waiting for the public, but doing nothing to bring the audience to it. On the other hand, public television broadcasts feature some programs of a quality at least questionable, according to the specialists.

TV station audience is an important issue which instigates heated discussions among experts and among ordinary people. The idea of usefulness of the audience in particular when establishing editorial policy was clearly outlined, even if public television relates to these indicators, especially in order to sell more advertising space. It's also worth mentioning that television has the obligation to determine which has been the impact of its messages, and how they have enriched the capital of information and knowledge of the persons concerned. Most facts were determined as follows: the audience relevance when assessing position on the market, that in some cases it is more or less useful (e.g. for national minority issues, where the audience can be very limited), the idea of addressing issues of both quantitative and qualitative aspects of the audience. Regarding the possibilities to improve the public television audience, the views of respondents were focused on improving schedules, eliminating the bad taste of fake stars and non - values and respecting the principles of journalism concerning equidistance, editorial independence, the elimination of political interference, etc.

Also the fact that an ideal public television is impossible to achieve has come to attention, especially in the context of diversity of opinion, there are some elements that could guide public television toward this goal, of which the key ones are: reliability, professionalism, editorial, financial and managerial responsibility, authentic European and world (especially the BBC) models, etc.

Regarding the sources of income of this institution, there are contradictory opinions and concerns both regarding the TV tax and earnings from advertising. The margins were views ranged from assessing the tax as being useful for the TV institution to fulfill its mission, to remove tax as long as public broadcast stations are advertising, or surrender the option to run advertising altogether. The latter seems more plausible, even more so now that at European level this issue is being debated on the principle of unfair competition against commercial stations. In respect of the tax, a number of issues surfaced, such as the fact that there are many are evasionists, the control system is ineffective, the problem was not covered for those individual customers who have multiple TVs in the household, the institution does not communicate with the public enough on this topic.

At the end of the meetings, some elements were outlined, which although they were not part of the research, specialists have determined to be useful in this context. Of these the most significant are: the management and organization, communication and image, as well as social involvement.

Bibliography:

- 1. C. Bălan, Cercetări de marketing, Conținutul, rolul, tipologia și procesul cercetării ce marketing intern și internațional, Ed. ASE, București, 2001
- 2. I. Cătoiu (coordonator), Cercetări de marketing, Ed. Uranus, București, 2002
- 3. C. McDaniel, Jr., R. Gates, Contemporary Marketing Research, second edition, West Publishing Company, St. Paul, MN, 1993
- 4. M. Papuc, Cercetări de marketing, Ed. Universitară, București, 2007, ediția a doua revăzută.
- 5. I. Smedescu (coordonator), Marketing, Ed. Universitară, București, 2004

RIVALITE DES COMPETITEURS SUR LE MARCHE DE LA VILLE DE BUCAREST

Cruceru Anca Francesca

Academie d'Etudes Economiques de Bucarest Faculte de Marketing Academia de Studii Economice, Catedra de Marketing, Sala 1405, Piata Romana nr. 6, sector 1, Bucuresti E-mail ancacruceru1@gmail.com Telefon 021.319.19.00 int. 237

Moise Daniel

Academie d'Etudes Economiques de Bucarest Faculte de Marketing Academia de Studii Economice, Catedra de Marketing, Sala 1405, Piata Romana nr. 6, sector 1, Bucuresti E-mail moisedaniel@gmail.com Telefon 021.319.19.00 int. 237

Zaharia Razvan

Academie d'Etudes Economiques de Bucarest Faculte de Marketing Academia de Studii Economice, Catedra de Marketing, Sala 1405, Piata Romana nr. 6, sector 1, Bucuresti E-mail razvan.zaharia@gmail.com Telefon 021.319.19.00 int. 237

The competitive environment in Bucharest is, probably, the strongest in Romania, and it is featured, in general, by a large number of companies, free competition, respect of fair-play rules, and use of competitive policies. The competitive environment in Bucharest is a normal one; it demands adaptation efforts from all companies witch wish to gain an important status on this market. This research proposal aims to determine the level of competitive rivality on the Bucharest' market and it uses a quantitative research among the marketing managers of companies acting in Bucharest.

Mots-clé: rivalité compétitive, recherche de marketing, marché, Bucarest

Classification JEL: M31

Introduction

L'environnent concurrentiel du marché de Bucarest est caractérisé par une forte concurrence, déterminé par le grand nombre des entreprises, qui offrent une gamme diversifiée, qui s'adresse aux segments des consommateurs identifies par l'intermédiaire des moyens et des techniques spécifiques de marketing. Pour les organisations qui désirent à activer sur un tel marché, il est obligatoire de très bien connaître l'environnent concurrentiel et d'essayer de s'adapter pour conquérir une position compétitive avantageuse.

La compétition sur ce marché offre des opportunités réelles, qui peuvent être valorisiez par les entreprises, mais un enivrement d'une forte compétitivité donne naissance, aussi, a des menaces importantes. Par la suite, il est nécessaire une bonne connaissance et une analyse correcte de l'environnement compétitif, surtout des concurrents directs et indirects, l'adoptassions d'un comportement concurrentiel fonde sur fair-play et le respect de la loi, le ciblage des segments de marché les plus profitables.

La complexité de l'environnement et la compétition de plus en plus dure, l'augmentation des exigences des consommateurs, ainsi que l'existence d'autres facteurs, obligent les entreprises à développer et à implémenter des stratégies compétitives capables à accomplir les objectives établîtes. Les entreprises comprennent de plus en plus la nécessité du déroulement des recherches de marketing pour obtenir une image réelle de l'environnement concurrentiel.

Méthodologie

Cet article présente quelques aspects concernant les problèmes mentionnés, qui sont le résultat d'une recherche quantitative de marketing réalisé sur un échantillon de 75 entreprises activant sur le marché de la ville de Bucarest. Les résultats de la recherche peuvent être considéré comme représentatifs pour le marché de la Capitale, mais, si on parte de la prémisse que les entreprises de Bucarest se situent dans l'avant-garde des entreprises roumaines en ce qui concerne le niveau de l'implémentation du marketing, les résultats peuvent être analyses du point de vue qualitatif en relation avec la situation au niveau national.

La collecte, l'analyse et l'interprétation des données ont été effectuées pendant la période janvier-avril 2009, en utilisant un questionnaire avec 23 questions préétablies. L'unité d'observation a été l'entreprise de Bucarest, et l'unité de sondage le responsable du compartiment de marketing, ou, dans le cas que le compartiment de marketing n'existait pas, le manager général ou la personne qui est responsable de l'activité de marketing dans l'entreprise.

Dans l'échantillon ont été inclues des entreprises qu'activent dans les domaines d'activité suivants : services (c'est a dire télécommunications, assurances, tourisme, le secteur immobilier et la publicité) avec le pourcentage le plus élevé (54,7%), commerce (25,3%), production (17,3%), constructions et aménagements intérieurs (2,7%).

Résultats

Le premier objectif de cette recherche a été l'identification du niveau de la rivalité compétitive dans le domaine d'activité des répondants.

Les réponses concernant la capacité des agents économiques d'identifier correctement leurs concurrents directs et indirects de leur domaine d'activité sont présentés dans le tableau suivant. Dans la colonne des fréquences sont présentées les fréquences cumulées des réponses concernant tant les concurrents directs que les concurrents indirects.

Tableau nr. 1. Opinions concernant le niveau de connaissance des activités des concurrents directs et indirects

Réponses	Fréquences	Pourcentage
Pas du tout	9	6,0
Un peu	14	9,3
Satisfaisant	31	20,6
Bien	47	31,4
Très bien	47	31,4
Non-réponse	2	1,3
Total	150	100,0

62,8% des entreprises ont apprécié qu'elles connaissent bien et très bien leurs concurrents directs et indirects, ce qui dénote une préoccupation de leur parte vis-à-vis du phénomène concurrentiel, au moins en ce qui concerne l'identification des concurrents. Quand même, 15,3% des entreprises ne connaissent pas suffisamment leurs concurrents, ce qui représente une très grave erreur de marketing. De plus, le plus grande nombre des répondants sont enregistrés dans la catégorie des entreprises qui apprécient leur niveau de connaissance des concurrents avec le qualificatif « satisfaisant ». Il s'agit soit d'un manque d'interes, soit d'un manque de possibilité. Peu importe la cause. Les effets sont extrêmement défavorables, la méconnaissance de l'environnement concurrentiel empêchant le management des entreprises de prendre les décisions de marketing correctes.

Une autre question concerne l'opinion des entreprises sur la rivalité compétitive dans leur domaine d'activité. Les résultats sont présents dans le tableau suivant.

Tableau nr. 2. Opinions concernant la rivalité compétitive sur le marché du Bucarest

Réponses	Fréquences	Pourcentage
Très faible	1	1,3
Faible	0	0
Moyenne	6	8,0
Forte	40	53,3
Très forte	26	34,7
Non-réponse	2	2,7
Total	75	100,0

On observe que 88% des répondants considèrent que la rivalité est forte (53,3%) ou même très forte (34,7%).

En corrélant ce pourcentage de 88% avec le pourcentage de 62,8% qui affirment qu'ils connaissent bien ou très bien leurs concurrents, on peut constater que un quart des entreprises de Bucarest, tandis qu'elles sont convainques que le marché est un marché a une concurrence très forte, ne sont pas capables d'obtenir des informations importantes concernant leurs concurrents.

Des informations intéressantes on peut obtenir en étudiant les réponses provenant des différents domaines d'activité. Dans le tableau suivant on présente le niveau perçu de la concurrence dans les domaines d'activité.

Tableau nr. 3. Corrélation entre le niveau de la rivalité compétitive et le domaine d'activité

Niveau de la	Domaine d'activité				
concurrence	Services	Commerce	Production	Constructions	Total
Très faible	1				1
Faible					0
Moyenne	3	3			6
Forte	20	13	7		40
Très forte	16	2	6	2	26
Non-réponse	1	1			2
Total	41	19	13	2	75

La lutte de concurrence est perçue comme très dure dans toutes les domaines d'activité, avec un plus dans les domaines industrielles, par rapport aux domaines du secteur des services. Il est surprenant, mais il semble que dans le domaine du commerce, malgré le grand nombre des magasins ouvertes a Bucarest, la concurrence n'a pas aboutit a son sommet et les possibilités de développement du secteur ne sont pas fermées.

Pour meilleur s'adapter aux conditions de la concurrence, il est nécessaire de prévoir une bonne stratégie de marché. Comment répondent les entreprises de Bucarest a ce desiderata? Les résultats sont présentés dans le tableau nr. 4.

Tableau nr. 4. Existence d'une stratégie de marché

Existence d'une	Domaine d'activité					
stratégie de marché	Services	Services Commerce Production Constructions Total				
Oui	31	16	11	0	58	
Non	10	3	2	2	17	
Total	41	19	13	2	75	

A peu prés un quart des entreprises de Bucarest (22,6%) n'ont aucune stratégie de marché. On peut apprécier qu'il s'agisse d'un pourcentage très élevé, par rapport aux critères d'un management modern. L'existence d'une stratégie de marché est une condition minimale pour un bon rapport avec le marché. Les entreprises qu'ignore cette nécessité auront des difficultés majeures pour survivre sur le marché, surtout dans les conditions d'une crise économique.

Une dernière question concerne le type de stratégie de marché utilisé par les entreprises de Bucarest. Les réponses sont présentées dans le tableau nr. 5.

Tableau nr. 5. Types de stratégie de marché utilisées par les entreprises de Bucarest

TD 1 + +/ 1 1					
Types de stratégie de		Domaine d'activité			
marché	Services	Commerce	Production	Constructions	Total
Non-différenciée	4		1		5
Différenciée	19	12	9		40
Concentrée	5	4			9
Critère non-applicable	3		1		4
Total	31	16	11	0	58

La plupart des entreprise (69%) déclarent qu'elles utilisent une stratégie différenciée, ce qui est surprenant, en connaissant que cette stratégie est recommandée aux entreprises de grande taille, capable a couvrir les expectations des clients appartenant aux segments différents. Les explications possible sont : les répondants ne connaissent pas le contenu de cette stratégie, les marchés ne sont pas très segmentes, ou les stratégies adoptées par les entreprises sont inadéquates.

Conclusions

La concurrence sur le marché de la ville de Bucarest est apprécié comme une concurrence importante par la plupart des répondants (presque 9 sur 10 ont une telle opinion). Malgré ca, seulement 63% connaissent leurs concurrents directs et indirects, et seulement 77% ont établit une stratégie de marché. De plus, le contenu de cette stratégie est du moins ambigu. Les entreprises de Bucarest ne semblent pas être très bien préparées pour les enjeux d'une forte lutte de concurrence.

Bibliographie

- 1. Cruceru, Anca Francisca "Marketing. Strategii concurențiale", Editura Universitară, București, 2007
- 2. Cruceru, Anca Francisca "Mediul concurențial normal factor decisiv în activitatea agenților economici", în "Revista de Comerț", nr. 9, septembrie 2003;
- 3. Cruceru, Anca Francisca "Rivalitatea competitivă", în volumul conferinței "Comerț și competitivitate", Editura ASE, București, 2006
- 4. Hamel G., Prahalad C.K., Competing for the Future, Harvard Business School, 1996
- 5. Harrison, Andrew L., International business: Global competition from a European perspective, Oxford University Press, 2000
- 6. Kotler, Philip; Jain, C. Dipak; Maesincee, Suvit, A New Approach to Profits, Growth and Renewal, Harvard Business School Press, Boston, MA, 2002
- 7. Porter, Michael E., Strategia concurențială. Manual de supraviețuire și creștere a firmelor în condițiile economiei de piață, Editura Teora, București
- 8. Zaharia, Răzvan (coordonator) "Marketing strategic. Suport de curs", Editura ASE, București, 2000

THE USE OF THE MULTI-FACTORIAL GRID IN THE SELECTION OF THE ENTRY STRATEGIES OF OMV AG IN THE ROMANIAN MARKET

Danciu Victor

Bucharest Academy of Economics Business and Economics Faculty Str. Aviator Stefan Protopopescu nr. 3et.6 ap26, sector 1, Bucuresti dvictorsambotin@yahoo.com 021230 95 14/0723 178547

The foreign market entry is a strategic choice of any company. The firms use a practical approach in order to select and utilize the most appropriate market entry strategies and modes. This paper aims at showing how the multi-factorial grid can check up the assessments OMV AG has made at the entry in the Romanian oil market. This supplementary analysis has brought a research tool in a particular case of foreign market entry practices. The assessment the multi-factorial grid allows and its results in the case of OMV confirm the practical approach of the Austrian company.

Key Words: target-market, entry strategies and modes, multi-factorial grid, competition capability of the company, market attractiveness.

JEL code: F23

Introduction

The foreign market entry is part of the external expansion strategy of a company. In a broad interpretation of the Ansoff Matrix, this strategy could be considered as a geographical expansion strategy with a regional character, which provides for the new market access [V. Danciu, 2009, p.181]. As many authors think, there is no ideal entry strategy and many companies often combine strategies to enter particular foreign markets [V. Danciu, 2009; Gillespie, Jeannet, Hennessey, 2007; Muhlbacher, Leihs, Dahringer, 2006; Hollensen, 2004].

There are many points of view on entry strategies classification in the international literature [V. Danciu, 2004, p.220], but they could be found within a three broad grouping based on different degrees of control, risk and flexibility associated with each of the different market entry strategies:

- Export strategies: low control, low risk, high flexibility;
- Intermediate strategies (associated or contractual modes): shared control and risk, split ownership;
- Hierarchical strategies (investment strategies): high control, high risk, low flexibility.

There are many internal and external factors which impact on the choice of the most appropriate entry strategy or mode and the company may use more than one of the strategies and modes at the same time.

OMV Company has used such "a many strategies approach" when entering the Romanian oil market. The initial entry strategy was a green field investment mode. This strategy has been followed by successive acquisitions of stock packages in Rompetrol and Petrom. In the year 2004, OMV has purchased the majority stock package of Petrom SA which was the local market leader at that time.

By purchasing a firm in a market to enter, the buyer eliminates the need to build manufacturing and distribution capabilities from scratch. Buying an established brand gives the entering firm immediate market presence, existing customer base and market share. Along with the firm itself, the buyer also acquires its experience and its network of relationship with customers, intermediaries and other important stakeholders.

One of the most important and frequent used motivation of favoring acquisition to other market strategies and modes is the help it provides for establishing a strong position in a new country or regional market. This strong reason has influenced the entry strategy of OMV in the Romanian oil market, along with the attractiveness of the local market.

The Experience and Strategic Goals of OMV

Osterreichische Mineralverwartung Aktiengeselschaft (OMV AG) has been since 2004 one of the most important companies activating in the oil industry of the Central and Eastern Europe and the biggest company listed in the Austrian Stock Exchange. OMV was established in 1956 and has been involved in exploration, processing and marketing activities in seventeen countries from Europe, Middle East, Asia and South America. Osterreichische Industrieholding AG (with 34% of the shares) and International Petroleum Investment Company - IPIC (19.6%) are the main shareholders of OMV. The Group has about 1.4 billion barrels oil equivalent of natural gas and some oil reserves, an yearly production of 45.9 billion oil barrels and about 2400 distribution stations in thirteen countries.

OMV has an important stock package in companies such as Boreals A/S (35%), AMI Agrolinz International Gmbh, Hungarian MOL (10%), Bayernoil Raffineriegesellschaft Gmbh (45%) and Ecdias Gmbh (50%).

Prior entering Romania, OMV's strategy envisaged the extension of the exploitation areas, the diversification of the crude oil resource, the extension of the compressed gas network and the active participation in the Nabucco project.

Romania as an OMV Target-Market

Even since 1990 OMV paid attention to the Romanian market, but various events, mostly political ones, delayed the investment decision of the company until 1999.

In 2003, Romania delivered about 63% of Eastern and Central European oil production and 35% of the natural gas production. S.N.P. Petrom S.A. was the strongest company in Romania, having a turnover of USD 1.85 billion in 2001 and USD 1.5 billion in 2002. At the same time, the company has been restructured and needed investments. Hungary was the other country in the ECE region with a significant oil production. The national MOL Company was a competitor of OMV, the last one constantly trying to take MOL over.

Romania has large processing capacities with a yearly volume of 34 million tones, much more than the necessities of the country. The capacity distribution of the oil products was significant too. The distribution sector has over 170 storehouses and more than 1600 petrol stations, out of which the majority, that is 695, were owned by Petrom. Distribution was supported by transportation by means of oil pipelines, rail and auto tanks, by organizational structures like Romcontrol, by oil terminals in Constanta, Galati, Giurgiu and by custom-houses officers.

Another motivation was the potential of the market development. This potential has been estimated in accordance with the car park and implied an increase from 130 liters per capita to 300 liters per capita of fuel consumption; the average consumption in Central and Eastern Europe.

Romania became a target due to the fact that OMV had no other development opportunities but Eastern Europe. Because in Western Europe competition was intense, costs were high and profit margins were low, Romania became an interesting market. Romania's imminent EU joining also stimulated the Austrian companies entering Romania, especially after the year 2000.

The efforts of OMV were materialized in investments in industries like oil processing, bier, sugar, furniture and services like banking, insurance, trade and real estate.

OMV's Entry Strategy and Position Consolidation on the Romanian Market

OMV has entered in Romania in 1999. During 1999-2004 period of time, the Austrian company has had some strategies for the Romanian market and position consolidation.

- The direct investment in the form of Greenfield investment was the first entry strategy. OMV has begun the construction of fuel stations in 1999. During the following five years, the Austrian company has begun to explore and analyze the Romanian market, aiming to get a 10% market share of the sold fuel. The fuel stations were placed at the proximity of big cities, like Bucharest and in the North-West and South-East counties, having a higher population density, a more intense traffic and higher revenues at the national level.
- The prices at the fuel stations of OMV were just over the list prices of SNP Petrom. The stations have been supplied by Petrobrazi, Arpechim (Petrom) and Petromidia (Rompetrol) oil distilleries and the Austrian gas OMV 100 which has a high, ecological octane number. Fuel stations have constantly increased from 4 in 1999 to 17 in 2000, 34 in 2001, 46 in 2002 and to 60 in 2003.

In 2002, OMV owned 25.1% of stock of Rompetrol and this move has allowed its access to the oil distilleries of the Romanian company and to Oil Terminal Constanta.

On the 23rd of July 2004, OMV has purchased 51% of the social capital of SNP Petrom for Euro 1.5 billion, which represent the majority stock package. At that time, SNP Petrom was the local market leader, having a 6 million tons of oil production and about 6 million m³ of natural gas per year. All these activities performed by OMV in Romania were multiple reasons for acquiring Petrom.

- The first motivation was the consolidation of the position of OMV in the Romanian market as a result of obtaining the dominant position in Europe. Romania has a particular geo-strategic position which allows it to play as an interface between the European Union, the Balkans and the Black Sea region.
- The exploitation of the competitive advantages is another important reason. The Romanian company has numerous integrated activities in the field of exploration, production and distribution, a national commercial network and a pronounced volume of investment.
- The strong position OMV has in Romania is a strategic support for the present expansion to the international market. This expansion could be accomplished as OMV has taken over the branches and offices of Petrom had in Kazakhstan, India, Hungary, Serbia, Iran and Moldova. By acting this way the Austrian company will consolidate the corridor Vienna via Balkans Dardanele Strait East Asia.
- The OMV association with Petrom S.A. has evident and multiple advantages. The most important are the access to Petrom assets, risk division and investment cost sharing and diminishing of management and cultural risk. To all these advantages one can add the expansion on the international market as a result of foreign organizational structures of Petrom.

The Mc Kinsey Multi-factorial Grid as a Tool for the Most Appropriate Entry Strategy Selection

The multi-factorial grid is a portfolio method which operates with two vactors or criteria, the market attractiveness and the capacity of the company [Danciu V., 2009, pp. 373-376). In the present case, the vectors are the

attractiveness of Romania as an oil and natural gas producer and consumer, and the capability OMV AG has for entering and resisting on the Romanian market.

The Romanian oil market attractiveness. The "Oil Market Attractiveness" vector is an aggregate one obtained as a result of the assessment of Romania's strategic position, Romania's oil reserves, favorable legislation for foreign investment, convenient economic environment, favorable political climate, good technological standard for oil extraction and processing, relatively low competition and ecological requirements.

Romania's geo strategic position was the main attraction point, since the country is placed on the course of Nabucco gas pipeline and Constanta – Trieste pipeline. Both pipelines have to convey in transit the Romania's territory.

The proved oil reserves were an important attraction factor. Romania has over 200 million tons with a production of 6 million tons a year for about the next 33 years.

These reserves could increase if new oil and gas fields are detected. Romania is the only country in Eastern and Central Europe region which is an oil producer and dominates the area, due to its ten out of the eleven oil distilleries of the region.

The favorable legislation for foreign investment was another reason for Romania's attractiveness. The no 322/2001 Government Ordinance, as modified, stipulates that the Romanian state guarantees the freedom of legal status and investors, equal treatment for Romanian and foreign investors, protection against nationalization, expropriation or other measures having equivalent consequences [Monitorul Oficial nr. 356, 7.07.2001].

The convenient economic environment was a major motivation for OMV. In the year 2004, Romania had a 8.3% growth, a decrease in the inflation rate to 11.9% and in the unemployment rate (6.2%).

The favorable political climate had a strong impact on the choice of Romania. The Romanian business environment became relatively stable. Romania has entered NATO and the negotiations for joining EU began.

The good technological standard for oil extraction and processing had a significant contribution to OMV's choice. Romania has a rich history in the oil industry. The country is the first one having a record industrial oil production. Romania occupied the second place in the world as an exporter for oil drilling and extraction equipment. The Romanian specialists have designed and built many of the world's distilleries. Today, Romania has a totally integrated oil industry. This means that the extracted oil is processed in the local oil distilleries and the resulted products are distributed through the existing infrastructure.

The relatively low competition was a stimulus for OMV entering the Romanian market too. Already present in the market were Petrom, Rompetrol, MOL, Lukoil, Agip. Only MOL and Lukoil were important rivals having a regional vocation but no one had an important or regional amplitude [www.rompetrol.ro , www.lukkoil.ro , www.molromania.ro].

Romania's ecological requirements were low by the time OMV has decided to enter the Romanian market. The no. 1570//2002 Government Ordinance concerning the approval of the mechanism for financial aid from the state budget allowance through the program for industrial products competitiveness increase was a modest beginning for the environmental standards adoption. OMV had to take into account that Romania should take over the EU standards, but the company was ready in 2007 [OMV in Dialogue – Corporate Social Responsibility Performance Report, 2007].

OMV's competition capability in the Romanian oil market. In the year 2004, OMV AG had the following strengths in the competition battle in the Romanian market:

The size of the company was the result of the financial strength, the number of the international subsidiaries, the position in the regional market with an 18% of the Danube market segment and the access to resources and the processing capacity.

The significant experience OMV had gained following many years of activity in the oil industry, supported by a big capacity for the integration of the complex extraction, processing and distribution operations in various countries. The strength of the experience was the result of the good performance in project developing in difficult political environments.

The important negotiation power of OMV was gained by the capitalization of its capacity to get the support of the Austrian and local authorities, the position OMV had in the Eastern and Central Europe, the accumulated experience and expertise in the capitalization of the competitive advantages.

The good international brand image has been gained by OMV as a result of its high quality products. This image has facilitated a favorable association of the company with its products.

The strategic distribution in Eastern and Central Europe and the ability for the quick creation of its own distribution capacity in the market OMV has entered has also been a support for entering the Romanian market. The Austrian company received one third of the gas exports of Gazprom (Russia) to Western Europe and a 200 km pipeline network.

The performing management of OMV has solved many projects and difficult situations and has had a complete expertise, also including the management of the complex integrated operations.

OMV has a high technological standard, since the company has used last generation technologies and has been aware of the latest production and distribution technologies.

The ecological solutions represent a constant objective for OMV. The European Directives have forced the companies to have and use systems for environmental risk monitoring and find green technical solutions for product processing. OMV has anticipated Romania's EU entry and has taken early ecological actions.

The Drawing up of the Multi-factorial Grid

The Quantitative Attractiveness of the Romanian Market. The eight factors of the Romanian market attractiveness analyzed before are now being used for elaborating the aggregate vector. Each factor has received a weight for its importance and a mark on a 1 to 5 scale showing its contribution to the market attractiveness. The synthesis of the Romanian oil market attractiveness is shown in Table 1.

Table 1: The Romanian market attractiveness

Factor	Weight	Mark	Score
Natural resources	0.20	5	1.00
Strategic opportunities of the market	0.20	4	0.80
Political climate	0.15	3	0.45
Competition	0.10	4	0.40
Legislation	0.10	4	0.40
Technological standard	0,10	3	0.30
Economic environment	0.10	4	0.40
Ecological requirements	0.05	3	0.15
Total score	1.00	-	3.90

The total score, 3.90 points out of 5, has indicated that Romania's market attractiveness is over the average, especially due to its natural resources, strategic opportunities and low competition.

OMV's Capability in the Romanian market. The factors describing OMV's competition capability analyzed before have been used for elaborating the quantitative aggregate vector. The outcome is presented in Table 2.

OMV's competition capability has a very good total score, 4.10 out of 5, showing a big competition capability in the Romanian market. The experience, the negotiation power and management performances have had the most important contributions to OMV's capability of entering the Romanian Market.

Table 2: OMV's competition capability

Factor	Weight	Mark	Score
Experience	0.25	4	1.00
Negotiation power	0.15	4	0.60
Brand	0.10	4	0.44
Size	0.05	3	0.15
Distribution	0.10	4	0.40
Management	0,15	5	0.75
Technological standards	0.10	4	0.40
Ecological solutions	0.10	4	0.40
Total score	1.00	-	4.10

OMV's negotiation power has been improved as a result of the strong support of the Austrian authorities, by means of the diplomatic channels in the process of the privatization of Petrom. OMV's important experience of more than 40 years in the international market, the high technological standards and the strong support from the Austrian authorities have had a major contribution to OMV's competitive capability in the Eastern and Central European region, Romania included. This strong support has given OMV a competitive advantage over the other rivals.

The Multi-factorial grid for Entering Romania by OMV

The total score for the market attractiveness (3.90) and the competition capability (4.10) have been used for elaborating the multi-factorial matrix which has indicated the proper entry strategy OMV could use, as shown in Fig. 1:

OMV's Competition Capability

		5 4.10	3.66	2.33 1
		Direct	Direct	Partnership and
	3.90	Invest OMV	Investment	Association
	3.66	ment ROM		
Romanian		Direct	Partnership and	Export
Market		Investment	Association	Strategies
Attractiveness	2.33			
		Partnership	Export	Export
		and	Strategies	Strategies
	1	Association		

Figure 1: The Multi-factorial grid for OMV's entry in the Romanian market

OMV's positioning in the S₁ matrix field at the intersection of the competitive capability of the company with the market attractiveness score where direct investment is recommended as entry strategy confirms that buying the majority stock package was the right strategy approach for OMV. The subsequent excellent financial and market results show once again that the decision has been right. The assessment made after four years has indicated a three time increase market value of Petrom, up to Euro 3 Billion. At the end of the year 2007, the Romanian oil market was dominated by OMV/Petrom which had 750 gas stations and two brands, with a 30-35% market share, ahead of Rompetrol (18-20%), Lukoil, MOL and Agip.

Conclusions

OMV has paid attention to the Romanian oil market even since 1990, but has entered it later on when the conditions have allowed this to happen. The company has had different alternatives of direct investment as entry strategy. At the beginning, OMV has built gas stations then it has bought about a quarter of the stock package of Rompetrol and in July 2004 it has acquired 51% of the social capital of Petrom SA.

In order to assess if OMV has been right about the entry and position consolidation strategy, an analysis based on the multi-factorial grid utilization has been carried on.

The oil market attractiveness assessment has showed that Romania has many advantageous factors such as natural resources, strategic position, strategic opportunities and low competition. These factors have given the "market attractiveness" vector a value (3.90 points out of 5) which has explained the reasons why OMV has preferred Romania as a new market expansion.

OMV's competitive capability has been based mainly on the experience, negotiation power and management performances. The whole synergetic effect of all OMV's factors has placed the Austrian company close to the maximum capability in the Romanian market (4.10 points out of 5).

Both the good result of the assessment of the Romanian oil market and OMV's competitive capability have shown that the direct investment entry strategy used by OMV has been appropriate. Subsequently, favorable results registered by OMV/Petrom have also supported the idea that the chosen entry strategy has been adequate.

References

- 1. Danciu V., Marketing international. Provocari si tendinte la inceputul mileniului trei, editia a IIa. Editura Economica, Bucuresti, 2009
- 2. Danciu V., Marketing strategic competitive. O abordare internationala, Editura Economica, Bucuresti, 2004.
- 3. Gillespie K., Jeannet J.P., Hennessey H.D., *Global Marketing*, second edition, Houghton Miffin Company, Boston, 2007.
- 4. Hollensen S., *Global Marketing, a decision-oriented approach*, third edition, Peason Education Limited, Harlow, Essex, 2004.
- 5. Muhlbacher H., Leihs H., Dahringer L., *International Marketing. A Global Perspective*, 3rd edition, Thomson Learning, London, 2004.
- 6. *** Energy Information Administration, Official Energy Statistics from US Government, 2006.
- 7. *** OMV in Dialog Corporate Social Responsibility Performance Report 2007.
- 8. *** Adevarul, ianuarie 2008.
- 9. *** Cotidianul, 4 aprilie, 2008.
- 10. *** Business Standard, 8 iulie, 2008.
- 11. *** Monitorul Oficial nr. 356, 3 iulie, 2001.
- 12. *** Wiener Borse, 1September, 2008.
- 13. *** www.lukoil.ro
- 14. *** www.molromania.ro/ro/despre mol centrul depresa/stiri 2004

STRATEGIES FOR HIGHER SATISFACTION OF THE ROMANIAN BANKING CUSTOMERS

Danciu Victor

Bucharest Academy of Economics Business and Economics Faculty Str. Aviator Stefan Protopopescu nr. 3et.6 ap26, sector 1, Bucuresti dvictorsambotin@yahoo.com 021230 95 14/0723 178547

A bank must identify, assesses and clearly and fully understands customers' values and expectations if it's target is their higher satisfaction. The banking customers are expecting to receive individual attention and support and good quality banking products. The Romanian banks haven't yet succeeded to provide all services the customers expect, even they are progressively focusing on the banking services segment of their offer. This state of facts must be the starting point for the elaboration and performing coordinated strategies aiming to a better customer care, transforming the banking product into a complete offer and finding solutions for the customers education with a view to enlarging the customer base and enhancing the customer satisfaction.

Key words: customer values and expectations, customer satisfaction, customer care, banking product model, banking service. JEL code: D12

1.Introduction

The focus on the customers should be a priority for every banking institution. This prerequisite requires a central place for the banking customer in the bank activity. The banking institutions should have relationship marketing with the main objective the customer satisfaction by added value delivering. In order to achieve this objective, the banks should identify and understand the customer's values and expectations.

The Romanian banking market has still a growing potential and the banks aren't at the highest level of their relation with customers. For this reason, a better transparence and more efforts aiming to enhance customer's loyalty is needed. The turbulence of financial international market, the concurrence and the higher expectations of Romanian banking customers are strong reasons for the banks to seek the higher satisfaction of the customers as main way for customers loyalty.

2. Customer satisfaction: from expectations to value delivering

The first mission of any company is to attract customers, since without customers a company couldn't survive. Attracting and maintaining customers are not easy as it could appear. Customers choose the best offer of many available alternatives. They wish to receive values as big as they could, therefore customers prefers the best offer in terms of delivered value.

How customers choose the most valuable products is a question the marketing professionals should find the best answer at. The customers have expectations about value and they act on the basis of these expectations. A value is an enduring belief that a specific mode of conduct or end of state of existence is personally or socially preferable to alternative mode of conduct or end of state of existence [Mühlbacher, Leihs, Dahringer, 2006, p. 199]. The values are influencing the customer's perceptions. Values having an important impact on customer behavior are based on religious beliefs, concern work, achievement and wealth, are related to risk taking and changes, related to consumption in general. The firms create and deliver products they hope to exactly represent the expected customer values. The customers buy an established value which is comparing with the expected value. In this way, the customers could assess and establish if the expected value is different or not from the perceived value. The expected value depends on cost, experience, information, income and customer mobility. The perceived value is the customer's overall evaluation of the product or service offered. [Hollensen, 2004, p. 95]. It is the result of checking up the value they buy. The customer perceives the obtained value depending on the value of product. In its turn, this last value depends on the product features, quality and brand, social status it provides, company's reputation and provided services. The delivered value is the difference between the perceived value, which provides profit to the customer and the total cost for the customer in terms of money, time and energy. The customer satisfaction depends on his expectations' fulfillment. The expectations fulfillment depends on the delivered and perceived value. The fully satisfied customer only could be content and used as vector for new customers attraction.

The extreme diversification of customers is present in the expectations too, but common values for regional and global customers could be identified. The most often and fully shared are the following values [Hollensen, 2004, pp. 200-208; Danciu, 2005, p. 132]. Health is a very high common value to all countries. In the Anglo-Saxon countries, the material welfare is a priority, and image and social status are important values. Independence is a highly shared value in U.S. and Eastern Europe, while group membership is preferred in Japan and Latin America. The Germanic countries have the comfort and security as priorities.

The level of customer satisfaction depends on the ratio between the perceived value and the customer expectations. When this ratio is equal to one or more, the customer enjoys the complete satisfaction; otherwise the customer gets a partial satisfaction. Some claim a total customer satisfaction when there is equality between customer satisfaction and the delivered value. In other words, the delivered value should be as big as the expected value. Such on equality could be obtained only if companies identify, assess and understands customer's values and expectations

in various markets and, most of all, if it succeeds to create and delivers the expected value under the form of goods and services.

3. The expectations and the satisfaction level of banking customers in Romania

The dominant relationship characteristic of banking marketing requires big permanent efforts of the banks for better customers understanding. On the basis of variable combinations the customers use, the banks should identify the most valuable proposition under the form of banking suppliers using five variables in the following order: the convenience provided by the distribution; the cost in terms of price of banking service; the product satisfying the customer expectations, services which are including an effective communication and customer's experience.

The banking institutions should permanently find the successful alternative. In the last decade of 20th century, banks were focused on their internal issues. This pervasive internal focus was the most limiting factor in the development of the banking industry, in J. Driscoll opinion [J. Driscoll, 1999, p. 23]. The recipe for success in the 1990's was to standardize, centralize and automate. This approach often improved several of the organization's key attributes – convenience, product selection and price – but had little focus on customers and it often adversely affected service levels and ambiance. This approach showed that many banks failed to make the value they add visible to the customer. At the same time, a new banking approach toward creating and maintaining close customers relationship becomes obvious. First of all, banks require a clear and complete understanding that they are in the services business. The banking customers are expecting personalized care, appropriate attention and high quality services. In an article published as early as the end of 20th century in the magazine Bank Marketing [1996, p. 50], H. Finch and M. Helms highlighted four major longstanding trends in customers' service expectations:

- Greater expectations of customized service dealing;
- A stronger need for one stop service
- A growing desires for high/tech to be balanced with high touch
- Increased demand for add-on value.

These expectations were confirmed by further evolutions and they are present in fierce rivalry circumstances. Similar trends are perceptible in the Romanian banking market, too. A study performed by Mercury Research to which refers Romanian economic magazine Capital [13 December, 2007, p.45] suggests that high growth rate of banking market couldn't longtime sustainable.

The Romanian banking markets is not a saturated one, so a question is arising: so long as banks are hoping for low costs and customers for maximal benefices how banks will succeed to increase future sales? As the conclusions of the above mentioned study suggest, the answer seems to be an increased direction's change toward services activities. The findings of Mercury Research study mentioned above confirmer the already existing trends in the banking customers expectations. Until when some banking indicators and sometime the market's positions begun to erodate, the banks have ignored such trends.

Prior to 2006, the population has not been ask if she is interested in alternative solutions to the existing services. These services were relatively poor in terms of number and diversity, as data from Table 1 show. Moreover, the numbers suggest that most customers are expecting numerous, prompt, high quality services.

Table 1. Banking services expectations of Romanian customers (percentage)

8 1	J u	8 /
	Y	'ear
	2006	2007
Expected service		
Polite banking staff	73	73
Fast solved requests/complaints	91	92
Consultations	87	88
Alternative solutions	*	86
Contact with the manager	*	80
Help in complaint solving	*	67
Help at the filling in the blanks	*	66

^{*} Researches have not been performed

Source: Capital, 13 December 2007, p. 45 (According to Mercury Research)

Since 88 % of customers should like benefits by available services suggest that banks should increase the quality of it. If 65 % of banking customers want new services such as help by filling in the blanks and complaints solving, easier contact with the manager shows that the available services are not enough and they have not allaways the best quality.

4. The increased influence of the customer care on the delivered value and banking customers satisfaction

First of all, the suppliers of services should take their customers care in order to become loyal. The customer care is a concept meaning "the fundamental approach of the service quality covering every aspect of the supplier's operations, such as a bank, from the service's design to its performance" [D. Carson, A. Gilmore, 1989/1990, p.51]. Kotler et al. [1999] Consider that in fact the service quality depends on the relationship between the buyer and the seller. The quality of the banking service shouldn't be the only concern for the customer satisfaction. The banking institutions should prepare a package of the customer care, which is a mix of several banking services and is aiming to adopt an attitude carefully defined by the readiness of the banking institutions for help, being friendly, concerned in the relationships with their customers [D. Carson, A. Gilmore, 1989/1990, p. 51].

The complete model of the customer care could be conceived and performed as a package including the parts of the banking customers expectations. The banking customers expectations have a quantitative, tangible of instrumental dimension and a qualitative, intangible or psychological dimension. Both dimensions are related to the expected performance of every banking service.

The banks activating in the Romanian market should work both components, especially the intangible one, which is the customer care dimension. The physical facilities, the banking product, the appearance of the staff for example, which is tangible components of the customer care generally, are at the level of customers expectations.

Other quantitative parts, such as the speed of service delivery, are sometimes under customer's expectations. The easy success to the services, of the banks, good communication, the readiness for help of the staff and sometimes his competence, specialized consulting, courtesy, politeness and even confidentiality are most frequently accused by the customers of numerous banks being under their expectations.

As the study performed by Mercury Research all ready mentioned shows, the Romanian customers of the banks want more intangible services, having a better quality and being as customized as possible, such as specialized consulting and help for various activities and operations. All these findings suggests that the banks should improve not only the environment of banking transactions but even perform an effective internal marketing aiming to a particularly attention to the personnel.

5. The consolidation of customer's relationship by transforming the banking product into a complete offer

The banks aiming to develop closer relationship with their customers could take into account the fact that the majority of customers are not rewarding. Only 10 % of most rewarding customers generate on an average 86 % of profit while the first twenty per cent provide some 114 %, according to a research performed by Retail Economic Revisited. The other eighty per cent are consuming profit [Understanding the Customer: The Issues Strategies and Solutions/Activity Servlet? Ks Action]. Under these circumstances, the identification of the rewarding customers and the modification of the present customer behavior to the advantage of the banks offers become top priorities. The banking institutions should very well know what and when customers demand and perform profitability

analysis [Identify and Increase Consumer, Channel and Product Profitability/Vnncrn/Activity Servlet? /Ks Action]. In their turn, the banking customers have their reasons when decide to abandon buying one-bank services. Around the world, over two third of all customers are not buying because of insufficient services. In order to understand what customers in the present and in the future want, this phenomenon suggests that the banks should place the customer in a key posture. The banks should prepare and perform complete services offers, within a relationship system, the contribution of customers included.

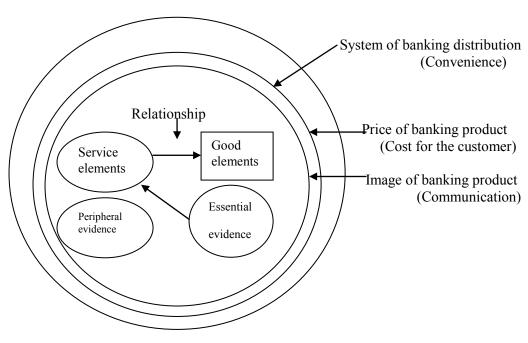
The banks approach aiming to persuade by their care for customers could be successful if they are using the complete model of the banking product. The molecular model proposed by Shostack [1985, p. 224] and illustrated in Figure 1 suggests that any banking product like every service / have complex character due to the mix of tangible elements, having a physical existence, and intangible elements. Both categories of elements are evidences of the banking service. This approach makes different the banking product from a good. A good never requires evidence, it is own evidence.

The essential evidence is related to the basic product and can't be possessed by the customer of banking product. This type of evidence could have a dominant and crucial impact on purchase and the use of banking product. The deposits, credit and card are essential elements of the banking product.

Peripheral evidence is related to the secondary elements of the banking product. Typically, while peripheral evidence is actually as part of purchase, it has little value or no independent value and is possessed by the customer. As peripheral evidence, the banking card has no importance and is useless without an account and no possibility to withdraw or transfer the money.

In order to design a complete banking product, the remaining elements of the marketing mix should be take into account. First, the bank must consider the distribution channels and the needed logistic. Second, the bank must evaluate the cost and set a proper price for banking product, such as a card, credit, deposit and so on. Finally, the communication of the banking product must be considered. In this respect, a strategy based on the product evidence is needed. The promotion of a card must consider not only the card advantages but where it may be used, the ATM network etc.

The banks need a competitive advantage, preferably qualitative in nature, if they want to maintain present customers and to persuade new customers. The quantitative side of a banking product performance is fully found in the complete molecular model of the banking product. Every physical evidence must be supported by specialized and diversified services. Superior service has been a significant differentiator for a long time. As H. Finch and M. Helms highlighted in the last decade if twenty century [1996, p. 49], two points of view are proving they are true. One is the observation made by L. Berry [1986] that is futile to invest heavily in advertising and promotion to attract new customers of those customers subsequently leave because of poor service. The other is a observation made by F. Reichfeld and W. Strasser [1990, p. 106] who showed that the longer a customer stays with a firm, the more profitable that customer becomes.



Source: Adaptation according to Donnelly and Williams (1985)

Figure 1. The complete molecular model of the banking product

Obtaining a better satisfaction of the customer is an increasingly difficult objective to achieve, since customers expectations are permanently growing and diversifying. The longstanding customers expectations seems to follow the main trends of consumers' service expectations, which are the perception that service quality is deteriorating, increased demand for add-on value, a growing desire for high-tech to be balanced with high-touch, greater expectations of customized service dealing and a stronger need for one-stop service [Helms and Finch, 1996, p. 50].

The banks of Romania are in a consolidation process, but the Romanian banking system seems still to "industrialized" and standardized. They should be very carefully about how validate the customers demands and reformulate the banking product approach. Many Romanian banks declare customer loyalty, more market share and profit or consolidation of customer relationship as main objective [Business Standard.ro/article 24142/article 26492]. Such objectives show that banks are aware they need more stress on the customer orientation. This type of objectives validates the results of the researches performed in Romania, shown in Table 1, about the banking customers expectations. The results show that the overwhelming majority of the banking customers want improvement in the customer care segment. Such services as access to the manager, consulting, immediate support and so on are placed in the essential evidence category of the point of view of the banking customers.

The banking institutions may change the situation if they are able to integrate all the evidence customer expects, support services in particular, into the banking product and propose it as an unique and having a superior quality offer. Banks could fulfill such a strategic objective if they find adequate solutions to threats could appear getting fidelity of present customers and attracting new ones. The main way to seize the opportunities, improving the profit rate and attracting new customers could be superior ability for the estimation and quick performance of the proposed offers. A closer knowledge of the banking products by the seller could be added. The staff of the distribution network have first to promote and sell those banking products which better meet the customer expectations and are more profitable for the bank. In order to get a complete offer, a quick updated information about prices and banking products is needed. Updated and detailed information is a condition for the promotion and selling of most profitable products to the most profitable customers. The larger and easier the access of the customers to web auto service has a growing importance.

The customers like most channel mixes in negotiations with the bank. The on-line access to the information allows a quicker relationship with the bank and could reduce the customer's cost and time. Most of Romanian banks are still in the phase of the development of on-line service. A research performed by Romanian economic magazine Capital in 2007 found out that from 13 studied banks meaning 34,5 % of the whole number of existing banks in Romania, all of them offered internet services, most had home banking and only 3 offered access to the mobile banking.

6. The enlargement of customer base and superior satisfaction through education

The success of the relationship with banks customers depends heavily on the level of customer education. The informed and educated customers are an important source for the enlargement of present and potential customer base. The banks operating in the Romanian market are too little able to use this strategic component of the customer care. Even top banks ignore many of the methods for customer education and still have not coherent plans aiming different retail customer groups such as children, students and women. Individual education plans with themes such as financial planning, family and individual budgets, educational event in schools and universities are not yet parts of bank strategies aiming to attract and maintain customers and enlarge of customer base.

The banks mostly have promotion and information campaigns targeting the offer and news, but they have not meeting with customers or plans where customers work. The banks must considerate the customer education as the pressures on terms and offers of the banks and on customers become progressively greater as the numbers of players in the Romanian financial market multiply, available incomes are bigger and the threats due to international financial markets turbulences become a permanent variable.

The educational and informative plans seem not only justified but highly necessary, since little over 50 % of Romanians are in relationships with the banks and the majority of them still pay cash the invoices. Such plans could target groups such as employees, pensioners and students, Romanians who work abroad. The banking institutions could involve themselves in educational plans meeting the needs of local communities where they operate. In order to serve for local communities, banks could deliver information the customer needs. They have to organize seminars, educational plans including courses, letters and other educational materials.

7. Conclusions

As the present paper shows, the Romanian banks haven't yet succeeded to meet all the expectations, both quantitative and psychological, of their customers. Since the banking customers want more intangible services, having a better quality and being as customized as possible, the Romanian banks should work both components, especially the intangible one.

In order to consolidate the relation with customers and to have more loyal customers, the banks should take vigorous actions. They should transform the banking product into a complete offer and enhance the other components of the marketing mix: distribution channels, the proper price and communication of banking services. Some Romanian banks recognize the importance of the higher satisfaction of the customer by declaring customer loyalty or consolidation of customer relationship as main future objective.

A better education of customer may support the effort of the banks. In this area, the Romanian banking system has little initiative. Thus, educational and informative plans for customers are higher necessary. Such plans could target groups such as pensioners, students, and local communities.

All these areas of customer care and higher satisfaction of the banking customer could be a reason for further research.

REFERENCES

- 1. Carson D., Gilmore A., Customer Care: The Neglected Domain, Irish Marketing Review, vol. 4, no. 3, 1989/1990
- 2. Cetină I., Brandabur R., Constantinescu M., Marketingul serviciilor, Editura Uranus, București, 2006.
- 3. Danciu V., Marketing internațional. Provocări și tendințe la începutul mileniului trei, editia alIa, Editura Economică, București, 2009.
- 4. Danciu V., Marketing strategic competitiv. O abordare internatională, Editura Economică, București, 2004.
- 5. Donnelly J., Williams G., Marketing of Services, Proceeding Series, AMA, Spring, 1985.
- 6. Finch H., Helms M., The Changing Face of Retail Banking, Banking Marketing, june, 1996.
- 7. Danciu D., Danciu V., Băncile românești tind spre practicarea marketingului diferențiat, Piața financiară, nr. 6, 1997
- 8. Hollensen S., Global Marketing, a decision oriented approach, third edition, Pearson Education Limited, Essex, England, 2004.
- 9. Driscoll J., The Branches strike Back, Bank Marketing, December, 1999.

Kotler Ph., Saunders J., Armstrong G., Wong V., Principiile marketingului, Editura Teora, București, 1999.

10. Morrall K., Come bearing gifts..., Bank Marketing, October, 1996.

- 11. Mühlbacher H., Leihs H., Dahringer L., International Marketing, A. Global Perspective, third edition, Thomson Learning, London, 2006.
- 12. Pezzullo A.M., Marketing for Bankers, American Bankers Association, 1988.
- 13. Ținteanu Moldoveanu G., Clienții băncilor, tot mai greu de multumit, Capital, 13 dece4mbrie, 2007.
- 14. Toma A., Marketing diferit pentru băncile din România, Biz, nr. 137, 1-15 martie, 2007.
- 15. Popa D., BRD: multe semne de întrebare în banking în 2008, http://www.standard.ro/articles/print/article 26492/22 ianuarie 2008.
- 16. Popa D., Bancherii privesc cu teamă spre profiturile din 2008, http://www standard.ro/articles/print/article 24142/27 decembrie 2007.
- 17. * * * Identify and Increase Consumer Channel and Product Profitability/Vnncrn/Activity Servlet?/Ks. Action.
- 18. * * * Understand the Consumer: The Issues, Strategies and Solutions/Activity Servlet?/Ks Action.

THE POSITION OF SC PETROM SA ON THE CENTRAL AND EAST EUROPEAN OIL MARKET

Dimian Gina Cristina

The Bucharest Academy of Economic Studies, Faculty of Economic Cybernetics, Statistics and Informatics, Piaţa Romană, no. 6, ginadimian@gmail.com, 021 319 19 00

Lazăr Cornel Constantin

Petroleum – Gas University of Ploiesti, Faculty of Economic Sciences, Bd. Bucureşti, no. 39, clazar@upg-ploiesti.ro, 0244 575 771

Dimian Mihai

The Bucharest Academy of Economic Studies, Faculty of Management, Piaţa Romană, no. 6, m dimian@yahoo.co.uk, 021 319 19 00

PETROM SA represents an oil company which acts on a tough competitive market, characterised by international risk factors. Thus, its results and performances are influenced by the quotations of the oil prices, technological development from the alternative energy area, the financial crises, the evolution of the main foreign currencies related to the national one. Into this area of activity, the central and east European market is characterised by the consolidation of five major groups: OMV Austria, PKN Orlen Poland, MOL Hungary, LUKOIL Russian Federation and ROMPETROL SA.

The strategies of some of them, conceived in order to dominate the indigenous oil market, can succeed only if they manage, in the same time with the market development, to attract PETROM SA customers. Thus, the main threat for the Romanian company is represented by the competition, which succeeded to consolidate its presence and position in the field while the national company has been massively restructured after it has been taken over by the OMV.

Key words: strategy, market share, oil, refinery, competition

JEL: F01; L10; M31

I. Introduction

PETROM SA represents the main oil company with Romanian capital. Thus, on the second position after the major stakeholder, OMV Aktiengesellshaft which holds 51,01% of the shares, the Romanian state owns by the Authority of State Assets Recovery 20,64% of them, 20,11% belong to the Property Fund, 2,03% to European Bank for Reconstruction and Development, and 6,21% are traded on the Stock Exchange Market351.

Taking account of the fact that these factors also influence the competitors, and PETROM SA is advantaged by its significant domestic production, being not so exposed to such kind of risks, it can be appreciated that, in the most significant measure, the company is influenced by the competition and the actions undertaken by the companies from this area in order to dominate or survive on the oil market, this factor representing the main external threat.

II. The regional market

Into this area of activity, the central and east European market is characterised by the consolidation of five major groups: OMV Austria, PKN Orlen Poland, MOL Hungary, LUKOIL Russian Federation and ROMPETROL SA, company registered in Holland, controlled by the KAZMUNAYGAZ Kazakhstan and which main operational base is in Romania.



OMV Aktiengesellshaft (OMV), the main company from the south Eastern Europe, is located in Viena and, starting with 2005 year, has conceived an offensive strategy of development on the external markets having as a priority to consolidate its oil products operations in the east of the continent. The company has an integrated character, besides the oil business it develops operations with natural gases, being the coordinator of the NABUCCO project, focused on the construction of

a gas pipeline designed to bring gases from Iran and Caspian Sea area, going around the Russian Federation, in Europe.

From the oil business point of view, into the medium and long term strategy of the OMV company352, it is emphasised the fact that the Austrian company wants to develop onto the "growth belt" of the European Union, aiming to grow onto the emerging markets from this area and the neighbouring countries possible to be included in the European Union, previously consolidating itself onto an mature market.

Thus, the target market for the Austrian company is formed by the Baltic States, Poland, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Serbia and Montenegro, Croatia, Slovenia, Macedonia, Bosnia and Herzegovina, Albania, and they are completed with Greece and Turkey.

³⁵¹ PETROM SA, Raportul anual pe 2007, p. 75, www.petrom.com.

³⁵² Wolfgang Ruttenstorfer, director general executiv al OMV, OMV Strategy 2010, Conferința Capital Markets Day, București, 12-13 octombrie 2005.

An axis of the consolidation and development of the Austrian company, both from refining and distribution point of view, is known as Danube 13, showing very clear the area in which OMV wants to be the leader, more precisely in the countries placed on the middle and downstream Danube. This one represents a first step in order to expand the Austrian concern's operations with oil products, tightly linked with the general frame of European Union development.

35 31.7 30 26.4 Refining capacity 23.5 25 20 14.2 15 10 7.3 5 o NIS JugoPetrol Lukoil PKN Orlen Mol OMV Companies ■ Refining capacity (mil. t/y)

Figure 1. Oil refining into the Danube basin

Source: Data processed in accordance with Gerhard Roiss, deputy executive on Refining&Marketing in OMV, Refining and Marketing Strategy 2010, p. 10, Capital Markets Day Conference, Bucharest, 12-13 October 2005 and the Annual Reports of MOL and PKN Orlen, released on the sites: www.mol.hu and www.orlen.pl.

Observations:

- data for MOL also includes the refining capacity of INA Croatia and IES Mantova Italy;
- data for PKN Orlen also includes the refining capacity of UNIPETROL Czech Republic and Mazeikiu Lithuania;
 - data for OMV also includes the refining capacity of PETROM SA Romania.



PKN Orlen, set up in 1999 by the merger between Petrochemia Plock and Centrala Productow Naftowych (the largest refining unit has been merged with the most important distributor), represents the main oil refiner from Central Europe, with an annual processing capacity of 31,7353 million tones. Oil refining is done in 7 units: Plock, Trzebinia and Jedlicze placed in Poland, other three: Litvinov, Kralupy and Pardubice in Czech Republic, and another one,

Mazeikiu in Lithuania.

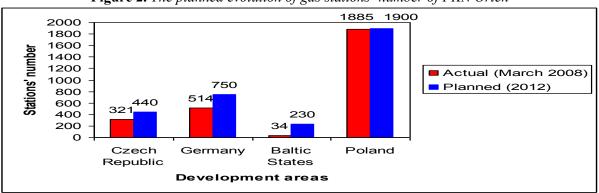


Figure 2. The planned evolution of gas stations' number of PKN Orlen

Source: Data processed in accordance with reports, press releases and official analyses posted on www.orlen.pl

Practically, the Polish company has planed to have the most developed gas stations network in the central and east European area (from 2.754 it wants to reach, over four years, at 3.320), reason for which PKN is going to consolidate its position into this area, to finalise the brand strategy in Germany and the Baltic States, to implement the biofuels sales and analyse the development on the Ukrainian market.



MOL Group includes the Hungarian firm TVK, the Slovakian company SLOVNAFT, ROTH distribution network, IES (Italia Energia e Servizi) Italy and holds a significant participation

353 www.orlen.pl.

(25%) from INA Croatia, together with this company also controlling 67% from ENERGOPETROL Bosnia and Herzegovina.

Both the partnerships and the acquisitions of MOL are focused on consolidating a business that follows the direction Adriatic Sea – Baltic Sea, sustained by a powerful refining segment, this one being supposed to enter into competition with the interests of the others regional competitors: PKN Orlen, OMV and LUKOIL.

9 8 7 The refining capacity 6.1 Slovnaft 6 Mantova 4.5 5 Duna 4 ■ Sisak 2.6 3 2.2 Rijeka 2 o Mantova Slovnaft Duna Sisak Rijeka **MOL Group refineries**

Figure 3. The total refining capacity of MOL Group

Source: Data processed in accordance with MOL Strategy 2006-2008, "Setting the pace from "New Europe"" and the company's Annual Report 2007.



The main oil company from the Russian Federation that undertakes commercial operations into the central and east European area is LUKOIL, one of the largest companies vertically integrated into the oil&gas field from the entire world. The LUKOIL shareholders are mainly (96,90%) Russian economic entities, that are owned by different multinationals (for example ING Bank Eurasia ZAO holds 71,76% from the capital). To the private shareholders are allocated only 3,09% from the shares, while to the foreign ones, 0,01%354.

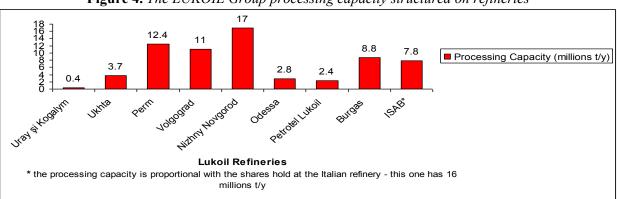


Figure 4. The LUKOIL Group processing capacity structured on refineries

Source: Data processed in accordance with Vagit Alekpeov, Lukoil president, Lukoil – Global Energy Company: Focused on Value Growth, April 2008 and Lukoil and ERG form ISAB Refinery Joint Venture, June 2008, www.lukoil.com.

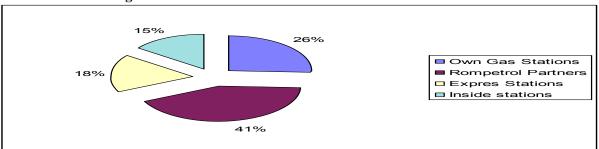
Represents a multinational company established in Holland, but with the main assets and activities undertaken in Romania (country where it actually came from), south-east Europe, France and Spain.

The areas of business development and consolidation in the ROMPETROL vision are the countries placed close to the Black Sea shore and the Mediterranean Sea basin.

ROMPETROL energie vie

³⁵⁴ www.lukoil.com.

Figure 5. ROMPETROL DOWNSTREAM distribution structure



Source: Data processed in accordance with the ROMPETROL Group Annual Report 2007, pp. 9, 16.

III. The place and the role of PETROM SA on the regional oil market

PETROM SA, part of the OMV Group, is adapting to its regional and international interests, and on the domestic market it implements the strategy conceived in order to compete with ROMPETROL SA, LUKOIL Romania and MOL Romania, the other key players on the domestic oil market. Concrete, on the foreign market PETROM SA is primarily involved into activities of obtaining raw materials while at the regional and local level it is focused on the production, processing and the distribution of oil products.

OMV, the main shareholder, wants to maintain its position of the most important company from the Danube basin. On the downstream of this river the Austrian company owns PETROM SA, company that is regionally competed by:

LUKOIL, Russian concern of international level, that benefits of the advantage of raw material resources, refining capacities and superior financial potential;

MOL, which consolidation and radial development also includes this geographical area. The partnerships with SLOVNAFT, INA Croatia, the penetration of the markets of Bosnia Herzegovina and Serbia doubled by the stabilisation at a market share of 10-12% in Romania, threats the OMV interests and its member PETROM SA;

ROMPETROL SA, after the moment when it has been taken over by the Kazakh oil group KAZMUNAYGAZ, has succeeded to eliminate its main weak point: supplying with raw materials. Also, it holds an advantageous position on the PETROM - OMV target market: Ukraine.

As it can be observed from the below figure, PETROM SA occupies the third position from the refining point of view into the neighbourhood of Romania, after LUKOIL and MOL.

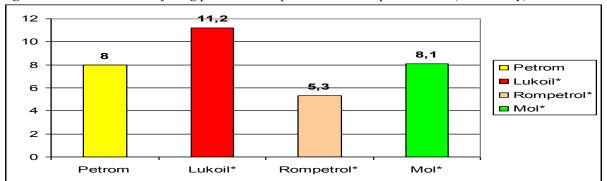


Figure 6. PETROM SA's refining potential compared to the competitors one (millions t/y)

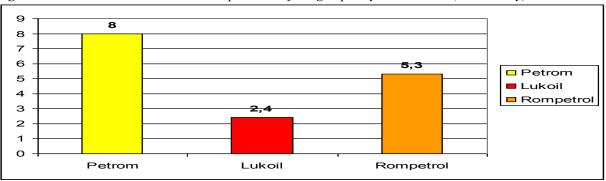
Source: Data processed in accordance with the information from the companies Annual Reports 2007 (supervised) *for LUKOIL it has been taken into consideration the Petrotel (România) and Burgas (Bulgaria) refineries; ROMPETROL is represented by the capacity from Petromidia and Vega (both from Romania);

MOL has been taken into account only with Duna (Hungary), refinery that supplies the company's gas stations from Romania.

Such an approach is justified by the fact that all the countries where these processing capacities are placed (Romania, Bulgaria and Hungary) are members of the European Union, the common market tending to the complete liberalisation of merchandise, fact that economically redesigns the area of activity of the mentioned companies, that in order to commercialise their products in the neighbouring countries will not have to fight against protectionist barriers.

Thus, PETROM positioning on the oil products market according with the mentioned criteria, presents a superior relevance than if we had been treated it strictly into the Romanian borders. In this case, PETROM SA would have held the dominant position, as it can be observed from the Figure no. 7:

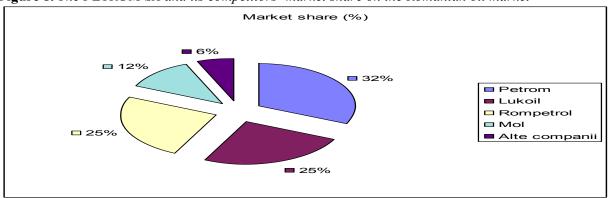
Figure 7. The PETROM SA and its competitors refining capacity in Romania (millions t/y)



Source: Data processed in accordance with the information from the companies Annual Reports 2007 (supervised)

Into this case, we could consider that PETROM SA has a weak competition on the refining segment and we would over evaluate the competitors' performances regarding the market share that they own. (See the figure no. 8).

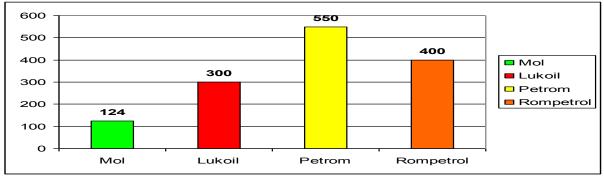
Figure 8. The PETROM SA and its competitors' market share on the Romanian oil market



Source: Data processed in accordance with the information from the companies Annual Reports 2007 (supervised)

Even in these conditions, for the Romanian company the market share remains a low one, because even it owns the largest retail network (550 gas stations, with 11% more than ROMPETROL SA (400 stations) and 18% more than LUKOIL (300 stations)) it doesn't goes over 32%, while each of its main competitors controls 25% from the oil market.

Figure 9. The number of gas stations owned by the main oil companies from Romania



Source: Data processed in accordance with the information from the companies Annual Reports 2007 (supervised)

IV. Conclusions

Taking account of the aspects presented we can consider that, from the competition point of view on the internal market, PETROM SA is still on the first position, but its market share is progressively decreased by its significant competitors (ROMPETROL, LUKOIL and MOL).

Their strategies, conceived in order to dominate the oil market, can succeed only if they manage, in the same time with the market development, to attract PETROM SA customers, because both ROMPETROL SA and LUKOIL plan to increase their market shares by 5% while the competitors represented by the others companies, except MOL, hold only 6% from the entire national market.

Thus, the main threat for the Romanian company is represented by the competition, which succeeded to consolidate its presence and position in the field while the national company has been massively restructured after it has been taken over by the OMV.

ROMPETROL SA has designed an innovative strategy, with a distribution dominated by partner stations, express stations and inside stations. Thus, the précised company attracts the small distributors, occupies the rural market and establish tight commercial relations with its most important customers. In the same time, by the oil terminal planed to be built at Midia (14 millions t/y) it assures the supply with raw material, also guaranteed by its major shareholder: KAZMUNAYGAZ.

LUKOIL Romania intends to buy already built gasoline stations, and its results (the Headquarter recognised the fact that it is its most competitive foreign subsidiary in 2007) will allow to access significant funds in order to achieve this objective. Also the Russian company benefits of a privileged position from the oil supplying point of view because it is owned by one of most important oil exporter from this region.

Bibliography:

1.www.petrom.com

PETROM SA Annual Reports between 2004-2007;

Roiss Gerhard, deputy general director on Refining&Marketing in OMV, Refining and Marketing Strategy 2010, presented at Capital Markets Day Conference at Bucharest between 12-13 October 2005;

Roiss Gerhard, deputy general director on Refining&Marketing in OMV, Fritsch Walter, Refining coordinator in OMV, Mayer Tamas, director of Marketing Division in PETROM SA, Petrom Refining and Marketing, Capital Markets Day Conference, 12-13 October 2005, Bucharest;

Ruttenstorfer Wolfgang, chief executive officer of OMV, OMV Strategy 2010, presented at Capital Markets Day Conference at Bucharest between 12-13 October 2005.

2. www.orlen.pl

PKN Orlen Annual Report 2007;

Official press release: Orlen brand enters on the Lithuanian and Latvian markets, Vilnius, 29.11.2007;

Official press release: The future of Mazeikiu Nafta – PKN Orlen is planning to increase the value of the overtaken companies, 04.06.2007;

Official press release: Piotr Kownacki, chief executive officer and Waldemar Maj, chief financial officer in PKN Orlen, PKN Orlen Strategy 2007-2012, released at 21.11.2007;

Official press release: Strategic projects realization and operational outlook, PKN Orlen Investor and Analyst Day 2008, 18.06.2008.

3. www.mol.hu

MOL Group Annual Report 2007;

The preliminary results of MOL Group for the second quarter and the first half of 2008 year;

MOL Strategy 2006-2008, "Setting the pace from "New Europe".

4. www.lukoil.com

LUKOIL Annual Report 2007;

Official press release: Lukoil and ERG form ISAB Refinery Joint Venture, June 2008;

Official press release: Lukoil – Transforming into a Global Energy Company, April 2007;

Official press release: Alekpeov Vagit, Lukoil – Global Energy Company: Focused on Value Growth, April 2008.

www.lukoil.ro

Official press release: LUKOIL Romania plans to buy a 50-60 gas stations network, 05.11.2007;

Official press release: LUKOIL Romania company – the best of the LUKOIL Group organisations, 06.08.2008.

6. www.rompetrol.ro

Rompetrol Group Presentation, 23.06.2008;

Rompetrol Group Annual Report 2007;

Rompetrol Refining Corporate Presentation, 2007;

Rompetrol SA and its subsidiaries, Consolidated financial situations at 31.12.2007;

7. www.molromania.ro

Official press release: A new MOL station in Bucharest, Militari area, 17.06.2008;

Official press release: Increased business efficiency for MOL in 2007, 18.02.2008;

Official press release: MOL Romania in 2007: increased efficiency by business diversification, 23.04.2008;

Official press release: The conveyors from Romania are supplied by MOL, 2008.

WHO IS THE HIGH-TECH CONSUMER OF OUR DAYS?

Dovleac Lavinia

Transilvania University from Bra; ov Faculty of Economic Sciences Adress: Brasov, str.Colinei, nr.1, corp A E-mail: dalinalav@vahoo.com Tel: 0723.57.45.86

Balasescu Marius

Transilvania University from Bra;ov Faculty of Economic Sciences Adress: Brasov, str.Colinei, nr.1, corp A E-mail: marbalasescu@yahoo.com Tel: 0723.033.458

Research and practice indicate that the main features of high tech markets are dynamism and complexity. These features result in a changing target market over the life cycle. The complexity of the high – tech product influences the market acceptance in different ways. As high tech products are more complicated, they require greater customer education and more product information. This necessity results in greater effort on the part of marketing to adequately convey the necessary information as well as greater effort on the part of the consumer to digest the information.

The concept of "speed" defines the high tech markets and is explained by increasing competition and the continuous evolving expectations of customers. To all of this, we remind the higher levels of risk for both the customer and the producer on the high-tech markets. Consumption of high-tech products will continue to grow in the near future and it is very necessary for the producers and retailers to study and understand the high-tech consumers' behavior.

Keywords: high-tech, consumer behavior, decision process, adoption process

Cod JEL lucrare: M31

1. Factors shaping consumer purchase behavior

One "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society."355

People buy different products from different brands to satisfy their needs. Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristic.

The technology keeps growing and it affects every aspect of human life. In electronics and computers innovations have become a necessity rather than a luxury. Modern consumers are always aware of the changes in the marketplace. They have access to a variety of sources that provide information about the changes that happens in the marketplace.

Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristic. Although marketers cannot control such factors, they must give attention to them.

a. Culture

Culture is the set of basic value, perception, wants and behaviors learned by a member of society from family and other institution. Culture is the most basic cause of a person's wants and behavior. Every group or society has a cultural influence on buying behavior may vary greatly from country to country, or even neighborhood to neighborhood.

Example³⁵⁶: when business representative of a US community trying to market itself to Taiwan learned a hard cultural lesson. Seeking more foreign trade, they arrived in Taiwan bearing gifts of green baseball caps. It turned out that the trip was scheduled a month before Taiwan elections, and that green was the color of the political opposition party. Worse yet, that according to Taiwan culture, a man wears green to signify that his wife has been unfaithful.

Subculture

Each culture contains smaller subcultures. Subculture is a group of people with shared value system based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions.

Example: In US, the important subcultures include Hispanic, African American, Asian and Mature consumers.

Social Class

Almost every society has some form of social class structure. Social classes are society's relatively permanent and ordered divisions whose members share similar values, interest, and behaviors. Social class is not determined by single factor, but is measure as combination of occupation, income, education, wealth, and other variables.

³⁵⁵ Lars Perner - Consumer behavior: The Psychology of Marketing, http://www.consumerpsychologist.com/

³⁵⁶ Characteristic affecting consumer purchase behavior – published in Marketing and Advertising, on July 17, 2007; http://bizcovering.com/marketing-and-advertising/characteristic-affecting-consumer-purchase-behavior/

b. Social Factor

A consumer's behavior also is influenced by social factors, such as the consumer's groups, family, and social roles and status.

Groups: A consumer's behavior is influenced by many small groups. A group can be defined as two or more people who interact to accomplish individual or mutual goals.

Family: Family member can strongly influence consumer's behavior. Husband- wife involvement varies widely by product category and by stage in the buying process. Children may also have strong influence on family buying decision. For example children as young as age six may influence on the family car purchase decision.

Roles and status: The consumer's position in each group can be defined in terms of both role and status. A role consists of the activities people expected to perform according to persons around them. Each role carries a status reflecting the general esteem given to it by society.

c. Personal Factor

A consumer's decision also are influenced by personal characteristics such as the consumer's age and life cycle stage, occupation, economic situation, lifestyle, personality and self concept.

Age and life cycle stage: People change the goods and services they buy over their lifetimes. Clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of family life cycle. Traditional family life cycle stages include young singles and married couples with children.

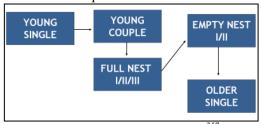


Figure 1: The simple life cycle³⁵⁷

Occupation: A consumer's occupation affects the goods and services bought.

Economic situation: A consumer's economic situation will affect product choice. If economic indicator point to recession, marketers can take steps to redesign, reposition, and reprise their products closely.

Lifestyle: People coming from the same subculture, social class, and occupation may have quite different lifestyles. Lifestyle is a consumer's pattern of living as expressed in his or her psychographics. It involves consumer's activities, interest and opinions.

Personality and self concept: Each consumer's distinct personality influences his or her buying behavior. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting response to one's own environment. For example, coffee marketer have discovered that heavy coffee drinker tend to be high on sociability.

d. Psychological Factor

Motivation: A need becomes a motive when it is aroused to a sufficient level of intensity. A motive is a need that is sufficiently pressing to direct the person to seek satisfaction.

Perception: Perception is the process by which people select, organize, and interpret information to form meaningful picture of the world.

Learning: When people act, they learn. Learning describes change in individual's behavior arising from experience.

Beliefs and Attitudes: Through doing and learning, people acquire beliefs and attitudes. A belief is a descriptive thought that a person has about something. Attitude describes a person's relatively consistent evaluations, feelings and tendencies toward an object or idea. Attitudes put people into a frame of mind liking or disliking things, or moving toward or away from them.

2. The profile of the high-tech consumer

The high-tech consumer is that person who purchases and consumes innovative products and services. Usually, the person who decides to buy presents the following characteristics:

³⁵⁷ Lars Perner - Consumer behavior: The Psychology of Marketing, http://www.consumerpsychologist.com/

Table 1. The profile of high-tech buyer

1 40 10 11	The premie of mgn teen eager	
Main features		
Age	18 – 65	
Sex	Both sexes	
Income	Substantial	
Education	(at least) High school	
Location	The developed countries	
Preferences	Brand loyal	

Source: Adapted from "The emerging high-tech consumer: A market profile and marketing strategy implications" – Allan C.

Reddy

2.1. The profile of the high-tech consumer in the digital era

Understanding the consumer's social ecosystem - a person's extended household and larger social network - is essential. Based on a more sophisticated segmentation strategy and an ecosystem approach, companies can tailor offerings, sales, marketing and service experiences, which can, in turn, keep them on pace for market leadership and high performance.

The Accenture Digital Household Segmentation Study³⁵⁸identified eight distinct consumer segments in the digital era:

Early Adopters: High-value users who are consistently interested in the latest devices and services.

Technocentrics: Sophisticated users of technology and heavy consumers of entertainment; such households often contain teenagers.

Convenience Consumers: Also called "simplifiers," this group makes purchases based primarily on whether products and services will make their lives easier.

No Frills: These customers want just the basics; technology developments do not dominate their lives.

Family-Centrics: This group is more interested in Internet-based communications than in creating content.

Socialites: These consumers are more personally involved in the creation and sharing of media content, and may use that activity to form social networks.

Entertainment-Focused: A group more interested in entertainment for the family.

Content Creators: A heavy user of personal computers, this group has embraced the latest technologies to create and share content.

2.2. How the high-tech consumers buy?

High-tech products need a high level of involvement from the consumer. This need appears because of the characteristics of high-tech products.

- Complex features
- Significant differences between alternatives
- High price
- High perceived risk
- Reflect self concept of buyer

Features of high-tech buyers' lifestyle³⁵⁹

Survivors: Price conscious, not very knowledgeable, depressed.

Sustainers: Strugglers, swayed by brand guarantee, impulse buyers.

Belongers: Conventional conservative, nostalgic, unexperimental.

Emulators: Ambitious, upwardly mobile, status conscious, buy to impress others.

Achievers: Leaders, work in hi tech top line products.

I-am-me: Young, Self engrossed, impulsive.

Experimental: Pursue a rich inner life, High sense of social responsibility.

Integrate: Fully matured psychologically, combination of best elements

A. If we talk about an innovation in the high-tech sector, **the process of adoption** take into account the following factors 360:

Relative advantage: The benefits of adopting the new technology compared to the costs

Compatibility: The extent to which adopting and using the innovation is based on existing ways of doing things and standard cultural norms

 $³⁵⁸http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Industry/Communications/CommunicationsMarketing.htm\\ 359\ profsamkulka.files.wordpress.com/2007/12/sakscb.ppt$

³⁶⁰ Mohr, J.J., Sengupta, S., Slater, S.F. – Marketing of high-technology products and innovation, second edition, published by Person – Prentice Hall, 2004

Complexity: How difficult the new product is to use

Trialability: The extent to which a new product can be tried on a limited basis

Ability to communicate: The ease and clarity with which the benefits of owning and using the new product can be communicated to the prospective customers

Observability: How easily other customers can observe the benefits received by a customer who has already adopted the product.

B. 5 steps in the decision process of buying high-tech products

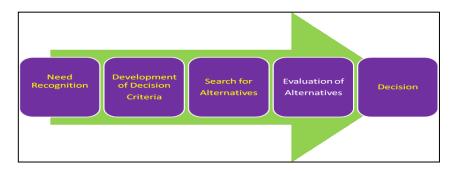


Figure 2: Purchase decision in high involvement products³⁶¹

We chosen an example based on the model shown up, illustrating the purchasing of a car. As you can see, in the first square, there are all the brands on the market (hypothetically speaking), in the second square there are the brands the consumer is aware of, in the third square there are the brands that the consumer take into account, in the fourth square we have the evaluation of the two brands that were chosen. In the last square, we have the purchase brand.

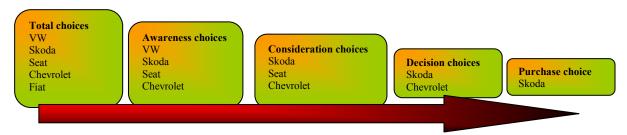


Figure 3: The decision process in car purchasing

C. Post-Purchase evaluation

At this stage, the buyer assesses how well the product has lived up to its potential. Some questions arise for the customer:

- Was I able to successfully learn how to use the new technology?
- Did the technology deliver the promised benefits?
- Were there hidden costs to using the new product?

3. The consumers' segmentation

Purchasing habits fluctuate over time with every generation, but because of increased access to new technology and uncertainty due to world events and insecure futures, the consumer trends of generations have changed. In order for businesses to appeal to these consumers, it is important to understand what these buying habits are, how they have changed, and what techniques can be utilized to expand sales among five consumer segments.

A recent article from American Demographics Advertising Age³⁶² highlights these changing behaviors.

Birth -12 years old

Because of the changing tastes of these "sub-teens" towards consumer electronics and fashion goodies, marketing for this age group has now been split into four distinct under-13 segments: newborns -to-3-year-olds, 3-to-5-year olds, 5- to-8-year-olds, and 8-to-12-year-olds.

³⁶¹ Sameer Kulkarni – Consumer behavior, profsamkulka.files.wordpress.com/2007/12/sakscb.ppt

³⁶² What drives consumer behavior, Article Summary by Erika Rence, April 2006 -

http://www.uwex.edu/ces/cced/downtowns/ltb/lets/LTB0406.pdf

Today, children within this market segment also differ from their predecessors in that they are technically empowered. They grow up in a world with ready access to multifunctional gaming consoles and Internet connections.

13-17 years old

The image of the typical teenager looks like this: an optimistic, ambitious, self-assured person with a more confident and positive outlook on life.

Because teenagers are accustomed to multi-tasking, products need to be presented in a way that will catch the attention of the consumer. As self-expression is important to many teenagers, this can be encouraged by allowing them to customize products.

18-34 years old

Technology and luxury are two things this generation clearly desires. Social responsibility plays an important role in selling products to this age group. They are not only concerned with the value of a product but also the extent to which it is environmentally safe, connected to a cause, and gives back to the community. By buying these types of products, they can feel socially responsible without having to commit any significant amount of time to these causes.

Appealing to this generation requires offering a product with good design; good value, preferably luxury; at least the appearance of some social responsibility; and an advertising campaign that sells with the consumer not at them.

35-54 years old

This generation, called the trailing boomers, is characterized by spending a lot but spending carefully. This segment has three primary characteristics. They are quite sophisticated in the use of technology to get information, they have the money to buy things, and they are still in the householder life stage, many raising teens. Another aspect of concern for this age group is fitness and well-being.

This market segment wants to get a deal but not sacrifice quality. A good marketing strategy for these demanding and technologically adept consumers is through product segmentation.

55+ years old

They define themselves based on their values and attitudes giving marketers opportunities in the areas of financial, hospitality, and wellness products and services.

Two key trends describe a change in consumption patterns and priorities of adults in this market segment: "Aging Process" and "Transition to Empty Nest" (20). Products that will "keep them going" are in high demand.

Therefore, the transition to an "empty nest" may not be achieved. Due to this uncertainty, many in this generation are simply concerned with catching the happiness while they can. They are focused on making purchases that will make them happy on a daily basis.

Conclusions

The purchasing behavior of a person is the result of an interaction between many factors (cultural, social, psychological and personal ones). Speaking of purchasing high-tech products, this behavior become different because of the high involvement of consumer. The decision process is longer and it needs much information from different sources.

A big influence in choosing products it has their usage by persons that the consumer considers truthfully. This happens because of the high risk presented by purchasing high-tech products. Not everyone can afford to buy and use high-tech products: those who can, have a special lifestyle and a special education level. Buying these products, they achieve a new status in their community.

Taking into account the social and psychological implications, the high-tech producers must analyze very carefully the behavior of this type of consumer. Not every new product will be accepted and will be bought by consumers because there are products that they can't understand.

So, it must be a permanent relationship between the producers and consumers of high-tech products, and the must collaborate for both side interests: for the producer to create and to sell the product, and for the consumer to buy and to use the product which brings him satisfaction.

References:

- 1. Mohr, J.J., Sengupta, S., Slater, S.F. Marketing of high-technology products and innovation, second edition, published by Person Prentice Hall, 2004
- 2. Reddy, Allan The emerging high-tech consumer: A market profile and marketing strategy implications, Greenwood Publishing Group, 1997
- $3. http://www.accenture.com/Global/Research_and_Insights/Outlook/By_Industry/Communications/Co$

Marketing. htm

4. profsamkulka.files.wordpress.com/2007/12/sakscb.ppt- Consumer behavior, prof. Sameer Kulkarni

- 5. http://www.uwex.edu/ces/cced/downtowns/ltb/lets/LTB0406.pdf What drives consumer behavior, Article Summary by Erika Rence, April 2006 -
- 6. http://www.consumerpsychologist.com/ Consumer behavior: The Psychology of Marketing, Lars Perner
- 7. http://bizcovering.com/marketing-and-advertising/characteristic-affecting-consumer-purchase-behavior/-Characteristic affecting consumer purchase behavior published in Marketing and Advertising, on July 17, 2007;

THE SIGNIFICANCE BY PUBLIC RELATIONS ACTIVITY TO THE LEVEL OF ORGANIZATIONS

Duhalm Simona

University of Bacau Faculty of Economic Sciences Str. Spiru Haret, nr.8, Bacau simonaduhalm@yahoo.com 0742.42.44.79

This paper focuses on the importance and role of public relations activities at the level of an organization, viewed in connection with marketing. Besides advertising and sales promotion, public relations is another important marketing tool used to promote mass. The activity of public relations gained in scale last time, one of its advantages are much lower cost compared to advertising.

Keywords: public relations, lobbying, public

Cod JEL: M0

1. Introduction

New approaches to modern marketing require more specific activities combining advertising, sales, promotion, direct marketing and public relations.

Public relations activity has grown and increased in importance during the economic and social development, is gradually being in a distinct and important activity to contemporary society.

In the current period, in terms of increasing competition, which requires thorough knowledge of market ,potential customers and gain their trust, the vast majority of organizations believe that advertising is not the only answer to the increasingly complex issues of marketing.

According to the definition given by the Foundation for Public Relations Research in 1975, the concept of public relations can be interpreted as follows:

- represents a distinct function of management, which help to establish and maintain a psychological climate of communication, understanding, acceptance and cooperation between an organization and the public;
- help management to inform and be informed about public opinion;
- defines and coordinates the management responsibility to serve the public interest;
- help management to use effectively any change;
- uses research and ethical communication techniques as its main instruments.

Public relations pursue building good relationships with their public by obtaining a favorable publicity, by a good company image, as well as management and elimination of rumors, news, and adverse events.

Lower cost communication strategies that can easily adapt the client profile, and market requirements, thus providing a greater impact and increased efficiency of communication - here are the strengths of public relations services that will have more weight in the balance of companies.

In terms of services required by clients, most will be those required by that reinforces the image of the product, but also the relationship between the company and them public. The most likely strategy will guide the promotion of product and customer satisfaction campaigns, but also to investors relations or B2B communication - for maintaining a constant connection and trust with business partners and investors.

Another service that will register a growth surprises is the online PR, because low cost, and migration of print publications in the online sphere.

2. Functions of public relations compartments

Public relations departments can fulfill any of the following *functions*:

- relations with the press or media agents: relationships with the press aim is to put in the means of communication, information novelty value to draw attention to a person, product, or service organizations;
- promoting a product or service: consists of various efforts to publicize specific products or services; press releases or events that increase knowledge of media company shares may be exacerbated by PR. Large firms issued press releases or new products many times are salable.
- corporate communications: this activity includes all internal and external communications of the company and promote its knowledge to the public; in terms of internal communication, Spreading information and correct/referral actions disinformation in a firm can reduce the impact of rumors and can grow support employeds. If reducing the number of employees or the merger of companies, internal communication can do much to dismiss rumors that circulate among company employees or local community.
- lobbying activity: involves building and maintaining relationships with those who adopt laws and the rulers to influence legislation and regulation;
- consultancy: include providing support for company management on matters of public policy, the positions adopted by the company and the image.

3. Factors influencing the development of public relations activities

The development of the public relations is favored by the following factors:

- diversification of markets for consumer goods with increasing public demands;
- explosion of technology and information system through the development of computer, a telephone, cable television, video equipment;
- increased the pace and level of competition with direct impact on the ways of making progress;
- decline in classic television advertising and increasing the role of TV commercial;
- increasing costs of television advertising, with the immediate need to increase advertising budgets;
- growth and diversification of the facilities offered by commercial television stations, radio and newspapers;
- development actions and increase the sponsorship role of the sponsoring;
- emergence and development of powerful Internet networks worldwide.

Public relations are used to promote products, people, places, activities, ideas, organizations and even nations. Through public relations activities of a brand can be well promoted compared with advertising costs as required much less.

Public relations may play a role less than or greater to play in the development and introduction of new products and services, but this depends on the context in which these products are new. With a product as less innovative, with both must be more creative work of public relations or other marketing strategies.

Currently, public relations are present in all activities and when social and political importance, in almost all institutions, in preparing and carrying out major sporting events and cultural, crisis situations and in the normality. The practice of modern public relations is based on research methods which aim at both a public organization (to

The practice of modern public relations is based on research methods which aim at both a public organization (to be determined the public objectives), and the staff of organizations (to be set their own objectives). Following analysis of the two types of objectives are developed public relations programs that transmit messages to the public to promote the image of the organization, winning the trust and change public attitudes and behavior.

4. The main instruments of public relations

In the public relations domain may be used many methods and techniques, their number being limited only by imagination and ability of those who apply.

One of the main instruments is represented by the news. Public relations specialists must find or create favorable news about the organization, about its products and services or its employees. Articles should be topical and attention of the reader.

Discourse is a tool for achieving product and advertising firm. They follow the presentation of a proper view of the firm, as well as its positive experiences. Company representatives must answer questions from the media, and these events may be to build or to affect the company's image.

Another tool of public relations is represented by special events. Among them include: press conferences, seminars, exhibitions, contests and competitions, anniversaries, sponsorships of sporting events.

Publications. To establish contacts with the target audience and influence of firms is based on communication materials. These materials include annual reports, brochures, articles, newsletters and magazines of the firm.

Means of creating identity. To create and strengthen the identity, companies should also create a visual identity for the public to easily recognize. Logos, printed materials, brochures, logos, company documents, buildings, uniforms and vehicles, these are marketing tools when they are attractive, distinctive and worthy of note. Activitatile in folosul public. Firmele pot atrage bunavointa publicului contribuind cu bani si timp la activitatile legate de cauze nobile.

5. Conclusions:

Public relations is an important tool for promotion and communication at the level of an organization.

A public relations campaign well planned and wide is the most effective to create in the minds of the public a favorable impression about the organization or to implement the desire to buy a certain product or service organization.

New types of approaches to public relations can sometimes help to keep alive a product that is in real decline in the market - or to help find new opportunities to assert themselves.

Planning activities of public relations involves setting targets for public relations, choice of appropriate messages and vehicles designed to transmit, and evaluate results.

The main instruments of public relations publications, events, news, speeches, public service activities, the means of achieving corporate identity.

Regardless of the means and techniques used, the public relations should be correlated with other variables promotional placed in a unit program with a global vision. Efficiency public relations work depends on the quality of activities performed by the entire organization.

References:

- 1. Balan, Carmen, Marketing Aspecte conceptuale si operationale, Editura ASE, Bucuresti, 2004;
- 2. Coman, Cristina, Relatiile publice. Principii si strategii, Editura Polirom, Iasi, 2006;
- 3. Epuran, Gheorghe, Comunicarea în afaceri. Strategii, tehnici, modele de decizie, Editura Alma Mater, Bacău, 2002;
- 4. Epuran, Gheorghe, Relatii publice suport de curs, Universitatea din Bacau;
- 5. Kotler, Philip, Managementul marketingului, Editura Teora, București, 1997;
- 6. Kotler, Philip, Principiile marketingului, Editura Teora, București, 1999;
- 7. www.markmedia.ro.

SIDE BANKING MARKET OF ROMANIA IN THE PERIOD OF ECONOMIC CRISIS

Duhalm Simona

University of Bacau Faculty of Economic Sciences Str. Spiru Haret, nr.8, Bacau simonaduhalm@yahoo.com 0742.42.44.79

In this article I will present how react the banking market of Romania in terms of economic and financial crisis. Given the fairly strong competition on the banking market will call to offer differentiation, creating and promoting the image and positioning in the mind of the consumer. Across our country is observed that banks, besides the aggressive campaigns to promote credit cards focus on promotional offers for deposits.

Keywords: banking market, offer differentiation, credit, competition

Cod JEL: G21, M31

Romania integration in the European Union took place in early 2007 and establishes a realistic integration. At the same time is conditioned by several factors such as: strengthening financial and administrative discipline, growth to the national economic productivity and achieve an appropriate level of purchasing power of the individual.

Following the monitoring of economic indicators on the domestic market such as: economic growth, foreign exchange variations, financial intermediation, real rates of interest bank, Romania is among Eastern European markets falling under the category of "dangerous financial market" along with Bulgaria, Latvia and Estonia. This is due to low performance of some of the indicators monitored.

In Romania, Competition continues to grow,new banks is foundet and, therefore, the customers have the opportunity to choose of the banks that they will meet their specific needs in terms of financial-banking services. In the financial-banking sector, services and products are all similar in their effect, therefore a bank must maintain competitive advantage. Quality of services is an area in which an organization is able to act and is key to future developments. One of the secrets to insure a good service to the customer is understanding the needs and desires wishes it.

The main objective of the banking market is to offer additional benefits to the banks customer, advantages will result from two important considerations:

- customer will benefit from increasing freedom of choice by targeting the institutions that offer lower prices or by obtaining the services that were not previously available;
- prices (tariffs, fees) in most financial services should fall as a result of higher domestic market. Competition will be the main factor of a sale, although can be envisaged reducing profit margin of the bank.

Banks will inevitably focus to customer retention and to win customers in the system, not outside it, as before. This approach is necessary to maintain profitability and can not be done only by specialized investment solutions – CRM banking, modern and innovative ebanking solutions. Development of informatic banking system allows automating the process of electronic transmission a credit files of branches to the processing center, automating the flow of credit approval, and achievement a central data warehouse from which reports can be obtained by monitoring the activity.

To maintain existing customer loyalty and to attract new clients it is important to know their behavior of purchasing products or services banking. In the financial-banking market the customer chooses not only the product or service but the bank will respond to the needs of existing.

Factors that influence customer behavior (as purchaser) in relations with the bank are the following:

- confidence in the banking system;
- Accessibility purchasing services;
- bank's reputation;
- range of products and services;
- service quality;
- perceived value of services;
- ability to meet needs in terms of financial and banking services;
- existing staff courteous and capable.

During the current economic and financial crisis the banking market reacts as follows:

- is appealing to differentiation and positioning of supply:
 - image differentiation;
 - offer differentiation:
 - personnel differentiation.
- improving communication and promotion

1. Differentiation and positioning of supply

Image differentiation

In the banking creating and promoting the image, positioning in the mind of the consumer is done in a first phase by the formation of brand using slogans. It has the ability to position a product on the market to create a segment, a target, a point of departure, a image in relation which will be judged by its customers all services launched under the brand question. Because the banks are out to a targeted one segment and launch services in various sectors and the slogan is often vague, Overall, abstract, times referred at a human ethics, a principle of life or a general need to customers. Slogans are positive, induce a state of prosperity, seriously, or even power. However, many banks are on the market that do not identify with a particular brand because that promotes their products rather and too little focus on one image campaign or a product campaign of successive spots. For example, I will list the top 3 banks in Romania ranked according to total value of assets and their slogans, to highlight their impact on clients:

- Romanian Commercial Bank: "Think of the way";
- BRD-Groupe Société Générale: "More and simple";
- Raiffeisen Bank Romania "Succeed together."

Offer differentiation

Borrowing market in Romania is in a moment of stagnation both because of the international financial context, as well as changes in internal credit policy. Regarding offer banks compete through various promotional offers savings and credit even if they are similar in terms of interest, penalties or facilities.

Because consumer credit have decreased considerably in the last period, banks that offer alternative credit cards. These are advantageous for those who want to finance short-term but also for customers who are able to return the money quickly. If the end of 2008 banks promote credit cards with grace periods of very high (three months) now, most have grace periods of much lower: 55-56 days. Each bank offers to physical persons various programs and benefits of using the credit card.

Romanian Commercial Bank adapted the offer with discounts and bonuses in partner stores. The bank's website shows that if you pay by credit card at merchants like, you get bonus value of 0.6% for each payment.

Raiffeisen Bank which has the highest number of credit cards to national level (310,000) care are cel mai mare număr de carduri de credit la nivel național (310.000), optimal combination between overdraft (discovery credit card) and credit cards. Thus, the client have the possibility to draw money from the card and using the overdraft to repay them in the grace period and avoid paying interest on credit cards.

BRD-Groupe Société Générale launched a loyalty program to customers who have used credit cards by offering loyalty points. Bank offers loyalty points proportional to the amount spent by the payment card to merchants. Each lion spent with the card represent a loyalty point and these can be converted into money for shopping to partners BRD. Also,BRD guarantee to credit card users the long grace period on the market for 60 days.

The same system with the benefits by points has been implemented and the Romanian Commercial Bank, through Powercard BCR and Raiffeisen Bank, through Multishop program.

Regarding commissions amounts that holders of credit cards out of the pocket differs little from one bank to another. Commission apply have the role to loyalty and to ensure the smooth running of the transaction.

As in recent months demand from customers has been reduced based on the uncertainties regarding the evolution of the economy, Raiffeisen Bank resume the crediting with a promotional offer for sale of auto loans. This promotion consists of providing loans for the purchase of vehicles for which no interest is charged in the first year. This movement is the reaction of bank to the competitors, which reduced the interest on loans.

If offers savings, banks have entered a real battle on interest on deposits.

BRD-Groupe Société Générale diversifying their business offer, launching a new savings instrument - Deposit Advance. It customizes the payment of interest in the current account, available to the client, since the formation time. Thus, the customer will benefit from the safety of a win and maximum flexibility in the use of interest earned on money deposited. This amount can be reinvested in conditions or withdrawn from the current account, for any other purposes. Advance deposit is available in lei or euro, term of 90, 180 or 365 days. The minimum amount required for the formation is 1,000 lei, or 1,000 euros.

Personnel differentiation

Banks can obtain a competitive advantage by hiring and training staff with qualities superior to those of competitors personnel.

A well-trained personnel must meet six conditions:

- competence: employees must possess the knowledge and skills;
- courtesy: employees must be friendly, respectful and attentive;
- credibility: employees must be trustworthy;
- safety: employees need to meet expeditiously and consistent with the obligations;
- spirit of responsibility: employers must respond promptly to customer requests and problems;
- communication: employees need to understand his client and to express their understandable.

2. Improving communication and promotion

Banks continued to allocate budgets for advertising, just changed the message: banks will not provide money, but will receive. In the last year, has already felt that banks are starting to store money, not only to provide loans. More and more banks have invented special deposits and savings accounts with interest that exceeded the standard. The apogee was reached but now, when banks began to carry out various campaigns aimed at attracting funds to ensure Cash assets.

Since the beginning of 2009 the advertising from banks were reduced in all environments. During January-February gross volume of advertising on TV decreasing by 52% compared to the same period of 2008. Regarding other channels of communication, advertising in newspapers has declined by 54%, and the radio 65%.

Regarding the approach of the **Raiffeisen Bank** this remark by ensuring a top 3 interest in the market. The bank appealed to advertising cognitive triggering in the minds of customers the processes of rational thinking on the advantages it could obtain.

BRD-Groupe Société Générale through campaign by "Great men" appeals by emotional advertising. The spots aired by television channels transmitted emotions and associated the bank experience through the combination of someone important in the world of sport: Nadia Comaneci, Ilie Nastase and Gheorghe Hagi.

Romanian Commercial Bank calling all emotional advertising in the last TV spot to the new credit card Powercard BCR. BCR had the most advertising inserts (2100), on TV, radio and written press.

Leader in the standings TV station that attracted most publicity are the banks, according Alfacont Mediawatch, Antena 1, which run 638 advertising spots. Television Intact trust is followed by Kanal D (549 inserts), Prima TV (346) and ProTV (273). As regards radio, Kiss Fm broadcast the first two months of this year most advertising spots (215).

3. Conclusions:

Once triggered the crisis, local banking system has gone through unprecedented transformations that can not only benefit the customer. Especially depositors.

Financial crisis had a strong effect on credit institutions, which in addition have less money invested in advertising, have changed and the strategy for the products promoted.

Thus, banking institutions are also invited consumers to make savings with beneficial interest, or have proposed loans with smaller amounts, instead of borrowing consistent long-term.

References:

- 1. Epuran, Gheorghe, Comunicarea în afaceri. Strategii, tehnici, modele de decizie, Editura Alma Mater, Bacău, 2002.
- 2. Kotler, Philip, Managementul marketingului, Editura Teora, Bucuresti, 1997;
- 3. Kotler, Philip, Principiile marketingului, Editura Teora, Bucureşti, 1999;
- 4. www.adevarul.ro
- 5. www.curierulnational.ro
- 6. www.scribd.com
- 7. www.standard.ro
- 8. www.zf.ro

UNDERSTANDING THE CLIENTS - THE ESENCE OF DIGITAL MARKETING

Dumitrescu Luigi

Adresa Lucian Blaga University of Sibiu Faculty of Economical Sciences 550324 – Sibiu, 17 Calea Dumbravii St. dumitresculuigi@yahoo.com Tel: 0741-086.668;

Gorski Hortensia

Romanian-German University of Sibiu, Economic and Computer Science Faculty 550324 - Sibiu, 28 32 Calea Dumbravii St. tenzig11@yahoo.com Tel: 0744-475.361; 0269-233.568

Fuciu Mircea

Romanian-German University of Sibiu, Economic and Computer Science Faculty 550324 - Sibiu, 28 32 Calea Dumbravii St. mirceafuciu@yahoo.com Tel: 0743-149.696; 0269-233.568

In modern thinking, the concept of "manager in charge with understanding the client" is the person who leads a brand new department, which combines the marketing research and the clients' database. Some organizations consider "the understanding of the clients" just a new name for the marketing research, probably sustained by the data obtained from databases. Understanding the clients can take two form, on one hand in can be a moments inspiration or a revelation which can lead to certain opportunities and on the other hand it represents the ability of clearly perceiving a hidden truth about the consumer and the market and which helps the decision making process. Basically in the client orientated organization, understanding the client is a determining element.

Keywords: Client experience, managing the client's experience, key-moments of the truth,

Cod JEL lucrare: M30, M31, M39

Introduction

The accurate understanding of the client, forces the organizations to rethink the way the clients perceive the organization and interact with it. Starting from these premises, we have to explain two important concepts: the client's experience and the client's evolution. In the context of permanent changes, the client changes his needs and desires and of course he changes his consumer behavior. The appearance and the development of the new communication technologies has raised a series of challenges for the organization and for the way he deals with present and potential clients. In order to better sell the organization's goods or services, we have to have a proper understanding of these concepts.

The development of these new communication technologies and the marketing development towards these new ways of reaching the clients will have a strong influence on the strategies developed by the organizations for their clients.

Managing the client's experience

The clients' experience can be defined as the combination between the actual performances of the organization and the feelings generated by it. The organizations efforts are compared and evaluated by the client intuitively, with regard to his expectations for all the contact point that exists between the two parts. The contact point can be defined as the clients' evolution. They represent a series of cumulated experiences, by which the client has contacted or interacts with the organization, which moves constantly in accordance with the expectations of obtaining loyalty, sustaining and promotion. An organization's reputation, its brand, is not formed only with the help of mass-media. The reputation or image is build by interacting with the clients at the contact point, with the help of the new communication technologies, like the Internet, the e-mail, instant messaging or short text messages by phone.

Every time the client enters in contact with an organization, the clients feel how it is to interact with that entity and they immediately form an opinion about it. The experience is the main valued factor for the client. This element has a major influence on his future behavior and consequently it has an important potential value for the organization. The way the client "feels" the bard at every interaction and every channel will become a new and durable source for a competitive advantage. The capacity of offering to the client's rich and qualitative experiences has become a differentiating factor in a world in which the products or services are more and more similar to one and the other. In this time when the competition is stronger by the minute, the organizations must offer an unforgettable experience, and its planning and managing is of great importance for the marketing. A bad experience is a first step in loosing a client or even more clients if the experience is presented to others by "word-to-mouth" process. On the other hand a good experience can encourage repeated acquisitions and will finally lead to the transformation of the client into a loyal costumer.

A stranger focus on the clients experiences are an opportunity of profitable development, of an increase of clients' loyalty and of the shareholders capital. All this will become possible if the organization better integrates: the concept of *client understanding*, the distribution channels, the employees, the means of communication, the new

information technology systems in her activity and will focus with the same measure on the emotional experience and the functional dimension. In order to be able to manage the experience, the organization must collect and monitor the subjective information. The subjective information is often considered irrelevant for the client – organization relationship or to difficult to collect with the help of existing systems (figure 1).

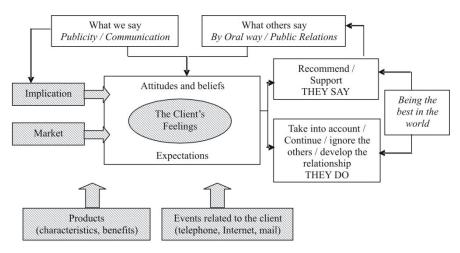


Figure 1. The Clients' experience
Source: Paul R. Gamble, Alan Tapp, Anthony Marsella, Merlin Stone, Revolutia in Marketing, Editura
Polirom, Bucuresti, 2008.

From the client's point of view, every experience is offered by every manifestation of the brand values, the organization's, the product's and services personality and by providing the services and with the interaction with the community. The unique combination of these elements creates a unique experience for the client; unique because every client will have his own perceptions. As it can be seen in figure 1, the client's experience is a combination between the products or the services and the "good feeling" generated by a series of stimuli resulted from the contact points with the clients.

The main objective in planning and managing of the client's experience is the limits overtake of the expectations in the field or area that matters for the client, and barely fulfillment of the other expectations. In figure 2 is presented the activity of positioning the client's experience planning system.

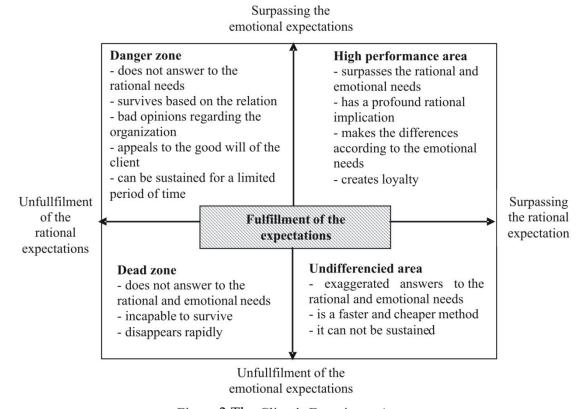


Figure 2 The Client's Experience Areas

As it results from the above figure, the main objective is maintaining a balance between the rational expectations and the emotional ones, where the rational expectations are fulfilled and the emotional experience is positive.

The main stages in planning the client's experience are:

- Demonstrating with the help of researches that the brand values of the organizations and its image are appreciated by the clients and are considered different from the ones of the competition. What are the employees and the managers of the organizations thinking?
- Developing the means of understanding the client for a better identification of the way the consumer seas the experiences right now, what are his expectations and what is his most important interest when the interactions work:
- *Identifying the key moments of the truth* from the interactions with the client by using a combination between the analysis of the contact points, the consumer's life cycle interaction processes and the diagram of the known factors that determine the relations;
- *Identifying the moments* when the experience has the most positive and the most negative impact on the consumers;
- Analyzing the difference between the wanted experience and the perceived experience of the client at the key moments of the truth;
- *Analyzing the employees experience* at every key moment of the truth;
- *Planning and testing the experience* for the consumer and the employees;
- Recruiting, training, guiding and stimulating the personnel in order to sustain and support the clients' experience;
- The *creation of a measuring tool* which will allow a sufficient evaluation of the client's experience;

The client's route is pointed out in the above context in the *Client's Experience Model* – figure 3.

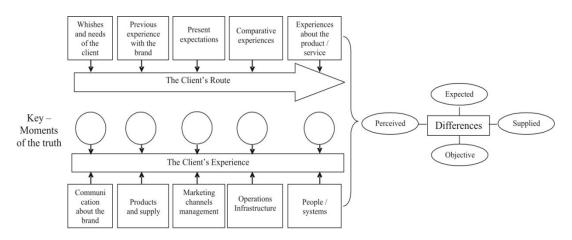


Figure 3 The Client's Experience Model
Source: Paul R. Gamble, Alan Tapp, Anthony Marsella, Merlin Stone, Revolutia in Marketing, Editura Polirom,
Bucuresti, 2008.

In practice, the management of the client's experience has two important parts: the *strategic planning and the continuous improvement*. *The continuous* improvement is possible with the help of the clients' feedback or by the presentation of his experience. The feedback allows the organization to solve the complaints and to improve the daily experience of the client. It can have an immediate effect on the business by the reduction of the discarding degree of the organization's services and its risks, and in the same time it can lead to the increasing of the possibility of expressing some favorable opinions.

The feedback can reduce the number of the ones who give up the organization's services with approximately 2-3% per year. There are a grater number of possibilities of collecting the feedback like: surveys, research projective techniques, customer relationship management (CRM), free phone lines (green phone lines), the analysis of the phone interactions, the Internet and the discussions that take place within the groups of service users.

The client's experience is important for continuing the development of an emotional loyalty for a long term or the attachment of the client for an organization. The client's experience is the main valued factor for the client and has a major influence on his next behavior. A bad experience represents a step towards loosing a client and for

expressing of negative opinions. A good experience will lead most likely to repeated transactions, to the promotion of the organization and to a greater loyalty from the part of the client.

The clients are prepared to recommend an organization immediately after an important interaction. The more loyal the client is, the easier it is, in such moments, to encourage him to talk about his experience and organization to others. Consequently the organizations that create emotional loyalty have an important advantage from the other organizations interested only in the rational satisfaction of the client.

Managing the client's experience can offer four important benefits:

- 1. better references made by opinion leader or other important persons;
- 2. improving the client's loyalty;
- 3. increasing the differences with regard to the competition;
- 4. improving the retention percentage.

Conclusions

Right now the management of the client's experience is the check point of many projects that are part of the top organizations of the world, and it is considered as the "peak of the client's satisfaction". The total client's experience management is based on how the organizations manage all the factors that contribute to the client's experience with regard to the: organization's products, the associated services, the promoting campaigns and with regard to the brand name under which they all sold. This is an integrative perspective that crosses the boundaries between marketing, sales, services and the different distribution and communication channels. Focusing on the clients experience implies a strong attention to be given to the client itself.

In light of the new and rapid developments of the Internet and of the Internet based strategies, the organizations have to act quickly, and with the help of the new communication technologies and the integrated systems that are at their disposal, in order to reach a bigger number of clients from all over the worlds and fulfill their needs and desires and in the same time enrich and improve their experiences.

References

- 1. P.R., Gamble, A., Tapp, A., Marsella, M., Stone, (2008) Revolutia in marketing o abordare pentru o afacere de success, Polirom Publishing House, Bucharest;
- 2. P., Kotler, (2004) Marketing-ul de la A la Z, Codecs Publishing House, Bucharest;
- 3. C., Shaw and J., Ivens, (2002) Building great Customer Experiences, Palgrave, McMillan Publishing House, London;
- 4. Strauss, J. and Frost, R. (2008), E-Marketing, 5th Edition, Prentice Hall, New Jersey.

STUDY ON THE EVOLUTION AND TRENDS IN ONLINE ADVERTISING IN THE EUROPEAN UNION COUNTRIES

Dumitru Nicoleta-Rossela

Romanian-American University, Management-Marketing Faculty, Bdul. Expoziției, Nr.1B, Sector1, Bucharest e-mail: nicoletad01@yahoo.com tel. 0740.104404

Neagoe Cristina

Romanian-American University, Management-Marketing Faculty, Bdul. Expoziției, Nr.1B, Sector1, Bucharest e-mail: cristina neagoe2004@yahoo.com tel. 0722.223326

Negricea Iliuță - Costel

Romanian-American University, Management-Marketing Faculty, Bdul. Expoziției, Nr.1B, Sector1, Bucharest e-mail: negricea@yahoo.com tel. 0722.567790

It is estimated that the internet today has over 5 billion online pages. In this sea of internet, users search for products or services they require, compare them, then they choose. Worldwide, online advertising expenditure will increase, according to specialized studies, particularly with the attraction on the web of key traditional advertisers. They come mostly from the car industry, IT&C, tourism, financial services industry and healthcare. Experts estimate that the value of Internet advertising expenditure will grow in Romania from 15.06 million USD (2008), to 21.2 million USD (2009).

Worldwide, the online advertising market has exceeded the value of 65.2 billion USD and it's predicted that by 2011 the annual increase of investments made in online advertising will be of 15-20%. In the same year, the amount spent on promotion, will be somewhere around 106.6 billion USD.

Keywords: online advertising, website strategy, broadband services, internet campaign

1. Online advertising – developments

Online or interactive advertising is a method that uses online media, respectively Web pages, newsletters, e-mails, in order to send a message to the targeted audience, in the form of banners, contextual advertising, ads in search engines etc.

The following are among the most commonly used forms of advertising online:

- Advertising in search engines 50% of last year's expenses with online advertising. Here we talk about Search Engine Optimization (SEO) and pay per click ads (PPC). The biggest players in this field are: Google, Yahoo and MSN. There are other smaller engines, but usually, for best results, use the big companies.
- Advertising on websites 21% out of the total cost of online advertising. Advertising through banners or contextual ads is still quite widespread. One can rent some space on a website, the payment being usually negotiated for a certain amount for click per M(thousand) (CPM). Taking into account the success of search engine optimization and pay per click publicity, CPM is considered a bit risky, although in the case of the websites with quality visitors (possible clients) you can obtain good results.
- Online ads 17% out of the cost of online advertising last year, summing up 4 billion USD; the online ads are very efficient, especially considering that they represent one third of the search engines' budget.
- Client generating/initiatives over 1.4billion USD, this section has 6% of online advertising. For the advertiser this model is the perfect representation of client targeting on the internet: the advertiser pays only when a client that buys is sent to his website
- Media ads with a number of one billion, it covers 4% of the online advertising market. Media ads refer to the integration of the ads in videos, this aspect helping to increase the conversions. It's no surprise Google bought YouTube for 1.5billion USD.
- Email although it covers only 2% of the online advertising, should be noted that 500 million USD is still a large number.

Although online advertising offers a series of advantages (better targeting, large volume of information, the possibility of interacting with the potential client etc), the online environment still remains one of the advertising segments that doesn't attract major investments, due to the fact that the investors aren't completely certain of it. Even so, there is an increase in the investments made in this extremely dynamic environment

In 2008, net investments in online advertising were 2.6% out of the total of the investments, which is about 16 million euro.³⁶³

The biggest percentage increase of advertising in 2008 was the Internet, with an increase of over 50%, followed by television, with only 24%. The total amount is also confirmed by the official study conducted by The Interactive Advertising Bureau Romania (IAB), that shows that in 2007 the investments in online advertising were of 42.6 million lei, and in the first semester of 2008 33.9 million lei.

363 Ardelean A., Double click on online advertising, Biz Magazine, No. 177, 18 - 31 March 2009, pg 27

This evolution is also determined by an escalating degree of internet use in all the world. The conclusions of the Eurostat Report say that 50% of the inhabitants and 9 out of 10 companies used the Internet in the first semester of last year in The EU (including Romania and Bulgaria). So, 47% of the Europeans with the age between 16 and 74 used the Internet in the first semester last year, out of which there were more men than women and more young people than older ones, the record being registered in the category of youngsters with the age from 16 to 24 - 75%. And for companies: in the beginning of 2008, 89% of the European companies were using the Internet, more than half of them having broadband connection.

Together with the usage percentage, the Eurostat report also watched the frequency of the broadband connections and e-commerce and e-government solutions. In the first semester of 2008, the highest degree of usage in The EU was registered in Sweden (82%), Denmark (76%) and Finland (70%), while the lowest percentage was registered in Greece (20%), Hungary (28%), Lithuania, Poland and Portugal (29%, each).

On average, in the 27 countries members of The EU, men used the internet more often (51%), women (43%), but in some countries, like Estonia, Letonia, Lithuania or Finland, the percentage was almost the same.

At the beginning of 2008, most of the active companies on the Internet were registered in Denmark and Finland (both with 97%), in Belgium and Sweden (with 96%), and the least attracted to Internet's utility were Portugal (77%), Hungary (78%), Lithuania (81%) or Cyprus (82%).

Ensuring a much faster connection, and possibilities to use the Internet definitely superior to other Internet solutions, broadband services have won numerous supporters in the EU. Out of all the EU members, a larger number of households with broadband connection were registered Denmark (36%), Finland (21%) and Estonia (20%). The same type of connection used 53% of the companies in The EU, most of which are in Denmark (80%), Sweden (75%) and Spain (72%).

The most recent IAB study concerning the optimization of the mix media has proven how a higher percentage allocation from the marketing budget for online advertising determines an increased efficiency of the campaign. Among the companies that participated in the previous campaigns were Unilever, McDonalds and Colgate-Palmolive. Ford announced that it will take part in one of the next stages.

The main conclusion of the studies conducted so far was that, ideally, every advertiser should allocate 10% of the company's budget to the Internet.

Referring to Romania, the information quality of the information and services has convinced the Romanians that the Internet deserves attention: the number of users has grown and the advertisers turn their attention more and more to the online media.

Romania has one of the highest increasing rates of internet usage in the Central and Eastern Europe comparative to the Western market, a study of the Romanian internet market, conducted by Roland Berger Strategy Consultants shows.

The Internet is mainly used by the Romanians for the email (49%), chat (46%) and information finding (37%). Most users access the internet from public spaces (50%), from the office (25%) or/and from their home (20%). The study, based on a survey conducted among internet users, also shows that the users are mostly young people between 18 and 29 and adults between 30 and 39.

The internet sector is characterized, according to the analysis completed by Roland Berger, through the increase in the number of users and the number of registered domains, the improvement of the quality of the contents, of the information and services offered by the Romanian websites, the increase of the volume and the sophistication of the online advertising, together with a growing interest of the advertisers for the Internet medium

The development of the access to the internet through cable and mobile internet, the appearance of additional services with added value at the main ISP's (online protection of emails, Customer Centers, VoIP), the definition of a group of important players with business activities online, that develop website networks in order to attract publicity or to offer online applications and services, like recruitment, e-markets, etc., elaboration and adoption of the legislation in ITC domain have also contributed to the increase of users.

The number of users is in continuous growth and the quality of the content is enriched, so that the online advertising is also going to expand, the study shows. The advertisers opt for the online advertising due to the advantages that it presents:

- the targeted audience has attractive attributes: it's young, dynamic, modern.
- an online advertising campaign can reach the audience in the working hours, when it's not targeted by any other media channel, has relatively low costs compared to other media channels, can be monitored shortly after its launch, implies a direct and personalized communication with the consumer;
- the advertisers can access precise segments of consumers, due to the existence of specialized websites.

364 Eurostat - Report concerning the use of the Internet in the EU, www.adspace.ro / inside - news & articles

2. Online advertising – trends

The spectacular growth each year of online advertising in European countries, including Romania, had, as an effect, a dynamic of the advertisers that invested in this media channel.

This phenomenon is a sign of the beginning of market maturing and, at the same time, it's a sign of recognition of internet value and the modern mix media in Romania, possible effects that will be induced in short and medium terms as a result of this phenomenon, are as follows:

- increase in prices in the news/business segment. This effect is immediate and natural, over the internet manifesting itself pretty strikingly as an expression of a balance between demand and offer, and shouldn't be regarded as a speculative game, but as a market evolution and a value recognition and reach of audiences by the Romanian websites.
- orientation of the advertisers towards other website categories. The appearance of quality specialized websites will make the advertisers concentrate a part of the online budgets towards less crowded websites where their brands would be more visible and where the affinity for their products can overcome the affinity registered on general websites
- orientation of the advertisers towards "beyond the banner" solutions. They bring in more feedback than banner advertising, creating an association with certain brands and online communities, avoiding the competition on that website and having a cost per person lower than the banners, where the transmission is harder to control
- the appearance of new business and news websites. This phenomenon will be doubled by the growth and development of already existing websites.

Concerning the biggest investors in online advertising, today they come from the telecommunications field, banking and the auto industry.

But an online advertising campaign can have very specific objectives. With its help, one can obtain notoriety (for a brand, product, offer, service, etc.), customer relationship (for example, an online free service develops a long term relationship with the targeted audience), sales leads (the user can be brought to the point of offline or even online sale if we speak of an online shop), direct data about users can be collected and generated content about the consumer can be obtained.

Concerning the efficiency of the website strategy to which the user has been sent by clicking on the banner, one can make several conversions, depending on the objectives. This way, one can see how many users continue browsing the site after clicking on the banner versus how many close it immediately, how many of those who got on the website by clicking on the banner use the interaction options on the website (detail information, send to a friend, print information, show online content, sign up for an online service), how many decide to buy (contact online a seller/dealer or buy online). And, in fact, these are the details that matter. ³⁶⁵

Even if the internet doesn't have as many measurement instruments as television, radio or written press, there are measurement instruments of efficiency for the campaigns conducted on the internet. In many cases, the measurement of the results stops only on counting the clicks on banners. Very few look at what happens to the users after they click the banner. If they did, they could know if the banner was placed in a good spot, if they sent a good message, if the site sustains or not their campaign.

Advantages of online advertising:

For those who know how to use the internet, this communication presents unthinkable advantages:

- Of them, the interactivity is the most evident, the internet being the only channel that permits this way of communicating.
- The cost of an internet campaign is much lower than in the case of other means of advertising. The internet is, mainly, a complementary media vector, that adds value to the classically conducted media campaigns. But we shouldn't forget that in order to have a single full-page insertion in three or four women's magazines in a media plan (Unica, Avantaje, Tabu, etc), one has to pay at least 10-15,000 euro, but in order to target the same number of women, the same targeted audience on a website visited mainly by women, the cost is about 50% lower for an online monthly campaign.
- Also, these communication ways offer extensive creative possibilities, measurement of exposure, control of targeting, high affinity for young and modern targets, extremely low production and media costs, compared to classic media, possibility to test the reaction of visitors to different messages or executions, in different hours of the day, in different contact points.
- On the other hand, the companies that advertise have the possibility to get instant feedback, and based on that, the marketing people can build interesting projects. Plus the way of targeting is fast and an online advertising campaign can reach its audience during work hours, an option that other media channels don't have. Prime time on the internet is between 9am and 6pm, in this period, online represents the best way of reaching a few millions of

_

educated users, with above average income, that know how to use a PC, that have a mobile phone, etc. Also, from our studies we see that online users consume less and less the traditional media.

- But maybe the most important is that when in front of the computer and browsing the Internet, the consumer has a different behavior. His attention level is high, is distributed differently, because he is there with a certain well-defined purpose.

For 2009, specialists are more reserved in estimations concerning the value of online advertising, due to the financial crisis, estimating an increase of only 10-15%.

Bibliography:

- 1. Eurostat Report concerning the use of the Internet in the EU, www.adspace.ro / inside news & articles
- 2. Neagoe C. I, Dumitru N.-R., Effects of globalization and new technologies on the business of marketing, University Publishing House, Bucharest, 2008, ISBN 978-973-794-459-7
- 3. Negricea C.-I., Dumitru N.-R., The promotional activity in the touristic sector, Didactic and Pedagogic Publishing House, Bucharest, 2008, ISBN 978-973-30-2409-5
- 4. Ardelean A., Double click on online advertising, Biz Magazine, No. 177, 18 31 March 2009, pg 27
- 5. Study regarding the market value of online advertising in Romania, July 24 2008, IAB Press Release Barbados
- 6. www.iaa.ro / Articles / Analysis / Effectiveness of advertising campaigns online 19.02.2007
- 7. www.publionline.ro/online advertising
- 8. www.rolandberger.com

ART COLLECTIONS - BETWEEN PASSION AND INVESTMENT

Dutu Mihaela

Constantin Brâncoveanu University of Pitești Faculty of Management Marketing in Economic Affairs of Rm. Vâlcea Calea lui Traian Street, no. 171, bl. 7, sc. F, ap. 11, Rm. Valcea, Jud. Valcea elamica67@yahoo.com 0250/741153

This paper reveals us a few aspects about the role of art objects in our society. They are having a distinct world of creation, appreciation and valorization, constituted by artists, art traders and collectors.

So, the art collections are constituted by art lovers driven by several motivations: the need of ownership, of finding an identity, or of categorization. All of these motivations are integrated also by economic reasons of investments. Art investments are proved to be profitable for a long time because their value was always increasing. On the other hand, we may add also that art investments are not requiring maintenance costs and neither the necessity of tax payments.

Keywords: art objects, art collectors, investments, artistic and commercial value.

JEL Classification: Z1 – Cultural Economics; Economic Sociology; Economic Anthropology

In nowadays the people must fight an unique provocation, consisting in their capacity of distinguishing between the common goods, evaluated by their utility and practical character, and the art objects which cannot be reproduced, known the fact that the repeatability is not the actual future of beauty. So, it is more and more evident that any object wins or loses its own "beauty" 66 not by the criteria of what it is, and by the social coordinates which determine the way of being and, obviously by its perception.

Analyzing the immaterial production of the cultural field, in which there are being created the art objects, the ration of its existence becomes more and more complex derived from it attributed roles³⁶⁷: stimulate and nourish the sensibility, suggesting a certain vision of the human being in the universe; the value, the using value and the price of art objects are specific particularities given by the specific nature of the satisfied needs; they are having only one utilitarian finality, by stimulating the human sensibility, they are creating an artistically educated public, capable to enjoy all that is beautiful. So, it results that the attraction face art objects proves to be more lasting that any other human feeling by its supreme quality of not disappointing. Only that, it must be cultivated, conserved because as the exponent of French romanticism Delacroix says: "[...] the eyes of the most are either insensible or false, they are seeing the things in a bilateral way and, from all the miracles, they are not surprising anything." ³⁶⁸. In the meantime, no art objects are indifferent to each other; they may have their own sympathies and antipathies, they may be cheerful or sad, they are talking or keeping silent according to the place and the light where they are situated. So, our relationship with the art objects is by an intense intimacy, like anything, they are exactly knowing what we are thinking; they are our life, they are heaving heart, personality and their own destiny.

On the other hand, the art objects are created, contemplated and bought in a special world – artists, collectors, evaluators and art traders. It comes from the fact that the authentic art lover re-lives the artist's emotions, the last sending to the first genuis of his creation, like an unfinished source of esthetical enjoining. The art lover is his own artist, connected to the art opera creator by his receptivity, the intensity of artistic emotion, spontaneity and the full liberty of contemplation, by the pasiion for all what is beautiful which subordonate all the other sentiments. Relevant remains Victor Eftimiu's confession to one of his guests: "I can't accept having coffe from a Sevres cup, without impressing you, offering you the jam on an English tray from the XVIIth century, in a Delft cup and the brandy in a glass, a rarity - of Boemia. Your admiring face of their beauty is my reword and, while you are impressed by their charm, I'm re-living myself the estetichal extasis". 369

So, it is more and more evident that the beauty lovers who have converted into art collectors are representing a specific chategory of consummers, like those fine tasters of the world's miracles. They are having their own instinct which permits them to see over the image because, the art objects, to some of us are showing more, and to others less. So, it becomes evident a feeling of artistical value present at some persons, like the feeling of the taste for a wine taster or that of smelling for a parfum's lover, so that, the authenticity of art objects is not evaluated only by the agreable criterium. We must also discover the distinction between the emotion lived in an exhibition and the enjoyment offered by the permanent owning of it where, it is in our house, and it can be admired daily. So, Al. Vlahuta's opinion about the influence exercited by his own collections is relevant ,,[...] What, do you think that I

³⁶⁶ Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004, page 376. 367 Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004, page 376. 368 Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004, page 376. 369 Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004, page 376.

am the master in my house? No, they are the masters [...]. I am neglected." ³⁷⁰ By concluding, the reasons which determine the beauty lovers to be transformed into art collectors are the following ³⁷¹

- a. needing of owning, natural for every human being, by which, over the centuries, the art was confirmed as a sure investment, that derives from the dominating passion, driven to supreme sacrifice, for the art of beauty, being seen like a step which, at the most collectors, lasts a few years; than, the need of having unicate or exception operas appears;
- b. the personal need of a spontaneous activity, derived from the definition of our own identity or from the urge of evasion into another period and space; after some psychologists, the collector seems to be an isolated human being separated in his passion from the others who, in his relationship with the family and friends, the first thing transmitted, is that he's owner of big wealth. In these situations only, the descendents in a few cases have reached or perpetuated the collections, from the simple reason that the passion can't be inherited;
- c. the enthusiasm and the necessity of having an order in a chaos of objects after some criteria which, after many years, are becoming valuable criteria; here from comes a sensibility which cannot be expressed by the people because, the artistical sense is borned. This situation is described by Serban Cioculescu as follow: "[...] you may be born receptive or dry, as you are born with brown or blue eyes".

From what has been presented, we may conclude that art may notably be assumed like a passion but also like an investment, by distinguishing between the authentic collectors and those who are seeing art as a profitable business. Relevant is also the opinion of our artist Nicolae Grigorescu whi was an eye witness when Millet³⁷² tried to offer to a butcher eleven paintings for paying a debt and was refused, saying that he can't by cattles with paintings; the same person was in Barbizon after a few years when, after Millet died, his paintings were sold. In the same time, the butcher was seen crying because he didn't know to evaluate the pieces of painted canvas, paid under his eyes by many thousand more expensively. It is known, the authentic art has always been traded, being one of the most profitable investments because it's a luxury product and we must know how to invest in it. There are a lot of collectors who are talking about paintings like about cars or horses: for example, "I have one "Petrascu" like they'd tell I have a Mercedes or a Toyota" for the simple reason that, in their conception, wealth is something which must be stored.

The art investor, like any other investor, looks to find the alternative by which the excessive and borrowed resources to be introduced in the economic flux for creating a new excess. The modern market economies are exploring the opportunities of satisfying the needs in an investment style: we are buying the house in an area which may multiply the value, we are having productive hobbies (art collections), we are educating so that our work may be evaluated. The investments are the main premises of economical growth so that, by creating an "Investment culture", people are learning to distinguish between an investment profitable for one person but unprofitable for another.

So, in every society, the savings and the investments are having a very important role at all the levels (macroeconomic, economical agents and individuals). If we are considering the savings, these are offering the best assurance of money, but also the possibility of their multiplication in time. This may be transformed into an investment. Promoting the savings and the investments strategies means creating an optimum report between the capitalization and the risk, report adapted at everyone's expectations. By comparing with treasure receipts or with the banking accounts, from which the money may be quickly recovered, the situation is not the same with the art objects; the art placements don't have an increased liquidity, so that, these investments are made either for a long time, or for a few years, at least. There are many situations in which the paintings of some artists multiplied their value ten times in a few years, but those of the others only covered the rate of inflation, resulting so the unequal distribution of risks. On the other hand, the advantages of art investments are determined by the fact that they may be placed on a not very well institutionalized market, that they are not generating costs of keeping in form and don't require tax payments, like the situation of other investments. In this way, the economical analysis of the art investments put the problem of the proportionality relationship between the artistic value of an art work ant it's price. For a correct understanding, we must establish the distinction between value and price because, on the art market there are not acting exclusively the economic laws by which there are measured the material costs, the quantity of labor, the report between supply and demand.

In our country, the prices of art workings are still small enough and, presently, only 4% from Romanians are ready for art investments³⁷⁴. In 2008, the prices had an ascendant trend till July, and beginning with August – September, the art market begun to go down for the first time after 1990³⁷⁵.

³⁷⁰ Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004, page 376.

³⁷¹ Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004, page 376.

³⁷² Vlahuta Alecxandru: "Love", Scholar's Library, International Literature, Bucharest, Chisinau, 2003, page 176.

³⁷³ Manega Miron: "Imitations and using the imitations in Romanian painting", The Financial Week, July 28th 2006.

³⁷⁴ www.tudor-art.com.

³⁷⁵ Economical Journal.ro, December 3rd 2008

The middle selling quotations for art workings and for antique objects at the auctions from all over the world decreased with around 14,5%, as compared to January 2008. Similar tendencies were registered at the province auctions, but also at the Christie's and Sotheby's. 2009 is estimated to be a year of decreasing on all the art markets. With all the tides, the art market has still big opportunities, and who has the intuition and the courage to invest nowadays in contemporary art, despite of the fact that they will have a spiritual wine, but in a few years they will have bigger efficiency than that from stock exchange.

We may appreciate that the art objects and their market are constituted like a gravitation point which attracts the consumers categories with another perception about the environment. They are knowing to establish the real interdependencies between the esthetical and the utilitarian categories. It becomes more and more evident the trend of linking the economical world and the cultural one. So, while in the last century, the culture exercised its role only at the outskirts part of society, presently, in became an essential premise of development, being situated in the middle of events. I think the modern society should measure its progress not only in the material goods, but also by its capacity of growing the access choices to the spiritual goods, like genuine spots of culture and civilization. This situation is commented by Mihail Manoilescu³⁷⁶: "If the technical perfections will make the material comfort life easier, the art gives to this world a spiritual connotation. The progress of material, its humanization, are only the result of a certain serenity, which can be obtained only by contemplation and artistic environment".

Bibliography

- 1. Bourdieu Pierre: "The symbolic goods economy", Meridian's Publishing House, Bucharest, 1978
- 2. Manega Miron: "Imitations and using the imitations in Romanian peinture", The Financial Week, July 28th 2006
- 3. Manoilescu Mihail: "The role and the destiny of Romanian bourgeoisie", Albatros Publishing House, 2002
- 4. Munteanu Dorina: "Confessions and reflections of an art collector", Intercontem Press, 1999
- 5. Oprea Petre: "Art collectors from Bucharest", Meridian's Publishing House, Bucharest, 1976
- 6. Vlahuta Alecxandru: "Love", Scholar's Library, International Literature, Bucharest, Chisinau, 2003
- 7. Salisteanu Oana: "The history of beauty", Cared Edition by Umberto Eco, Rao Publishing House, 2004
- 8. ***: Art Gallery (The life and the operas of the big art protagonists), no. 29
- 9. ***: Economical Journal.ro, December 3rd 2008

10. ***: www.tudor-art.com

³⁷⁶ Manoilescu Mihail: "The role and the destiny of Romanian bourgeoisie", Albatros Publishing House, 2002, page 181.

CONTRADICTORY EVOLUTIONS OF MARKET ART IN NOWADAYS

Duțu Mihaela

Constantin Brâncoveanu University of Pitești Faculty of Management Marketing in Economic Affairs of Rm. Vâlcea Calea lui Traian Street, no. 171, bl. 7, sc. F, ap. 11, Rm. Valcea, Jud. Valcea elamica67@yahoo.com 0250/741153

Gangone Andreea-Daniela

Constantin Brâncoveanu University of Pitești Faculty of Management Marketing in Economic Affairs of Pitești Dorobanților Street, no. 14, bl. 51, sc. A, et. 3, ap. 15, Pitești, Argeș andreeagangone@yahoo.com 0741/778317

On this paper, we interred to present a few aspects about the main characteristics of art market from our country.

So, first of all, we are showing the infrastructure of this market, consisted in: elements of supply (consignations, galleries, traders, artists) and that of demand (collector of art objects). We are also insisting above the aspects of legislation and of

In nowadays, in the context of joining the European Union, the globalization and the financial crisis also, this market is suffering from structural contradictions, which culminates with notable differences in evaluation and in finding the real rapport between the artistic and the economic value.

Keywords: art market, art objects, consignations, galleries, traders of art, collectors, artists, quotations, artistic and commercial value.

JEL Classification: Z1 – Cultural Economics; Economic Sociology; Economic Anthropology

By its long history, the institution of market has proved to be the essential mechanism of regulation and intermediation of transactions between the economical actors, like sellers (the suppliers) and the buvers (the exponents of demand). Using like a criteria of classifying the objects of transactions, the market is presented in a large variety of forms, and the interest field of this paper is constituted by the objects of art market.

But, the objects traded on this market are different from the other goods which, by their unique character, are subjected to particular transactions. Being created, admired and valorized in our consumption society, they are depending on social coordinates, which determine their perception. Despite this fact, thanks to their specific characteristics, they can't be considered consumption goods, their existence being justified by the fact that they are considered the best synthesis between spirit and matter and, as is already known, a market economy, by its competitive mechanism, harmonizes all the created and the distributed values. In this context, it's relevant and welcome the affirmation which says that: "[...] In a society without luxury and missing by the economic activities which generate it, the poor people will be even poorer."³⁷

Despite its spiritual connotation, studied from an economical point of view, the art market is constituted like an institution which is functioning by its own rules, being equipped with an infrastructure managed by the interdependence and partnership of its principal actors.

Analyzing our country's situation in the field, we may say that the legislation of art market suffered from multiple changes along the times. For example, by adoption the no. 63 Law/1974 about the art goods, the collectors were put under the state protection, being in a continuous menace of the confiscation hazard. After 1985, the art passion become bigger and bigger among the intellectuals, especially among the doctors, the transaction intermediaries being the descendents whose families from the ancient times had acceded at this ostracized cast.

The political regime changes created the premises adopting the no. 90/February 5'th 1990 Draft by C.F.S.W. by which the no. 63/1974 law about the protection of national cultural patrimony was annulated. This created the conditions for the liberalization of the art trade, for creating its specialized institutions, so that, the period between 1990 – 1993 can be characterized by the appearance of lots of private stores which, first of all, functioned as consignations.

The consignations are having a long tradition in our country. The well known collector Krikor H. Zambaccian³⁷⁸ is the man who opened the first store of the kind after the second world war on Calea Victoriei (Romarta), called "The Romanian Art". In a consignation, the owner of a painting comes and demands a level of price, for which it is perceived with an errand between 10-33%.

After 1990, there were also specialized firms exclusively on art objects auctions, the best known being the auctions houses ALIS and MONAVISA. The most reliable clients of those are art traders, but also the big companies interested in their offices' decoration. Abroad, there are practiced also the "dumb" auctions, where every written supply is put in the ballot and the owner of the biggest price is becoming the owner of the art object. There are also less ostentatious ways they used to be practiced in our country too. In conformity with the legislation, the auctions are registering only the sellers, but the buyers are anonymous.

³⁷⁷ Bernier Georges: "Art and trade", Meridian's Publishing House, Bucharest, 1979, page 80.

^{378 &}quot;The evasion increases the consumption and investments", The Capital, April 7'th 2005.

The art galleries are often institutions with the role of intermediating the transactions between the collectors and the artists, their owners are buying art objects for reselling them at higher prices. These are promoting their own strategies in discovering the new talents or they are competing for attiring consecrated artists. The gallery owners, but also the art traders, gave the possibility to many artists to be known by the art amateurs and collectors. But talking about the workings of the dead artists, the gallery owners are responsible by promoting the invitations.

We must not neglect the social partnership either, to much present on the art market, which is generated by the fact that the multinationals understood to assume the values from the countries where they are functioning. So, the dialogue between the private investors and the state institutions seems to be more and more profitable. In this way, the partnership between B.R.D. and The National Art Museum is relevant. It is also important to mention the activity of the Romania's National Bank, as the most important institution which collected art objects before 1920 and the period between the two world wars. But, in 1917, all its valuables were sent away, with the national treasure, to Moscow.

So, it is necessary to build an initiative which means to wise, to create, to have an intelligent strategy for passing the opposition between the capital, money, utility, meritocracy, on one hand, and aristocracy, culture, art and gratuity, on the other hand.

The consumers of cultural goods, like exponents of the demand on the art market, are forming a larger circle, being represented by the readers of the books, by the theaters spectators, the art exhibitions visitors. So, they are those who need the cultural values, having the capacity of assimilation and perception, so that, without them there is no culture. After all, without economical goods consumers, there is no economical life. They are not just considered specialists as most of them are practicing other jobs but, after as Mihail Manoilescu told: "In profession, the dilettantism may be catastrophic, but out of it, it may be one of the few good things of the society" These passive "dilettantes" are having the role of filling the spectacles, concerts, conferences, exhibition rooms and of creating the opportune medium for the promotion of art workings.

The art collectors are having a definite role among the cultural goods consumers, they are really wanting to own and to admire the art objects in their private medium. In terms of preferences, it's obvious that the most wanted art objects are the canvas oil paintings, followed by the cardboard oil paintings. The sculptures are situated at the end of the preferences of art collectors from Romania, but also from abroad. Among the authentic art lovers, they are consisting in a restricted category, because, a lot of them are having low and middle incomes, and the art objects they can afford are at their power of buying. On the other hand, the genuine collectors are very restrictive, they must cultivate an artistic taste, they must have important wealth and they must benefit by substantial sources of acquisition. In many times, the disappearance of an important collector is always an event with important consequences for a very restrictive market. But there are a lot of survivors and o lot of rich people ready to invest on this market. We must not neglect the notable collectors either, but with middle income, who prefer to by relevant operas from middle artists, despite the minor operas of the consecrated artists. We must also add the buyers who are not interested in the artistic value of the opera, but they are buying them at high prices (thousand of E) liking investing at the stock exchange for coffee, oil etc. We may conclude that the big handicap of the actual collectors is consisting in their incertitude in finding the values of the actual art, determined by the absence of veritable references. This phenomenon is generated by the fact that the economical value of an art working is not influenced by precise criteria, not even in situations where references points assumed by everybody are evident. In spite of this situation, there are some evaluation criteria, but those are not put in practice with equal choices in all

the times and in all the situations. So, the most significant ones are consisting in: the authenticity criteria, accounted in the situation of a dead artist; the period when the opera was created (in "salad" days or at maturity); the preferences, the trends; the notoriety of the artist. The relativity of these situations is given by the paradoxical circumstances which may be seen everywhere. For example, it's possible that paintings of the same artist or the operas of the same sculptor to present big fluctuations of prices. In the meantime, there were a lot of situations in which the workings of some less notable artists than those recognized by all the art critics and historians are more representative and have bigger market prices. So, we must eliminate the prejudice that a painting of a notable artist (for example, Nicolae Grigorescu or Ion Andreescu) must get the highest prices, simply because they are the classics of Romanian paintings from the same period (G. D. Mirea, Sava Henţia) to reach prices situated above the prices of the artists named before. Analyzing the evolution of this situation, we cam appreciate as relevant the next examples: a Tonitza's paper which, in 2004 was sold at 5.000 E, in 2007 it was evaluated between 15.000-30.000 E³⁸⁰; the Schweitzer Cumpăna's paintings which, between 1995-1998 were evaluated between 300-1700 \$, in 2005 that were situated between 3000-7000 E³⁸¹.

But, the Romanian art market is still growing, though it is slightly undervalued (hasn't been sold yet the object evaluated at 1 million E). The situation is still the same for the contemporary art, obviously, from the province

664

³⁷⁹ Manoilescu Mihail: "The habits and the destine of Romanian bourgeoisie", Albatros Publishing House, Bucharest, 2002, page 295.

^{380 &}quot;The Thruth", August 1st 2007

^{381 &}quot;The Capital", November 1st 2005

artists, and not only because they are less promoted than those from Bucharest, but also for the reason that a little number of businessmen are likely to invest their money into the operas of some unknown artists.

By reporting it to the international situation, it's difficult to accept and to understand why an opera of an irrelevant post-impressionist artist is evaluated, at an occidental auction, with a price which cannot be touched by a masterpiece of Andreescu. Andreescu's paintings, sold in our country with ten thousand Euros, in any case won't reach the same values of Parisian, Italian and German markets. The reason is that the operas of our classics and moderns could travel abroad only on the occasion of officious cultural parties and, in this situation, the Romanian creations are generally ignored. We must accept the idea that, everywhere the artist is living, he belongs to the whole world, and the tops of an international confirmation may be reached only by promoting the national specific values. The artist helps nation to upon the map of the world. This is his big mission because, when he raises the public interest, that is not only the interest for art, but also for his nation.

Now, after joining the European Union, the globalization also, means the access to the cultural values, their free circulation and participation to the stock exchange of art operas. We must also accept that nobody can be forced to accept the Romanian artists hierarchies; from abroad and with value scales practiced for a long time on the market, situation seems quite different. And this may be proven by the fact that some national collectors are buying from obscure stores from France Pallady's paintings with only 1000-2000 E, while in Bucharest, Pallady has a big notoriety among the big investors (for example, at the transaction from auction ALIS from March 18th 2007, a painting of that artist was evaluated at 75.758 E). The example of Dimitrie Stirbei (1901-1985)³⁸², also relevant, his paintings were bought, in 2003, with 100-200 E, while in Germany these are having fixed and attractive prices situated at the levels of a few thousand E, the artist also has his place in all the art dictionaries.

A big art trader from New York claimed that, at a moment, veritable paintings are everywhere, but the market makes them to be "big". But, on the art market, many people assimilate value like the opportunity of buying cheap and then, of collecting and reselling more expensively.

Which is the meaning of "quotation"? In our country, we may talk about it later, when in art will be realized an index with the references of the sales from Romania and abroad. In this moment, only the selling-buying prices are being known, and not the real ones. This is because, for eluding the big taxes, the gallery owners are looking for finding the possibility of not paying for all the sales. But, we may have information about what a "good price" or a "under evaluation" means. By joining the international art evaluation system, the art operas will be realized by creating of a national market, and a national network of galleries, of houses of auctions, periodicals about the sales, with all the afferent effects.

In any country from Europe is not possible to buy from galleries or auctions, operas created by artists with notoriety on international markets of notoriety, but well educated and with a rich biography, in epoch frames and at prices situated only at 100-300 E. Talking about this aspect, an art trader accounted that an 1\$/year "the rent location" for the paintings deposited for a century, generate the situation that, when we are buying the opera, we are paying the location and we are buying the opera free, By distinguishing the European art markets, where there are also evaluated the isolated realizations of middle class artists, the Romanian society seems to penalize the big realizations of some marginal artists. It is known, in literature, a writer remains as notoriety and s cultural point of reference with one book. We can suppose that a nation like ours, with only a century and a half easel painting won't be so exigent with the "mid-class" exponents of its culture.

Analyzing our present and future, one thing is sure: in the last 16 years of auctions houses activity from Romania, the quotations of Romanian artists have had an ascendant trend. A painting is penetrating into the auction houses after 10-12 years. But, in 2008, on the background of financial crisis, the ascendant estimations from 2007 couldn't be confirmed. The same trend was registered on international markets. The decreasing power of buying of wealthy people form Russia, Eastern Europe, Middle Orient has stopped the economic period of boom from the art objects market. So, the art objects from auctions houses Christie and Sotheby's were sold only 1/3 from the predicted prices, and the most of them couldn't be sold. As a conclusion, 2008 may be considered year of reflections on the art market.

Bibliography:

1. Bernier Georges: "Art and trade", Meridian's Publishing House, Bucharest, 1974

2. Duţu Mihaela, Neculcea Silviu (coord.): "Microeconomics", Economic Independence Publishing House, Pitesti, 2008

3. Iancu Ştefan: "The art forger", Free Romania, November 1st 2007

- 4. Manoilescu Mihail: "The habits and the destine of Romanian bourgeoisie", Albatros Publishing House, Bucharest, 2002
- 5. Neacşu Carmen, Gogiu Claudia: "Private art collections, trophies or passions", The Financial, April 3rd 2008

- 6. Oprea Petre: "A few aspects about the art trade from Bucharest in the XXth century", Maiko Publishing House, Bucharest, 2005
- 7. Oprea Petre: "Art collections from Bucharest", Meridian's Publishing House, Bucharest, 1976
- 8. Tudor Octavian: "Forgotten Romanian paintings", We media print, Bucharest, 2003
- 9. ***: "The evasion increase the consumption and the investments", The Capital, April 7th 2005
- 10. ***: The Capital, November 1st 2005
- 11. ***: The Truth, August 1st 2007
- 12. ***: www.zf.ro, article 46.241

NEW TECHNOLOGIES AND MARKETING: SOME REASSESMENTS

Epuran Gheorghe

University of Bacau Faculty of Economics Spiru Haret no.8 Bacau gheorghe_epuran@yahoo.fr 0723612501
Nichifor Bogdan

University of Bacau Faculty of Economics Spiru Haret no.8 Bacau bogdan.nichifor@ub.ro 0745587965

Zait Luminita

University of Bacau Faculty of Economics Spiru Haret no.8 Bacau zait.luminita@yahoo.com 0747110154

Accelerated adoption in the consumer and business markets of Internet, of wireless network, and other new technologies specific to "new economy", is a trend that can not be ignored at the organizational level. Taking into account the fluctuations in the financial markets, the difficulties reported by companies on the business and consumer markets, trying to develop new business models, and the "digital divide", through which significant differences in access new technologies appear among different segments of the population may be noted as long-term prospects of the new type of economy.

Keywords: new economy, new technologies, marketing strategies, metamarket.

JEL M31

1. Introduction

Technological development characteristic of the XXI century has had an overwhelming impact on lifestyle, consumption patterns and economic well-being of individuals worldwide. The effects of these unprecedented technological developments come to expand human horizons to the new century, through opportunities in all areas of activity.

The impact of these new technologies on global markets, European and national can be quantified in at least three aspects, namely:

- the emergence of new industries and new outlets;
- the disappearance or restructuring existing industries and related markets, the emergence of cable television, which led to a rapid fall of radio and cinema, which required considerable efforts to return, and the emergence of computers, which replaced typewriters quickly, causing bankruptcy of the profile producers;
- the emerging and development of markets and industries not related to new technology. New electronics and appliances generate an increase in leisure time, encouraging and developing those sectors that do not benefit from the innovation processes.

Internet - a network of computers, which was created to facilitate communication between scientists worldwide - has important ramifications for marketing. A study realized over 10 years ago by IBIS Business Information in U.S., done at a sample of 500 private companies, revealed that 75% of them have a website to promote their products on the Internet. With Internet, this company can offer its target consumers, benefiting from a combination of advertising, information and entertainment. Currently, although the majority of organizations have integrated the Internet into the palette of tools for marketing, however, there is some debate around some critical aspects of Internet as marketing media.

2. "New economy" and marketing

Last decades have brought in business literature a series of new concepts, among them being the "new economy". The concept refers to those areas of activity that fuels the development or significant participating in e-commerce and the Internet, in the development of hardware and software and also in the development of matrix structures specific to telecommunications services. High-caliber players and creators of this "new economy" are so-called dot.com companies: Amazon.com, Web portals such as Yahoo and Google, companies such as Cisco and 3COM, producers of Mozzila and Microsoft software, telecommunications companies, communications networks that allow transmission of data on different types of media (on the wire, wireless, satellite).

Accelerated adoption in the consumer and business markets of Internet, of wireless network, and other new technologies specific to "new economy", is a trend that can not be ignored at the organizational level. Taking into account the fluctuations in the financial markets, the difficulties reported by companies on the business and consumer markets, trying to develop new business models, and the "digital divide", through which significant differences in access new technologies appear among different segments of the population may be noted that long-term prospects of the new type of economy are real.

Examination results of such new realities should be materialized, at least for the specialists in marketing, in a high degree of awareness of the need to develop new strategies able to optimize organizational performance in this new context. Moreover, marketers must identify those environment mutations and identify to what extent they constitute threats or opportunities for them and for their own customers.

So-called "new economy" makes its presence felt through a series of phenomena, which may include: information syndication, increased ability to customize and adapt the supply, distribution, restructuring, global access, uninterrupted access, the possibility of instant delivery.

Information syndication involves the sale of goods, usually in the same category, in digital format to many clients, which then combines that with information from other sources and distribute it further. Although in Internet marketing is rarely used the concept of syndication, this phenomenon is the basis of many e-commerce business models. Operation principle of such a mechanism is relatively simple. Companies collect articles in electronic format, enrich them, adding the new information content, and then distribute them further. The information syndication is important from the perspective of at least two reasons. On the one hand, it concentrates on information goods, and less on the tangible goods, these goods being likely to be distributed with very low costs. Secondly, the process of syndication involves digitization and automation, which allow further development of digital networks business, much easier to implement compared with those traditional.

Syndication via the Internet, mobile phones or other devices, creates opportunities for marketing. The deficit is replaced with an abundance of data information, information that can be infinitely replicated and combined and recombined so that it can be distributed anywhere, at the same time and with a permanent availability. In this context, companies should identify and handle the most important niche in such syndicated networks, because these give the ability to maximize the number of contacts and relationships with other companies, and to conduct relations with existing and potential customers. Thus, implementation of web technology is the greatest advantage in dealing with the firm's clients.

The possibility for customization and adaptation of the offer is based also on technologies related to Internet use. "Collaborative filtering" is such a process, based on the comparisons made between different purchases from customers and using these to anticipate future behavior. This process has a great impact on how can be identified and targeted different market segments. The most effective sites for e-business, both through the traffic generated, and through the sales volume reached build relations based on a coherent process of customization as integrated concept of sale. Customers who access, several times, the site become the target of these personalized offers. Amazon.com and Dell are two of the companies that apply this technique, obtaining exceptional results. Much of the success of Amazon is due to the recommendations, which, depending on the customer profile and his previous acquisitions, involve proposing new products in the same range or complementary products. Another key element of Amazon success lies in submitting to buyer the items purchased by people with similar interests, thus prompting the addition of new products in the shopping cart and increase the average value of the transaction.

The Internet offers companies the opportunity to market products directly to consumers, bypassing classics distribution channels. This bears the name of restructuring of the distribution. Such a decision must be correlated to identifying the structures that carry out the functions which normally would be carried out by members of the traditional distribution channel. Assessing the efficiency and effectiveness of these activities constitute the criteria of choice for use or non-use of intermediaries in efforts to cover demand.

Internet and other modern communication technologies have not been associated, usually, with additional costs incurred in obtaining information, the sale of digital goods or services, or in creating a global availability and in assuring a instant delivery. Moreover, mobile telephony and GPS technologies generate similar benefits in the case of the products adapted to the reality of the existence of mobile media.

Taking account of those specified in previous lines, it can be said that many companies can benefit from one or more of the new technology. In this respect, the availability of these technologies may be the marketing opportunity for those who employ them. At the same time, however, such technologies may raise some ethical issues and even of an operational nature. Failure to protect the content of the product or even the product itself, barriers, almost nonexistent, in accessing the technology and lack of privacy are just some of the problems arising from the use of new technologies.

Marketing can protect, however, its interests through two actions. One relates to the patent and copyright, and the second bears the name of "versioning". This last possibility to protect the interests of marketers is based on the assumption that the value of a product varies from one consumer to another and the products can be adapted to be relevant to some consumers and irrelevant for others. The process of "versioning" can be developed on several dimensions: time, comfort, complexity, use, community and support. This process may lead, ultimately, to improved skills of market segmentation, targeting, differentiation and positioning, extremely necessary for a marketer to take advantage of the specific context of the new economy.

Most companies must develop new strategies to exploit the realities created by new technologies. The main aspects of remodeling marketing approach to be adapted to new conditions relate to: how the consumer display and analyze information obtained through new technologies, developing and promoting brands, the completion of transactions, the development of post-sales support, post-acquisition relationship between seller and buyer.

Marketing is based on a flow of information from current customers or potential customers about their needs, used to generate consistent judgments and sustainable approach to development of new products. Using the Internet in order to carry out marketing studies, it is no longer a novelty, but this process has attracted a number of controversies in practice and criticism in the scientific community. In traditional market, operators develop

marketing research addressing issues of substance regarding the following components: representation, selection, error, random sample. Thus, if in the case of a qualitative research, the problems faced by researchers can not be considered to be extremely difficult, in the case of quantitative research, the problems may be more complex, generally caused by the aspect of sampling. If the research does not face such problems, as is the case of organizing focus groups, the Internet can be very attractive as a research tool.

In the literature are mentioned three approaches in the use of the Internet: as the promotion tool for specific products and/or services, as a tool for providing information to the target market, on a product and / or service, as a tool used in the actions of building brand equity.

Using the Internet and mobile telephony, as vectors of communication, be considered a proactive strategy, but subject to a number of issues. A simplistic way to advertise on the Internet consists of fructification of power held by consumers, encouraged by easy access to information, especially to compared information

Practice and literature provides multiple tools for quantifying the effects of using different forms of advertising on the Internet. One way relates to the possibility of using opt-in e-mail, possible action if the consumers allow companies to send e-mail with new promotions. This provides companies land suitable for development and generate trust in the customer and building long term relationships with them, increasing the chances of anchorages, fidelity and even loyalty. Another way of quantifying the Web advertising lies in the development of partnerships with advertising agencies, depending on the performance achieved.

While Internet advertising has already a relatively "consistent" history, mobile technology appears again as an important catalyst for promotion. Technologies such as WAP, GPRS, HSDPA, 3G penetrate in an accelerated manner different markets. Aspects of the use and effectiveness of this environment will reflect to some extent the evolution of Internet, but time is now the key term for this marketing tool.

The Internet can be considered now the place where consumers and producers participate in the co-production activity that involves the delegation of a series of tasks the customers, who, using new technologies, assess, compare and propose the idea of producing further benefits for both parties. In doing so, companies can identify and implement new ways to serve customers.

3. The concept of metamarket

Another consequence of the phenomenon of globalization has been spreading on a large scale of a new concept, namely the metamarket. In literature, the metamarket is defined as, "a market based on the new form of World Wide Web communication, centered on an event or an industry and not on a single product". These markets are those specific to complementary products, closely interrelated in the minds of consumers, but belonging to different sectors.

The overall metamarket is the result of the convergence of three industries that were created at an interval of 50 years: the telephony industry (1890), the television industry (1930) and industrial computers (1980). The process of convergence describes a process of change in industrial structures, which combines economic and technological dimensions of markets with the need to meet consumer needs.

The concept of metamarket comes from a simple idea, but profound insight: customers think about products and markets in a very different manner from the way in which products and markets are physically combined and placed on the market. In other words, consumers think in terms of activities, while firms thinking through the products and/or services. Activities that are logically linked in the cognitive space can be extremely widespread, as belonging to the various suppliers in the market. Metamarkets are thus cognitive clusters of related activities, found at customers who are committed to meet a set of distinct needs.

Among the essential conditions for the construction of metamarkets are:

- a whole range of related activities in the cognitive space. These activities should be important in terms of customer, in terms of time and economic impact;
- to perform these tasks, customers must be "confronted" with a diverse set of products and service providers, including a number of industries;
- an openness of the consumer, in terms of time and financial resources.

The concept of metamarket led logically to a new concept, that of metamediars. It appears that this concept is in fact a variant of the original concept, more conventional, the infomediars.

Metamediars are neutral third-parties, which operates in the market in order to realignment it with cognitive space. Thus, metamediars make possible the existence of metamarket, integrating products and services into a coherent whole. They serve as a single point of contact between buyers and sellers, improving effectiveness and efficiency of trade. Metamediars are trusted advisors of the clients who need support to make better decisions for a heterogeneous group of activities. Unlike intermediaries metamediars represent suppliers of products and services, facilitates trade, but not participating in the actual transactions rates.

Metamediars allow distribution flows to be disaggregated, distributed through a number of specialist suppliers to the market, and then reassembled perfectly, taking the form of an integrated offer. These measures involve issues such as processes disintermediation and re-intermediation. Metamediars create and capture value by facilitating exchanges between customers and suppliers.

Fertile ground for the emergence of metamediars is linked to the existence of products with the following characteristics:

- complexity in the decision making process;
- have a high informational content;
- requires a degree of effort for the customers as a result of the need to collect information from a variety of sources, usually fragmented;
- a combined form;
- characterized by inefficiency of the classical distribution channels and require a disappointing experience in the retail purchase.

In the new digital era, market-oriented companies define their goal as creating a partnership with their clients to become "solutions providers", which involves the building of combinations of products and services. Internet technology makes this solution to become feasible.

Among the important benefits to the concept of meta-market are included:

- -the concept is perfectly aligned to customer vision and thus can facilitate communication;
- -income that is generated by a meta-market, is always higher than that generated by a discrete product-market.
- -allows the company to provide a total solution for customers, building thus exclusive, loyalty and trust.
- -helps to identify opportunities for growth in activities directly or indirectly related to basic services.
- -helps identify indirect or potential competitors.

4. Conclusions

Sixty years ago, current technological miracle was called television. Currently we are witnessing a growing range of digital products and services that can be delivered to customers through any digital medium, including the Internet, satellite and mobile phones. This delivery is closely correlated with that of providing different types of customer service, which replaced much costly and sometimes more inconsistent human support services. In almost every sector of activity sustained efforts are being made to identify new ways to exploit the potential of the Internet in order to create value for customers. In the absence of a real capacity to retain these customers, even the best business models on the new technologies will fail. Benefits offered by these technologies are clear and there are available for companies operating in the markets for business and for those working in the markets for consumption.

References

- 1. Berthon, P., Pitt, L. F., & Katsikeas, C. Marketing and Technical Managers: An inter-functional exploration of problem perception, European Journal of Marketing, 1999, 33 (7/8), 772-792.
- 2. Hagel, J., Singer, M., Net Worth: Shaping Markets when Customers Make the Rules, Harvard Business Press, 1999.
- 3. Pagani, M., Multimedia and Interactive Digital TV: Managing the Opportunities Created by Digital Convergence, IRM Press, 2003
- 4. Perreault, McCarthy Basic Marketing: A Global-Managerial Approach, 14/e, The McGraw-Hill Companies, 2002.
- 5. Sealey, P., How E-Commerce Will Trump Brand Management, Harvard Business Review, July–August 1999, pp. 171–76.
- 6. Shapiro C., Varian, H.R., Versioning: The Smart Way to Sell Information, Harvard Business Review, November–December 1998, pp. 106–14.
- 7. Shawhney, M., Making New Markets, (www.versaggi.net/ecommerce/articles/e-business-models/making-new-mkts.pdf.
- 8. Werbach, K., Syndication: The Emerging Model for Business in the Internet Era, Harvard Business Review, May–June 2000, pp. 85–93.

MARKET SEGMENTATION – FUNDAMENTAL STEP IN MARKETING STRATEGY DEVELOPMENT

Filip Alina

The Academy of Economic Studies from Bucharest Marketing Faculty Address: Mihai Eminescu Str., No. 13-15, District 1, cod 010511, Bucharest E-mail: filip.alina@gmail.com Telephone number: 0729813571

Ploeşteanu Mara

The Academy of Economic Studies from Bucharest Marketing Faculty Address: Mihai Eminescu Str., No. 13-15, District 1, cod 010511, Bucharest E-mail: timcomara@yahoo.com Telephone number: 0729820140

Market segmentation is essential in the strategic planning of marketing activities. Due to their limited or insufficient resources, many companies have realised the difficulty of effectively serving all the prospects from the market and begin to develop marketing strategies oriented toward customer segments, with specific needs and long term profitability potential. The marketing strategy development has to be based on a well planned market segmentation activity which is a process of dividing a market into homogeneous groups of consumers with similar characteristics. This is possible by using different segmentation criteria that are best classified in four categories: geographic, demographic, psychographic and behavioural.

Key words: market structure, methods of segmentation, segmentation criteria, customer profile.

JEL classification: M31

In order to understand the market structure in which they operate, businesses must find answer to a series of strategic questions: What criteria should be used to segment the market? What are the segments that provide more opportunities for the organization? What is the best combination of benefits and costs that has to be delivered to a targeted segment so that customers will perceive a superior value comparative with other competitive offers? What is the specific marketing-mix that can be used?

Market segmentation is essential in the strategic planning of marketing activities. The concept of segmentation recognizes the existence of significant differences between the customers and the prospects from the market, showing that not any segment may be the target of the marketing efforts made by a company.

The market segmentation may be described as a process of dividing a market into homogeneous groups of buyers with similar features (called market segments) according to certain criteria or variable of segmentation (geographic, demographic, psychographic and behavioural). For each segment which has resulted, the company designs a specific profile that summarizes the values obtained according to the criteria used for segmentation. The next step undertaken by the organization consist in the selection of the target market, which is a process of evaluating the profitability of each segment separately and the extent to which the points of attractiveness identified are in accordance with the strengths of the company.

The strategic decision of market segmentation cannot be based only on the possibility of partitioning the market in homogeneous groups of consumers. Market segmentation will be useful only to the extent that the efficiency and the effectiveness of the marketing activities are significantly influenced by the differences between the segments identified. From this perspective, in marketing theory and practice there is an agreement regarding a series of necessary prerequisites that have to be met in order to develop viable segmentation strategies. Thus, to be useful, market segments must be:³⁸³

- *Measurable*: The size, the purchasing power and the features of the segments can be measured.
- Substantial: Segments are large enough and profitable to deserve to be served.
- *Accessible*: Marketing activities targeted to specific market segments meet the company's objectives regarding the efficiency and effectiveness of the business. Segments may be served through the distribution and communication channels used by the firm.
- Segments have distinct characteristics: Segments are conceptually differentiated and respond in a different manner to different marketing programs.
- Segments will have a specific value for the firm: Companies can develop effective programs for attracting and serving the segments.

According to the results of the studies made by the British researcher Green, the principal **methods of market segmentation** can be classified in two major categories:³⁸⁴ a priori segmentation and post-hoc segmentation.

The a priori segmentation assumes the existence of a significant correlation between the observable customer demographic features and their specific needs. In this case, consumers are assigned to segments based on a number of variables selected by the researcher, such as: age, gender, income, socio-professional status or the stage in the consumer life cycle. For example, the research of the financial needs of individuals aged between 25 and 40 years,

³⁸³ Kotler, Ph., Managementul marketingului, Ediția a IV-a, Editura Teora, București, 2005, p. 367.

³⁸⁴ Cited in Machauer, A., Morgner, S., Segmentation of bank customers by expected benefits and attitudes, International Journal of Bank Marketing, 2001, Vol. 19, p. 6-8.

for women compared to men. The use of a priori segmentation is mainly based on theoretical principles. Therefore, there is a high probability that the standardized package of services offered to different types of customers do not meet their specific expectation. This risk is caused by the fact that customers with a similar sociodemographic profile may present differences regarding their attitudes, expected benefits and life styles.

The post-hoc segmentation implies the analysis of a heterogeneous population, which is then broken into segments of consumers, structured on the basis of similar responses in relation to the objectives pursued in the study. For example, the study of all persons with higher education, which will be divided into segments according to the expected benefits in dealing with financial and banking institutions. The allocation of cases into different segments is then possible by the use of cluster analysis or factorial analysis.

Companies use different variables in the segmentation of their current and potential customers, according to their affiliation to the consumer market (individual clients) or business to business market (firms).

Segmentation criteria used in consumer market

The segmentation based on *geographic criteria* consists of dividing the market into different geographic units: regions, countries, cities, districts (buyers' provenance can be determined, for example, by zip code) and then applying a differentiated approach according to the particularities of local consumption. When serving clients in different areas of the world, the organization often faces with cultural differences, fact that requires additional efforts to adapt the content and the forms of communication used in the domestic market.

Demographic and socio-economic segmentation consist of grouping the buyers in homogeneous segments on the basis of sex, age, size and life-cycle of the family, income, occupation, level of education, religion and ethnic origin. Segmentation based on demographic variables presents advantages regarding the facility for the collection of information, indicating the profile of individuals who purchase goods and services from a certain company. At the same time, companies must take account of the limits of these criteria. For example, according to demographic premises, the differences in consumers' buying motivations may result from differences of individuals relative to aspects such as age, gender, income, etc. In reality, the demographic variables are weak predictors of purchasing behaviour for a wide category of products and services, since they are descriptive rather than causal. Consequently, customers and prospects who have similar or identical demographic characteristics can record significant differences on their lifestyles, preferences, motivations, expected benefits, etc.

The psychographic segmentation, contrary to the segmentation based on demographic variables, assumes that the differences noticed in individuals' buying behaviour are due to some internal factors or personal features which include: personality, values, attitudes, opinions, beliefs and lifestyle characteristics.

The segmentation based on *behavioural criteria* often uses the specific needs and expected benefits of different buyers in the consumption or the use of certain products and services. For example, buyers of cars differ significantly regarding the benefits or attributes they want; from fuel economy to performance, reliability or prestige. Behavioural criteria are considered to be among the most relevant in the process of consumer markets segmentation, providing important clues on the ways in which consumers take buying decisions, their preferences in the use of a particular channel of distribution, and also their apparent sensitivity to marketing stimulus (the extent that the purchase decision is influenced by price discounts, advertising, etc). Among the most commonly used behavioural variables are included:

- The *frequency of use* relative to certain products or services is a criterion which divides the buyers in categories such as: heavy users, moderate users, occasional users and non-users of the product or service in question. From the perspective of the organization, the most attractive segment belongs to the heavy users, due to their high buying potential and the significant contribution to company revenues.
- The user status is a variable that segments individuals in the following categories: potential users, first-time users, repeat users, ordinary users, occasional users or non-users. Knowing the status of users for the products or the brands of a company, offers important clues on the measures that have to be taken in order to stimulate, enhance or maintain consumption.
- The loyalty of the buyers/customers (from a behavioural perspective consisting of the repurchase actions oriented toward specific brands or products) makes the differences between: very loyal customers who buy the same brand every time (they buy exclusively the products of one company), customers who shows a medium level of loyalty or a moderate loyalty (they buy two or three competing brands) and disloyal customers (they are not loyal to any brand).
- The consumption occasion/situation. According to this criterion, the buyer' decision to consume or use a particular product is influenced by the specific situation in which consumption occurs. For example, depending on the time of day or the location where consumption takes place, an individual can consume a beer without alcohol during the day, a beer of high quality in a luxury restaurant or a popular brand at home.

A relatively new term introduced in the marketing literature is the "technographic criteria". These variables are used to describe the extent to which the existing customers and the prospects of a company are willing and able to use the latest technologies.³⁸⁵

Segmentation criteria used in business to business market

Business to business market is significantly different comparative with consumer market, both in terms of structure and features. Its distinct nature translates into specific needs and a more complex organizational buying behaviour. Market structured is characterized by a small number of customers, but more important from a value perspective. Also, organizational requirements are different in terms of size and quality standards and they are negotiated with a high level of professionalism.

Market specificity has a significant influence on the segmentation process, implying the use of distinct segmentation criteria. Therefore, organizational buyers can be classified into segments by applying the variables presented in table no. 1.

Table no. 1. Variables used in the segmentation of organizational customers

Variables	Segments
1. Geographic	
Region	Bucharest, North-west, etc.
County	Arad, Bihor, Cluj, Giurgiu, Harghita etc.
Environment	Urban, rural.
2. Demographic	
Industry	Quarrying, construction machinery, retail, telecommunications, etc.
Size of enterprise	Micro enterprises, small and medium enterprises and large corporations.
Number of employees	1-9 employees, 10-25 employees, 26-50 employees, 51-100 employees, 100-150 employees, 151-250 employees, 251-500 employees, 501-1000 employees, over 1000 employees.
Turnover	Less than 2 million Euro, 2 million-10 million Euro etc.
Structure of capital	Romanian capital, foreign capital, joint capital.
3. Operational	
Customer' technology	New, old.
User status	Non-user, first-time user, majority user, etc.
Customer' possibilities	Customers who requires services of a particular type and a specific value, customers who require a wide range of services, etc.
4. Purchasing methods	
Supply function of the organization	Centralized or decentralized supply.
Buyer-seller relationship	Occasional relationship, close relationship, relationships based on mutual trust, etc.
Purchasing criteria	Quality, price, technology, service, etc.
5. Situational factors	
Size of order	Less than 100.000 pieces, etc.
Emergency of order	The supplier can or cannot fulfil the emergency orders which occur.
6. Personal characteristics	Age, social class, personality, loyalty to the organization, the
of the buyer	inclination to risk, etc.
A 1	(D : M 1 (: E1) ACE D (: 2004 52 1D)

Source: Adapted by Anghel, L.D., *Business to Business Marketing*, Editura ASE, Bucureşti, 2004, p. 53 and Petrescu, E.C., *Marketing în asigurări*, Editura Uranus, Bucureşti, 2005, p. 95.

The level of investment and specific instruments established in relation with large customers, such as corporations will be different compared with those allocated toward small or medium-sized customers. Large enterprises are faced with complex organizational needs, requiring detailed knowledge and then developing specific solutions or products with a high degree of personalization.

³⁸⁵ Concept introduced by Forrester Research and cited in Lovelock, Ch., Wirtz, J., Services Marketing. People, Technology, Strategy, 5th Edition, Prentice Hall, New Jersey, 2004, p. 360.

Regardless of the market to which they relate (consumer market or business to business market), companies should base their segmentation strategy on a set of relevant criteria, which provides a complex and unique profile of the overall preference and value expected by each segment of buyers. Information obtained is used by the company in evaluating the opportunities offered by different groups of buyers. In the next step, the strategic process continues with the selection of the segment or segments which are compatible with the strategic objectives and the specific capabilities of the company. After that, the management of the company will decide on the appropriate strategies for attracting and retention of the selected segments and will develop the right marketing mix consisting of adequate products and services, price levels, distribution channels, messages and methods of communication, in accordance with the specific requirements of each target segment and their long term profitability.

As a conclusion, information resulted from the activity of market segmentation is absolutely necessary to the organization in the process of designing customers' geographical, demographic psychographic and behavioural profile. However, customers' needs change over time due to the action of many factors, which are also difficult to quantify. Revenue growth, changes of the life cycle stage, changes in residence or workplace, are factors that often cause an evolution in customers' preferences and requirements, which translates into changes in their buying behaviour.

Bibliography:

- 1. Anghel, L.D., Business to Business Marketing, Editura ASE, Bucureşti, 2004.
- 2. Filip, A., Anghel, L.D., Constantinescu, M., Managing customer relationship. The case of banking services, in Proceedings of the QIEI 2008 International Conference on Quality Innovation European Integration, and published in Special Issue of the Romanian Journal "Calitatea acces la succes", year 9, no. 93, October 2008.
- 3. Filip, A., Pop, N.Al., Strategic Views regarding the Relationship Marketing Approach and the Transactional Marketing Approach within the Financial and Banking Segment, in Management & Marketing, Editura Economică, anul II, nr. 3(7), Toamna 2007.
- 4. Kotler, Ph., Managementul marketingului, Ediția a IV-a, Editura Teora, București, 2005.
- 5. Kotler, Ph., Armstrong, G., Principiile marketingului, Editia a III-a, Editura Teora, Bucuresti, 2004.
- 6. Lovelock, Ch., Wirtz, J., Services Marketing. People, Technology, Strategy, 5th Edition, Prentice Hall, New Jersey, 2004.
- 7. Machauer, A., Morgner, S., Segmentation of bank customers by expected benefits and attitudes, in International Journal of Bank Marketing, 2001, Vol. 19.
- 8. Petrescu, E.C., Marketing în asigurări, Editura Uranus, București, 2005.

ANALYSIS OF MARKETING DATA - EVOLUTIONS OF TOPIC APPROACH

Gabor Manuela Rozalia

"Petru Maior" University – Tg. Mureș Faculty of Economic, Low and Administrative Science Livezeni no.69, Tg. Mureș, Mureș rozalia gabor@yahoo.com 0742 760 430

Because data analysis as a free-standing field has experienced a much broader theoretical development than that of using the methods in practice, and in Romania, it is a field less approached in the literature, a short review (cronological) will be done in this paper – Romanians and foreigners – who apprached the field of data analysis, specifying for each of them the novelty character of approaching data analysis and focusing on the application of the data analysis methods in the field of marketing.

Keywords: data analysis, marketing data, evolution

JEL:M31, M39, C10, C40, C81

Introduction

We should mention that, almost all statistic papers in Romania contain at least a chapter dedicated to data analysis and issues related to it, the authors who detail this field being C. Mitrut, V. Voineagu, Al. Isaic- Maniu, T. Andrei, Elisabeta Jaba, G. Ciucu, V. Craiu, D. Porojan etc., and in the Romanian literature there are also papers totally dedicated to data analysis, among the authors being: Maria V. Ştefănescu, Gh. Ruxanda, Carmen Pintilescu, Liliana Spircu, T. Spircu, M. Calciu etc.

Also, as data analysis is a field with a wide applicability concerning marketing issues and implicitly, the analysis of characteristics related to marketing data, there are authors and specialists in this field who provide – theoretical or practical references - in their papers to data analysis methods used in marketing, of these, the papers of the following authors are used: I. Cătoiu, T. Dănețiu (whose doctoral dissertation is in the field of marketing data analysis with various software), V. Balaure, J. C. Drăgan, M. C. Demetrescu etc..

In the *foreign literature*, **data analysis** is a widely approached field, both theoretically, statistico- mathematically, and practically with concrete examples of data and fields where it has been used successfully, some of the surveyed foreign authors even mentioning the software used in data processing by means of data analysis methods. Foreign authors contain both names recognized as "parents" of data analysis methods, for instance, **G. Saporta**, **J.P. Benzécri**, **F. Benzécri**, **H. Fenneteau**, **C. Bialès**, **Bernard Grais**, **M. Vollé** or **N. Malhotra** for the marketing data analysis methods. Alongside these authors, the most quoted foreign authors in the surveyed papers are the following:

- for marketing data analysis methods: D.A. Aaker, V. Kumar, G.S. Day, J.M. Bouroche, T.C. Campbell, C.H. Davis, K. Dewar, Wen Mei Li, C.H. Davies, J. Delnero, D. Montgomery, M. Gauthy Sinéchal, M. Vandercammen, J.L. Giannelloni, E. Vernette, A. Smajda, J.P. Vendrine, N. Malhotra etc;
- for data analysis methods in general: H. Elhoweris, N. Alsheikh, M. Volle, R.G. Waters, L.J. Haskell, W. Wolfe, Gilbert Saporta, J.P. Benzécri, F. Benzécri, H. Fenneteau, C. Bialès, Bernard Grais etc.

Evolutions of topic approach

The data analysis methods were elaborated long time ago, in 1930, H. Hotteling laid the basis of the *analysis of the main components* and *canonical analysis*, thus developing the works of C. Spearman and K. Pearson that were dating early the century, from the same period theories were retained (1935, W. Stephenson – Spearman's last assistant, the inventor of factor analysis) that afterwards were the basis of new data analysis methods. Also, the main principles of *factor analysis* belong to Spearman (1904), the word as such being introduced much later, in 1931, by Thurstone in the field of psychology and the origin of *typological analysis* are considered to be two articles published in 1938, by Tyron and entitled "A technique to measure the similarities of spiritual structures" and "The general dimensions of individual differencies: typological analysis or multiple factor analysis".

If we order chronologically the surveyed literature we notice that, in 1960 - 1970, the approaches related to the field of data analysis are purely theoretical, being mathematical descriptions of the principle of the methods with very few practical applications.

Thus, in **1961**, in his paper, *The Q-Sort Method in Personality Assessment and Psychiatric Research*, **J. Block** makes the first references to this method and its applications in the field of psychiatric research.

In 1974, P.E. Green (University of Pensylvania) and D. S. Tull (University of Oregon) within chapters 10- 13 of the paper – translated into French - *Recherche et decisions en marketing*, approach data analysis methods as: related data analysis – regression, the χ^2 test- discriminatory analysis, canonical analysis, factor analysis of related data, typological analysis, multidimensional analysis of perceptions and preferences presenting various aspects of a data matrix.

In 1977, in the paper entitled *Analyse des données en marketing* J. M. Bouroche – in cooperation with other authors, members of the French Association of the Economic and Technical Cybernetics – approaches for the first time the marketing data analysis methods in market studies respectively for grouped proximity data, the metric

analysis on table of distances measured on the range scale and non-metric analysis, emphasizing the Kruskal algorithm and the Young and Torgerson algorithm. They also approached, for individual proximity data, the IDIOSCAL and INDSCAL algorithms used for data metric analysis and the NINDSCAL algorithm for the non—metric analysis. In the same paper, issues related to positioning in marketing are approached by using classification as a data analysis method, the preference analysis suggesting new methods such as: PREFMAP 1, PREFMAP 2, LINMAP, MDPREF, ANAPREF. The authors of this paper have also approached the field of marketing decisions as regards data analysis, proposing the combined application of two methods namely, proximity analysis and preference analysis. The paper also contains chapters related approaching the qualitative data both by means of descriptive and methods and explanatory methods related to data analysis being supplemented—in plenty—with examples of the conjoint analysis applied to marketing data.

In 1980, J. P. Benzécri and F. Benzécri in the paper entitled *Pratique de l'analyse des données* approaches in detail (with the full presentation of mathematical and geometrical aspects) correspondence analysis, presenting in stages the use of this method for various examples processed by means of the FORTRAN programming language: socio-professional origin of the students in universities in Greece, development of Brazil's imports of industrial equipment in 1970 – 1975, family budgets, analysis of the table of marks achieved by the candidates to the Polytechnical School – analysis by column duality, school census in Lebanon, the discriminatory method applied to medical data in order to make a therapeutic decision, etc. J. P. Benzécri also has the merit of suggesting a new method (in another paper), the correspondence analysis respectively, in order to study not only to test the independence between variables as well as for the description of association (also called correspondence) between two qualitative variables. The proposed version facilitates the highlighting of connections existing among the ways, and on the other hand it provides the possibility of a graphic that is relatively easy to explain.

In 1988, in the paper entitled Segmenter ses marches – applications pratique de technique de segmentation dans le marketing A. Smajda makes his contribution to the development of segmentation as a method of data analysis developing aspects related to the concept of market segmentation, segmentation technique, similarity measurement, classification method applied in segmentation, description and validation of groups and completion with an application of the segmentation method for the study of a product perception.

Beginning with **1990**, both abroad and in **Romania**, papers that relate to the field of data anlysis – and especially its specific for marketing data – experience a strong development first of all thanks to the development of the special programming languages and software dedicated to this field.

In 1991, in the paper entitled *Le traitement des données en marketing – en 10 questions, 13 applications, 27 exemples et exercices commentés et corigés* J.P. Vendrine (University of Clermont) approaches the univariate analysis of quantitative, qualitative and ordinary data, the bivariate analysis for quantitative, nominal, and ordinary data, multivariate explanatory analysis for example the linear regression analysis - specifying by examples for nominal data in the field of marketing – and variance analysis with a factor and with multiple factors – approaching the issue of factor interaction and extension to several factors. It also approaches other explanatory methods such as: segmentation, discriminant analysis, applications of conjoint analysis, canonical analysis and some of the descriptive methods, mainly focusing on applications for the marketing data of analysis in main components, detailing this method for additional information and approached by additional analyses and also providing examples concerning the typological analysis for marketing data, completing the paper with the factor analysis of correspondence and the ordinal descriptive analysis in case of preference analysis and similitude analysis.

In 1993, H. Fenneteau (professor at the University of Montpellier) and C. Bialès, in the paper entitled *Analyse statistique des données – applications et cas pour le marketing* approach the statistic analysis of univariate data and the bivariate data on each type of data – ordinary quantitative and metric quantitative, nominal qualitative and ordinary qualitative, as well as the statistic analysis of multivariate data, every analysis being sustained by practical examples for marketing data.

In **1994**, the first paper is published in Romania. This paper approaches the marketing data analysis as a distinctive field, in the approach of authors **Liliana Spircu**, **Mihai Calciu** and **Tiberiu Spircu** in the paper entitled *Marketing Data Analysis*, that apart many practical examples of data analysis methods and commands of using the SPSS software for marketing data processing with data analysis methods, of the MINITAB software, and functions of the EXCEL – WINDOWS package for data processing.

In 1996, Maria Viorica Ştefănescu in cooperation with one of the most important foreign authors in the field of data analysis, Gilbert Saporta approaches the data analysis as regards data processing in the paper entitled *Data analysis and data processing – with applications at market surveys and opinion surveys*, work that shows many examples of applying the methods of data analysis (univariate analysis, bivariate analysis, multivariate analysis, canonical analysis, correspondence analysis, classification methods) taken over from the French literature and accompanied by the related data processing algorithms with SPAD.N, SPAD.T. This paper is developed and elaborated afterwards, in 2000, by the author, by means of her lecture entitled *Data Analysis– case studies-* held within the Academy of Economics in Bucharest.

One of the most important papers in the field of market survey after 1990 was published in 1996, too. The paper was carried out by professors **J.C. Drăgan, J. C.** and **M.C. Demetrescu**, being entitled the *Practice of Market Survey – research techniques in marketing* and shows, as advanced methods for data analysis and given as examples for marketing data, group aggregation, factor analysis, discriminatory analysis, metric and non-metric multivaried scaling and analysis of compensations between consumer's preferences.

In 1997, the fourth edition of the paper entitled *Analyse de données* of M. Vollé is published in France. It presents as factor analysis methods: the method of factor analysis, analysis in main components, correspondence factor analysis, multiple correspondence analysis, discriminatory analysis, canonical analysis, generalized canonical analysis. The paper also contains methods of automatic data classification, of which the following is approached: formal aspects of classification, classification starting from qualitative comments, classification in a metric space, the downward classification method, methods of data partitioning.

In 1998, the sixth edition of the paper entitled *Marketing research* having as authors **D.A.** Aaker, **V. Kumar** and **G.S. Day**, paper that, as the authors mention right from the beginning, the chapter related to marketing data analysis is more rigorous compared to the previous ones and contains real applications of the data analysis methods for marketing data. The paper approaches the methods of data analysis compared and grouped thus: analysis of regression and correlation, discriminatory analysis and canonical analysis, factor analysis and cluster analysis, multivariate scaling and conjoint analysis. The paper chiefly distinguishes for the fact that, apart the examples of the methods for marketing data (examples come from well-known companies such as, Ajax, Pepsi – Cola), makes comparisons between different methods, mentioning the features of their application for the specific of marketing data, for instance comparison of regression analysis with discriminatory analysis or between factor analysis and discriminatory analysis etc. Another major contribution of the paper is that, for approximately all quantitative and qualitative methods used for marketing data, authors also make connection with the opportunity of using internet either for collection or processing of collected data.

Beginning with the year 2000, the literature in Romania enriches with new valuable papers, doctoral dissertations promoting either new data analysis software, or new data analysis methods, and it should be noticed that, in the papers related to the field of market research and marketing in general are either mentioned or detailed with examples of their application in Romania. Internationally this phenomenon is much more intense, the data analysis methods being applied for various types of data.

In **2001, Gheorghe Ruxanda** published the paper entitled *Data Analysis* that distinguishes in the literature in **Romania** by means of a careful and rigorous approach, with mathematical rigour and detailed presentation of statistical support that data analysis methods are based on, for the time being this paper makes reference to the analysis method in main components.

Internationally, in 2001 the paper of authors **J.L. Giannelloni**, and **E. Vernette** was published. Its title was $\dot{E}tudes$ de marche – 2e edition, that approaches the analysis of association and causality, chapter where they refer to adjustment by means of the regression method and testing of adjustment quality for marketing data, associations between non-metric variables, and between the nominal and ordinal variables respectively, multivariate analysis, where in the presentation of data tables used for these analyses, the Burt's table or disjunctive in full is shown. The types of questionnaries are also presented being customized for various types of data in case of similarity analysis, for similarity data respectively, for data expressing preferences, and the presentation of main issues inevitable to questioning similarities is carried out.

In **2003**, **Tudorel Andrei** made his major contribution to the specialty literature by means of the paper entitled *Statistics and econometrics*, due to the profound approach of aspects related to the statistic inference in case of the method of simple and multiple regression, the presentation of some new statistic tests that can be applied to the simple regression analysis (the Jarque – Bera test) presentation of new non-linear regression methods (the CES function), of statistic tests used in case of conventional regression (the CUSUM and CUSUMSQ tests) as well as the detailed approach of self-regressive linear processes.

Also in **2003**, the paper entitled *Data Analysis*, author **Carmen Pintilescu**, was published apart data analysis methods, this paper (analysis in main components, factor analysis of correspondents, hierarhical classification) this paper also presents applications of these methods.

In **2004, N. Malhotra** republished the fourth edition of the paper entitled *Études marketing avec SPSS*, paper that distinguishes itself by the fact that, all quantitative methods applied in the field of market research, the author mentions the commands related to the SPSS software for marketing data processing, and also by the manner of structuring, phasing and specificity of each method (descriptive or explanatory) and implicitly of each statistic notion in data analysis. Apart the conventional regression methods and regression with "mute" variables, aspects concerning the relative importance of explanatory variables for marketing data, applications of factor analysis for common factors in case of marketing data multivariate analysis of similarities and preferences and conjoint analysis are also presented.

Among Romanian authors, there are papers that I used for documentation and an author with a paper that presents a novelty in the field of data analysis – the *Q methodology (Q factor analysis)*, is **D. Iliescu** respectively. Aspects presented in the paper published in 2005 relate to: *introduction in Q methodology -Q sort as a data collection*

technique, Q factor analysis as data analysis technique, interpretation of significance of factors, examples and its usefulness. Apart his merit to detail aspects related to this method, D. Iliescu comprises in his paper, examples concerning the application of this method both for marketing research and advertising (he used this method to divide the attitudes and readers concerning advertising) as well as for data from political research and political marketing, using the Q methodology to divide political expectations.

Also in **2005** the doctoral dissertation entitled *Multivariate methods used in the analysis of computer aided analysis of marketing data*, presented by **T. Dănețiu** whose major contribution was that he provided examples on various software that can be used for data analysis methods, their limits and advantages being singularized on different methods of data analysis.

Conclusions

Until the 60s these methods have developed and improved to versions that however remained unapproachable in practice as they were requiring a very high volume of calculations. Appearance of software and PCs have opened the access of practitioners to the data analysis techniques.

Especially the methods of factor analysis were the basis for the development of other methods, for instance factor analysis on distance tables and disimilarities (that have the same purpose as the main component analysis but the difference is that initial data is different, knowing only distances or disimilarities between individuals and not the variables describing them), analysis of Euclidean distance tables, to this effect developing the MDSCAL algorithm of J.B. Kruskal that uses ordinal information and the INDSCAL model (INDividual Differences SCAling) developed by J. D. Carroll enabling the analysis of several distance tables (the second model developed by the same author is IDIOSCAL). Other developed factor methods are:

- ACP of instrumental variables (ACPVI),
- ACP with orthogonality restriction,
- ACP with partial covariances.

Among other authors that contributed significantly to the development of the descriptive methods of data analysis (especially the non-metric analysis) we can quote the following: F.W: Young, W. S. Torgerson - the latter is related to one of the first software used for data analysis, then TORSCA - , J.C. Lingoes, L. Guttman and V.E. McGee respectively.

LITERATURE:

- 1. Aaker, D. A., Kumar, V., Day G. S. (1998) Marketing research sixth edition, Ed. John Wiley & Sons, New York
- 2. Andrei, T. (2003) Statistics and econometrics, Ed. Economică, Bucharest
- 3. Benzécri, J.P., Benzécri, F. (1980) Practique de l'analyse des données, Ed. Dunod, Paris
- 4. Bouroche, J. M (1977) Analyse des données en marketing, Ed. Masson, Paris
- 5. Dănețiu, T. (2005) Multivariate methods used in computer aided analysis of marketing data, doctoral dissertation, ASE, Bucharest
- 6. Fenneteau, H., Bialès, C. (1993)- Analyse statistique des données applications et cas pour le marketing, Ed. Ellipses, Paris
- 7. Gauthy Sinéchal, M., Vandercammen, M. (2005) Études de marchés-methodes et outils-2e édition, Ed. De Boeck & Larcier, Bruxelles
- 8. Gheorghe, R. (2001) Data analysis, Ed. ASE, Bucharest
- 9. Giannelloni, J. L., Vernette, E. (2001) Études de marche 2e edition, Ed. Vuibert
- 10. Grais, Bernard (1998) Methodes statistiques techniques statistiques, Ed. Dunod, Paris
- 11. Green, P. E., Tull, D.S. (1974) Recherche et decisions en marketing, Ed. PUG
- 12. Iliescu, D. (2005) Q Methodology, Ed. Comunicare, Bucharest
- 13. Malhorta, N. (2004)- Études marketing avec SPSS 4e édition, Ed. Pearson Education France, Paris
- 14. Pintilescu, Carmen (2003) Data analysis, Ed. Junimea, Iaşi
- 15. Saporta, G., Stefănescu, M. V. (1996) Data analysis and informatics, Ed. Economică, Bucharest
- 16. Smajda, A (1988) Segmenter ses marches applications pratique de technique de segmentation dans le marketing, Ed. PPR, France
- 17. Spircu, L. Data analysis. Economic applications lecture notes, ASE, www.ase.ro/bibliotecadigitala
- 18. Spircu, L., Calciu, M., Spircu, T. (1994) Marketing data analysis, Ed. ALL, Bucharest
- 19. Ştefănescu, M. V (2000) Data analysis (case studies), Ed. ASE, Bucharest
- 20. Vendrine, J. P. (1991) Le traitement des données en marketing en 10 questions, 13 applications, 27 exemples et exercices commentés et corigés, Ed. Les Éditions d'Organisation
- 21. Vollé, M. (1997) Analyse de données- 4e edition, Ed. Economica, Paris

ASSESING THE EFFICIENCY OF THE SOCIAL POLICY IMPLEMENTATION IN THE CONTEMPORARY ORGANIZATIONS

Gangone Andreea-Daniela

Constantin Brâncoveanu University of Pitesti Faculty of Management Marketing in Economic Affairs of Pitesti Dorobanților Street, no. 14, bl. 51, sc. A, ap. 15, Pitesti, Arges andreeagangone@yahoo.com 0741/778317

Ioneci Mihaela

Constantin Brâncoveanu University of Pitesti Faculty of Management Marketing in Economic Affairs of Pitesti Petrochimiștilor Street, bl. B2, sc E, ap. 18, Pitesti, Arges IONECI MIHAELA@yahoo.com 0727/844821

Making the contemporary world become aware, under the impact of the current economic crisis effects, resulted in increasing the pressure exerted by the society on the field for economic affairs in order to review its fundamental mission in terms of a larger responsibility.

Thus, the contemporary organizations must contribute, in developing their activities, to the protection of the natural environment integrity, to the creation of a business environment that works with the observance of the ethical principles and to the improvement of the social conditions, in the communities where they operate. To achieve this desideratum, the contemporary organizations must develop social policies integrated in their business strategy, on long term.

Keywords: corporate social responsibility, company's social policy, business ethics, marketing research

JEL Classification: M14 – Corporate culture; Social Responsibility.

The social policy of the organization represents a variety of motivations, resources and objectives that set up the company's vision and strategy in what regards providing services to enhance the social welfare of the communities upon which it acts and also of the entire society in order to acquire good economic and social results.

Any organization that wants to elaborate or improve its social policy must begin with an objective and integral evaluation of the level of present moral, ecological and social consciousness. The development of a study at the employees' level represents a simple and accessible method for the companies that start such a process.

We developed such a study at S.C. Cord Romania S.R.L. Slatina, considering that it is the oldest Romanian component of Pirelli Group. The study was developed only at managerial level within the organization, at all hierarchical levels, and it regarded 39 employees. Thus, we made up a survey to collect the relevant information for the study, which was applied between 18 February – 03 March 2008.

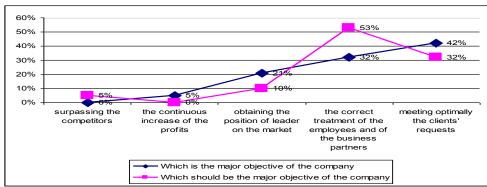
About the surveyed persons holding managerial positions we may say that 10% attended higher education, 58% attended technical universities, 16% attended economic universities and 16% attended high school. Also, about the persons surveyed for the study we may say that 79% are masculine and 21% feminine.

The first important aspect that we considered in analyzing and interpreting the information was the employees' length of service within the organization, because there is a direct link between the period of time spent within the company and the acceptance degree, understanding and organizational value assimilation by the employees. According to the survey's results, 47,5% of the managerial staff have a length of service higher than 2 years, while 52,5% have less than 1 year.

Regarding this aspect, it is very interesting to compare the organizational objective, considered to be the most important by the employees, and the objective considered to be the most important by the organization.

Thus, the employees appreciate that the organization tries, first of all, to meet the clients' demands (42%), then to fairly treat employees and business partners (25%), and, finally, to obtain a leader position on the market (21%). In spite of all these they did not entirely accept these organizational objectives and consider that the organization should try, first of all, to fairly treat employees and business partners (53%), then to meet the clients' demands (32%), and to obtain a leader position on the market (5%), as presented in the following figure:

Fig. 1 Correlation between the organization's view and the employees' view regarding the most important activity objective



These results demonstrate that the managerial staff did not accept and assimilate entirely the fundamental values of the company, which may generate misunderstanding of organizational objectives. So, it would be useful to organize some discussions with the employee groups and popularize and support the role of values and organizational principles on a long term.

A support factor is the manner in which communication is made within the organization, considering that the majority of the managerial staff (79%) appreciated that the information fluctuation is double-sensed, respectively from the superior hierarchical levels to the inferior ones and vice versa.

This demonstrates that managers take into consideration the subordinates' proposals and observations in their process of decision-acceptance. Still, 21% of the surveyed persons considered that within the organization communication is made only from the superior hierarchical levels to the inferior ones. This aspect may indicate that there is a series of autocrat managers within the organization, or can be determined by the short length of service within the organization;

It is important to underline that the managerial staff's opinion regarding the factors that provide company's success and the company's opinion, presented within their code of ethics, are divergent meaning that, while the innovation and adaptation capacity at the clients' requests get the first positions of organizational objectives on a long term, according to the managerial staff's opinion they occupy the 8th position, respectively the 5th.

Factors that provide the company's success, according to the managerial staff's opinion

Table no. 1

Conferred importance	Considered element
1.	Respect to the employees
2.	Quality of products
3.	Fairness to partners
4.	Respect for the environment
5.	Adaptation to the clients' requirements
6.	Transparency of operations
7.	Open communication with partners
8.	Innovation capacity
9.	Supporting various social causes
10.	Initiative capacity

On the other hand, the respondents considered, in a large majority (95%), that it is important for the organization to pay the same attention and offer fairness to all clients, since all clients are important for the business success, attitude that must really support the organizational success on a long term .Also, 5% of the respondents considered that since the clients' needs are different, they should be treated differently and no respondent considered that the value of contracts should not influence the company's behavior to the clients.

Another element of large importance in the moral, ecological and social conscience process regards the factors generating employee satisfaction at the work place in correlation with the factors that generate dissatisfaction. Thus, within the studied organization, employee satisfaction is mostly generated by the possibility of continuous professional training (72%), but also the fair manner of treatment (11%) or the pride to work in an internationally known company (11%). The organization should take into consideration the employees' desire for continuous professional training, especially as 79% they consider that both they and the organization must deal with this aspect.

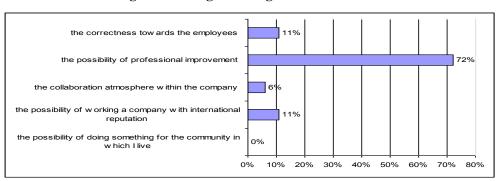


Fig. 2 Factors generating work satisfaction

The aspects generating the highest work dissatisfaction are: the preferential treatment of various employees, the superiors' pressure to meet deadlines, too much volume of work and the unfair/inflexible salary system or bonuses.

The organization must identify the causes of the factors that generate work dissatisfaction, and if these causes prove to be pertinent they must be alleviated

It is interesting to see that the organizational involvement or non-involvement in supporting the community does not represent a source of work satisfaction or dissatisfaction within this organization.

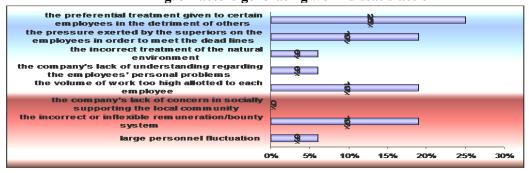


Fig. 3 Factors generating work dissatisfaction

The opinion expressed by the managerial staff at S.C. Cord România S.R.L. Slatina regarding work behavior is determined by their perception of appreciation at work place. Thus, 55% of the respondents consider that, to be appreciated at their work place, they must achieve their duties, 30% consider that they must be creative and have initiative in solving problems, while 15% think that they must obey organizational rules, which means getting professional training or strictly respecting superiors' orders.

More than that, none of the subjects considered that meeting deadlines represents a factor that could bring them an increased work appreciation, although it is considered an extremely important source of dissatisfaction.

Within S.C. Cord Romania S.R.L. Slatina the managerial staff does not entirely know the existing stipulations of any codes, even though 79% of the respondents stated that work regulations are very important and useful, and they respect them in any situation and, more importantly, they do not use them. As a result, these regulations are considered to have more a declarative character than a practical one and consulting them does not represent the final solution in solving a problem.

On the other hand, when they face a problem that they cannot solve, the existing rules within the company represent the final solution to solve the problem after they debate upon it with their colleagues or superiors.

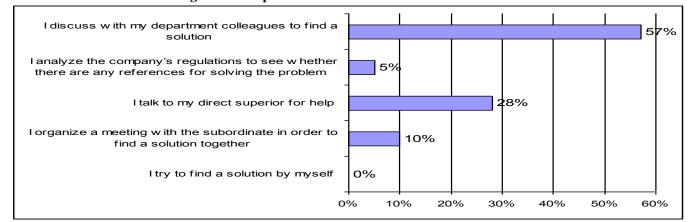


Fig. 4 The respondents' behavior to an inedited matter

Further on, the study was concentrated on identifying the perception of the managerial staff at S.C. Cord România S.R.L. Slatina regarding the role of social policy that provides the organization's future success.

Thus, the company has a code of ethics that was distributed to the employees as a presentation brochure and is, also, available on the web page of the Group.

More than that, 62% of the respondents said that they participated at various actions that were intended to facilitate the understanding and the daily usage of the organizational code of ethics. Still, a percentage of 11% respondents said that they are not aware of the existence of such a document.

At the same time, the respondents' opinion regarding the utility of the code of ethics in the organization's activity is not unitary; about 55% of them consider that the code of ethics does not provide solutions that could solve the problems with an ethical character, while 45% appreciate that the role of the code of ethics is to give orientating advice on the significance of a fair behavior at work.

It is even more relevant that, although 48% of the respondents said that they know exactly what the code of ethics contains, and 48% said that they know some things about the code of ethics, and when they were asked to identify

some of its rules on a list with more variants, around 30% of the indicated variants cannot be found among the stipulations listed in the code of ethics of Pirelli Group.

All these aspects demonstrate that, within the analyzed organization, the code of ethics is not considered as a standard to be followed in he activity development but as a simple declarative document, without too much practical value. Thus, the company must popularize its stipulations at the level of the managerial staff and evidence its role in providing the ethical character of the organizational activity;

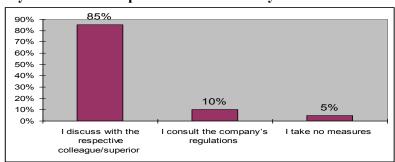


Fig. 5 The way in which the respondents act when they face unethical work behaviors

It is a known fact that when an employee faces unethical behavior from his superior or colleagues, 85% prefer to discuss about it with the respective person, 5% they take no measures, and only 10% consult the organizational regulations. Further more, although 37% of the surveyed persons said that in their organization there is a person that deals with ethical issues, 21%, said that there is a department specialized in ethical issues, when they are in doubt about the lack of fairness regarding any decision or behavior, none of the respondents go to this person or department when facing such practices.

The managerial staff at S.C. Cord Romania S.R.L. Slating also consider (63%) that the implementation of anew system of rewards/punishments for unethical work-related attitudes would stimulate the employees to adopt an ethical behavior.

A source of competitive advantage for S.C. Cord Romania S.R.L. Slatina, both at national and mostly at international level is the active and pro-active preoccupation to maintain the integrity of the natural environment. This preoccupation is proved by the organization's activities and appreciated by the employees (95% of them said that, in their opinion, their organization is actively preoccupied with protecting the environment integrity).

Another important aspect in the study was identifying the managerial staff's opinion about the connection between the community and the organization in developing its activity. Thus, 84% of the respondents considered that companies, in general, can and must do more than impose rules for sustaining the communities where they are located.

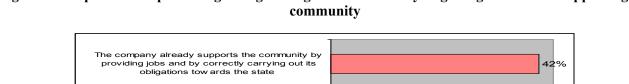
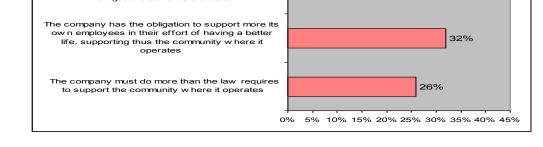


Fig. 6 The respondents' opinion regarding the organization's utility in getting involved in supporting the



Also, the managerial of the company considers that the organization where they work supports the community and the society for mutual benefit. In spite of all this, the way in which they understood the principles of social responsibility is a pretty narrow one, as 74% appreciate that an organization's responsibility to the society means safe jobs, supporting the employees, being always updated with all taxes owed to the state.

This opinion is expressed by the fact that S.C. Cord Romania S.R.L. Slatina was mainly preoccupied, by the social programs it developed, to increase its own employees' welfare and less to solve any social problems manifested within its community.

As a result, it would be useful if the organization could diversify its portfolio of social causes in which it takes involvement, without neglecting the ones that were already mentioned.

Another interesting aspect emphasized by the survey was that 50% of the managerial staff of S.C. Cord Romania S.R.L. Slatina donated, in 2007, 2% of the global income to a social cause, but only 40% of them knew that they could have this opportunity within the organization. We consider that the organization could popularize more this governmental initiative which, though it does get direct implication to it, does not require too much effort;

The initiatives at S.C. Cord Romania S.R.L. Slatina in the field of social responsibility demonstrated that 53% of the managerial staff is aware that there is a person responsible for its involvement in the community's social support. Also, 42% of the respondents participated at individual or group debates on social responsibility, within their organization, while 53% said that they never participated at such manifestations.

More important, 37% of the respondents participated at a series of events that demonstrate the organization's involvement in the society's amelioration process of social involvement, events represented by offering various scholarships for the employees' family members (32%), offering financial support to the employees with health problems (32%), making various humanitarian donations (26%), and offering presents to disfavored categories, with the employees' involvement (10%).

According the opinion of the managerial staff of S.C. Cord Romania S.R.L. Slatina, the main social fields that the organization must support should be protecting the environment (64%) and making donations to various humanitarian foundations (24%), and they mentioned SMURD, CNRG and Casa Speranței.

Regarding this aspect, the modalities of social involvement at S.C. Cord Romania S.R.L. Slatina preferred and mentioned by the respondents within the study were mainly represented by various donations, occasional or systematic, for various social causes (55%), creating a foundation that will be in charge of the company's social activity (15%), sponsoring some cultural, sports events (15%) and the employees' willingness to volunteer (15%).

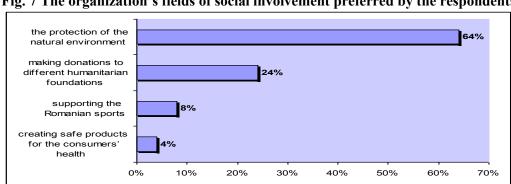


Fig. 7 The organization's fields of social involvement preferred by the respondents

It is interesting to remark that the respondents consider responsibility assuming to society, by the organization in which they work as an attribute of it, proving to be reticent about the volunteer work or making donations from their salaries, even if they are minimal, to support some social causes.

We consider that a very useful method of social involvement is the employees' volunteer work which, though it does not get too much appreciation among them (15%), has positive results regarding the team spirit and increase of their loyalty towards the organization.

In conclusion, in the organization under study, the international social policy of Pirelli Group has not been fully implemented, but by observing the proposals and recommendations made on the basis of the study results, we believe that the organization can successfully finalize this process.

Bibliography

- 1. Baron D. L., Business and its environment, Second Edition, Prentice Hall, New Jersey, 1996
- 2. Cătoiu I. *Marketing research*, Uranus Publishing House, Bucharest, 2002
- 3. Crăciun D., Morar V., Macoviciuc V., Business ethics, Paideia Publishing House, Bucharest, 2005
- 4. Datculescu P. Marketing research, Branbuilders Grup, Bucharest, 2006
- 5. Gherasim T., Gherasim A. Marketing research, Economică Publishing House, Bucharest, 2003
- 6. Iamandi I.-E., Radu F., Business ethics and corporate social responsibility within the international economic affairs, Economica Publishing House, Bucharest, 2008
- 7. Kotler Ph., Lee N., Corporate social responsibility. Doing the most good for your company and your cause, John Wiley&Sons, Inc., Hoboken, New Jersey, USA, 2005
- 8. Oprea L., Corporate social responsibility, Tritonic Publishing House, Bucharest, 2005
- 9. Sikula A. Sr., *Applied management ethics*, Richard D. Irwin, a Times Mirror Highes Education Group Inc. Company, United States of America, 1996

STRATEGIES FOR INCREASING MARKETING FLEXIBILITY: AN APPLICATION OF THE SERVICE DOMINANT LOGIC

Gurău Călin

GCSM –Montpellier Business School 2300 Avenue des Moulins 34185 Montpellier, France Email: c.gurau@supco-montpellier.fr

The paper outlines the necessity of marketing flexibility in the context of new theoretical and practical conditions, and proposes a synthetic model of flexible marketing systems capable to enhance the value co-creation process.

Keywords: marketing flexibility, the service-dominant logic

JEL code: M

Introduction

Flexibility is a controversial concept that covers multiple aspects (Sushil, 2001). In the last 30 years, both theoretical and technological advancements have increased the importance of flexibility for customer satisfaction and marketing performance. In business studies, flexibility was often associated with manufacturing processes (McTavish, 1984; Prabhaker, 2001), human resource management (Dyer, 1998), and strategy. Despite the fact that flexibility is implicit in the application of the marketing concept (Combe and Greenley, 2004), very few studied have directly addressed marketing flexibility.

The main role of marketing is to develop and deliver better value propositions for customers (Keefe, 2004; Payne and Holt, 2001; Woodruff, 1997). However, the meaning of this purpose has significantly changed in the last century. The 21st Century markets are characterised by dynamism, unpredictability, intense competition and increased consumer power, evolving towards and increased fragmentation of targeted segments. In this context, creating and delivering customer value is increasingly considered as the next source of competitive advantage. Many leading scholars argued that this process can be enhanced by emphasizing marketing relationships as opposed to transaction-based exchanges (Kotler, 2000; Parvatiyar and Sheth, 1997; Webster, 1992).

In their book 'The Future of Competition', Prahalad and Ramaswamy (2004) suggest that nowadays the value is co-created by companies together with their customers, and therefore, marketing should adopt a relational approach. From this perspective, value is embedded directly in the co-creation experience, and does not stem from products, services, or from the expertise of marketers and service providers. This orientation leads to a service-dominant logic in marketing, in which the firm should concentrate on operant rather than operand resources, in order to develop valuable experiences for its customers (Vargo and Lusch, 2004).

The service-dominant logic in marketing

A clear shift was made in marketing logic, with the statement that consumers do not buy products and services, but rather life-enhancing experiences (Vargo and Lusch, 2004). This new approach has eliminated most of the differences between product and service marketing, and extended value delivering process from transactions to relationships – both ante- and post-purchase.

For centuries, the excessive focalisation of theorist and practitioners on exchange-value has introduced an important conceptual bias in the firms' marketing orientation (Vargo and Lusch, 2004). In the context of the service dominant logic, it is rather the value-in-use that determines the level of consumer satisfaction (Gummesson, 2002; Jüttner and Wehrli, 1994; Normann, 2001; Normann and Ramirez, 1993; Stobarcka and Lehtinen, 2001; Vandermerwe, 1996; Woodruff and Gardial, 1996). In comparison with the exchange value, which was standardised and rigid, the value-in-use is relative, depending on the specific needs, wants, perceptions, attitudes and circumstances of every customer. Satisfaction can therefore be defined as the affective response of the customer to the consumption experience of a product or a service, being always personal and subjective (Giese and Cote, 2000; Westbrook, 1987).

In comparison with previous marketing paradigms, the service-dominant logic modifies the source of competitive advantage from operand to operant resources. Constantin and Lusch (1994) define operant resources as physical, tangible assets on which operand resources, such as skills, knowledge and know-how, are applied in order to produce specific effects. If consumer satisfaction is personal and subjective, determined by a dynamic relationship rather than an impersonal transaction, the creative use of operant resources is the key to develop and deliver personalised experiences to customers.

This conclusion supports the service-dominant paradigm in marketing, showing that the role of the firm is not confined to manufacturing and commercialisation, but extends also to facilitating consumption during the entire period of customer-object or consumer-service interaction. On the other hand, this new paradigm drastically redefines the role of the customer and his/her responsibilities. Customers cannot be considered anymore as a passive element of the transaction process; the new orientation implying the active customers' participation in the

design, development, and choice of elements that permit the fulfilment of their existing needs and wants. The customers become partners in the value-creation process (Deighton and Narayandas, 2004)

The modern shift in consumer's role

The increased competition in all markets coupled with the recent advances in communication and information technologies have empowered the customer. The traditional passive role of customer in market transactions has shifted towards a more active stance because of information availability, globalization, ability to network, and the desire to experiment (Prahalad and Ramaswamy, 2004). Using the Internet, the customers can easily access, select, and compare information regarding the available offers of goods and services, at a global level. More than that, they can express their own views and opinions regarding about personal consumption experiences, creating lasting online knowledge that can benefit other consumers.

As a result of enhanced communication and interactive access to information, consumers have become more knowledgeable and more active in their relation with the market environment.

Lawer (2004) identifies the rise of the 'One Minute Customer' which has an increased technological versatility in finding the necessary market information, and who initiates a new type of contact with companies. This new customer is characterized by four main requirements during market interactions:

- a. Value for time: the recent technological advances in communication and information technology compress and enrich time, and as a consequence, accelerate and fragment human activity. In these conditions time rapidly becomes a valuable currency for customer and organizations alike. The new customers perceive time-saving and efficiency as important quality dimensions of their interaction with firms (Stalk, 1988).
- b. Value for attention: the high level of interactivity of the new media channels offer the customer an increased control over the information s/he consumes. On the other hand, multiple marketing messages with different contents are competing for consumers' attention. Godin (1999) estimates that US consumers are roughly exposed to five thousand advertising messages every day. To protect themselves, modern customers learn how to use communication and information technology in order to select and control the number and the content of the received messages, and are increasingly capable to identify the marketing methods used by companies to step up commercial pressure and to manipulate emotions. As a result, the marketing media overload leads to lower levels consumer attention, since people are willing to access only personally meaningful messages.
- c. Control of personal data: the implementation of information intensive data- mining techniques and aggressive customer relationship campaigns has increased the awareness of modern customers about the value of their personal data. In an increasingly competitive environment, the consumers learn quickly how to valorize the information about their private buying and consumption behavior that has become a strategic resource for companies.
- d. Life-enhancing services: customers are focusing more and more on services rather than products, looking for life-enhancing experiences (Vargo and Lusch, 2004).

Marketing flexibility

The theoretical and practical applications of the service-dominant marketing paradigm directly imply an increase in the flexibility of marketing structures and processes. The opportunity to receive real-time information from consumers who expect immediate value benefits can be used only if the organisational value-chain allows flexible participation, interaction and implementation.

Flexibility of participation

The customers should be capable to decide and if, and in what measure, they want to participate to the value co-creation process. When the consumer needs are simple and the value of the purchase is reduced, the consumer might prefer to purchase a highly standardised product that has a reasonable level of quality. Other possible elements that can determine the customer involvement in the co-creation process are the degree of technical competence, the subjective satisfaction derived from the co-creation process, and the sacrifices/costs required for a meaningful participation.

The flexibility of participation requires from companies to maintain a combination of classical and modern marketing systems, and to use them according to the specific situation of costumer involvement:

- a. when the consumer decides not to participate, a standardised product version should be available on demand, in this situation all marketing system acts by default, using the data collected from market and consumer research to produce a standardised consumer offer standardised marketing;
- b. when the consumer decides not to participate, but s/he is willing to explore alternative offers, the marketing system should use the input provided by other customers a with similar demographic profile to make new value propositions tribal marketing;

c. when a consumer is an active participant in one or more phases of the co-creation process its contribution should be integrated in the final value proposition, resulting in customisation – personalised marketing.

Flexibility of interaction

When a customer decides to get involved in the value co-creation process, s/he must have the possibility to interact with the organisation at different levels and through various systems. The main challenges of interaction flexibility are:

- (a) to adapt interaction to the specific level of consumer's competence consumers involved in the value cocreation process will present individual variations in terms of communication skills, level of technical competence, and cooperation patterns. The interactive systems must incorporate a sufficient level of flexibility to make them adaptable to specific consumer profiles and approaches. Usually, the interactive systems will be structured through a combination of operand (technical elements) and operant (human elements) resources, the human factors allowing a higher level of adaptability.
- (b) to the efficiently centralise the information provided by the customer; and
- (c) to make it readily available to any department that can customise the marketing offer. Considering all the communication formats and channels that can be used today by consumers, this problem can be solved mainly through the use of an integrated marketing communication/information system.

Flexibility of implementation

If the contribution of the customer is received but not implemented, it is not possible to speak about a real value cocreation system. The organisational value chain should be capable to absorb and implement customer requirements, creating the basis for a personalised marketing offer. However, a personalised marketing approach might not be profitable or desirable for every organisation. Because of this, in reality, any organisation will define the level of marketing flexibility that can be profitable sustained, and on this basis, define a series of implementation points, in which consumer contribution can be absorbed and used to customise the value offer. The sooner the consumer contribution will be implemented in the value-added chain, the more customised will be the marketing approach.

- a. Flexibility of the product design will determine a made-to-order marketing approach. The project will be expensive both for the firm and for the customer, and the internal resources of the firm will often limit the production output to a specific number of projects/year. This is a common example for public construction projects, that are developed through a close collaboration between architects, construction firms and beneficiaries.
- b. Flexibility of production will determine a modular marketing approach. In this situation, the consumer is capable to select and combine a number of pre-existent modular components of the final product. This is the case of online car configurators, that are now available on the web site of most car manufacturers, or of Dell, who allows customers to configure online the computers they order.
- c. Flexibility of supporting service will determine a customised service approach. The level and the specificity of supporting services will be specifically adapted to each customer's requirements. On the other hand, since in the service marketing model the consumer is actively participating to the creation and consumption of services, not only the type of service, but also the service scenario has to be flexible and customisable. This case is exemplified by the post-purchase assistance provided to firms by suppliers of electronic equipment such as computers or telecommunication systems.

The level of marketing flexibility in the value co-creation process will be influenced significantly by the predominance of operand and operant resources in the value-added chain. Since the operant resources are, by their nature more flexible and adaptable, they will allow a higher level of marketing flexibility. On the other hand, the consumer's contribution often represents an operant resource, that has to be flexibly absorbed and integrated in the process of value creation.

The new theories of value advocate an extension of marketing analysis and scope from a purely customer-centric model, to a multi-centred approach, which takes into account the interests of company's employees and stakeholders (Payne and Holt, 2001). From this perspective, the flexibility of the marketing structure and processes during the participation, interaction and implementation stages should be considered within an extended model of value co-creation, which addresses the creation and management of dynamic value constellations comprising employees, customers and other categories of stakeholders.

Concluding remarks

This article has a theoretical focus. Starting from an analysis of the modern marketing, both from a theoretical and practical point of view, the concept of flexibility is brought at the forefront of new marketing systems, which are built around procedures that favour customer participation. Flexibility, within specific limits determined by company's skills, resources and profitability objectives, represents the main feature of participative marketing systems, that allow interactions with, and among employees, customers, and other stakeholders.

The flexibility of marketing systems has to be applied to all the processes of participation, interaction and implementation, in order to develop complex value-constellation systems that are capable to maximise the satisfaction and the benefits of all parties involved.

The theoretical approach of this study has a number of limitations. First of all, the model developed and discussed is only a preliminary tentative to identify the main areas of the marketing system that need flexibility in order to enhance the value co-creation process. Secondly, the analysis of flexibility in the context of participative marketing systems has mainly focused on the advantages of this approach. Thirdly, the model presented is only a theoretical construct, that needs to be tested and improved through empirical research.

Despite the importance of the value co-creation approach for the marketing theory and practice, there is a lack of studies and models concerning the practical organisation and management of such systems. The existing research framework is mainly composed from a series of anecdotic examples that emphasise the opportunities provided by value co-creation system for modern organisations. This study can provide a starting point for developing a stream of research into the necessary features of a participative marketing system, organised and managed in order to enhance the value co-creation process among customers, organisations and stakeholders.

References

- 1. Combe, I.A. and Greenley, G.E. (2004) "Capabilities for strategic flexibility: a cognitive content framework", European Journal of Marketing, Vol 38 No 11/12, pp. 1456-1480.
- 2. Constantin, J.A. and Lusch, R.F. (1994), Understanding Resource Management, The Planning Forum, Oxford, Ohio.
- 3. Deighton, J. and Narayandas, D. (2004) "Service Provision Calls for Partners Instead of Parties", in "Invited Commentaries on 'Evolving to a New Dominant Logic for Marketing", Journal of Marketing, Vol 68 No 1, pp. 18-27
- 4. Giese, J. L. and Cote, J. A. (2000) "Defining Consumer Satisfaction", Academy of Marketing Science Review, http://oxygen.vancouver.wsu.edu/amsrev/theory/giese01-00.html [accessed March 2006].
- 5. Godin, S. (1999) Permission Marketing, Simon and Schuster, New York.
- 6. Gummesson, E. (2002) "Relationship Marketing and a new economy: its time for deprogramming", Journal of Services Marketing, Vol 16 No 7, pp. 585-589.
- 7. Jüttner, U. and Wehrli, H. P. (1994) "Relationship Marketing from a Value Perspective", International Journal of Service Industry Management, Vol 5 No 5, pp. 54-73.
- 8. Keefe, L. M. (2004) "What is the meaning of 'marketing'?", Marketing News, Sept. 15, pp. 17-18.
- 9. Lawer, C. (2004) "Changing the long-playing marketing record", OMC White Paper, http://www.theomcgroup.com/omcpapers/Changing%20the%20long-playing%20marketing%20record.pdf [accessed March 2006].
- 10. McTavish, R. (1984) "Approaching the New Product Organisation Problem: Favour Flexibility and Variety of Attack", European Journal of Marketing, Vol 18 No 6/7, pp. 30-42.
- 11. Normann, R. (2001), Reframing Business. When the Map Changes the Landscape, John Wiley & Sons, Chichester, UK.
- 12. Normann, R. and Ramírez, R. (1993) "From value chain to value constellation: designing interactive strategy", Harvard Business Review, Vol 71 No 4, pp. 65-77.
- 13. Payne, A. and Holt, S. (2001) "Diagnosing Customer Value: Integrating the Value Process and Relationship Marketing", British Journal of Management, Vol 12 No 2, pp. 159-182.
- 14. Parvatiyar, A. and Sheth, J. N. (1997) "Paradigm Shift in Interfirm Marketing Relationships", in Jagdish N. Sheth and Atul Parvatiyar (Eds.), Research in Marketing, Vol 13, JAI, Greenwich, CT, pp. 233-255.
- 15. Prabhaker, P. (2001) "Integrated marketing-manufacturing strategies", Journal of Business & Industrial Marketing, Vol 16 No 2, pp. 113-128.
- 16. Prahalad, C. K. and Ramaswamy, V. (2004) The Future of Competition: Co-Creating Unique Value with Customers, Harvard Business School Press, Boston, Massachusetts.
- 17. Stalk, G. Jr. (1988) "Time the Next Source of Competitive Advantage", Harvard Business Review, Vol 66 No 4, pp. 41-51.
- 18. Storbarcka, K. and Lehtinen, J. R. (2001), Customer Relationship Management, McGraw-Hill, Singapore.
- 19. Sushil (2001) "Demythifying flexibility", Management Decision, Vol. 39 No 10, pp. 860-865.
- 20. Vandermerwe, S. (1996) "Becoming a Customer 'Owning' Company", Long Range Planning, Vol 29 No 6, pp. 770-782.
- 21. Vargo, S. L. and Lusch, R. F. (2004) "Evolving to a New Dominant Logic for Marketing", Journal of Marketing, Vol 68 No 1, pp. 1-17.
- 22. Webster, F. E. Jr. (1992) "The Changing Role of Marketing in the Corporation", Journal of Marketing, Vol 56 No 4, pp. 1-17.
- 23. Westbrook, A. R. (1987) "Product/Consumption-Based Affective Responses and Postpurchase Processes", Journal of Marketing Research, Vol 24 No 3, pp. 258-270.

- 24. Woodruff, R. B. (1997) "Customer Value: The Next Source of Competitive Advantage", Journal of the Academy of Marketing Science, Vol 25 No 2, pp. 139-153.
- 25. Woodruff, R. B. and Gardial, S. (1996), Know Your Customers new approaches to understanding customer value and satisfaction, Blackwell Publishers, Oxford, UK.

ETHIK IM INTERNET-MARKETING

Humelnicu-Severin Anamaria

Transilvania Universität aus Braşov, Fakultät für Wirtschaftswissenschaften Colina Universității nr. 1, Corp A, Etaj III, Brașov anamaria.humelnicu@unitbv.ro, Tel.: 0722582597

With the development of Internet-Marketing, a number of ethical issues have arisen. Issues of unsolicited e-mails, hacking, fraud, privacy phishing or cloaking bother the online medium. Unethical behaviour may distrust customer loyalty and the business itself. If a company wants to succeed, the company must develop its own code of ethics and its own standards. Ethics should be high on the list of priorities.

Schlüsselwörter: Ethik, Internet-Marketing, moralisches Handeln, Ethik-Kodex

Cod JEL lucrare: M31, L81, L86, M14

Einleitung

Internet ist eine wichtige Informationsresource, aber gleichzeitig hat es sich mit der Zeit stark zur Geschäftsplatform vieler Unternehmen entwickelt. Ein Internetauftritt ist heutzutage sehr wichtig für die Unternehmen. Zudem bietet das Internet starke, klare Vorteile gegenüber klassischen Medien. Die grosse Reichweite, die geringen Kosten, die einzigartige Interaktivität, attraktives Werbemedium sind als Vorteile wertvoll zu erwähnen.

Das Internet hat Einfluss auf die Entwicklung der Unternehmen, auf die Geschäftsmodelle, die Gesellschaft, auf das Verhalten der Konsumenten geübt. Das Internet hat die Geschäftspraktiken und die Wirtschaft revolutioniert. Wir sind der Bedeutung des Internets jederzeit bewusst. Trotz aller ethischen Probleme, erfreut sich das Internet wachsender Beliebtheit.

Egal, ob ein Unternehmen seine Produkte oder Dienstleistungen online verkauft oder nicht, ist die Online-Präsenz äußerst wichtig und nicht mehr wegzudenken.

Eine Frage die ein Ausgangspunkt für Kontroverse darstellt ist ob alles erlaubt ist, was Umsatz bringt. Ein ethischmoralisches Handeln wird sich nie der Ausrede orientieren "der Zweck heiligt die Mittel". Ein Unternehmen muss ethische Grundsatze definieren und verfolgen, sei es im online-Medium oder nicht.

Etisches und unethisches Handeln im Internet-Marketing

Bevor man entscheidet ob im Internet Platz für Ethik ist, sollte erst definiert werden was unter "Ethik" zu verstehen ist. Ethik kann als eine Sammlung von Richtlinien für das richtige Verhalten der Personen oder der Unternehmungen angesehen werden. Es gibt Unternehmen die für sich ethische Ansprüche erheben, praktizieren diese allerdings nicht. Untersuchungen in der letzten Zeit ergaben dass Konsumenten immer weniger dem ethischen Verhalten der Unternehmen vertrauen. Differenzierung eines Unternehmens gegenüber seinen Mitbewerbern kann durch solide Einhaltung der Ethikgrundsätze geleistet werden.

American Marketing Association - die wissenschaftliche Vereinigung im Marketingbereich - hat als Ziel auch die Förderung der gerechten und sauberen Praktiken unter den Marketingakteuren. In diesem Sinne wurde einen Ethik-Kodex erlassen. Die von der American Marketing Association entwickelten Ethik-Kodex, ist auf der eigenen Webseite einsehbar.

Vom Marketer wird erwartet, dass sie sich nach den höchsten Ethiknormen und ethischen Werte richten, in der Beziehung gegenüber allen Beteiligten (Geschäftspartnern, Vertragspartnern), wie Kunden , Mitarbeitern, Investoren usw.

Laut dem Ethik-Kodex sollen die Marketers folgendes in Betracht nehmen:

- a. Keinen Schaden verursachen
- b. Das Vertrauen in das Marketing-System fördern
- c. Ethische Werte annehmen

Keinen Schaden verursachen heisst schädigende Handlungen bewusst zu vermeiden indem man hohe ethische Standards setzt und alle geltende Gesetze und Vorschriften einhällt.

Das Vertrauen in das Marketing-System fördern bedeutet nach Treue und Gerechtigkeit zu streben, sowie auch den Betrug in der Produkt- und Preisgestaltung, in der Kommunikation, im Vertrieb und Lieferung vermeiden.

Ethische Werte annehmen bedeutet starke Beziehungen mit den Konsumenten aufzubauen und das Konsumentenvertrauen gewinnen indem alle Handlungen auf folgende Werte beruhen: Ehrlichkeit, Verantwortung, Gerechtigkeit, Respekt, Transparenz und Bürgerschaft.

Ethik sollte nicht dem Zufall überlassen werden und sollte ernst genommen werden in den Kampf um die Sicherung der langfristigen Kundenziehung und Kundenbindung. Es ist besonders wichtig die Zufriedenheit der Kundschaft zu erlangen und es immer wieder verbessern.

Wenn ein Unternehmen sich ethisch verhält und moralisch handelt, sind die Kunden eher positiv gegenüber der Firma, ihre Produkte und ihre Dienstleistungen eingestellt.

Im Marketing kann man über die Ethik der Marktforschung, über die Ethik der strategischen Marketingaktionen und über die Ethik beim Einsetzen der Marketinginstrumente sprechen. In der Marktforschung soll eine ethischmoralisch einwandfreie Datensammlung und -auswertung gewährleistet sein. Unmoralische Aspeckte können auch in der Produktpolitik, Preispolitik, Distributionspolitik vorkommen, wie zum Beispiel falsche Werbung oder ungerechtes Verhältnis zwischen Preis und Qualität . Das gilt auch im Internet-Marketing.

Sowie im traditionellen Einkauf, ist auch im online-Verkauf die Preisstrategie der Firmen wichtig. Es ist zu berücksichtigen, wie die Kunden die Gerechtigkeit der Preise wahrnehmen. Online-Shopping hat das Vorteil dass man Zeit sparen kann, dass es bequemlich und praktisch ist. Was der Preis angeht, gehört zu den Vorteilen die Möglichkeit Warenpreisvergleiche bevor dem Einkauf anzustellen. In diesem Sinne ist es noch mehr wichtiger eine gutgeplante Preisstrategie zu haben und gerechte Preise sicherstellen.

Andere Aspekte der Ethik im Internet Marketing weisen auf folgendes: keinen verfälschten Inhalt der Webseite, dieselbe Version von Internetseite allen Internetnutzern zeigen, keine täuschende oder unechte Informationen, keine irrende Informationen von Produkten, Geheimhaltung der Kundendaten, Schutz der Privatsphäre, glaubwürdige und vertrauenswürdige Webseiten, ein vorliegendes Etik-Kodex, Einhaltung der geltenden Gesetze usw.

Ethik im Suchmaschinenmarketing

Der Traum jedes Unternehmen ist in den Suchmschinen erstplaziert zu sein. Eine gute Website-Positionierung in Suchmaschinen kann sich nur über einen längeren Zeitraum entwickeln. Manchmal ist es aber gar nicht möglich wegen unethisches Tricksen im Bereich der Suchmaschinenoptimierung.

Suchmaschinenoptimierer können unethische Tricks verwenden , wobei man die Suchergebnisse einer Anfrage verfälscht und man eine Webseite "künstlich" höher plaziert.

Die wichtigsten Regeln für ein sauberes Suchmaschinenmarketing sind folgende:

- 1. Relevanz der Suchbegriffe sicherstellen
- 2. Spamming bzw. Spamdexing vermeiden
- 3. Gegen geltendes Recht verstoßende Webseiten ausschliessen

Unter Suchmaschinen-Spamming sind zum Beispiel Doorway-Pages, Einsatz von unsichtbaren Seiten oder Cloaking gemeint. Doorway-Pages werden gelegentlich auch als "Pointer Pages" oder "Brückenseiten" "Jump-Pages" "Spiegelseiten" bezeichnet.

Doorway Pages sind hoch-optimierte Seiten, deren Zweck es ist, für ein spezifisches Schlüsselwort oder für eine bestimmte Phrase in den Trefferlisten von Suchmaschinen angemeldet zu sein und gut platziert zu werden. Die Besucher werden durch diese Verfahren auf eine bestimmte Seite gelockt.

Wie der Name "Doorway" schon besagt, sollen solche Seiten einen Eingang in die zu werbende Website darstellen, über den der Nutzer von der Suchmaschine auf die eigene Site kommt.

Cloaking ist also die Technik die zur Verbesserung der Rangordnung in Suchmaschinen dient. Diese Technick, Doorway-Pages zu erzeugen wird als Cloaking bezeichnet.

Weisser Text auf weißem Grund ist ein anderer unethischer Trick. Dabei bleiben vom Anwender viele Stichworte ungesehen. Manchmal genügt es alles zu selektieren um den unsichtbaren Text sichtbar zu machen. Leider funktioniert das nicht immer so einfach und all diese Techniken können schwer aufgedeckt werden.

Webseiten mit irrenführendem, rassistischem, anti-religiösem Inhalt usw. oder die die gegen geltende Rechtsnormen verstoßen, sollten ausgeschlossen werden.

Unter dem Begriff "ethische Suchmaschinen-Optimierung"sind die Optimierungserfahren gemeint, die nicht gegen Regeln der Suchmaschinen verstoßen.

Ethisch einwandfreie Suchmaschinenoptimierung ist zu erwünschen.

Mehrere Untersuchungen haben hervorgehoben dass sich viele Internetnutzer um Datensicherheit, Phishing und betrügerische Nachrichten, um Spam und Malware-Attacken sorgen.

"Phishing" ist ein Kunstwort das sich aus den zwei Begriffen "Password" und "Fishing" zusammensetzt. Wie es schon vom Namen erkennbar ist, beschreibt "Phishing" die Situation des Abfangen von Passwörtern, das "Angeln nach Passwörtern". Phishing ist diejenige Handlung, die sich auf den Versand von E-Mails oder Nachrichten auf beliebten Websites bezieht. Der Nutzer sollte sich einloggen oder sein Konto aktualisieren, wobei am wichtigsten zu erwähnen ist, dass die "Phisher" über die angegebene Links die zur gefälschten World Wide Web-Adressen führen, an die Daten der Internetbenutzer gelangen.

Es steht außer Zweifel, dass man mit Geschäften im Internet schnell reich werden kann. Es ist aber besonders wichtig nicht zu vergessen dass das Vertrauen der Kunden gepflegt werden muss. Obwohl immer mehr Internetnutzer online kaufen, bleibt immernoch ein erhebliches Misstrauen gegenüber dem elektronischen Handel bestehen. Kunden brauchen ein vertrauenwürdiges Unternehmen, auch in dem Falle der Online-Unternehmen.

Um nicht angeforderte kommerzielle Kommunikationen (spam) zu senden gibt es mehrere Möglichkeiten an die Email Adressen zu gelangen und diese zu sammeln. E-mail Adressen können aus Websiten, Blogs, Diskussionsforen usw. gesammelt werden.

E-Mail Adressen werden aus Nachrichten geangelt, die der Benutzer versendet hat um bestimmte Informationen zu kriegen oder kostenlose Broschüren zu erhalten

Einsetzen bestimmter Roboter für Web-Seiten - web-bots, crawlers, spiders, zum Sammeln von E-Mail-Adressen für Spamzwecke. Die eMail-Bots, die autonom und ständig Internetseiten auf vorhandene eMail-Adressen absuchen und diese abspeichern

Dabei werden verschiedene Symbole erkannt (zum Beispiel "@", oder ".com". Falls jemand seine Adresse schreibt indem er das Symbol "@" mit "at" ersetzt, kann es der Fall sein dass der Roboter diese Adresse nicht anerkennt. Es ist selbstverständlich dass eine Person nicht so viele Adressen sammeln kann, wie viele es ein Roboter schafft, aber sie können Adressen erkennen, welche die Roboter zu erkennen scheitern.

Einsetzen von Viren die Mailprogramme entdecken und somit Adressen einsammeln.

Ein weiteres ethisches Problem ist das Absenden von Spam-Mails von gefälschten Email-Adressen. Es werden Webenachrichten geschickt mit einer falschen Absender-Adresse.

Durch die steigende Anzahl von Spam-bots wird die e-mail Sicherheit gefährdet.

Zum Datenschutz kommt in Frage auch das Problem von cookies, diese kleine Textdateien die Informationen über besuchte Seiten, Besuchsdauer und Benutzereinstellungen beinhalten. Wenn auf einer Internetseite cookies verwendet werden, sollten diese nie auf unethischer Weise verwendet werden.

Probleme wie "spam" (nicht angeforderte kommerzielle Kommunikationen), Datenschutz oder Transaktionensicherheit stören die Entwicklung des online Marketings. Es wird immer schwieriger sein, sich Rechenschaft zu geben wem man online vertrauen kann. Dies zufolge gewinnt moralisches Handeln immer mehr an Bedeutung für den Erfolg der Unternehmen in der Internetära.

Literaturverzeichnis

- 1. Fischer P., Hubig C., Koslowski P., Wirtschaftsethische Fragen der E-economy, Birkhäuser, 2002
- 2. Florescu C, Mâlcomete P., Pop N.Al., Marketing. Dicționar explicativ, Editura economică, București, 2003
- 3. American Marketing Association, Statement of Ethics,

http://www.marketingpower.com/AboutAMA/Pages/Statement%20of%20Ethics.aspx

E-MARKETING IN DER "E-EVERYTHING" WELT

Humelnicu-Severin Anamaria

Transilvania Universität aus Braşov, Fakultät für Wirtschaftswissenschaften Colina Universității nr. 1, Corp A, Etaj III, Brașov anamaria.humelnicu@unitbv.ro, Tel.: 0722582597

We are living the digital world now. We are speaking about e-commerce, e-mail, e-meeting, e-payment, e-security and others. It is the world of e-everything. In this world e-marketing has gained a special place. The marketing of the future is related to the Internet.

Schlüsselwörter: e-Marketing, Digitalisierung, Internet-Ökonomie

Cod JEL lucrare: M31, L81, L86

Die digitalisierte Welt

Heutzutage sprechen wir immer mehr über E-Auction, E-Banking, E-Books, E-Business, E-Cash, E-Commerce, E-Education, E-Entertainment, E-engineering, E-Government, E-Learning, E-Mail, E-Marketing, E-Market, E-Meeting, E-Procurement, E-Payment, E-Security, E-Service, E-Shop oder E-Strategy. Und die Liste könnte noch erweitert werden. Und das heisst e-everything.

Ein gewöhnlicher Tag kann so aussehen: E-Business betreiben, indem man im e-Mall ein e-Produkt kauft und das e-Payment System benutzt und mit E-cash bezahlt. Danach an einer E-Auction teilnehmen. E-vote im Internet durchführen. Nachher e-mails an Kollegen und Bekannte schicken und Preisvergleiche im E-shop anstellen , wobei man Bewusst der Regeln des e-Marketing ist. Unterrichtsmaterialien über eine e-learning platform zugreifen. Ein eBook lesen.

Internet zählt zu den grössten Erfindungen der Welt. Es hat unser tägliches Leben stark verändert, so dass für viele Menschen das Leben ohne Internet unerträglich und undenkbar ist. Das haben auch viele durchgeführten Studien hervorgehoben. Das Leben ohne "googlen", ohne chaten, ohne e-mails, ohne online-Einkäufe und ohne Ticketreservierungen ist kaum noch vorstellbar für immer mehr Menschen. Das gehört zum Alltagsleben.

Das Internet hat sich als das wichtigste Kommunikationsmedium entwickelt. Menschen und Unternehmen profitieren von vielen Vorteilen die dieses Medium anzubieten hat: Internet bricht zeitliche und räumliche Grenzen, gute Informationsquelle, schnelle Datenübertragung und effizienter Informationsaustausch. Internetpräsenz ist zudem äußerst wichtig für Kundengewinnung und Kundenbindung, erlaubt günstige Werbung und wichtig um ein gutes Unternehmensimage zu gewinnen. Unternehmen entdecken, dass sie keine andere Wahl haben, als im ebusiness mittendrin zu sein.

In der Mitteilung der Kommission im September 2008 über künftige Netze und das Internet wird angegeben dass insgesamt der Übergang zum Internet der Zukunft nur dann stattfinden kann, wenn ein schneller Internetzugang für alle zur Verfügung steht. Demzufolge "stellt die Kommission derzeit eine vorausschauende Strategie für Datenschutz und Vertrauen in einer allgegenwärtigen Informationsgesellschaft auf." Das Internet der Zukunft soll schneller werden durch die Einführung leistungsfähigerer Hochgeschwindigkeits-Breitbandnetze, soll dynamisch und offen bleiben und gleichzeitig auch sicherer werden. Die Mitteilung der Kommission soll den ersten Schritt darstellen auf dem Weg zum Internet der Zukunft.

Marketing im Zeitalter der Digitalisierung

Dadurch das alles digital wird, wird auch das Marketing beeinflusst. Das heisst aber lange nicht, dass das klassische Marketing ersetzt wird, sondern nur ergänzt.

Die kommende Internetgeneration bedeutet schnelle Internetverbindung und steigende Anzahl von Computer. Das drahtlose Internet wird immer beliebter - Internetzugang per handy, oder via PDAs (ein kompakter, tragbarer Computer, genannt "persönlicher digitaler Assistent").

Laut einer Statistik der comScore, am Ende des Jahres 2008 erreichte die Anzahl der Internetbenutzer weltweit 1.007,7 Millionen. comScore ist zu diesem Ergebnis gelangt, ohne den Zugang von Internet-Cafés, via Handys oder PDAs zu berücksichtigen. Die Anzahl ist wie folgt verteilt: Asien- Pazifik (41,3%), Europa (28%), Lateinamerika (7,9%), Mittlerer Osten und Afrika (4,8%).

"Eine Milliarde Nutzern weltweit zu überschreiten ist ein wichtiger Meilenstein in der Geschichte des Internet" sagte Magid Abraham, comScore CEO in einer Erklärung. "Es ist ein Denkmal für die zunehmend einheitlichen, globalen Gemeinschaft, in der wir leben, und erinnert uns daran, dass die Welt wirklich flacher wird."

Nielsen Mobile beobachtet derzeit die mobile Internet-Verbreitung in 16 Ländern. Die Vereinigte Staaten weisen den grössten Anteil mobiler Internetnutzer unter den Handy-Besitzern mit 15,6%. Grossbritanien (12,9%), Italien (11,9%), Russland (11,2%), Spanien (10,8%) kommen demnächst im Top. Diese Nutzer greifen auf das Internet zu via Handy, überprüfen das e-mail, erforschen soziale Netzwerke und führen Banktransaktionen durch. Das mobile Internet wird zu einem attraktiven Medium für Marketer.

Da die Gerätfähigkeiten sich erweitern und die Netzwerk-Geschwindigkeit sich verbessert, erhöht sich die Anzahl der Internetnutzer über Handy, was die Interessen der Marketer weckt, sich an das mobile Internet zu wenden und es als ein wichtiges Medium anzusehen, um bestimmte Zielgruppen zu erreichen.

Die neue Ökonomie bedeutet nicht unbedingt Entstehung einer neuen Wirtschaft, sondern eine "old economy", mit Zugang zu neuen Technologien. Laut Rohner K., haben die Basisinnovationen in der Informationsära bereits stattgefunden. Die Technologie basiert sich auf die digitale Technik. Sicherlich wird der nachfolgende Verlauf der Technologie weiterhin eine Entwicklung kennen, aber in der Richtung der digitalen und elektronischen Entwicklung. Es wird keine andere Kommunikation geben mittels alte Techologien, sondern nur digitale. Die Folge ist: digital denken, sehen, sprechen und fühlen und die Regeln der Digital-Ära anwenden. Die Industrie-Ära stützt sich auf das Massen-Marketing auf, während in der Informations-Ära, das Marketing den Akzent auf die einzelnen Kunden setzt.

Regis McKenna veröffentlichte im Jahre 1991 in Harvard Business Review seine Arbeit mit dem Titel "Marketing ist alles" ("Marketing is everything"). Der Autor sprach über das neue Marketingparadigma, in Anerkennung des Beitrags der Technologie zur Transformation des Marketings. Dies Transformation des Marketings ist durch die Macht der vorhandenen neuen Technologien vorangetrieben worden. McKenna meint dass die Technologie heutzutage so allgegenwärtig geworden ist, dass es nur Technologie-Unternehmen gibt. Technologie wurde mit erstaunlicher Geschwindigkeit in Produkte und auf dem Markt eigeführt.

Deinlein (2003) klärt was unter der viel erwähnten New Economy zu verstehen ist. Die New Economy charakterisiert sich im Wesentlichen durch den Übergang von der Industrie- zur Informationsgesellschaft. Viele Autoren definieren den Begriff nahezu gleich mit der Internet Economy, weil Sie das Medium Internet als der eigentliche Auslöser der New Economy betrachten.

Andere Autoren unterscheiden zwischen der Neuen Ökonomie und der Internet Ökonomie, welches auch mit der Net-Economy gleichzusetzen ist. Das Marketing der Zukunft muss im Zusammenhang mit dem Internet gesehen werden, weil dieses Medium die Märkte und die Kundenwünsche geändert hat.

Es ist Wert zu erwähnen, dass das E-Marketing erheblich an Bedeutung gewonnen hat im Vergleich zu den klassischen Werbeformen. Man kann behaupten dass die Zukunft der Werbung überwiegend digital ist.

Unternehmen fangen an die klassische Werbung zu reduzieren und investieren mehr in Online-Werbung. Untersuchungen ergaben dass die stärksten Instrumente im Internet-Marketing, e-mail und die Suchmaschinen sind. Dadurch dass das e-mail immernoch die beliebteste Anwendung der Nutzer ist, gehört die Kundenansprache durch E-Mail-Marketing zu den effizientesten Maßnahmen im Marketing-Mix. E-mail wurde als ein Marketinginstrument erfolgreich eingesetzt. Die Vorteile die das E-mail anbietet - geringe Kosten für versandte E-mails und auch die Messbarkeit geöffneten bzw. Gelesenen Mails - sind gar nicht zu vernachlässigen.Immer mehr Unternehmen erzielen einen erheblichen Anteil Ihres Umsatzes über das Internet.

Internet ist aber der am häufigsten gewählte Informationskanal wenn es um bestimmte Produktsuche geht. Wenn jemand Produkte wie elektronische Geräte, Autos oder Motorräder kaufen will und sich um dessen Charakteristika und Preis interessiert, wird er im Internet nach der gewünschten Information suchen. Informieren aus Zeitungen, Zeitschriften sind weniger beliebt. Das Potential des Internets ist auf jeden Fall gross, sogar grenzenlos.

Internet bietet über gezieltes Internet Marketing, Kunden auf das Unternehmen aufmerksam zu machen, also Kunden anzuziehen, Kunden binden und deren Loyalität zu gewinnen, aber zugleich ist Internet auch ein wichtiges Instrument zur Umsatzgewinnung. Nicht jedes Unternehmen nutzt heutzutage dieses Potential aus.

Mit der Entwicklung des Internets haben sich auch die Gründe für die Internetnutzung vervielfacht. Während früher der Hauptgrund zur Internetnutzung das Versenden und lesen von emails war, entwickelten sich heutzutage auch andere Aktivitäten im Internet. Online-Banking, online shopping, online Auktionen und Durchführung geschäftlicher Transaktionen wachsen ständig.

Um einen offenen und wettbewerbsfähigen Binnenmarkt für die Informationsgesellschaft und die Medien gewährleisten zu können, verfolgt die Kommision vier Ziele innerhalb der Initiative i2010 ("i2010- Eine europäische Informationsgesellschaft für Wachstum und Beschäftigung): die Steigerung der Geschwindigkeit der Breitbanddienste in Europa, die Förderung neuer digitaler Dienstleistungen und Inhalte, den Ausbau der Geräte und Plattformen, die "einander verstehen", Erhöhung der Sicherheit im Internet durch besseren Schutz vor Betrügern, schädlichen Inhalten und technischen Mängeln.

Literaturverzeichnis

- 1.1. Deinlein J., "Tragfähigkeit von Geschäftsmodellen der New Economy. Das Beispiel elektronische B-to-B-Märkte", Deutscher Universitäts-Verlag, 2003
- 2. McKenna R., "Marketing is everything", in Harward Business Review, Januar-Februar 1991
- 3. Rohner K., "Ciber-marketing", Editura All, Bucureşti, 1999, S. 43-44, 47
- 4. Mitteilung der Kommission an das Europäische Parlament, den Rat, den Europäischen Wirtschafts-und Sozialausschuss und und den Ausschuss der Regionen- Mitteilung über künftige Netze und das Internet, http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri = COM:2008:0594:FIN:DE:PDF

- 5. Global Internet Audience Surpasses 1 billion Visitors, According to comScore, Pressebericht, 23.Januar 2009, http://www.comscore.com/ press/release.asp?press=2698
- 6. Die Initiative "i 2010", http://europa.eu/scadplus/leg/de/cha/c11328.htm
- 7. The Worldwide State of the Mobile Web, Nielsen Mobile, July 2008, http://www.nielsenmobile.com/documents/CriticalMass.pdf

THE SATISFACTION OF THE PATIENTS – PANACEA OF THE MANAGEMENT ORIENTED TOWARDS THE MARKET OF THE SURGERY MEDICAL SERVICES

Ioanăș Corina

The Academy of Economic Studies Bucharest, The Faculty of Accounting, Informatics and Management Control Bucharest, Strada Piata Romana nr 6, Sector 1, corina ioanas@yahoo.com, 0723.425.592

Bitca Tiberiu Alexandru

National School of Politic and Administrative Science, Strada Uranus, Nr 5-7, Bl. A7, Ap.7, Sector 5, Bucuresti, tiberiubatca@gmail.com, 021.410.72.74

Nowadays, the new approach of the relations with the beneficiary of the surgery services promotes a new optical, the one in which the applicant of the health services is no longer considered "ill" or "patient" but "client" or "beneficiary". Therefore, the satisfaction of the patient, viewed as client, becomes generally a fundamental aspect of the strategy of marketing and especially of the medical marketing, which is viewed as an economic and social mechanism through which the beneficiaries of the sanitary services obtain what they need and what they want by the appearance of the service exchange. Therewith, this satisfaction of the client is transposed in a real management of demand reified in the formulation of the strategy of marketing for the problems that aim at obtaining new approaches for the excellence of the relationships with the beneficiaries of the surgery services

Key words: the marketing of services, sanitary marketing, the patient's satisfaction, perception, expectations, empathy

Cod JEL: 118, M31, P36

1. Literature review: sanitary marketing – as component of the service marketing

The constitution of the marketing in the health domain, as a distinct domain of the service marketing, is based on certain specificities determined by ³⁸⁶:

- 1. **The services characteristics**, formulated by *Ph Kotler* and adopted by all the specialists:
- a) **Intangibility** it aims at the immaterial aspect of the services, meaning that these ones cannot be seen, tasted, felt or smelt before they are bought.
- b) **Inseparability** it refers to the characteristic of the medical services which cannot be separated from the provider, being realized only by direct connection doctor-patient.
- c) **Variability** it refers to the fact that a medical service can never be repeated identically, being determined by the patient's pathology, by the medical personnel who administrates the treatment and by the material and medical support which represented the basis of the treatment.
- d) **Perishableness** it refers to the fact that the medical services cannot be stocked in order to be ulterior reused.
- 2. Another aspect of the health marketing is given by the three components of the services **marketing object**, meaning:
- a) The extern marketing of the organization contains an ensemble of strategies and tactics of marketing through which the consumer becomes aware of the organization offer. Thus, the basis characteristics of marketing meaning the concept "4P" Product, Price, Promotion, and Placement are transformed in the medical marketing in the concept STAP- Service, Tariff, Access, and Promotion.
- b) The interactive marketing is interested in all the services created and delivered and the interaction provider-consumer. Within this relation, applied to medical services, the patient will appreciate the quality of a service not only technically (the success of a surgical intervention for example), but also functionally (amiability, availability, trust, confidence, the understanding of the patient's expectations etc.);
- c) Internal marketing it refers to the approach in an optic of marketing of the personnel in order to realize the correspondence between the promised services and those effectively provided. (For example a surgical intervention imposes a tight communication between the surgeon, anesthetist, medical assistants, and nurses).
- **3.**Considering the sanitary marketing a component of the services marketing depends on a series of components being in interaction and which form the **creation and delivery system** respectively:
- a)The elements subject of the procession the patient being the element of the health services;
- **b)The processual components** afferent to services are: the client, the physical support of the supply, the contact personnel, and the service created and delivered. Adapted to the medical services, these components become: the patient, the medical instruments used and the medication, the doctor mainly as a contact person having a tight relation with the non-medical personnel; the service offered by the prevention, treatment or recuperation.

In principle, the sanitary marketing as a component of the services marketing presents the following features:
a) It applies to people (patients), ideas and medical services;

³⁸⁶ By Violeta Radulescu, Marketingul serviciilor de sanatate, Uranus Publishing House, Bucharest, 2008.

- **b)** The changes are not financial;
- c) The finality of the activity is more complex, and it cannot be strictly measured in financial terms;
- d) The benefits are not correlated with the payments effectuated by the consumer;
- e) The hospitals usually address to some groups having a low financial power;
- f) The hospitals market has 2 components: the relation with the patient and with the system of financing which are in antagonistic relations;
- g) The purpose is the increase of the services' quality in order to serve better the patients, and finally the improvement of the population health estate;
- **h)** The main objective is the offering of qualitative health services, insuring progresses, especially concerning the treatments offered, of the medical equipments used and of the medical personnel trained and oriented towards the patient;
- i) The purpose is to make the medical service more accessible to all patients;
- j) The purpose is to make the medical service adapted to the patients' expectations and known to these ones taking into account the asymmetric information of the patients due to the social environments they come from.

2. The patients' satisfaction: the key point of the marketing strategy

The patient's satisfaction represents the reflection of the health services' quality. Nowadays, a special importance is given in the sanitary system to the reaction idea of response of the client/user of medical services and to the idea of offering him what he wants.

In principle, for the patient's satisfaction, the relationship doctor-patient presuposes concomitantly:

- a) A medical dimension it refers strictly to the medical act itself; the satisfaction of the clients means cognitive evaluation and emotional reaction to the structure elements (human, material and financial resources and the hospital environment), to the process elements (technical aspects) as well as to the results of the supplied medical services. Further on, the researches in the domain demonstrate that the satisfaction is in relation with the perception of the technical aptitudes, the intelligence and the qualification of the medical personnel.
- **b)** A communication dimension This has to aim at the information of the patient both in what concerns the diagnosis, the treatment, the recuperation and the consequences upon the quality of its life which most of the times can be shocking. The patients must be asked what their expectations from the doctor are. An aspect of the medical care frequently studied is the extension and the accuracy of the communication doctor-patient. The satisfaction of the patient is strongly dependent on the clarity of the information offered and this could be an important sign of the quality of the communication doctor patient.
- c) An affective dimension which must exist during the entire hospitalization and must aim at the care of the medical personnel not only for the medical actions, but also for the recognition of the new function of the person, that of "patient", which suddenly passes from the estate of healthy man to that of ill man. Taking into consideration the fact that in general a surgical intervention is conceived as being complicated, it is necessary the presence of this affective dimension so that it maintains the equilibrium of the patient (for example interdisciplinary teams surgeon psychiatrist psychologist).

First of all, we must identify the patients' needs so that the medical personnel have the opportunity to prevent them, using properly the medical techniques and procedures.

One of the most important directions and actual moments concerning the medical assistance is putting the patient in the centre of attention and care. This is why the opinions of the patients can be considered keys for the evaluation of good or insufficient activities in the context of the marketing strategy. The quality of the sanitary services equally refers to the increase of the clients/users' satisfaction, to the professional audit and to the improvement of efficiency or the reduction of the costs, being approached differently by each category of actors implied in the sanitary services: the government, the patients, the professionals, and the management of the sanitary organization. Because nowadays in the sanitary system a special importance is given to the idea of response reaction coming from the client/user of medical services and the idea of offering this one what he wants, the methods and the techniques of studying the patient's satisfaction are used more and more in the sanitary organizations.

3. The patients satisfaction through the general evaluation of the service

This model is based upon the fact that the patients, in their quality as clients, can evaluate the quality of services comparing their perception with the expectations they are waiting for

The proposed scale includes five dimensions: **Tangibles, Trust, The medical staff's attitude, and the Insurance, the Empathy**, measured on a **scale Likart with seven steps**, starting with total agreement and ending with total disagreement:

1. TANGIBLE ELEMENTS:

- a) The surgery section has a modern and last generation equipment;
- b) The facilitations of the physical space (surgery room, dressing rooms, dinner salons) are enjoyed by the patients;
- c) The medical stuff has a professional and a neat aspect.

2. TRUST:

- a) When the medical stuff promises something, then he keeps his words;
- b) If the patients have a problem, the medical stuff will show an honest interest in solving it;
- c) The medical stuff will perform the services excellently from the beginning:
- d) The medical stuff will perform the services in due time;
- e) The medical stuff will follow the inexistence of errors.

3. THE ATTITUDE OF THE MEDICAL STUFF:

- a) The medical stuff will explain the patients where the medical services will be performed;
- **b)** The medical stuff will give prompt attention to all the patients;
- c) The medical stuff is always ready to help the patients;
- **d)** The medical stuff is never too busy to answer the patient's questions.

4. INSURANCE:

- a) The behaviour of the medical stuff will give confidence and trust to the patient;
- b) The patients feel safe and having no risks regarding the performance of the medical act;
- c) The medical stuff is always polite;
- d) The medical stuff has the necessary conditions in order to answer to all the patients' questions.

5. EMPATHY:

- a) The medical stuff assures the patients individual attention;
- **b)** The medical stuff has a program which is convenient to all the patients;
- c) The medical stuff understands the specific needs of the patients.

The proposed instrument operated as it follows:

1. The intensity of the patients' expectative regarding certain components of the surgery sections' services is **determined.** This way, the 5 criteria mentioned above serve as reference.

In table 1, there are shown 5 declarations extracted from SERVQUAL, each of them referring to a different criterion.

Table 1. The intensity of the expectative
Show to which point a surgery section should have the characteristics described in each declaration
Does the surgery section have modern and of late generation equipments? (TANGIBLE ELEMENTS'
DIMENSION)
1 2 3 4 5 6 7
When a medical stuff promises something does he keeps his word?
(TRUST DIMENSION)
1 2 3 4 5 6 7
Is the medical stuff always ready to help the patients?
(THE MEDICAL STUFF'S ATTITUDE DIMENSION)
1 2 3 4 5 6 7
Does the medical stuff comportment give confidence and trust to the patient?
(INSURANCE DIMENSION)
1 2 3 4 5 6 7
Does the medical stuff understand the specific needs of the patients?
(EMPATHY DIMENSION)
1 2 3 4 5 6 7

2. There are questions concerning the perception of different elements of the surgery section's elements which want to be evaluated by means of declarations parallel to that anterior, table 2.

Table 2. The percention of the elements of the surgery section's elements

Table 2. The perception of the elements of the surgery section's elements
Show in what manner the surgery section has the characteristics described in every declaration
Do the equipments of the surgery section have a modern aspect?
(TANGIBLE ELEMENTS' DIMENSION)
1 2 3 4 5 6 7
When a medical stuff promised something did he kept his word?
(TRUST DIMENSION)
1 2 3 4 5 6 7
Was the medical stuff always ready to help the patients?
(THE MEDICAL STUFF'S ATTITUDE DIMENSION)
1 2 3 4 5 6 7
Did the medical stuff comportment give you confidence and trust?

(INSURANCE DIMENSION) 1 2 3 4 5 6 7

Did the medical stuff understand your specific needs? (EMPATHY DIMENSION) 1 2 3 4 5 6 7

3. The quality of services in the surgery section is evaluated. For this, the "difference existent between the scores which are calculated by the patients to the different pairs of declarations" are calculated. Quality is defined as a difference between perceptions and expectative. This evaluation of the quality will allow the definition of the improvements points of the service. Also, the method allows the reaching of a score for each criterion.

QUALITY=PERCEPTION=EXPECTATIVES

For example, for one questioned patient, the calculation situation of the quality is presented as it follows:

Table 3. The calculation of the quality

DIMENSION	PERCEPTION	EXPECTATIVES	QUALITY
TANGIBLE ELEMENTS' DIMENSION	7	5	2
TRUST DIMENSION	6	3	3
THE MEDICAL STUFF'S ATTITUDE	7	4	3
DIMENSION			
INSURANCE DIMENSION	6	5	1
EMPATHY DIMENSION	5	2	3

Interpretation: the improvement of the service will be realised mainly in what concerns the Insurance Dimension At the same time in which an estimation of the satisfaction is effectuated, relying on the service factors, it is necessary to demand a global evaluation of the service. This can be made in the same questionnaire used for the evaluation of the service factors, using a similar number scale. Also, it can be effectuated an immediate evaluation of the service performance through a short and attractive form of investigation. Such a model adapted to the surgery section is presented in what follows.

In order to improve the services we are offering you, we need to know your opinion. In order to express it, please circle the number which indicates better the satisfaction upon each of the following aspects.

Table 4 Questionnaire regarding the general evaluation of the service

1 401	c 4 Questioni	ian e regardi	ng the general	cvaluation o	i the service	·
EXCELLENT	VERY	GOOD	PRETTY	GOOD	BAD	VERY
	GOOD		GOOD			BAD
1	2	3	4	5	6	7
HOW WE	RE YOU WE	LCOMED AN	VD TREATED	BY THE ME	EDICAL ST	UFF?
1	2	3	4	5	6	7
	WERE	E YOU OFFE	RED A QUIC	K SERVICE:	•	
1	2	3	4	5	6	7
WHAT WAS YO	OUR IMPRES	SSION ABOU	T THE ASPE	CT OF THE	INSTALLA'	TIONS, OF
THE MED	ICAL STUF	F, OF THE E	QUIPMENT I	N THE SUR	GERY SECT	TION?
1	2	3	4	5	6	7
FROM THE PO	INT OF VIE	W OF THE B	UREAUCRA	CY, IN YOUR	OPINION,	HOW WAS
	THE F	PROCEDURE	E OF HOSPIT	ALISATION	?	
1	2	3	4	5	6	7
BEFOR	E BEING HO	OSPITALISE.	D, HOW WHA	AT THE WAI	NTING TIM	IE?
1	2	3	4	5	6	7
DID YOU HA	IVE THE PO	SSIBILITY T	TO TALK AND	O TO EXPRE	SS YOUR O	PINION
REG.	ARDING TH	E TREATME	NT PRESCRI	BED BY THE	E DOCTOR:	?
1	2	3	4	5	6	7
WERE YOU IN	VFORMED A	BOUT THE	PERIOD OF	TREATMEN	T AND THE	WAY OF
ADMINISTRAT	ION OF THE	E MEDICATI	ION BY SOMI	EONE OF TH	IE MEDIC A	L STUFF?
1	2	3	4	5	6	7
DID THE DO	CTOR TALKI	ED TO YOU	ABOUT THE	SECONDAR	Y EFFECTS	OF THE
MEDICATION OR OF OTHER MEDICAL OPERATIONS?						
1	2	3	4	5	6	7
DID YOU FEEL THAT YOUR HEALTH NEEDS WERE ACCEPTABLY SATISFIED IN						
THE SURGERY SECTION?						
1	2	3	4	5	6	7
WERE YOUR DIGNITY AND YOUR INTIMICY RESPECTED BY THE MEDICAL						

ASSISTENTS?							
1	2	3	4	5	6	7	
WERE YOUR DIGNITY AND YOUR INTIMICY RESPECTED BY THE DOCTORS?							
1	2	3	4	5	6	7	
WHAT GENERAL EVALUATION DO YOU GIVE US?							
1	2	3	4	5	6	7	

IF YOU WISH, INDICATE ON THE OTHER SIDE OF THE PAPER YOUR COMPLAINTS, IDEAS AND SUGGESTIONS.

REFERENCES:

- 1. Andreani J. C. Marketing medical: Les strategies de marketing mix, Revue Fransais du Marketing nr. 119/1988.
- 2. Bruce I. Successful Charity Marketing, ed. II, Prentice Hall Edition 1998
- 3. Druker P., Managing the Non-Profit Organisation, N.Y. 1992;
- 4. Heineman, S., & Yudin, L. "The consumer and evaluator: Perceptions and satisfactions
- 5. Kotler Ph. Attendre des objectives sociaux a travers un marketing social in Revue française du marketing, cahier no.60 jav-febr. 1976.
- 6. Rădulescu, V, Marketingul serviciilor de sănătate, Editura Uranus, București, 2008.

THE MAIN CHARACTERISTICS OF SUPPLY AND DEMAND ON THE ROMANIAN INSURANCE MARKET³⁸⁷

Ioncică Maria

Academia de Studii Economice – București Facultatea de Comerț Piața Romană nr. 6, sector 1, București maria.ioncica@com.ase.ro

Petrescu Eva-Cristina

Academia de Studii Economice – București Facultatea de Marketing Piața Romană nr. 6, sector 1, București eva petrescu@yahoo.com

Ioncică Diana

Academia de Studii Economice – București Facultatea de Relații Economice Internaționale Piața Romană nr. 6, sector I, București diana ioncica@yahoo.com

Petrescu Marian

Academia de Studii Economice – București Facultatea de Comerț Piața Romană nr. 6, sector 1, București posta ro@yahoo.com

Keywords: Romanian insurance market, insurance supply, insurance demand, global crisis

Cod JEL: M31, G22

Nowadays, the insurance market in Romania can be characterized thus: a developing market both from a quantitative and a qualitative point of view, with demand concentrated in areas of above-average economic activity, having a varied supply and increasing competition. On the Romanian market there is a discrepancy between potential and effective demand. Potential demand is high, due to the large number of persons, the large number of properties, due to unsatisfied needs of both natural persons and legal entities. However, effective demand is quite low. The impact of the global financial crisis on the insurance industry in Romania was so far 'relatively limited' and has mainly affected consumer trust.

1. Insurance supply

Services supply is represented by the production of services on the market. Similarly, we can define insurance supply as being the production of insurance/reinsurance meant to be traded on the market. The insurance supply is presented by a number of insurers and reinsurers, specialized societies authorized to function in this domain. Insurers are financial intermediaries that use private capital to finance consumer and business risks of financial loss, for a profit to the providers of that capital.

Insurers and reinsurers must have the ability to meet payment obligations towards their customers. This ability is evaluated with the help of a series of financial – economic indicators. There are agencies specialized in evaluating insurance companies – the rating agencies. The largest and best known rating agencies are Standard and Poor's, Moody's, AM Best.

In Romania, the only parties which can be engaged in the insurance activity are public companies, mutual societies, branches of foreign insurers, constituted as Romanian legal entities, authorized by the Insurance Supervision Committee and branches and subsidiaries of insurers, foreign legal entities, authorized by the Insurance Supervision Committee. Insurance companies must observe a series of legal requirements regarding the size of the minimum share capital, the size of the obligations they can assume, the premium reserves, the reserves for indemnities they must hold, the modality of recording their activity etc. In 2008, there were 43 insurance companies authorized to function on the Romanian market by the Insurance Supervision Committee.

From the point of view of existing products, the supply on the insurance market is extremely diversified. Insurance services are in a continuous and complex process of diversification, emphasized by the permanent multiplication of insurance products.

A defining feature of insurance supply derives from the fact that insurance can be considered part of the category of services based on personnel. Consequently, the quality of the supply depends on the training and skills of the personnel (both the staff coming in direct contact with the clients and the staff in charge of the management of funds), on the managerial capacity of the managers of insurance companies.

The link between the insurers and the insured on the insurance market is either direct or through intermediaries. Insurers can distribute their products directly by opening branches in various regions or cities. The intermediaries can be insurance agents or insurance brokers.

On the insurance market, there are also specialized societies which offer services associated with the insurance / reinsurance activity, risk inspectors, risk managers, insurance experts etc.

The supply on the Romanian market - from the point of view of existing products - is varied, and there are numerous types of insurance which can be divided function of several criteria, such as: function of the nature and

387 The paper was elaborated based on a CNCSIS research grant (Program IDEI cod 1773)

type of risk insured, there are: non – life insurance (general) and life insurance; function of the domain they refer to, insurance can be divided into: property insurance, insurance for individuals and third party liability insurance; function of the legal form of taking out insurance, there are: optional insurance and mandatory insurance. In Romania, there is nowadays only one type of mandatory insurance, namely third party motor liability insurance.

The various types of insurance destined for natural persons offer protection against a large number of risks. For instance, through life insurance, financial protection is offered for the family and the persons in the care of the insured, in the case of the death of the insured; other forms of insurance include investments, retirement funds, savings funds (for example for the future of the children: studies, dowry etc.). Through health insurance, care is provided for the period of the illness, through travel insurance, accidents or illnesses that can occur during travel are insured, through property insurance, the protection of the house and goods is provided, through third party liability insurance, the insurer undertakes the obligation to pay indemnities for the damage caused by the insured to a third party, through financial insurance, the insured is protected against financial risks etc. The insurance supply for legal entities is mainly formed of the following types of insurance: group life insurance, health insurance, loss and injury insurance for the employees, retirement insurance for the employees, third party liability insurance, property insurance, freight insurance, financial insurance, insurance against lost of profit etc.).

The supply on this market continues to diversify, as an important number of new products adapted to the specific needs of the Romanian market have appeared. The societies bringing most novelties on the market are those with foreign capital.

2. Insurance demand

Demand is the result of the needs existent on the market manifested both by natural persons and legal entities, which are willing and able to take out insurance, when confronted with various (insurable) risks.

Potential demand on the Romanian insurance market is high, due to the large number of persons and properties and due to the existence of unsatisfied needs of both natural personals and legal entities. However, the real demand is quite low. This discrepancy can be explained, on the one hand, by a series of economic reasons: the low level of income of the population, the lack of financial support and, on the other hand, an important role is played by the lack of education in the field on the part of potential clients. The relatively low interest in taking out insurance is due to a large extent to misunderstanding the role and necessity of insurance. This lack of information is the result of a long period in which the population was used to free coverage of damages by the state. Therefore, the role of insurance companies is extremely important, as they have to create a new mentality. The insurance companies must not only supply a series of products, but they must also have an informative and educational role.

The insurance demand on the Romanian market does not have a uniform character, neither regarding the types of insurance in demand, nor concerning geographical distribution; it is focused on geographical areas with a high economic potential and on the above-average income population. Thus, most gross premiums were underwritten in 2007 in the Bucharest – Ilfov area, 46.26% respectively, followed, at a considerable distance by the North – Western region (which includes Bihor, Bistriţa Năsăud, Cluj, Maramureş, Sălaj, Satu Mare counties) with a share of 9.2% of the total. In the first semester of 2008, the distribution of gross written premiums by development regions has not recorded significant changes, being, according to the Insurance Supervision Committee data, the following: Bucharest – Ilfov area: 46.51%, North – Western region: 9.6%, Central region: 8.83%, Southern region 8.57%, South - Eastern region 8.04%,. North – Eastern region 6.89%, Western region 6.37%, South - Western region 5.2%.

The size and structure of demand on the insurance market depends to a large extent on the level of economic development of the country, as well as on the order of priority given by each person to insurance protection, compared to the need for food, housing, clothing, health care, culture, entertainment etc.

The evolution of demand recorded an ascending trend, as between 2002 and 2007 the volume of gross written premiums in the insurance contracts has increased from 548 million Euros to approximately 2 billion Euros. Even if the interest in taking out insurance is still quite low, we can notice from the evolution of the volume of gross written premiums that the insurance market in Romania is expanding – see Table 1.

Table 1. Development of the volume of gross written premiums in insurance contracts (both from direct insurance and from reinsurance incomes) in the 2002-2007 period

Years	Volume of gross written premiums (RON)	Volume of gross written premiums (mil. Euro)	Nominal growth compared to the previous year	Real growth	Inflation rate
2002	1,914,534,300	548.00	-	-	17.8%
2003	2,673,816,291	650.29	39.60%	22.40%	14.1%
2004	3,476,543,926	876.52	30.02%	18.96%	9.3%
2005	4,417,165,819	1,201.26	27.07%	17.01%	8.6%
2006	5,729,284,541	1,694.20	29.70%	23.68%	4.8%
2007	7,175,789,699	2,033.83*	25.25%	17.53%	6.57%

Source: CSA (Insurance Supervisory Commission) – Reports 2002, 2003, 2004, 2005, 2006, 2007 *Computed function of the leu/Euro exchange rate from the 31st December 2007: 3,582

Nowadays, the demand on the insurance market is affected by the crisis in Romania, but the effects are not so damaging, as it is based to an overwhelming degree on the mandatory motor third party liability insurance – RCA, professional liabilities, CASCO insurance for cars taken under leasing agreements, etc. (which are compulsory). In 2008, the demand for general insurance represented 80% of the insurance market, and auto insurance represented 75% of general insurance. Even if the automobile market has recorded a significant decrease, the effects on the insurance market are not immediate, as automobiles already existent are insured. On a medium and long term the effects can though appear on the insurance market as well, if the situation does not improve. These types of insurance are 20 to 30% more expensive in 2009 compared to 2008, on average, and specialists forecast a decrease in the number of optional policies issued.

The general insurance sector is much more developed in Romania than the life insurance sector, as mandatory insurance has a large share in the total volume of premiums collected. The most wanted type of insurance policy is and will continue to be the mandatory motor third party liability insurance – RCA. In the general insurance sector, the rate of growth of demand was lower than in the life insurance domain because after the 90s, the rate of growth of the demand in the life insurance sector was extremely significant due to the fact that the starting point was very

The global financial crisis has affected most the demand for the unit-linked and life insurance.

3. Statistical forecasts on the evolution of the Romanian insurance market

The fact that the Romanian insurance market is an expanding one is proved by the favorable evolution of some indicators, such as: the degree of insurance penetration in the economy and the insurance density. The insurance penetration in the economy has recorded a slow growth. If in 1996, the degree of insurance penetration in the economy was of 0.51%, in 2002 the indicator exceeds the 1% level. In 2007, the insurance penetration in the economy was calculated as being the gross written premiums from direct insurance-to-GDP ratio and it was of 1.77%. Although recording an increase compared to the previous years, the insurance penetration in the economy stays at a low level compared to values recorded in Central and Eastern European states (between 3 and 5%) or to the average recorded in developed countries in the European Union, of over 8%.

Table 2. The evolution of the insurance penetration in Romania in 2002-2007

Years	Gross written premiums (RON)	GDP (billion RON)	The degree of penetration (%)
2002	1,914,534,300	151.2	1.27%
2003	2,673,816,291	189.1	1.41%
2004	3,476,543,926	238.7	1.46%
2005	4,417,165,819	287.2	1.54%
2006	5,729,284,541	342.4	1.67%
2007	7,175,789,699	404.7	1.77%

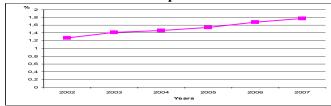
Sources: CSA- Annual reports 2002, 2003, 2004, 2005, 2006, 2007

Function of GDP, the gap compared to developed countries of EU of insurance penetration in Romania is significant. To estimate the period necessary to reach the level of countries with a developed insurance market, we have used the average growth and the trend methods.

According to *the average growth method*, the annual average growth of insurance penetration was of 0.1% in the 2002-2007 period. Using this method for forecasting, in 2008 the insurance penetration is of 1.87%, in 2009 of 1.97%, in 2010 of 2.07%, and it would follow that in approximately 62 years, we could reach, if the current trend continues, a 8% level of insurance penetration.

In the case of the *trend* method, to choose the function for adjusting we will first represent in a graphic the evolution of the absolute level of specialization function of employment (Figure 1).

Figure 1. The evolution of insurance penetration in Romania in 2002-2007



According to the graphic representation, we shall use the linear trend method, the evolution of the **insurance penetration** recording an approximately constant growth in the period analyzed. Function of the equation: $y_i = 0.093 x_i + 1,57$ the forecast of the insurance penetration indicates the following values: 2008: 1.85%, 2009: 1.94% and 2010: 2.03%. When forecasting by using this method we have reached the same conclusion as in the case of the previous method.

The evolution of the life and general insurance market was an ascending one. From table 3 we can notice that the most important contribution to the total volume of gross written premiums from insurance came on the whole period analyzed from general insurance.

Table 3. Development of gross written premiums from the total insurance activity, as well as on insurance categories 2003-2007

Years	Total insurance mil. Euro	Life insurance %	General insurance %
2003	650.29	23.19	76.81
2004	876.52	21.98	78.54
2005	1,201.26	23.50	76.50
2006	1,694.20	19.87	80.13
2007	2,033.83	20.19	79.81

Source: CSA – Report 2007

In order to study the evolution of the structure of the Romanian insurance market we have used statistical methods such as the Markov chain and by this method for 2009 the forecasted structure of the insurance market is: Life insurance 18.92%, Non-life insurance 81.08%.

In **conclusion**, we can say that even if the Romanian insurance market has recorded an ascending trend in recent years, the level of real demand is quite low in spite of the diversified supply, and the impact of the crisis on the insurance industry in Romania was so far 'relatively limited' and has mainly affected consumer trust, as the negative reaction was firstly an emotional one, influenced by the current context.

BIBLIOGRAPHY

- 1. Cobb, Carolyn; Brady, Marike Fleur Komen (2008), Creating and Maintaining Sound Insurance Markets, in The Geneva Association Information Newsletter, PROGRES, no. 48/December 2008
- 2. Ioncică, Maria (coord.), Petrescu, Eva-Cristina, Popescu Delia (2004) Strategii de dezvoltare a sectorului terțiar, Ed. Uranus, București,
- 3. Ioncică, Maria (2006) Economia serviciilor, Ed. Uranus, București
- 4. Petrescu, Eva-Cristina (2005), Marketing în asigurări, Ed. Uranus, București
- 5. Pop. Nicolae Al., Petrescu, Eva-Cristina (2008) Marketing et gestion de la relation client, Ed. Uranus, Bucuresti,
- 6. CSA Reports 2002, 2003, 2004, 2005, 2006, 2007
- 7. Ziarul Financiar
- 8. Buletinele Informative de Asigurări XPRIMM

ROMANIAN ORGANIZATIONS AND EVALUATION OF ONLINE MARKETING RESULTS

Kánya Hajnalka

Universitatea Creştină Partium Facultatea de Științe Economice RO-410209 Oradea, str. Primăriei, nr. 27 kanyahajnalka@yahoo.com 0740-890565

Cuc Sunhilde

Universitatea din Oradea Facultatea de Textile și Pielărie RO-410058 Oradea, str. B. St. Delavrancea, nr.4 sunhilde cuc@yahoo.com 0744-371014

Romanian organizations generally are concerned with their financial performances, but they should pay attention for monitoring their marketing results, and if they activate on the web their online marketing results, too. The article refers to the importance of using marketing metrics, both in the offline and online world, and of trying to find ways of combining these online and offline metrics to get a realistic image of their integrated marketing activities' performances.

Keywords: online marketing, marketing metrics, online marketing performance, offline marketing performance, integrated marketing metrics

JEL code: M31

1. NECESSITY OF METRICS FOR MEASURING ONLINE MARKETING RESULTS

Romanian organizations generally are concerned with their financial performances. They use different methods, tools to asses their financial performances, their businesses' performances.

There is a need for Romanian organizations to become aware of the importance of planning, implementing the plans and evaluating the results of the implementation, the results of the different programs. This applies for all their activities, and of course also for their marketing activities and online marketing activities. Romanian organizations should pay more attention to monitor the results of their marketing activities and online marketing activities, too.

But why do organizations need marketing metrics?

Romanian organizations generally review their financial results, but they should also determine their marketing performances, by using marketing metrics that measure the contribution of customers to the organization's profits. Marketing managers should be also concerned about specific metrics that measure the contribution of the different particular marketing program elements to the profits.

Organizations use different metrics that indicate the performances of their activities, and try to find ways to create a balanced, healthy business. Through their marketing programs organizations can build and maintain an efficient organization, and therefore they need to use marketing metrics, in order to measure the performance of their marketing activities, both offline and online. Organizations set different targets, goals for their marketing activities. Marketing metrics measure their performances, so they provide important signals, feedback about the relationship between planned and obtained results. Organizations can get a realistic image about the existence of differences between the results of planned and implemented activities, actions, can identify the need of corrective actions, and can plan and implement corrective actions. Organizations cannot use any kind of metrics for this purpose, they need "good" metrics (appropriate metrics) to measure their performances.

But how can we characterize appropriate metrics?

Generally organizations use different metrics for different purposes. They should use appropriate metrics which help organizations to develop proper marketing strategies, strategic marketing activities, to set functional or departmental objectives, and to determine individual objectives for their employees. Appropriate metrics have several specific characteristics³⁸⁸: they should be easily measurable - the advantage of online metrics is that they could be easily captured and tracked on a nearly continuous basis; should be interpretable, in a unique way by all their interpreters; should be robust, they should apply equally well across different business units or products and over time; should be generally accepted - there exists a lack of defining some online units and those metrics which refer to them in a generally accepted way (for example the "Average Internet User" is not generally defined, and differences in definitions lead to differences in some measurements related to Internet users); should be linked to desired business outcomes. Metrics can measure directly a key business outcome, or can measure performance aspects linked to key outcomes.

In order to assess marketing performances marketing managers need financial, customer-based and implementation metrics. An organization's marketing performance is reflected by:³⁸⁹

a) financial metrics – which measure bottom-line results;

388 Based on: Mohammed, Rafi A. – Fisher, Robert J. – Jaworski, Bernard J. – Paddison, Gordon J.: Internet Marketing. Building Advantage in a Networked Economy, McGraw-Hill, New York, 2004.

389 Based on: Mohammed, Rafi A. – Fisher, Robert J. – Jaworski, Bernard J. – Paddison, Gordon J.: Internet Marketing. Building Advantage in a Networked Economy, McGraw-Hill, New York, 2004.

- b) customer-based metrics which capture marketing's performance in building customer-based assets;
- c) branding and implementation metrics which assess how well each element of the marketing program performs in terms of building customer assets.

These metrics offer the marketing managers the possibility of understanding which the drivers of an organization's performance in the marketplace are.

Marketing managers should assess the current marketing performances of their organization, should compare current marketing performances with previous marketing performances of their organization, and should assess marketing performances relative to competitors' ones.

2. MEASURING PROCESS OF ONLINE MARKETING ACTIVITY

Everything done on the Internet can be quantified, can be monitored, can be measured, leave tracks, evidences. Romanian organizations should be aware of the importance of using methods for measuring the results of their online marketing activities.

Organizations can monitor and measure their marketing communication activity on the Web, can follow their messages sent to their potential and actual customers.

The measuring process of the online marketing activities of an organization should follow several steps:³⁹⁰

- 1. Marketing objectives should be established. An organization can evaluate its online marketing activity, if it has set those realistic objectives which should be achieved through online marketing activity.
- 2. It must be correctly defined what is considered a marketing success for the organization, so the objectives should be transformed in quantified goals and success criteria, for example: the number of web page visitors, % of potential costumers who will probably buy the organization's products/services, number of appearances in different medias, number of online purchases, offline purchases generated by the use of Internet, number of read e-mail messages etc.
- 3. Standards for measuring and comparing online marketing results must be established.
- 4. Marketing performances must be measured and compared with planned results.
- 5. Results obtained by measuring online marketing performances must be processed, analyzed, and conclusions must be formulated based on the results of analyzing gathered data. These conclusions can be used and input data for those actions which must be initiated in order to improve online marketing activity of the organization.
- 6. Results must be sent in time for those managers who will make decisions based on the conclusions of analyzes.

3. RECOMMENDED METRICS FOR MEASURING ONLINE MARKETING RESULTS

Organizations can use different metrics to assess their websites, for example:³⁹¹

- visitor metrics (unidentified visitor, unique visitor, session visitor, tracked visitor, identified visitor);
- exposure metrics (page exposures or page views, site exposures);
- visit metrics (stickiness or visit duration time, raw visit depth or total webpages exposures per session, visit depth or total unique webpages exposure per session);
 - hit metrics (hits, qualified hits).

There exist software programs which can be used in order to indicate the number of the visitors in case of a website, how they behave during their visit on the website, which pages of the website have been visited, how long they have stayed on the website, etc.

Using online questionnaires organizations can gather information from their website visitors related to their opinion about the website, about the different elements of their websites, about their online publicity, about their image etc. Through the number of purchases made online organizations can measure the effects of their online publicity, of their online marketing communications.

The results of online marketing activity can be measured offline, for example by collecting telephone numbers of the website visitors and calling them to ask about their opinions related to the website.

Online marketing results must be compared with those which could be obtained as a result of offline marketing activity, in order to assess its effectiveness and efficiency.

Organizations can analyse the efficiency of their website from two points of view: from marketing point of view and from commercial point of view. ³⁹²

Analysis from the marketing point of view refers to checking the volume of traffic, the sales volume generated by a specific banner, the traffic volume due to a specific portal, what kind of products/services are purchased as a result of a specific banner posted on a website etc. Useful metrics for this purpose are: percentage of banner accessing, conversion rate (percent of visitors who became buyers), profit generated by investing in the specific banner. From

391 Mohammed, Rafi A. – Fisher, Robert J. – Jaworski, Bernard J. – Paddison, Gordon J.: Internet Marketing. Building Advantage in a Networked Economy, McGraw-Hill, New York, 2004, p. 700.

³⁹⁰ Janal, Daniel S.: Online Marketing Kézikönyv. [Online Marketing Handbook], Bagolyvár Könyvkiadó, Budapest, 1998, p. 153.-154.

³⁹² Pleşea, Alexandru Doru: Magazinul virtual -analiza eficienței comerciale. [Virtual Shop – analyzing the commercial efficiency], Revista de Comerţ, Nr. 10/2003., p. 41.

the commercial point of view the analyze of the online shop's efficiency covers four aspects: product variety (establish if the product range satisfies the expectations of the customers and at what degree), commercial suggestions (which refers to techniques for presenting and/or classifying products in order to increase motivation for purchasing, for example: cross-selling, promotions, recommendations), products/services searching mechanisms (which are the tools used by customers for finding the needed products/services), design characteristics of the website (which refers to: aspect of the background; design of medias used: films, images, text; typeface of characters used; dimensions, colours, placements of the different elements of the site).

Metrics are based on conversion rates used for measuring online marketing results and performances, especially for the evaluation of the virtual shop's global efficiency. The conversion rate of a virtual shop indicates the percent of the website visitors who made online purchases. In order to establish those factors, elements of the virtual shop which affect commercial performance there are used microconversion rates:³⁹³

- visit accession rate which shows how many of the positive impressions created by the webpage in which appears the product/service lead to the accession of the product's webpage;
- accession placement in the shopping-basket rate which shows how many accessions of the product's/service's webpage lead to placement of the product/service in the shopping-cart;
- placement in the shopping-cart purchasing rate which shows the percent of the products/services placed in the shopping-cart which were finally purchased online by buyers;
- visit purchase rate which shows the percentage of the accessions of the main webpage in which appears the product/service which lead to online purchase of that product/service.

Marketers should analyze these ratios to be able to make conclusions referring to the ways in which products/services should be presented on the Internet, and to use the obtained results for improving, optimising their online marketing.

Monitoring systematically the different phases of the purchasing process, the information obtained by measuring online marketing performances and efficiency, marketers can discover and eliminate those problems which could lead to abandon the online purchasing process by buyers, to attrition, etc.

4. PROBLEMS IN USING DATA AND METRICS FOR ONLINE MARKETING

Using the Internet Romanian organizations can easily gather information, data which can be easily stored in electronic format, they can use different software programs for this purpose and for data mining.

The problem is not the lack of information, because the Internet contains a great amount of information, the problem is whether Romanian organizations can find useful and relevant data for their marketing activities.

Another problem can be related to how Romanian organizations analyze and interpret metrics used for measuring online and offline marketing performances.

If Romanian organizations don't succeed to tie metrics to the desired business and marketing strategy, this can cause serious problems for them.

Also if they don't take in account the particularities of their industry or of their business when they define or choose metrics to measure marketing performances, both offline and online, organizations can face difficulties.

Organizational constraints, financial constraints and time constraints could lead to incorrect definition of metrics.

Organizations can have difficulties in defining and integrating metrics for their offline and online marketing activities.

If an organization activates both in the real and the virtual world it should measure the effects of the online activities upon offline performances and vice versa (for example online marketing can stimulate offline purchases, and offline marketing can stimulate online purchases), but this can be difficult to do.

CONCLUSIONS AND RECOMMENDATIONS

As a conclusion we can mention, that it is important for Romanian organizations to do systematically marketing research to get information about their customers, competitors and marketing environment, and to develop an efficient and effective marketing-mix in order to attract and maintain their customers.

The main challenges for the Romanian organizations can be summarized as follows: the changes generated by governmental reforms, European Union membership, changes of legal environment, reduced financial resources, needed improvements in management know-how, intensification of competition, global economic crisis etc.

The trends of the demographical, economical, cultural, social, legal, institutional, informational, technological segments of the marketing environment of Romanian organizations have impact on their offline and online marketing activities.

Based on their competencies and taking in view the mentioned challenges Romanian organizations should harvest the opportunities and avoid the threats, in order to be able to face the increasing competition.

³⁹³ Pleşea, Alexandru Doru: Magazinul virtual - analiza eficienței comerciale. [Virtual Shop - analyzing the commercial efficiency], Revista de Comert, Nr. 10/2003., p. 42.-43.

Developing appropriate marketing strategies and marketing plans, implementing them correctly are indispensable to achieve success on the market. Marketing strategies should be controlled and evaluated systematically. Marketing plans should have a measurement component, because organizations should measure their progress periodically, to be able to make the necessary adjustments, corrections.

To measure the effectiveness and efficiency of the marketing programs Romanian organizations should use a set of metrics to evaluate their website's performance, taking in view the scope of their activity, the characteristics and expects of their target market, characteristics of their marketing mix elements.

Because the online marketing environment changes rapidly, on the Internet organizations should make measurements on shorter periods of time (monthly, weekly, even daily etc.) to be able to implement the necessary interventions.

Organizations should use integrated customer metrics, financial metrics and marketing implementation metrics to evaluate their marketing performance.

If they have both offline and online marketing activities, they should use metrics to assess how they succeed to integrate their offline and online activities.

Marketing managers should:

- assess the current marketing performances of their organization;
- compare current marketing performances with previous performances of their organization;
- assess their marketing performances relative to competitors' ones.

Marketing managers should pay attention to marketing spendings in order to avoid poor financial performance.

BIBLIOGRAPHY

- 1. Janal, Daniel S.: *Online Marketing Kézikönyv* [Online Marketing Handbook]. Bagolyvár Könyvkiadó, Budapest, 1998.
- 2. Kotler, Philip Armstrong, Gary: *Principels of Marketing*. Pearson Prentice Hall, Upper Saddle River, New Jersey, 2006.
- 3. Kotler, Philip Armstrong, Gary: *Principiile Marketingului*. Editura Teora, București, 2003.
- 4. Kotler, Philip Lane, Kevin: *Marketing Management*. Pearson Prentice Hall, Upper Saddle River, New Jersey, 2006.
- 5. Kotler, Philip: Managementul Marketingului. Editura Teora, București, 2002.
- 6. Mohammed, Rafi A. Fisher, Robert J. Jaworski, Bernard J. Paddison, Gordon J.: *Internet Marketing. Building Advantage in a Networked Economy*, McGraw-Hill, New York, 2004.
- 7. O'Connor, John Galvin, Eamonn Evans, Martin: *Electronic Marketing. Theory and Practice for the Twenty-first Century.* Prentice Hall, London, 2004.
- 8. Pleșea, Alexandru Doru: Magazinul virtual analiza eficienței comerciale . *Revista de Comerț*, Nr. 10/octombrie 2003.
- 9. Plesea, Alexandru Doru: Site-ul turistic factori de eficientă. Revista de Comert, 2003/8.
- 10. Radu, Dana: Cuantificarea economiei informatice. Revista de Comert, 2005/1.
- 11. Russu, Corneliu: *Management strategic*. Editura All Beck, București, 1999.
- 12. http://www.businessweek.com
- 13. http://www.emarketer.com
- 14. http://www.gsu.edu/~mktnnd/webevalcites.pdf
- 15. http://www.internetnews.com
- 16. http://www.thomasnet.com/industrial-marketer/November 06 full.html

MARKETING CHALLENGES CREATED BY THE MULTIMEDIA CONVERGENCE

Lazoc Alina

Aurelianus Street 2, Timisoara "Dimitrie Cantemir" Christian University Faculty of Tourism and Commercial Management Timisoara alina.lazoc@gmail.com, alazoc@yahoo.com 0256-221 355

Information technologies and the new media are essential for every country's development in a global, digital, knowledge-based economy. Therefore, researching the latest evolutions in media consumption is fundamental for understanding the new socio-economic relationships and market configurations determinded by the convergence of three extremely productive industries: IT, telecommunications and the media. The resulting immersive virtual environment facilitates experiences hardly accessible in the real, nonmediated world. Marketing specialists should seriously analyse this extended boundries of human imagination and learning capacities permitted by the latest technologies and develop innovative, responsible ways of communicating and interacting with their media-assisted, exploratory-minded clients. In the present article we are exploring several theoretical visions of multimediatic communicatons' propellers and effects.

Key words: multimedia convergence, experiential consumption, flow activities, telepresence state, interactivity, exploratory behavior, media literacy

JEL codes: M3, O33, Z11, Z13

1. Convergence and the new media environment

Multimedia convergence represents a process change in industry structures that translates in a combination of markets, through technological and economic dimensions, to meet merging consumer needs. In its simplest form, multimedia convergence means the uniting of the functions of the computer, the telephone and the television set. The multimedia metamarket³⁹⁴ (a complex, composed market across industries, outcome of a vertical integration process) has resulted form the convergence of three industries which were created at an interval of 50 years respectively – the telephone industry (1980s), the television industry (1930s) and the computer industry (1980s). Telecommunications, office equipment, consumer electronics, media and computers were separate and distinct industries in the 1990s, offering different services with different methods of delivery. But as the computer became an "information appliance", businesses have moved to take advantage of the emerging digital technologies and industry boundaries have blurred.

Much of the contemporary communication processes are now mediated by computers. *Computer-mediated communication* (CMC) systems use computers to structure and process information and use communication networks to facilitate its exchange.³⁹⁵ One distinct advantage of these converging computer-mediated channels is that they remove the constraints of geographical proximity and temporal differences from communication partners as well as other issues related to communicating: accessibility, distribution, storage and reprocessing. It is through these new communication technologies that virtual electronic communities are formed. Individual members now have a choice of alternative media channels to support their communication behaviors.

2. Virtual worlds and experiential media consumtion

In this paper, we focus on the marketing implications of the converging computer-mediated environments, of which the World Wide Web on the Internet is the first and current networked global implementation. For the most part, the Internet replicates the modalities of existing media, but broadband connectivity also facilitates an increasingly common combination of multiple modalities that leads to vivid (almost real) online experiences, sometimes referred to as *telepresence*. Steuer³⁹⁶ defined *telepresence* as "the mediated perception of an environment" and Lombard and Ditton³⁹⁷ described it as "a mediated experience that creates for the user a strong sense of presence". New media are designed to give its users a type of mediated experiences that seems truly natural, immediate, direct and real, a sense of complete immersion, as other authors are calling the telepresence state. This state of immersion during network navigation ca lead to a *flow* type experience, in which irrelevant thoughts and perceptions are screened out and the consumer focuses entirely on the interaction with the multimedia environment (in his/her network navigation). A consumer's action in the flow state is experienced as a "unified flowing from one moment to the next, in which he is in control of his actions, and in which there is little distinction between self and environment, between stimulus and response, or between past, present and future".³⁹⁸ We further assume that this

³⁹⁴ Pagani M., Multimedia and Interactive Digital TV: Managing the Opportunities Created by Digital Convergence, IRM Press, Hershey PA, 2003;

³⁹⁵ Rice R., Task Analyzability, Use of New Media, and Effectiveness: a Multi-Site Exploration of Media Richness, Organization Science, 3 1992 pp. 475 – 500

³⁹⁶ Steuer J., Defining Virtual Reality: Dimensions Determining Telepresence, Journal of Communication, 42 (4),1992, pp. 79 – 93;

³⁹⁷ Lombard M. and Ditton T., At the Heart of It All: the Concept of Presence, Journal of Computer-Mediated Communication, No. 3 (2), September 1997, p.2;

³⁹⁸ Cszikszentmihaly M., Beyond Boredom and Anxiety, San Francisco: Jossey Bass, p.36;

attention focus can lead to new (experiential) learning opportunities, that marketing specialist should explore and positively exploit in designing future experiences.

Moreover, Steuer also suggests that the *hypermediatic communication model*, facilitated by the Internet technology, transforms the relationship with the mediated environment with which senders and receivers interact (also called *machine interactivity*³⁹⁹) into the primary communication and interaction relationship, more important than the relationship between sender and receiver (the *person interactivity*). Thus, successful communication and interaction depend not only on the user's involvement and ongoing participation with other users, or with the content/content creators⁴⁰⁰, but also with the medium. In the present study we focus on the users' interaction with the medium and on the transformations undergone both by users and the medium during this inteaction, trying to identify some positive marketing opportunities generated by the new communication model.

In order to identify these marketing challenges we will draw upon the experiential marketing theories ⁴⁰¹, which argue that experiences provide consumers a way to engage physically, mentally, emotionally, socially and spiritually in the consumption of the product or service, making the interaction meaningfully real. Thus, new media environments are to be produced and created through the multiple experiences in which the consumers immerse. There should be a separate portion of a multimedia value chain that is focused on delivering the experience to customers in various contexts. The ability to provide this service requires an understanding of the types of consumption contexts, and the distribution channels through which this consumption will take place. Therefore the new media offerings should encourage users to use and develop their media skills by creating alternative and adaptable interfaces. When the concept of *interface* first began to emerge, it was commonly understood as the hardware and software through which a human and a computer could communicate. As it evolved, the concept has come to include the cognitive and emotional aspects of the user's experience as well. Some studies focus more on the human perception, others more on computer design. A subset of the literature that focuses on the human-side of the human-computer interaction adresses the aforementioned concept of *flow*. Flow is characterized by intense concentration and enjoyment and was found to be significantly linked with exploratory use behavior and, further, with an extent of media use, both very positive marketing effects.

3. Marketing induced flow experiences

As we could see, flow is not a permanent state. Consumers move in and out of flow – as a function of control, content and process characteristics. To some extent, all these characteristics may be influenced by marketing activities. The congruence of consumers' skills and environmental challenges is something that can be facilitated by interface design. For example, a user-specified difficulty level can be designed to avoid anxiety in novice users and boredom in experienced users. Because lack of congruence may lead the consumer to exit a computer-mediated environment, it is important to provide opportunities for consumers to actively select activities that create congruence.

Content characteristics such as interactivity and vividness lead to telepresence and can be affected directly through product design considerations. Process characteristics specifically the distinction between extrinsically and intrinsically motivated consumers, are an important segmentation basis. People who use the media in order to search information, complete a specific task or to buy a specific product are less likely to be present in the virtual environment than people who use the media without a particular goal. On the other side, on-going information searchers (*surfers*⁴⁰²) are not driven by an immediate goal, but are interested in building a bank of information for future use and are often driven by the entertainment value of communication and interaction process. Another possible motive in experiential behaviors could be opinion leadership. Thus, an opinion leader may be motivated to search and engage in experiential behaviors to disseminate product news, advice and personal experience by word-of-mouth. The Internet increases opportunities for consumers to access "third party" information – ranging from blogs to product-oriented sites to brand-focused sites. Experiential behavior is relevant for (1) word-of-mouth

399 Hoffman and Novak, Marketing in Computer-Mediated Environments: Conceptual Foundations, Journal of Marketing, Vol. 60, No.3, July 1996, pp. 50 –68. The authors distinguish two levels of interactivity: person-interactivity that occurs between humans through a medium and machine-interactivity which occurs between humans and machines.

400 According to McMillan S.J., Exploring models of Interactivity form Multiple Research Traditions: Users, Documents, and Systems, user-to-document interactivity can be seen in the ways that active audiences interpret and use mass media messages and it involves both perceived ineraction with content creators and actual creation of content.

⁴⁰¹ An extensive literature review is offered by Carù A. and Cova B. in their article A Critical Approach to Experiential Consumption: Fighting Against the Disappearance of the Contemplative Time, presented at the 3rd International Critical Management Studies Conference, Critical Marketing Stream, 7-9 July 2003, http://www.mngt.waikato.ac.nz/ejrot/cmsconference/2003/abstracts/criticalmarketing/Caru.pdf; 402 Rogers S. and Thorson E., The Interactive Advertising Model: How Users Perceive and Process Online Ads, Journal of Interactive Advertising, 2000, 1(1)

⁴⁰³ Bloch p., Sherrell D. and Ridgway N, Consumer Search: An Extended Framework, Journal of Consumer Research, 13(1), 1986, pp. 119 – 126:

⁴⁰⁴ Richins M.L. and Root-Schaffer T., The Role of Involvement and Opinion Leadership in Consumer Word-of-Mouth: An Implicit Model Made Explicit, Advances in Consumer Research, Vol. 15, Michael J. Houston, ed. Provo, UT: Association for Consumer Research, 1988, pp. 32-36

strategies based on influencing opinion leaders, (2) providing entertainment and recreation and (3) enhancing consumers' product knowledge.

4. The new media literacy of the digital consumer

Broadband Internet and the related new media technologies appear to substantially modify the relationship of information flows in the communication process. They strengthen the role of the consumer as an independent information seeker and reduce the ability of media and advertisers to control and focus information flows. At the same time, however, greater information access can create additional information-processing demands – requiring more effort to make a decision – and risk creating consumer confusion, as long as they are not sufficiently *media literate*⁴⁰⁵ for the 21st century. Media literacy is defined as a portofolio of creative and critical skills, knowledge and understanding. This portofolio is essential to every citizen in the 21st century if they are to be fully literate and enjoy the widest range of content, and the diverse range of opportunities to communicate and be creative in the digital world.

Although technology and new media make the simple tasks of communication and social interaction easier, they also place a greater burden on higher-level skills, necessary to enter a flow state, which can lead to superior experiences. These skills are conventionally called *media literacy*. However, once they have facilitated a flow state, these skills develop into real competencies of the post-modern consumer.

These media competencies are the effects of an initial experiential, intrinsically motivated, time-passing, non-directed consumption activity. Immersion in virtual reality is for most of the users a new experience and the concentration level required for the flow state is exciting and pleasant in itself. Over time, ritualized use evolves into instrumental use (goal-directed use) as consumers accumulate experience navigating within the medium. Goal-directed behaviors are characterized by situational involvement and directed search, in which the user is usually concerned with a specific task-completion goal. Thus, consumers develop an increased exploratory and participatory behavior, which leads to superior experiential learning, more positive subjective experiences, and a perceived sense of control over interaction process with the multimedia environment. Eventually, skilled new media consumers become more effective problem solvers, risk takers, as well as active, independent (self-directed) and creative communication partners.

5. Conclusion

The pervasive, convergent media environment evolves along with consumer conduct. Users around the world have already an increasing freedom to manage their media and electronic entertainment experiences. Media literate consumers are able to compile, program, edit, create and share content; and, as a result, they gain more control and become more immersed in the media experiences. New media (and especially broadband Internet) facilitate instant interactivity and therefore instant gratifications. Consumers expect and demand instant information and transaction capabilities in an interactive hypermediatic environment. Moreover, they also decide the time and terms of interaction.

The ability to create meaningful customer experiences will hinge largely on how businesses create content and manage the content-context interface. Converging multimedia companies (as well as any other modern company in the future) should provide contexts (including a delivery of content through multiple channels wherever consumers are and whenever they want) and starting points for the consumers' own explorations. Ehanching the media experience could have interesting impacts on playfull, risk-taking and exploratory behaviors, but could also distract the user from purposes like purchase or task completion. Marketing should limit the risk of confusion and information overload and support, guide and facilitate favourable, pleasant media experiences, in order to maximize profits and customer lifetime value⁴⁰⁶ in the digital age.

Bibliogarphy

1. Bloch p., Sherrell D. and Ridgway N, Consumer Search: An Extended Framework, *Journal of Consumer Research*, 13(1), 1986, pp. 119 – 126;

- 2. Carù A. and Cova B., A Critical Approach to Experiential Consumption: Fighting Against the Disappearance of the Contemplative Time presented at the 3rd International Critical Management Studies Conference, Critical Marketing Stream, 7-9 July 2003;
- 3. Cszikszentmihaly M., Beyond Boredom and Anxiety, San Francisco: Jossey Bass, 1977;
- 4. Davis F.D., Bagozzi R. P. and Warshaw P.R., User Acceptance of Comuter Technology: A Comparison of Two Theoretical Models, *Management Science*, 35, 1989, pp. 982 1002

405 to be media literate means to be able to access, analyze, and evaluate media messages, in addition to the ability to use media to effectively communicate;

⁴⁰⁶ in marketing, customer lifetime value (CLV) is the present value of the future cash flows attributed to the customer relationship. Use of customer lifetime value as a marketing metric tends to place greater emphasis on customer service and long-term customer satisfaction, rather than on maximizing short-term sales.

- 5. Hoffman and Novak, Marketing in Computer-Mediated Environments: Conceptual Foundations, *Journal of Marketing*, Vol. 60, No.3, July 1996, pp. 50 –68;
- 6. Lombard M. and Ditton T., At the Heart of It All: the Concept of Presence, *Journal of Computer-Mediated Communication*, No. 3 (2), September 1997, accessed on http://ioma.indiana.edu/vol3/issue2/:

http://jcmc.indiana.edu/vol3/issue2/;

- 7. McMillan S.J., Exploring models of Interactivity form Multiple Research Traditions: Users, Documents, and Systems, in *Handbook of New Media: Social Shaping and Consequences of ICTs*, L. A. Lievrouw and S. Livingstone, eds., London: Sage, 2002, pp.163-182;
- 8. Pagani M., Multimedia and Interactive Digital TV: Managing the Opportunities Created by Digital Convergence, IRM Press, Hershey PA, 2003;
- 9. Rice R., Task Analyzability, Use of New Media, and Effectiveness: a Multi-Site Exploration of Media Richness, *Organization Science*, 3, 1992, pp. 475 500;
- 10. Richins M.L. and Root-Schaffer T., The Role of Involvement and Opinion Leadership in Consumer Word-of-Mouth: An Implicit Model Made Explicit, *Advances in Consumer* Research, Vol. 15, Michael J. Houston, ed. Provo, UT: Association for Consumer Research, 1988, pp. 32 -36;
- 11. Rogers S. and Thorson E., the Interactive Advertising Model: How Users Perceive and Process Online Ads, *Journal of Interactive Advertising*, 1(1), 2000;
- 12. Steuer J., Defining Virtual Reality: Dimensions Determining Telepresence, *Journal of Communication*, 42 (4), 1992, pp. 79 93.

THE AIR TRANSPORT AND CONSUMER PROTECTION

Madar Anca

Universitatea "Transilvania" din Braşov Facultatea de Ştiinţe Economice Loc. Braşov, Str.Moldovei,nr.6, jud. Braşov ancamadar@yahoo.com Telefon: 0745345355

The air transport represents an important component and plays a great role in the unfolding of the touristic activity. Through their spectacular developments, the benefits they provide in relation to speed travel and comfort, them simulates travel, contributing also to open new markets, as a rule, far off from the countries generating tourists and inaccessible by other means of transport. Therefore became important the consumer protection of air services.

Keywords: consumer, protection, air transport

Codul JEL: I (Health, Education, and Welfare)

1. Introduction

In accordance with the activities list proposed by the European Union, the air transport sector comprises companies operating solely or mainly in the transport of persons and goods by air, racing line or charter, and work performed by helicopters, planes taxi and private planes.

Air shipments became, after a relatively short history, one of the most important and powerful industries in the world, and is also a key element of travel and tourism industry. Globalization and trade led to an increase accessibility to this means of transport, an increase in international tourism development and a strong volume of freight transported by air.

2. Advantagaes and disadvantages of air transport

The main cause of air transport is represented by the superior aircraft performance compared with other means of transport. Due to the technical characteristics of the means used for the benefit of transport, it is characterized by: speed, stability, comfort, safety, accessibility, giving activity transport an amount of advantages.

Speed - is maybe the most frequent quality of air transport. It is due to the relative independence of air transport over environmental conditions, both natural and institutional (regulations, legislation) and technical parameters of the aircraft.

Flexibility-refers to the ability of aircraft to be converted, through minor changes, to the specifics of transporting passengers, freight and mail, or for the provision of utility services. The versatile body of the aircraft responds to requirements of facilitation and economic efficiency, the design itself being implemented for the first time in converting military aircraft in civilian aircraft. Moreover, in logistics services, their desirability stems from the need to access in real time to an act of consumption, of documentation, of production. Through the rapidity that it's customized by, air transport is the ideal mean to access appropriate persons and goods. The regularity of air transport stems from the way of organizing them. Air travel is made for the most part by flights line on certain fixed routes, frequency conditions, schedules and prices relatively stable. Compliance with these requirements relate to the reputation of the service and their position in the market.

The economy refers to the posibility of air transport beneficiaries to use the economically services under advantageous conditions. Operating costs were reduced substantially in recent years, allowing the practice of prices increasingly attractive, accessible to a increasingly large mass audience. Increase of population income has helped to this also, which potentiate the effects of technical progress over the transport efficiency and liberalization of trade in air services which allows charges to form on the basis of market mechanism.

Convenience refers not only comfortable conditions of carriage on board the aircraft, but also features the premises annexes to the ground (airport), which adds an additional motivation to selecting the plane from other transport means or option for a particular airline operator.

All these are meant to reduce the duration of tourist travel, increasing comfort, shortening the time between the decision to travel and the movement itself of it.

Using air transport for tourism presents some disadvantages also:

-dependance of the natural conditions, which puts under the sign of the uncertainty the rigorous compliance with the timetable or even the achievement of travel itself.

-large investments that are clamed by the construction and operation of some modern airports.

3. Air transport market in Romania

In Romania, low-cost market has seen a remarkable development in recent years, profile companies as Blue Air local company (3 Boeing 737 planes, 300 and 500 series), the Italian company MyAir,Spanish company Air Madrid (gave to bankruptcy end of 2006), the Slovak company Sky Europe and the polish-hungarian company Wizzair. The main destinations served are Italy, Spain and Germany, countries with important Romanian communities. With the implementation of Open Sky agreement, following the accession of our country to the EU

(the EU is implemented in 1996), the acces of any foreign companies on the Romanian market is free,including on domestic routes (this market is served only until December 31 2006 by local carriers), which will create major difficulties for the romanian airtransport companies(Tarom, Carpatair and low-cost company Blue Air). To remain competitive, standard airline companies offered passangers tariff reductions and loyalty programmes. An example in this case was that the company TAROM which relating to the cost of sales, decided to reduce the comission assigned for the travel agencies to 1% starting with April 2006.

At present, 27 of airlines are operating on the market in Romania: two from the Republic of Moldova - Air Moldova, Moldavian Airlines, five from Italy - Alitalia, Alpi Eagles, Club Air, My Way Airlines and Wind Jet, two from Germany - Condor Flugdienst , Lufthansa German Airlines, two from Hungary - Wizz Air and Malev Airlines, two from Greece - Olympic Airlines and Aegean Aurlines.

Bulgaria is also present on the market in Romania with the airline Hemus Air, Turkey with Turkish Airlines, Air Malta operator from Malta, Syria by Syrian Airlines, Air Madrid in Spain, Slovakia by Sky Europe Airlines, Switzerland by Swiss Air. Also, working in Romania from Austria- Austrian Airlines, Cimber Air of Denmark, El Al Airlines of Israel, CSA of the Czech Republic, LOT of Poland, Air France of France and KLM Dutch company.

Wizz Air is the most important low-cost company authorized to fly in Romania. Hungarian company began to operate starting with the date July 14 on route Tirgu Mures. Wizz-Air representatives expanded their business in 2007, operating on the Bucharest Airports - Baneasa, Arad and Tirgu Mures, offering direct flights to Barcelona, Rome, Milan, London, Dortmund and Budapest.

Market leader in Europe is EasyJet, from the UK and also the last low-cost company that entered the market in Romania, reached the third place in the world, with 35 million passengers per year on 318 routes, starting initial at two races a year.

4. Protection and rights of passengers

Air transport has increased and raises some problems concerning the safety of each carrying out movements in complete security. It is precisely because of particularities of air transport needed to see the development of rules as more complete, able to guarantee not only its effectiveness but also a degree of security for passengers and cargo.

In line with the Chicago Convention of 1944 which regulates international air

transport, each state has control of European airspace above its national territory. Thus, the right to fly through the air spaces, and especially to land on foreign airports require a proper permission.

The rules cover air transport in three major categories of issues:

-regular international routes, which are established on the basis of governmental agreements between the countries participating in traffic regulations concerning the routes itself, frequency, flights, transport capacities

-tariffs to regular flights, which are established upon governmental agreements between countries participant to air traffic, to avoid unjustified increase, and to ensure a match between price and quality of services

-on national ground, governments licence carriers which can operate on regular internal routes; those may be domestic or international companies

The EU has been and still is, other than net the U.S. market, both through the organization, the role of the state, technical and financial performance, as well as the intensity of integration, which implies a higher degree of regulatory type of protectionist market and a slower process of liberalisation.

The need for regulations is determined primarily by ensuring passanger safety and airline companies are licensed and supervised. For reasons of protection of the population, relgulations are necessary in areas such as noise and pollution.

Passengers travelling on routes with the origin of an airport situated on the territory of a Member State of the Union, and passengers travelling by air carriers on routes community point of origin with an airport located in a non-EU state and point of destination on an airport situated on the territory of an EU Member State are entitled to compensation and assistance for free wrongly denied boarding, cancellation or delay of a long flight.

Community Regulation provides that passengers who are wrongly refuse boarding and those which have been canceled flights can benefit both the compensation money (whose value depends on the length of the route) and free assistance under the provisions of Articles 8 and 9 of the Regulation.

In case of cancellation of flights, carriers are not required to pay financial compensation to passengers if they can demonstrates that the cancellation was due to extraordinary circumstances which could not be avoided even if they taken all reasonable measures.

For delays of more than two hours for flights of up to 1,500 km, those larger than three hours for flights taking between 1,500 and length of 3,500 km, and those larger than four hours for flights longer than 3,500 km, passengers are entitled to free assistance from the carriers consisting, as appropriate, providing food, providing hotel accommodation and transport between the airport and hotel, offering the possibility of free communication by telephone, fax, telex or e-mail.

Meanwhile, carriers are required to provide all of the check-in booths in the airport written informations regarding passanger rights concerning the events of denied boarding, cancellation or a delayed flight.

In Romania, unoffering by air carriers of financial compensation and assistance provided by Regulation (EC) no. 261/2004 and uninforming passengers regarding the rights they have in the event of denied boarding, cancellation or delay of flights is considered infrigement.

Member states of the European Union are required to designate a national authority to oversee how the passengers rights are respected and that they may address the proper authorities if those rights are violated. In Romania, this authority is represented by the National Authority for Consumer Protection.

Also, in the event of denied boarding or cancellation of a flight, passengers will be informed and regarding the contact of the national authority to oversee compliance with the provisions of Regulation (EC) no. 261/2004.

Air passengers' rights:

The refusal of boarding - Passengers have a right to claim compensation worth up to EUR 125 EUR 600, depending on flight distance and the delay caused after redirect the race.

Delays extended - If the delay is more than five hours, passengers are entitled to claim reimbursement of their ticket but only on condition waived travel.

Cancellation - Passengers have the right to receive monetary damages, except in the following situations: if they were informed regarding the cancellation of the race with 14 days before or redirected race schedule is very close to the original schedule or air company can demonstrate that the cancellation of the flight has been driven by particular reasons.

Assistance provided - by air transport companies in light of the events, where boarding passengers is refused or if the race with which they travel is cancelled or delay in doing so, passengers are entitled to assistance (providing meals, a means of communication, the overnight accommodation if necessary). If the board is refused or if the race that travel is cancelled, passengers may choose between continuing their journey or be reimbursed the cost of the ticket.

The identity of air transport companies - Passengers must know the identity of the operator of the time travelling with the race. The air carrier does not provide safe conditions for flight are prohibited or subject to restrictions within the European Union.

Liability - air transport companies responsible for the damage produced by the delay flights (up to \pm 4,800 euros) for damage and loss of luggage (up to \pm 1,200 euros) and for involving personal injuries or deaths from accidents products. They do not bear this responsibility but if they took all possible steps to avoid damage or if the products were unable to take such measures.

Packages travel - Operators of tour packages are required to submit information regarding holiday tickets reserved, to meet contractual obligations and ensure the protection of passengers in case of insolvency organizer.

5. Conclusions:

Because of the particulars of air transport, it is necessary to devise rules as more complete, able to guarantee not only its effectiveness but also a degree of security as high both for passengers and cargo. Air transport is a complex industry, which has undergone major changes without transitional period, from a strict regulations based on bilateral agreements towards a single market. Nowadays, the European industry is liberalised air transport and governed by a European framework to continue evolving.

Bibliografie:

- 1. Minciu Rodica, "Economia Turismului ",editura URANUS, BUCUREŞTI, 2004
- 2. CODUL AERIAN AL ROMANIEI Publicat in Monitorul Oficial. Partea I nr. 45 din 26 ianuarie 2001
- 3. http://air-ban.europa.eu.
- 4. http://apr.europa.eu

CONTEMPORARY MARKETING PRACTICES IN ROMANIA

Maxim Andrei

"Al. I. Cuza" University of Iaşi Faculty of Economics and Business Administration FEAA, 22 Carol I Blvd., IAŞI 700505 andrei.maxim@feaa.uaic.ro 0232.20.14.06

The scope of this research is to capture a broader view of the marketing practices of the Romanian organizations, a field less investigated up to the present. This study is the first in Romania to apply the methodology developed in the international research project Contemporary Marketing Practices (CMP) and is designed to evaluate the degree in which different types of marketing, characteristic for either the transactional or the relational approaches, are used.

Keywords: contemporary marketing practices, transaction marketing, relationship marketing

The article's JEL code: M31.

Introduction

The relational perspective enjoyed a distinctive attention in the marketing literature of the last decades and represents the first theoretical development that threatens the supremacy of marketing mix. However, there are various divergent opinions regarding the place of the relational approach in the general marketing theory and practice. Some authors consider that the relationship marketing (RM) will replace or has already completely replaced the transactional marketing, while others totally reject the RM concept. There are also some that argue that the two approaches are complementary and the companies have to define their position in the context of a relational/transactional mix.

In order to support one of these points of view, it is necessary to conduct empirical investigations that provide a clear image of the real situation from the business environment. Contemporary Marketing Practices (CMP) surveys were conducted in many countries all over the world, but they are a premiere for Romania.

Research objectives

The research is focused on the following aspects:

- determine the main orientation in the Romanian business environment (transactional or relational);
- identify the types of marketing present in the Romanian business environment;
- reveal the relationships that exist between these types of marketing and the companies' performance.

The Contemporary Marketing Practices Framework

Contemporary Marketing Practices is a research program initiated by Rod Brodie and Nicole Coviello, professors at the University of Auckland. It was extended up to the present in more than 15 countries, including Canada, Sweden, Thailand, Argentina, Germany, United Kingdom and United States.⁴⁰⁷

Following a detailed analysis of previous research, the CMP group developed a classification framework that includes nine dimensions of the way companies relate to their markets:⁴⁰⁸

- exchange dimensions: purpose of exchange, nature of communication, type of contact, duration of exchange, formality in exchange;
- management dimensions: managerial intent, managerial focus, managerial investment, managerial level.

Considering these dimensions, the authors concluded that five types of marketing may be identified in the literature and in the business practice and grouped them in two main perspectives:

- transactional perspective: Transaction Marketing (TM);
- relational perspective: Database Marketing (DM), e-Marketing (eM), Interaction Marketing (IM), Network Marketing (NM).

As defined by the CMP framework, these five marketing types do not exclude each other and each organization may practice them in a smaller or greater proportion, creating in this way a portfolio of strategies.

Through *Transaction Marketing*, the firm targets a large number of customers that remain relatively anonymous, and tries to generate as many transactions as possible. It does so by offering an attractive combination of products, prices, advertising and distribution. A good example is that of supermarkets which use mass advertising to attract various potential customers. However, the salespersons have no specific information about these customers; they do not know their names, addresses, preferences and so on. Although transactions may continue over time, they are regarded as being distinct as there is no differentiation between loyal and occasional buyers.

⁴⁰⁷ Roderick J. Brodie, Nicole E. Coviello, and Heidi Winklhofer, "Contemporary Marketing Practices Research Program: A Review of the First Decade," Journal of Business & Industrial Marketing 23, no. 2 (2008).

⁴⁰⁸ Roderick J. Brodie et al., "Is E-Marketing Coming of Age? An Examination of the Penetration of E-Marketing and Firm Performance," Journal of Interactive Marketing 21, no. 1 (2007).

Database Marketing involves the approach of well identified clients. One example is that of the telephony services providers that can send personalized SMS-es to their clients, on different occasions (birthday, the anniversary of a certain number of years since they are customers, etc.). DM (as well as TM) is marketing *towards* the customer and not *with* the customer.⁴⁰⁹

Unlike the previous types, where the client could only react to the offer, *e-Marketing* introduces the dialogue, the possibility of the customer to communicate with the firm, to make proposals. Yet, the communication is not face-to-face, but mediated by technology (telephone, fax, email, Internet discussion groups, call-center etc.).

In the case of the *Interaction Marketing* there is a closer, personalized relationship between the firm's representatives and certain clients. The customer does not communicate with the company as a whole, but with a certain employees who deal with him on a regular basis and who know his needs. The interaction is face-to-face and it may also be informal. The two might have other conversation subjects than those strictly related to business. Examples could include the interaction between the sales agents and the employees of the firms that buy from them or the cooperation and the exchange of ideas between an architect and the client that wants a house.

The firm creates a network of relationships with other firms in order to gain common benefits and to better serve the final clients. The *Network Marketing* may involve relationships with suppliers (e.g. Just In Time systems) or even with competitor firms. Several producers could establish partnerships in order to have a greater negotiating power when confronted with their distributors or they could share technologies to produce more efficient.

Methodology

This survey used the standard questionnaire of the CMP project, with some changes imposed by the particularities of the Romanian study. The questionnaire was presented to five university professors, specialized in marketing, and to six managers from Iaşi. After this pre-testing, some minor adaptations of the text were made, in order to better preserve the meaning of some expressions that were initially affected by the translation from English to Romanian. Most of the questions involve the evaluation of some sentences on a 1 to 5 Likert scale.

Each of the CMP's nine dimensions presented above was operationalised with a set of variables that corresponded to the five different types of marketing. In the end, TM, DM, eM, IM and NM were evaluated by calculating the arithmetic average of the nine formative items. In order to make the results more visible, the average was divided by 5 (the number of levels of the Likert scale used), obtaining an index with values in the 0 to 1 interval.

The performance of the companies was measured with subjective indicators. A comparison based on objective indicators would not have been relevant given to the variety of the organizations included in the survey (dimension, business sector, etc.). The respondents had to evaluate the measure in which their organization uses some performance indicators and the results compared to the expectations they had for those indicators, during the previous year.

Survey sample

In selecting the companies to be included in this survey the aim was to obtain a high degree of variability in terms of size, sector, age and geographical location. However, given the complexity of the questionnaire used, convenience sampling was preferred to probabilistic sampling. This method is in line with previous CMP studies. The final sample totals 142 organizations based in Bucureşti, in Timişoara and in several counties of Moldova (Iaşi, Suceava, Botoşani, Vaslui, Neamţ, Bacău) and Transylvania (Cluj, Mureş, Alba, Bihor, Maramureş).

The small and medium enterprises are predominant (60.4% and 27.4%, respectively). Most of the companies have been present on the Romanian market for more than 10 years (48.6%) and 73.2% are owned by Romanian investors. 56.7% of the respondents claim that in 2007 their turnover increased by more than 10%.

With regard to the characteristics of the respondents, 84.4% occupy a managing position and another 10% are marketers. 61.4% occupy their current position since at least 3 years and 91.5% consider that their job is either directly or indirectly related the company's marketing. Furthermore, 84.6% of those interviewed are higher education graduates and 54.6% claim to have some form of marketing training. Therefore, it can be concluded that the data provided by them are relevant.

Results and discussion

The usage levels of the five types of marketing were estimated by calculating their indexes (values between 0 and 1, as previously mentioned). The results are presented in Table 1.

409 Nicole E. Coviello, Roger Milley, and Barbara Marcolin, "Understanding It-Enabled Interactivity in Contemporary Marketing," Journal of Interactive Marketing 15, no. 4 (2001): 22.

Table 1: Indexes for the five marketing types

	Index	Std. Deviation	Minimum	Maximum
TM	.64	.12705	.33	1.00
DM	.62	.14534	.27	.93
eM	.61	.18904	.20	.93
IM	.74	.16153	.29	1.00
NM	.71	.14660	.24	1.00

As it can be noticed, the surveyed companies use all five types of marketing. However, interaction and network marketing seem predominant.

Paired samples t tests were used to evaluate the differences between the five indexes. For each of these tests, the effect size was also computed. Field⁴¹⁰ and Pallant⁴¹¹ recommend reporting this indicator as an objective measure of the test's importance. The fact that the test is significant does not mean that the effect it measures is important.

The effect was estimated using Pearson's correlation coefficient r which was computed using the following equation:⁴¹²



The effect size was interpreted according to Cohen's recommendations: r = 0.10 – small effect, r = 0.30 – medium effect, r = 0.50 – major effect.

The tests revealed that IM and NM levels are significantly higher than TM, DM and eM levels, the magnitude of the results being either medium or large:

The IM level (M=0.74, SD=0.16) is significantly higher than:

the TM level (M=0.64, SD=0.12), t(141)=5.32, p<0.05, r=0.40 (indicates a medium effect).

the DM level (M=0.62, SD=0.14), t(141)=6.87, p<0.05, r=0.50 (indicates a large effect).

the eM level (M=0.61, SD=0.18), t(141)=7.43, p<0.05, r=0.53 (indicates a large effect). The NM level (M=0.71, SD=0.14) is significantly higher than:

the TM level (M=0.64, SD=0.12), t(141)=4.71, p<0.05, r=0.36 (indicates a medium effect).

the DM level (M=0.62, SD=0.14), t(141)=6.32, p<0.05, r=0.46 (indicates a medium effect).

the eM level (M=0.61, SD=0.18), t(141)=6.77, p<0.05, r=0.49 (indicates a medium effect).

A correlation analysis of the five indexes was performed in order to see which marketing types are practiced together. The results are shown in Table 2.

Table 2: Correlations between the five types of marketing

	TM	DM	eM	IM	NM
TM	1.000	.624**	.450**	103	.050
DM		1.000	.819**	.209*	.322**
eM			1.000	.330**	.407**
IM				1.000	.659**
NM					1.000

^{*} correlation is significant at the 0.05 level; ** correlation is significant at the 0.01 level

There is a positive, strong and significant correlation between transaction marketing and database marketing (r=0.624, p<0.01). In the opinion of Coviello *et al.* DM could actually be considered a superior, "more intense"

717

 $^{410\} Andy\ Field,\ Discovering\ Statistics\ Using\ Spss,\ 2nd\ ed.\ (London:\ Sage\ Publications\ Ltd.,\ 2005).$

⁴¹¹ Julie Pallant, Spss Survival Manual, 3rd ed. (Berkshire: McGraw-Hill, 2007).

⁴¹² Field, Discovering Statistics Using Spss, 294.

⁴¹³ Ibid., 32.

form of transactional marketing. 414 TM also presents a medium, positive and strong correlation with e-Marketing (r=0.450, p<0.01). However, companies use TM independently of their IM and NM.

All relational practices are positively and significantly correlated among them, suggesting the fact that companies use them together, in diverse combinations. A very strong association can be observed between the two technology-based relational practices, i.e. DM and eM. These indexes share 67% of their variance (r=0.819, p<0.01). Other pairs, such as DM-NM, eM-NM and eM-IM, present medium correlations. There is also a weak relationship between DM and IM (r=0.209, p<0.05).

Table 3: Correlations between types of marketing and performance indicators

	Mar	keting indic	ators	Fi	nancial indicat	ors
	new	customer	customer	sales	nuofitabilita	market
	customers	retention	satisfaction	growth	profitability	share
TM	.324**	.298**	.235**	.080	.156	.242**
DM	.369**	.430**	.339**	.099	.142	.360**
eM	.332**	.439**	.395**	.101	.121	.346**
IM	.200*	.310**	343**	.142	.152	.183*
NM	.189*	.220*	.230**	053	.058	.101

^{*} correlation is significant at the 0.05 level; ** correlation is significant at the 0.01 level

Another analysis was aimed at investigating the link between the usage of different marketing types and firms' performance. The performance indicators and the method used for measuring performance were described in a previous paragraph. The results of the bivariate correlation analysis are presented in Table 3.

First, it is apparent that the relational practices IM, eM and DM achieve their goal of retaining existing customers, as they are the only ones presenting medium-strength associations with this performance indicator (r>0,3). IM, eM and DM seem to have a positive impact on customer satisfaction as well.

Transaction marketing also achieves its main goal, that of attracting new customers. TM and the "technological" forms of relationship marketing (DM, eM) are correlated with customer acquisition (r>0,3).

The marketing practices that have the strongest association with companies' performance in securing the desired market share are DM and eM (r=0.360 and r=0.346, respectively).

An unexpected result is the lack of correlations between any of the marketing practices and the other two financial indicators (sales growth and profitability).

Conclusions

The marketing approach of the companies that were investigated is both transactional and relational. The Romanian business environment does not appear to be dominated by a single marketing orientation.

Companies use all of the five types of marketing. However, interaction marketing and network marketing are more common than TM, DM or eM. Transaction marketing is used in combination with the thechnology-based types of relationship marketing (i.e. DM and eM) but independently of IM and NM.

The use of TM, DM and eM favors new customer acquisition. Companies' performance in satisfying and retaining those customers is associated with their level of relationship marketing (IM, DM and eM). Hence, both the transactional and the relational approaches fulfill their purposes.

References

- 1. Brodie, R.J.; Winklhofer, H.; Coviello, N.E.; Johnston, W.J. (2007) "Is e-marketing coming of age? An examination of the penetration of e-marketing and firm performance", Journal of Interactive Marketing 21, no. 1: 2-21.
- 2. Brodie, R.J.; Coviello, N.E.; Winklhofer, H. (2008) "Contemporary Marketing Practices research program: a review of the first decade", Journal of Business & Industrial Marketing 23, no. 2: 84-94.
- 3. Coviello, N.E.; Brodie, R.J.; Munro, H.J. (1997) "Understanding Contemporary Marketing: Development of a Classification Scheme", Journal of Marketing Management 13, no. 6: 501-522.
- 4. Coviello, N.E.; Milley, R.; Marcolin, B. (2001) "Understanding IT-enabled Interactivity in Contemporary Marketing", Journal of Interactive Marketing 15, no. 4: 18-33.
- 5. Field, A. (2005) Discovering Statistics Using SPSS. 2nd ed, London: Sage Publications Ltd.
- 6. Pallant, J. (2007) SPSS Survival Manual. 3rd ed, Berkshire: McGraw-Hill.

⁴¹⁴ Nicole E. Coviello, Roderick J. Brodie, and Hugh J. Munro, "Understanding Contemporary Marketing: Development of a Classification Scheme," Journal of Marketing Management 13, no. 6 (1997): 513.

PRICING ISSUES ON MOBILE TELECOMMUNICATION MARKET

Meghişan Georgeta-Mădălina

Universitatea din Craiova Facultatea de Economie și Administrarea Afacerilor Str. Al. I. Cuza, nr. 13, Craiova E-mail: madalina meghisan@yahoo.com Tel. 0743 870 553

Bodog Simona

Universitatea din Oradea Facultatea de Științe Economice Str. Universității, nr. 1, Oradea E-mail: sbodog@yahoo.com Tel. 0740 091 828

Bocean Claudiu

Universitatea din Craiova Facultatea de Economie și Administrarea Afacerilor Str. Al. I. Cuza, nr. 13, Craiova E-mail: boceanclaudiu@hotmail.com Tel. 0726 299 522

Pricing in the market is intimately linked with the evolution of market structure. As with many network industries, pricing to a large extent relies on two-part tariff systems. The analysis of pricing plans is complicated by the fact that it concerns competition among networks. Price setting in mobile telecommunication industry is based only slightly on cost and is designed rather to exploit market power. This is most effectively undertaken in the traffic termination services on mobile networks, in particular for traffic originating from fixed line networks. A great deal of subscribers and market growth has therefore been possible thanks to the transfer of termination payments from the fixed to the mobile network. This also applies for the Romanian telecommunication market. Moreover, due to the five important mobile telecommunication competitors, a price analysis is very hard to be made. However, mobile telecommunication companies follow almost the same scenario introducing price offers that are difficult to be compared.

Key-words: mobile telecommunication companies, retail prices, wholesale prices, roaming, interconnection pricing

JEL Classification: M31

Introduction

Pricing in the telecommunications sector used to be regulated. With the liberalization of the telecommunications sector, price regulation was left to market forces. There is the presumption that competitive forces will lead to prices reflecting the cost of providing services. This may not be feasible in all market segments of the mobile telecommunications industry, however network effects may prevent competitive forces from working in the traditional way in spite to open access to infrastructure. For instance, in telecommunications, the monopolist maintains its market power on access to the customer. New entrants on the market have to seek access to the customers via the monopolist. The access price charged by the monopolist has a fundamental role in determining the final price charged to the customer by the new entrant. This setting has been referred to in the literature as the "one-way access problem" (Gruber, 2005; Armstrong, 2002).

Regarding the one-way access pricing problem, this does not seem to reflect interactions in the mobile telecommunications industry. The appropriate framework is that of the interconnection between networks in which each network has its own access to final customers. For instance, mobile firms have their own customers and a great many calls are between customers of fixed and mobile networks. Competing networks also comprising final customers thus changed the issue to a "two-way access problem" (Gruber, 2005; Doyle and Smith, 1998).

This led to two sorts of pricing decisions for each firm: the pricing of on-network calls, when in principle all cost elements were under control of the firm, and the pricing of off-network calls where the interconnections payments were due. Competition among networks may not necessarily produce efficient outcomes. For on-network pricing it is assumed that competition among firms induces price competition.

1. Theoretical Fundaments for Pricing in Mobile Telecommunication

The one-way access problem. The standard access prices problem concerns the firm that controls a facility and thus wants to set a price for the access to the facility to recover a monopoly profit. High access prices either prevent entry or maintain a monopoly profit. To favor competitive entry, access price should be set low. But, if the access price is too low, entry of inefficient firms may occur.

The theoretical literature on establishing the appropriate access price for this "one-way access problem" has grown quite large. The general conclusion is that regulation is needed to avoid anti-competitive behavior (Laffont and Tirole, 2000; Armstrong, 2002).

The two-way access problem. Whereas with the one-way access problem only the owner of a facility (for instance, the local loop) has direct access to customers, with the two-way access case the firm seeking access also has direct access to its own subscribers. In other words, in the "two-way access" case the two networks have to be interconnected in order to give access to each other's subscribers. Two distinct two-way access situations can emerge, one without and one with competition for customers. The first situation is familiar for international telecommunications where networks are located in different countries and there is no competition for the subscriber

base (Wright, 1999). The second situation is typical for competitive domestic fixed line telecommunications or mobile telecommunications where firms fight for customers.

With the context of telecommunications networks, two parts of the service can be distinguished: originating the call and forwarding it to the point of interconnection and the termination service, which involves picking-up the call from the interconnection point and transferring it to the final destination. With telecommunications, the entire call is in most instances paid for by the originating party of the call. There may be also cases where the receiving party pays for the termination services (Doyle and Smith, 1998).

2. Mobile Telecommunications Pricing by Type of Service *Retail Prices*

The *retail mobile market* refers to goods and services sold directly to end users – i.e. the provision of access and national and international mobile telephony and "roaming" services to end users. (Harald, 2005)

There are two segments in retail service market: *access* and *airtime or usage*. From the consumer's point of view, access can be thought of as the ability to make and receive calls. From the perspective of the network firm, this involves registration and recognition by the network as well as the supply of the SIM card. Thus, three basic retail services can be identified for which each consumer can be charged separately – connection, subscription (rental) and call charges (usage). For instance, with pre-paid cards there is no monthly subscription, but there are minimum usage requirements.

Connection. An up-front fee is usually charged for connecting new subscribers to the network. The reason for this is to compensate for the costs the operator incurs to register a new subscriber and for the SIM card. In the early days of the industry, these charges used to be very high, but with increasing competition for new subscribers fees have declined significantly and are nowadays waived in several cases, and even negative.

Subscription. With post-paid subscription, a fee is typically charged on a monthly basis for access to mobile network. The charge may in some cases include a certain number of free minutes of airtime. Subscription charges are typically part of two-part tariff scheme together with calling charges, whereby a high (low) subscription charge is coupled with low (high) calling charge.

Airtime. Air charges are usually based on a per-minute charge. Price competition in many countries is reducing the metering unit from minutes to seconds. This allows users to be charged more precisely according to their effective calling time, and acts as a further incentive for lower prices. Calling charges are differentiated by time of the day (peak vs. off-peak) and by destination.

In Europe, where mobile licenses are generally granted at nationwide level, domestic calls are typically not charged by distance. Nevertheless, some firms have tried to introduce so-called "home-zone" tariffs where the user is charged less for calls placed within a certain area. This tariff scheme was adopted to encourage the possible substitution of fixed for mobile subscription. However, this is not the case of Romania.

Wholesale Prices

When a cellular subscriber uses the phone outside an area covered by the network of its mobile firm, she is said to be "roaming". Roaming services can therefore be thought of as providing temporary access to customers from other networks. There are two types of roaming, depending on the origin of customers: national and international. National roaming occurs when a subscriber uses her phone within her own country, but at a location which is not covered by the network of her mobile firm. The subscriber therefore uses the network of another, in principle competing firm. International roaming occurs when a cellular subscriber is abroad and uses the network of foreign firms.

The pricing of roaming services is undertaken in a two-step procedure. The first is *wholesale pricing*, when the visited network firm charges the user's home network firm for the calls, usually adding a mark-up of 15% on the normal network tariff. The second stage is *retail pricing*, where the home network firm sets the price for the subscriber, normally by adding 10-35% margin on top of the wholesale price set in the first stage. The roaming price to the final customer thus obtained is therefore the result of double marginalization. Moreover, mobile users typically show ignorance about the roaming costs charged by visited networks (Oftel, 2001) and this induces an absence of price competition at the retail level.

Interconnection. Interconnection pricing concerns the price of services of a given network to other networks for access to the network's customer. In the early days of the industry, mobile telecommunications firms in most countries had a special regime for determining their access prices.

In 2006 were established the maximal tariffs between Vodafone Romania and Orange Romania for the supply of the interconnection services as follows (ANRCTI, 2006):

- 7,21 eurocents / minute, beginning with 1st September 2006;
- 6,40 eurocents / minute, beginning with 1st January 2008;
- 5,03 eurocents / minute, beginning with 1st January 2009.

Fixed to mobile termination. There are several networks competing vigorously for the same pool of subscribers, but these networks have a monopoly position in providing services to their subscribers. The termination charge set by a mobile firm does not directly affect the customers of its own network, but does affect the prices set for the fixed line subscriber (Armstrong, 2002).

Mobile firms offer new subscribers handsets (mobile telephones) below cost in exchange for a minimum subscription period; however, in this case the cost of the handset subsidy is not covered by the airtime payments of the mobile subscriber, but by the fixed lines subscribers calling the mobile network (Wright, 2002). To redress this situation, regulatory actions are required to lower mobile termination charges to marginal cost (Gans and King, 2000; Armstrong, 2002).

3. The Complexity of the Mobile Telephony Services' Prices

The access to mobile telephony services grew within the last years. Technological developments permitted the rise of the services' capacities such as the possibility to send image messages, for instance. It is not a surprise if the demand exploded and the competition became ferocious in more and more countries.

However, those who paid attention to the evolution of the mobile telephony market within the recent years noticed a decreasing of the tariffs, the competition being the main reason.

A study made by the National Agency of Communication from Romania estimate that we will pay 0,05 euro for a minute of call within the mobile networks in 2010, half of the price paid in 2004 for the same service. (fig. no. 1)

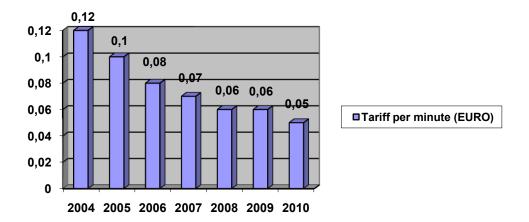


Figure 1 - Evolution of tariffs in mobile telecommunication

(Capital Magazine, No 9 / 5.03.2009)

Regarding the most sold offer, every mobile telephony provider has a wining goal. For *Vodafone*, the most popular subscriptions are those with minutes included. The cheapest subscription is Vodafone 50, which costs 8,92 euro per month and includes 50 national minutes.

If in 2007, the 3 euro subscription was the most popular beginning with the year 2008, the subscription *Orange Flexible* had the most dynamic evolution, raising five times in 2008, compared to the year 2007.

Zapp operator is preferred for the data services, the most successful subscriptions were those "entry-level" with tariffs from 0,04 USD per minute.

For *Cosmote*, the most popular subscription is Cosmote Full Option 60 (5,95 euro per month, with 60 national minutes included). The same period last year, the clients preferred Cosmote 30 (5 euro per month, 30 national minutes included).

Orange vs. Vodafone

Within the effort to adapt their services to the needs of different market segments, the mobile telephony companies put into place a great number of subscriptions that stop any comparison between the providers. These subscriptions can be international, Europeans and national. Their price varies depending on the number of minutes or hours included in the package. The minutes outside the package and the call towards other operators are more expensive. Some subscriptions permit an unlimited consumption during pick hours. The family subscriptions allow the parents and children to use their mobile telecommunication package on many telephones on the condition that the total amount of communication doesn't exceed the monthly subscription. Another alternative is the prepaid subscription which gives the possibility to the consumer to buy a telephone and communication credit when necessary. The communication duration can be calculated from the first second and the written messages can be included in the package (Table no. 1, Table no. 2)

Table 1 - Example of a subscription package with shared minutes from Orange

Subscriptio	Monthly	Call type	Tariff/	Shared minutes
n type	subscription		minut	
	(Euro)		without	
	without		added value	
	added value		(Euro)	
Shared	14	Orange + fixed networks	0,10	60 national minutes
national		Other mobile networks	0,13	
minutes	23	Orange + fixed networks	0,09	120 national minutes
		Other mobile networks	0,13	
	31	Orange + fixed networks	0,08	180 national minutes
		Other mobile networks	0,13	
	45	Orange + fixed networks	0,07	300 national minutes
		Other mobile networks	0,12	
	70	Orange + fixed networks	0,07	600 national minutes
		Other mobile networks	0,12	
	100	Orange + fixed networks	0,07	1000 national minutes
		Other mobile networks	<mark>0,11</mark>	

(www.orange.ro)

Table 2 – Vodafone's shared minutes' subscription package

Subscription	Monthly	Call type	Tariff/min	Shared minutes
type	subscription		without	
	(Euro) without		added value	
	added value		(Euro)	
Shared national	7,5	Vodafone + fixed networks	0,14	50 national
minutes		Other mobile networks	0,19	minutes
	11	Vodafone + fixed networks	0,13	75 national
		Other mobile networks	0,18	minutes
	13	Vodafone + fixed networks	0,12	100 national
		Other mobile networks	0,17	minutes
	18	Vodafone + fixed networks	0,11	150 national
		Other mobile networks	0,16	minutes
	23	Vodafone + fixed networks	0,11	200 national
		Other mobile networks	0,16	minutes
	43	Vodafone + fixed networks	0,11	400 national
		Other mobile networks	0,16	minutes
	67	Vodafone + fixed networks	0,10	700 national
		Other mobile networks	0,15	minutes
	<mark>93</mark>	Vodafone + fixed networks	0,10	1000 national
	_	Other mobile networks	0,15	minutes

(www.vodafone.ro)

Analyzing the two tables of mobile telecommunication services from Orange and Vodafone for the same subscription type (1 000 national minutes), we find it difficult to compare the tariffs. However, we can make some comments:

- The monthly subscription for the Orange provider is 100 euro without added value, whereas one has to pay 93 euro / month without added value for the same facility.
- Whereas the monthly subscription is higher within the Orange offer compared with the same type of subscription at Vodafone, the tariffs for the calls exceeding the 1 000 national minutes included into the package are cheaper for the Orange provider, i.g. 0,07 euro (in Orange and fixed networks) and 0,11 euro (in other mobile networks) than for Vodafone 0,10 euro (in Vodafone and fixed networks) and 0,15 euro (in other networks).
- Thus, a client that has to choose between the two subscriptions, he will choose the one that better fits his needs. If he thinks that he will not exceed the 1 000 national minutes included into the subscription package, he will choose the cheaper subscription from Vodafone. If he will exceed the 1 000 national minutes and the next level of subscription with 2 000 national minutes is too much for him, he will choose the Orange provider.
- There are some clients that don't pay attention to the small difference of price and choose the mobile telecommunication provider that he feels attached to.

According to an analysis of Romania's ANRCTI (The Information Technology and Communication Settlement National Authority) the national mobile telephony users have no idea of their subscription payment composition, because of the complicated offers and tariffs.

A mobile telecommunication operator – Orange commercializes voice services for prepaid cards using seven tariff plans, each one having between four and six tariffs for national calls. For the subscriptions, the same provider offers national voice services within 26 tariff plans, and for almost every one of these plans having no more than one to four combinations of 12 extra options that can be associated to them. However, many of the extra options are commercialized at different prices, depending on the subscription value, others are linked into scale combinations, while within every one of the 26 tariff plans there are at least two different tariffs for national calls. Taking into consideration the fact that Orange Romania has the biggest market share, with a turnover of 1 234 million euro in 2007, either its clients are not disturbed by the large variety of offers, or the price is not the most important element for them

According to a representative of France Telecom Group, the clients from Romania are the most informed and pay attention to costs. This type of offer was especially created for the clients' flexibility. From the sales, it was revealed the fact that this approach was successful, compared to the period with a limited number of subscriptions for the Orange clients.

Conclusion

In conclusion, the enterprises that always respond to the competition can come across the risk to fix lower prices eventhough this is not really necessary. The responsible persons don't have to fall into the trap of systematically comparing and aligning the price to the competition. They have to take into consideration the costs of every offer for the client, including financial, non monetary and changing costs. It is also advisable to evaluate the impact of the distribution factors, time and location and predict the available production capacity of the concurrence.

References:

- 1. ANRCTI Report 2006, 2007
- 2. Armstrong, M. [The theory of access pricing and interconnection in Handbook of Telecommunications Economics, Amsterdam, 2005]
- 3. Capital Magazine, No 9 / 5.03.2009
- 4. Doyle, C. and Smith, J. C. [Market structure in mobile telecoms: qualified indirect access and receiver pays principle, Information Economics and Policy, 10]
- 5. Gans, J. S. and King, S.P. [Termination changes for mobile phone networks: competitive analysis and regulatory options, University of Melbourne, 1999]
- 6. Gruber, H. [The Economics of Mobile Telecommunications, Cambridge University Press, Cambridge, 2005]
- 7. Laffont, J.-J. and Tirole, J. [Competition in telecommunication, MIT Press, Cambridge, 2000]
- 8. Mihail, S. [Mobile telephony overdose, Capital Magazine, 48/29.11.2007, p.3]
- 9. Mihail, S. and V. Bîrzoi [Telephones users caught in traffic, Capital Magazine, 46/15.11.2007, p. 21]
- 10. Oftel, K.- [Effective competition review:mobile,Office of Telecommunications,London,2001]
- 11. Wright, J. [International telecommunications, settlement rates, and the FCC, Journal of Regulatory Economics, 15]
- 12. www.cosmote.ro, www.orange.ro, www.rcs-rds.ro, www.vodafone.ro, www.zapp.ro

STRATEGIC PRICING ROLE IN SETTLING THE FIRM POSITION ON THE MARKET

Micu Adrian

"Dunărea de Jos,, University, Galați The Faculty of Economic Sciences 59-61, Nicolae Balcescu Street mkdradrianmicu@yahoo.com

Coita Dorin-Cristian

University of Oradea The Faculty of Economic Sciences dcoita@uoradea.ro

Abstract: Few managers, even those specializing in marketing, think strategically about pricing. Consider your experiences and observations. Were the pricing decisions you encountered made in reaction to a pricing problem, or were they planned to exploit an opportunity? Did the company arrive at those decisions by analyzing only the immediate impact on profitability, or did it also consider how the reactions of customers or competitors might change the picture? Did the decisions focus purely on price, or did they involve alignment of a marketing program to support the pricing decision? Few companies proactively manage their businesses to create the conditions that foster more profitable pricing.

Key words: cost, price, value, customers.

JEL Code: D 40

Introduction

The difference between price setting and strategic pricing is the difference between reacting to market conditions and proactively managing them. It is the reason why companies with similar market shares and technologies of ten earn such different rewards for their efforts. Strategic pricing is the coordination of interrelated marketing, competitive, and financial decisions to set prices profitably. For most companies, strategic pricing requires more than a change in attitude; it requires a change in when, how, and who makes pricing decisions. For example, strategic pricing requires anticipating price levels before beginning product development. The only way to ensure profitable pricing is to reject early those ideas for which adequate value cannot be captured to justify the cost. Strategic pricing also requires that management take responsibility for establishing a coherent set of pricing policies and procedures, consistent with its strategic goals for the company. Abdicating responsibility for pricing to the sales force or to the distribution channel is abdicating responsibility for the strategic direction of the business.

Perhaps most important, strategic pricing requires a new relationship between marketing and finance. Strategic pricing is actually the interface between marketing and finance. It involves finding a balance between the customer's desire to obtain good value and the firm's need to cover costs and earn profits.

Unfortunately, pricing at most companies is characterized more by conflict than by balance between these objectives. If pricing is to reflect value to the customer, specific prices must be set by those best able to anticipate that value—presumably marketing and sales managers. But their efforts will not generate sustainable profits unless constrained by appropriate financial objectives. Katfrer tftan attempting to "cover costs,"fimance must learn how costs change with changes in sales and must use that knowledge to develop appropriate incentives and constraints for marketing and sales to achieve their objectives profit ably.

With their respective roles appropriately defined, marketing and finance can work together toward a common goal—to achieve profitability through strategic pricing. Before marketing and finance can attain this goal, however, they must discard the flawed thinking about pricing that leads them into conflict and that drives them to make unprofitable decisions. Let's look at these flawed paradigms and destroy them once and for all.

1. The Cost-Plus Delusion

Cost-plus pricing is, historically, the most common pricing procedure because it carries an aura of financial prudence. Financial prudence, according to this view, is achieved by pricing every product or service to yield a fair return over all costs, fully and fairly allocated. In theory, it is a simple guide to profitability; in practice, it is a blueprint for mediocre financial performance.

The problem with cost-driven pricing is fundamental: In most industries it is impossible to determine a product's unit cost before determining its price. Why? Because unit costs change with volume. This cost change occurs because a significant portion of costs are "fixed" and must somehow be "allocated" to determine the full unit cost. Unfortunately, since these allocations depend on volume, which changes with changes in price, unit cost is a moving target.

To "solve" the problem of determining unit cost, cost-based pricers are forced to make the absurd assumption that they can set price without affecting volume. The failure to account for the effects of price on volume, and of volume on costs, leads managers directly into pricing decisions that undermine profits. One particularly tragic example, for the company and its customers, was Wang Laboratory's experience in pricing the world's first word processor. Introduced in 1976, the product was an instant success, enabling Wang to grow rapidly and dominate the market. By the mid 1980s, however, personal computers with word-processing software were becoming credible competitors. As competition increased and growth slowed, the company's cost-driven pricing philosophy began

killing its market advantage. Unit costs were repeatedly recalculated and prices raised to reflect the rising overhead allocation. As a result, sales declined even further. Before long, even Wang's most loyal customers began making the switch to cheaper alternatives.

A price increase to "cover" higher fixed costs reduces sales further and causes unit cost to rise even higher. The result is often that price increases actually reduce profits. On the other hand, if a price cut causes sales to increase, fixed costs are spread over more units, making unit costs decline. The result is trften increased profit. Instead of pricing reactively to cover costs and profit objectives, managers need to price proactively. They need to acknowledge that pricing affects sales volume, and that volume affects costs.

The dangers of cost-based pricing are not limited to products facing increasing competition and declining volume. In fact, cost-based pricing is even more insidious when applied to strong products since there are no signals (such as declining market share) to warn of the potential damage. For example, an international telecommunications company with many leading technologies uses cost-based pricing only as a "starting point" for pricing. Product and sales managers review the cost-based "target prices" for consistency with market conditions and then argue for adjustments to reflect market conditions. Everyone in the organization finds this system fair and reasonable.

But does the system foster profitability? During the three years this system has been in place, marketing has frequently requested and received permission to charge prices less than the cost-based "target" in order to reflect market conditions. Now, how many times during those three years do you think marketing argued that a target price should be raised to reflect market conditions? Never, despite the fact that the company often has large backlogs of orders on some of its most popular products. At this company, as at many others, cost-based target prices have become cost-based "caps" on profitability for the most valuable products.

Cost-plus pricing leads to overpricing in weak markets and underpricing in strong ones—exactly the opposite direction of a prudent strategy. The financial questions that should drive proactive pricing are "How much more sales volume must we achieve to earn additional profit from a lower price?" and "How much sales volume can we lose and still earn additional profit from a higher price?" The answers to these questions depend on how the cost of the product changes with volume. They do not depend on whether the current price of a product, at current volume, covers the cost and profit objectives.

How, then, should managers deal with the problem of pricing to cover costs and achieve profit objectives? They shouldn't. The question itself reflects an erroneous perception of the role of pricing, a perception based on the belief that one can first determine sales levels, then calculate unit cost and profit objectives, and then set a price. Once managers realize that sales volume (the beginning assumption) depends on the price (the end of the process), the flawed circularity of cost-based pricing is obvious. The only way to ensure profitable pricing is to let anticipated pricing determine the costs incurred rather than the other way around. Value-based pricing must begin before investments are made.

If cost-based prices prove unjustifiable, managers may try to fix the process by allowing "flexibility" in the markups. Although this tactic may minimize the damage, it is not fundamentally a solution since the financial return on the product remains inadequate. Finance blames marketing for cutting the price, and marketing blames finance for excessive costs. The problem keeps reoccurring as the features and costs of new products continue to mismatch the needs and values of customers. Moreover, when customers are rewarded with discounts for their price resistance, this resistance becomes more frequent even when the product has value to them. Solving the problems of cost-based pricing requires more than a quick fix. It requires completely reversing the process—starting with customers. The target price is based on estimates of value and the portion that the firm can expect to capture given the competitive alternatives. The job of financial management is not to insist that prices recover costs. It is to insist that costs are incurred only to make products that can be priced profitably given their value to customers.

Designing products that can be sold profitably at a target price has gone in the past two decades from being unusual to being the goal at most successful companies.² From Marriott to Boeing, from medical technology to automobiles, profit-leading companies now think about what market segment they want a new product to serve, determine the benefits those potential customers seek, and establish a price those customers can be convinced to pay. Then companies challenge their engineers to develop products and services that can be produced at a cost low enough to make serving that market segment profitable. It wasn't always so. The first companies to adopt such a strategy in their industries gained huge strategic advantage. The laggards now have to learn value-based pricing for new products just to survive.

2. Customer-Driven Pricing

Most companies now recognize the fallacy of cost-based pricing and its adverse effect on profit. They realize the need for pricing to reflect market conditions. As a result, many have taken pricing authority away from financial managers and given it to sales or product managers. In theory, this trend is clearly consistent with value-based pricing, since marketing and sales are that part of the organization best positioned to understand value to the customer. In practice, however, the misuse of pricing to achieve short-term sales objectives often undermines perceived value and depresses profits even further.

The purpose of value-based pricing is not simply to create satisfied customers. Customer satisfaction can usually be bought by discounting sufficiently, but marketers delude themselves if they believe that the resulting sales represent marketing successes. The purpose of value-based pricing is to price more profitably by capturing more value, not necessarily by making more sales. When marketers confuse the first objective with the second, they fall into the trap of pricing at whatever buyers are willing to pay, rather than at what the product is really worth. Although that decision enables marketers to meet their sales objectives, it invariably undermines long-term profitability.

Two problems arise when prices reflect the amount buyers seem willing to pay. First, sophisticated buyers are rarely honest about how much they are actually willing to pay for a product. Professional purchasing agents are adept at concealing the true value of a product to their organizations. Once buyers learn that sellers' prices are flexible, the former have a financial incentive to conceal information from, and even actively mislead, the latter. Obviously, this tactic undermines the salesperson's ability to establish close relationships with customers and to understand their needs.

Second, there is an even more fundamental problem with pricing to reflect customers' willingness to pay. The job of sales and marketing is not simply to process orders at whatever price customers are currently willing to pay but rather to raise customers' willingness to pay a price that better reflects the product's true value. Many companies underprice truly innovative products because they ask potential customers, who are ignorant of the product's value, what they would be willing to pay. But we know from studies of innovations that the "regular" price has little impact on customers' willingness to try them. For example, most customers initially perceived that photocopiers, mainframe computers, and food processors lacked adequate value to justify their prices. Only after extensive marketing to communicate and guarantee value did these products achieve market acceptance. Forget what customers who have never used your product are initially willing to pay! Instead, understand the value of the product to satisfied customers and communicate that value to others. Low pricing is never a substitute for an adequate marketing and sales effort.

3. Competition-Driven Pricing

Lastly, consider the policy of letting pricing be dictated by competitive conditions. In this view, pricing is a tool to achieve sales objectives. In the minds of some managers, this method is "pricing strategically." Actually, it is more analogous to "letting the tail wag the dog." Why should an organization want to achieve market-share goals? Because more market share usually produces greater profit. Priorities are confused, however, when managers reduce the profitability of each sale simply to achieve the market-share goal. Prices should be lowered only when they are no longer justified by the value offered in comparison to the value offered by the competition.

Although price-cutting is probably the quickest, most effective way to achieve sales objectives, it is usually a poor decision financially. Since a price cut can be so easily matched, it offers only a short-term competitive advantage at the expense of permanently lower margins. Consequently, unless a company has good reason to believe that its competitors cannot match a price cut, the long-term cost of using price as a competitive weapon usually exceeds any short-term benefit. Although product differentiation, advertising, and improved distribution do not increase sales as quickly as price cuts, their benefit is more sustainable and thus is usually more cost-effective.

The goal of pricing should be to find the combination of margin and market share that maximizes profitability over the long term. Often, the most profitable price is one that substantially restricts market share relative to the competition. Godiva chocolates, BMW cars, Peterbilt trucks, and Snapon tools would no doubt all gain substantial market share if priced closer to the competition. It is doubtful, however, that the added share would be worth forgoing their profitable and successful positioning as high-priced brands.

Although the fallacy of competition-driven pricing is most obvious for high-priced products, the principie can be applied more generally. Many companies that were recapitalized in the 1980s learned that they could substantially increase cash flow simply by scaling back their market-share objectives. One low-margin, industrial company increased price by 9 percent and suffered a 20 percent loss of market share—proof, some might argue, that its market was price sensitive. On the other hand, this company retained four out of five sales. Apparently, most customers valued the product by at least 9 percent more than they had been paying! The company had been prevented from capturing that value by its market-share goal. Although some capacity was idled, the company's contribution to profit increased by more than 70 percent.

4. Asking the Right Questions

Strategic pricing involves recognizing that not all pricing problems involve changing price as the best solution. The reason why pricing is ineffective is frequently not that the pricers have done a poor job. It is that decisions were made about costs, customers, and competitive strategy without correctly thinking through their broader financial implications. Since the fallacy in those decisions is frequently not revealed until the product is launched and the pricing proves unprofitable, it is the pricer's job to work back from the price to understand the problem. Is the price unprofitable because there is a better price to charge, or because the value has been ineffectively communicated? Is the market share goal too high, or is the market inadequately segmented? Is the product and service offering overbuilt (and therefore too expensive) for the value it delivers, or has the seller simply enabled customers to avoid

paying for the value they get? The pricer's job is often less to set prices than to structure a pricing process that gets everyone to think about how best to address pricing problems. Recall the tactical questions about costs, customers, and competition that we argued often lead to poor pricing decisions. Whenever they come up, it is the pricer's job to reframe the discussions to consider over all financial profitability.

Conclusions

Progressive companies have begun doing more than just worrying about pricing. To increase profitability, many are abandoning traditional reactive pricing procedures in favor of proactive strategies. More than ever before, successful companies are building products and marketing strategies to support pricing objectives, rather than the other way around. In the past decade, traditional industry leaders in marketing and sales, such as Procter and Gamble and General Electric, made explicit corporate decisions to change their focus from growth in top-line sales to growth in profitability. In many industries, the current profit leader is a company with a very explicit pricing strategy supported by its product and promotional strategies. Southwest in airlines, Intel in semiconductors, Dell in computers, Wal-Mart in retailing, Quad in printing, Sony in consumer electronics, and the *New York Times* in publishing have all adopted pricing models that drive which customers they will serve and how they will serve them.

It is not surprising that pricing has taken its place as a major element in marketing strategy in the last decade. After all, marketing itself has been in the midst of a revolution. The meaning of marketing has been transformed from "selling what the company produces" to "producing what the customer wants to buy". Marketing has become the means by which firms identify unmet needs in the marketplace, develop products to satisfy those needs, promote them honestly, and follow with postpurchase support to ensure customer satisfaction. As selfess as all this may sound, though, the ultimate goal of marketing is not to convert the firm into a charitable organization for the sole benefit of consumers. The ultimate goal is profits for the stockholders, jobs for the employees, and growth for the organization

Perhaps it is reasonable that marketers have only recently begun to focus seriously on effective pricing. Only after managers have mastered the techniques of creating value do the techniques of capturing value become important. When companies were totally financially driven and internally focused, it was marketing's sole job to become an advocate for the customer's perspective. Today, however, marketers have won the power to make business decisions, not just advocate perspectives. With that responsibility, they must understand not only customer needs but also how and when to profitably satisfy those needs. The true test of a successful marketing strategy is its ability to create value profitably. As one marketing expert aptly stated, "For marketing strategists, [pricing] is the moment of truth—all of marketing comes to focus in the pricing decision." The purpose of this book is to make sure that when you reach that moment, you know what to do.

References:

- 1. Jaworski B., Kohli A., and Sahay A., "*Market-Driven Versus Driving Markets*," Journal of the Academy of Marketing Science, 28(1) (Winter 2000), pp. 45-54.
- 2. Drucker P. F., "The Information Executives Truly Need," Harvard Business Review (January-February 1995), p. 58.
- 3. Porter M.E., Competitive Advantage (The Free Press, New York, 1985);
- 4. Hamei G.and Parhalad C. K., Competing for the Future (Harvard Business School Press, Cambridge, MA, 1994);
- 5. Slywotzky A. and Morrison D., *The Profit Zone* (Random House, New York, 1997);
- 6. Kaplan R. and Norton D., *The Strategy-Focused Organization* (Harvard Business School Press, Cambridge, MA, 2001).
- 7. Corey R., *Industrial Marketing: Cases and Concepts*, 3rd ed. (Prentice-Hall, Inc., Englewood Cliffs,NJ, 1983), p. 311.

THE DISTRIBUTION STRATEGY ROLE AND THE PRICE POLICY ROLE IN SETTLING THE FIRM POSITION ON THE MARKET

Micu Adrian

"Dunărea de Jos., University, Galați The Faculty of Economic Sciences 59-61, Nicolae Balcescu Street mkdradrianmicu@yahoo.com

Susanu Irina

"Dunărea de Jos,, University, Galați The Faculty of Economic Sciences 59-61, Nicolae Balcescu Street irisusanu@yahoo.com

Cristache Nicoleta

"Dunărea de Jos,, University, Galați The Faculty of Economic Sciences 59-61, Nicolae Balcescu Street nchihaia@yahoo.de

Belenesi Cosmin

University of Oradea The Faculty of Economic Sciences cosmin.belenesi@gmail.com

Abstract: In most companies, there is ongoing conflict between managers in charge of covering costs (finance and accounting) and managers in charge of satisfying customers (marketing and sales). Accounting journals warn against prices that fail to cover full costs, while marketing journals argue that customer willingness-to-pay must be the sole driver of prices. The conflict between these views wastes company resources and leads to pricing decisions that are imperfect compromises. Profitable pricing involves an integration of costs and customer value. To achieve that integration, however, both need to let go of misleading ideas and form a common vision of what drives profitability.

Key words: decision, pricing, cost

JEL Code: D 40

Introduction

Costs should never determine price, but costs do play a critical role in formulating a pricing strategy. Pricing decisions are inexorably tied to decisions about sales levels, and sales involve costs of production, marketing, and administration. It is true that how much buyers will pay is unrelated to the seller's cost, but it is also true that a seller's decisions about which products to produce and in what quantities depend critically on their cost of production.

The mistake that cost-plus pricers make is not that they consider costs in their pricing, but that they select the quantities they will sell and the buyers they will serve before identifying the prices they can charge. They then try to impose cost-based prices that may be either more or less than what buyers will pay. In contrast, effective pricers make their decisions in exactly the opposite order. They first evaluate what buyers can be convinced to pay and only then choose quantities to produce and markets to serve.

Consequently, costs affect the prices they charge. A low-cost producer can charge lower prices and sell more because it can profitably use low prices to attract more price-sensitive buyers. A higher-cost producer, on the other hand, cannot afford to underbid low-cost producers for the patronage of more price-sensitive buyers; it must target those buyers willing to pay a premium price. Similarly, changes in costs should cause producers to change their prices, not because that changes what buyers will pay, but because it changes the quantities that the firm can profitably supply and the buyers it can profitably serve. When the cost of jet fuel rises, most airlines are not naive enough to try passing on the fuel cost through a cost-plus formula while maintaining their previous schedules. But some airlines do raise their average revenue per mile. They do so by reducing the number of flights they offer in order to fill the remaining planes with more full-fare passengers. To make room for those passengers, they eliminate or reduce some discount fares.

Thus the cost increase for jet fuel affects the mix of prices offered, increasing the average price charged. However, that is the result of a strategic decision to reduce the number of flights and change the mix of passengers served, not of an attempt to charge higher prices for the same service to the same people. Such decisions about quantities to sell and buyers to serve are an important part of pricing strategy for all firms and the most important part for many. In this chapter, we discuss how a proper understanding of costs enables one to make those decisions correctly. First, however, a word of encouragement: Understanding costs is probably the most challenging aspect of pricing. You will probably not master these concepts on first reading this chapter. Your goal should be simply to understand the issues involved and the techniques for dealing with them. Mastery of the techniques will come with practice.

1. Determining relevant costs

One cannot price effectively without understanding costs. To understand one's costs is not simply to know their amounts. Even the least effective pricers, those who mechanically apply cost-plus formulas, know how much they spend on labor, raw materials, and overhead. Managers who really understand their costs know more than cost levels; they know how their costs will change with the changes in sales that result from pricing decisions.

Not all costs are relevant for every pricing decision. A first step in pricing is to identify the relevant costs: those that actually determine the profit impact of the pricing decision. Our purpose in this section is to set forth the guidelines for identifying the relevant costs once they are measured. In principle, identifying the relevant costs for pricing decisions is actually fairly straightforward.

They are the costs that are incremental (not average) and avoidable (not sunk).

In practice, identifying costs that meet those criteria can be difficult. Consequently, we will explain each distinction in detail and illustrate it in the context of a practical pricing problem.

2. Why Incremental Costs?

Pricing decisions affect whether a company will sell less of the product at a higher price or more of the product at a lower price. In either scenario, some costs remain the same (in total). Consequently, those costs do not affect the relative profitability of one price versus another. Only costs that rise or fall (in total) when prices change affects the relative profitability of different pricing strategies. We call these costs incremental because they represent the increment to costs (positive or negative) that results from the pricing decision.

Incremental costs are the costs associated with changes in pricing and sales. The distinction between incremental and nonincremental costs parallels closely, but not exactly, the more familiar distinction between variable and fixed costs. Variable costs, such as the costs of raw materials in a manufacturing process, are costs of doing business. Since pricing decisions affect the amount of business that a company does, variable costs are always incremental for pricing. In contrast, fixed costs, such as those for product design, advertising, and overhead, are costs of being in business. They are incremental when deciding whether a price will generate enough revenue to justify being in the business of selling a particular type of product or serving a particular type of customer. Since fixed costs are not affected by how much a company actually sells, most are not incremental when management must decide what price level to set for maximum profit. Some fixed costs, however, are incremental for pricing decisions, and they must be appropriately identified. Incremental fixed costs are those that directly result from implementing a price change or from offering a version of the product at a different price level.

For example, the fixed cost for a restaurant to print menus with new prices or for a public utility to gain regulatory approval of a rate increase would be incremental when deciding whether to make those changes. The fixed cost for an airline to advertise a new discount service or to upgrade its planes' interiors to offer a premium-priced service would be incremental when deciding whether to offer products at those price levels.

3. Why Avoidable Costs?

The hardest principle for many business decision makers to accept is that only avoidable costs are relevant for pricing. Avoidable costs are those that either have not yet been incurred or can be reversed. The costs of selling a product, delivering it to the customer, and replacing the sold item in inventory are avoidable, as is the rental cost of buildings and equipment that are not covered by a long-term lease. The opposite of avoidable costs are sunk costs—those costs that a company is irreversibly committed to bear. For example, a company's past expenditures on research and development are sunk costs since they cannot be changed regardless of any decisions made in the present. The rent on buildings and equipment within the term of a current lease is sunk, except to the extent that the firm can avoid the expense by subletting the property.

The cost of assets that a firm owns may or may not be sunk. If an asset can be sold for an amount equal to its purchase price times the percentage of its remaining useful life, then none of its cost is sunk since the cost can be entirely recovered through resale. Popular models of commercial airplanes often retain their value in this way, making avoidable the entire cost of their continued use. If an asset has no resale value, then its cost is entirely sunk even though it may have much useful life remaining. A neon sign depicting a company's corporate logo may have much useful life remaining, but its cost is entirely sunk since no other company would care to buy it. Frequently, the cost of assets is partially avoidable and partially sunk. For example, a new truck could be resold for a substantial portion of its purchase price but would lose some market value immediately after purchase. The portion of the new price that could not be recaptured is sunk and should not be considered in pricing decisions. Only depreciation of the resale value of the truck is an avoidable cost of using it.

From a practical standpoint, the easiest way to identify the avoidable cost is to recognize that it is the future cost, not the historical cost, associated with making a sale. What, for example, is the cost for an oil company to sell a gallon of gasoline at one of its company-owned stations? One might be inclined to say that it is the cost of the oil used to make the gasoline plus the cost of refining and distribution. Unfortunately, that view could lead refiners to make some costly pricing mistakes. The distinction between the historical cost of acquisition and the future cost of replacement is merely academic when supply costs are stable. It becomes very practical when costs rise or fall. When the price of crude oil rises, companies quickly raise prices, long before any gasoline made from the more expensive crude reaches the pump. Politicians and consumer advocates label this practice price gouging, since companies with large inventories of gasoline increase their reported profits by selling their gasoline at higher prices than they paid to produce it.

What happens when crude oil prices decline? If a company with large inventories held its prices high until all inventories were sold, it would be undercut by any company with smaller inventories that could profitably take advantage of the lower cost of crude oil to gain market share. The company would see its sales, profits, and cash flow decline. Again, the intelligent company bases its prices on the replacement cost, not the historical cost, of its inventory. In historical terms, it reports a loss. Unfortunately, even level-headed businesspeople often let sunk costs sneak into their decision making, resulting in pricing mistakes that squander profits.

4. Distribution strategy

demands.

In developing channel strategy, managers have two options to communicate value to their target customers:

"Push "strategies. The focus of communication is on the supplier's next immediate customer. Push strategies are aimed at propelling the supplier's offerings through the channel. For example, some manufacturers of overthe-counter (OTC) drugs and automotive paints do not promote these products directly to ultimate consumers. Instead, they focus on the retailer or auto-repair shops, expecting these channel firms to make the sale to the consumer. Channel firms that carry a variety of competing products may favor push strategies because they permit promoting products that are most profitable to the channel firm (the channel firm's customers frequently do not have strong preconceived preferences). Suppliers often find push strategies less expensive to implement.

"Pull" strategies. The focus of communication is on the end customer or a channel member closer to the end customer. Such strategies are aimed at pulling the supplier's offering through the distribution channel. For example, Intel maintains brand preference by advertising its chips to end consumers with the "Intel Inside®" campaign. The intent is to create a preference for computers with its chips-causing retailers to favor Intelbased computers. Channel members benefit from pull strategies when customers are "presold" for particular brands. Suppliers gain some control over channel firms because it is more difficult for channel firms to switch customers to competing brands. Push strategies depend on channel intermediaries to carry the value message through the rest of the channel. Pull strategies "presell" the offering to the target customers, who then go to channel intermediaries with brand-specific

Push strategies are essential when the supplier's product and its differential value are not apparent to target customers, or when its value delivery cannot be easily made salient to target customers. For example, most automobile buyers are unaware of the specific machine tools used in the manufacture of their automobile or of the specific brand of paint that covers it. For machinetool suppliers or automotive-paint manufacturers, convincing manufacturer that their products can make automobiles better or cheaper is more effective than trying to convince consumers to buy vehicles manufactured with a specific brand of machine tool or utilizing a particular paint. The main drawback to push strategies is they depend on the distribution channel to convey the value message to ultimate consumers. In some cases, push strategies may require managers to invest in developing the value-marketing skills of the entire distribution channel or risk having the channel not convey the value theme.

Pull strategies carry the value message directly to target customers. A pull strategy often gives a supplier greater control in communicating value to target customers. Further, pull strategies are often favored by channel intermediaries because they often create "presold" customers, thus reducing the marketing effort required by channel firms. More-exclusive retailers who compete with low-price outlets often prefer suppliers who invest in building brand image. Also, effective pull strategies can provide suppliers insurance against channel intermediaries who try to opportunistically sell competing offerings-customers arrive at the channel firm with strong brand preference.

Given these costs, it would seem that a pull strategy might be preferable, but there are three strong considerations recommending the push approach.

- 1. The costs are largeh variable-being proportionate to the amount of sales and the number of retail distribution outlets. This is a big advantage for a product that is starting out small. The cost of an effective advertising campaign could be prohibitive.
- 2. The retailers have pretargeted the market. In markets where demand is diffuse-few people are potential purchasers-the retailer (who may be a catalog or e-commerce company) has already identified them. Either the target consumers already know where to buy or retailers own a highly coveted customer list. For sales of scuba equipment, aids to the physically impaired and to people interested in do-it-yourself home repair, no advertising outlets exist to reach a majority of the potential buyers. All of the potential purchasers, however, will eventually need to visit a retailer or web site, or read a catalog which, given an adequate incentive, can promote the product.
- 3. The retailers or others in the chain "augment" the product. Few people would pay the prices for Mary Kay cosmetics if they were available on a rack in a drug store. The value is in the Mary Kay experience of being "made up" in the privacy of home. Mary Kay creates that experience with a team of independent distributors who are motivated by, among other things, high margins.
- 4. Pull strategies require sophisticated marketing, expertise that a firm may lack. Managers must know not only who might buy their product, but also understand why. They must connect their offerings to benefits and offerings that these target customers find salient, which may be difficult when channel firms augment the offering in a way that hides the supplier's components, and they must create messages that can be indirectly communicated convincingly in limited space or time.

Still, in most mature mass markets, pull strategies are preferred. They are cost-effective for high-volume, mass-marketed products, and they give the seller control over the message. Moreover, the mass-market channel partners like Wal-Mart, grocery chains, and drugstores prefer pull strategies despite lower margins. They make their money-moving inventory efficiently, not by selling. Moreover, a pull strategy creates a stronger brand identity that increases loyalty.

Pull strategies are an effective counter to brand competition for channel attention. When multiple brand competitors are competing for the same customers, opportunistic channel firms will play them against each other to extract higher margins and fees. Brands that are large enough to support the cost of a pull strategy can undermine the opportunist's ability to do this. Because customers are presold on the supplier's brand, an attempt to switch them to a competing product is more difficult.

Push strategies are essential when the supplier's product and its differential value are not apparent to target customers, or when its value delivery cannot be easily made salient to target customers. For example, most automobile buyers are unaware of the specific machine tools used in the manufacture of their automobile or of the specific brand of paint that covers it. For machinetool suppliers or automotive-paint manufacturers, convincing manufacturer that their products can make automobiles better or cheaper is more effective than trying to convince consumers to buy vehicles manufactured with a specific brand of machine tool or utilizing a particular paint. The main drawback to push strategies is they depend on the distribution channel to convey the value message to ultimate consumers. In some cases, push strategies may require managers to invest in developing the value-marketing skills of the entire distribution channel or risk having the channel not convey the value theme.

Pull strategies carry the value message directly to target customers. A pull strategy often gives a supplier greater control in communicating value to target customers. Further, pull strategies are often favored by channel intermediaries because they often create "presold" customers, thus reducing the marketing effort required by channel firms. More-exclusive retailers who compete with low-price outlets often prefer suppliers who invest in building brand image. Also, effective pull strategies can provide suppliers insurance against channel intermediaries who try to opportunistically sell competing offerings-customers arrive at the channel firm with strong brand preference.

The choice between "push" and "pull" is usually difficult. Push strategies require both costly incentives for the retail channel partners and limited distribution. In introductory and growth markets, channel intermediaries must invest substantial resources in targeting potential customers and communicating value in return for uncertain sales that may occur considerably later. As a result, suppliers have to share a large portion of their sales price with channel firms as an incentive for the selling effort. In addition, when sales are uncertain or do not follow quickly, manufacturers generally must pay high fees for promotional efforts, such as cooperative advertising and in-store demonstrations.

Given these costs, it would seem that a pull strategy might be preferable, but there are three strong considerations recommending the push approach.

Conclusions

In markets where demand is diffuse-few people are potential purchasers-the retailer (who may be a catalog or e-commerce company) has already identified them. Either the target consumers already know where to buy or retailers own a highly coveted customer list. For sales of scuba equipment, aids to the physically impaired and to people interested in do-it-yourself home repair, no advertising outlets exist to reach a majority of the potential buyers. All of the potential purchasers, however, will eventually need to visit a retailer or web site, or read a catalog which, given an adequate incentive, can promote the product.

An efficient strategy regarding the competition involves offensive or defensive actions that aim to place the company into a supportable situation related to the five forces of the competition.

As an outcome, the company management must permanently appreciate the firm vulnerability degree and evaluate the resulting risk and everything related to the life expectation and the profitability expectation as these ones are defined in its objectives.

References:

- 1. Micu Adrian, Marketing strategic, Editura Didactica si Pedagogica, Bucuresti, 2004
- 2. Micu Angela-Eliza, Marketing international, Editura Didactica si Pedagogica, Bucuresti, 2004.
- 3. Micu Adrian, Strategii de marketing, Editura Libertatea, Serbia, 2006.

SERVICE QUALITY ATTRIBUTES IN RETAIL BANKING SERVICES

Micuda Ion Dan

"Constantin Brancoveanu" University Faculty of Management-Marketing Str. Bascovului Nr. 2A Dan.micuda@gmail.com 0723.387.325

Dinculescu Elena Silvia

"Constantin Brancoveanu" University Faculty of Management-Marketing Piteşti Piteşti, Str. Petrochimiştilor, Bl.B1,Sc.C, Ap.18 nataliadinculescu@yahoo.com 0728.020.501

Within the last two decades, service quality has become a main interest in the industrial world especially in the service industries. The key to success in winning the global competition now and in the future is to have high quality service. High quality of service is believed to influence over customer value and customer satisfaction, and furthermore customer satisfaction will affect customer loyalty directly. Therefore, the importance of service quality, value, and customer satisfaction seems justified to the survival of service companies, including the banking companies.

Keywords: service quality, banking, measure

JEL code: M31

This study will investigate service quality attributes along with a measure of perceived value and satisfaction to determine the direct and indirect effect on bank customer's loyalty. The study will seek to identify the most important attributes/cues in bank settings, which may be used to review characteristics of the banks as experienced by customers.

1. Service quality cues or attributes

Some studies noted that consumers organize information at various levels of abstraction ranging from simple product attributes to complex personal values.

Attributes that signal quality have been dichotomized into intrinsic and extrinsic cues. Intrinsic cues are attributes that are part of the physical composition of the product, for example flavor, color, freshness, size, fit, and style. They cannot be changed without changing the nature of the product and are consumed along with the product. Extrinsic cues are attributes that related to the product, but they are not product-specific and can serve as general indicators of quality across all types of products. Examples of extrinsic attributes include price, brand name, and level of advertising.

Other studies suggested that intrinsic attributes can be more important to consumers than extrinsic attributes in the following situation:

- during consumption of the product;
- in pre-purchase situations when consumers are actively search for intrinsic attributes;
- when the intrinsic attributes have high predictive value to judge quality.

Conversely, extrinsic attributes can be more important than intrinsic attributes when:

- consumer is in initial purchase situation, in which intrinsic attributes are not available (e.g. for services);
- consumer has insufficient time or interest to evaluate the intrinsic attributes;
- quality is difficult to evaluate.

Because services are intangible, consumers are more likely to use extrinsic cues to infer service quality prior to the actual purchase and consumption of the service. As a result, cues such as price, brand, advertising, word-of-mouth, and certain tangible service elements are important to consumers as they attempt to judge the quality of a service prior to consumption.

In a study of quality in four consumer service industries: long distance telephone, banking, credit cards, and an appliance repair and maintenance, Parasuraman et al. (1988) found consistent attributes of perceived quality across the four service industries. These abstract attributes included reliability, responsiveness, assurance, empathy, and tangibles.

In a period during the service delivery process, the customer is directly interacting with the personnel, physical facilities and other elements such as communication materials. Because services are intangible, consumers use tangible clues as proxies in evaluating the quality of services. If consumer perceives that the appearance of physical facilities, equipment, personnel, and communication materials are good, then his or her judgment will be positively affected. We refer to this as "tangibles".

The attribute termed "reliability" is associated to the ability of the service provider to perform the promised services dependably and accurately. Reliability is closely related to the concept of technical quality of service. The other attributes such as tangibles, responsiveness, assurance, and empathy are related to the concept of functional quality.

The "responsiveness" attribute of service quality refers to whether the service provider has the willingness to help customers and provide prompt service. When the service provider provides prompt service to its customers, the customer perceives that he or she is receiving good quality.

Customers frequently find difficult to evaluate the quality of the service if they have not experienced yet the particular service. It is believed that the level of the customer's trust plays important role in assessing the quality of the service provided by the service provider. The more the customer trusts the service provider, the better the customer's perception on the service quality. The attribute termed "assurance" is associated with the ability of the service provider to convey trust and confidence to the customers.

Finally, if customers perceive that they are not receiving concerned, personal, or individual attention from the service provider, then their quality judgment will be negatively affected. This is called **"empathy"**. A brief description of each attribute is presented in Table 1.

Table 1	The Definition of the Fi	ve Services	Quality Attributes
i adie i	The Delinition of the Fi	ve services	Quality Attributes

1 able 1	The Definition of the Tive Services Quanty Attributes		
Attributes	Definition		
Tangibles	Appearance of physical facilities, equipment, personnel, and communication materials		
Reliability	Ability to perform the promised service dependably and accurately		
Responsiveness	Willingness to help customers and provide prompt service.		
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence.		
Empathy	Caring, individualized attention the firm provides its customers.		

These above five attributes are widely accepted in the literature, although they suffer from at least two major shortcomings. Firstly, they are very broad and lack specificity in serving as cues that consumer can use to infer service quality. For example, a problem with a service's "reliability" does not indicate the particular attribute that was unreliable. Secondly, the particular attributes or cues that comprise each dimension vary across service contexts. Some researchers suggested that the dimensionality of service quality might depend on the type of services under study. Many researchers conducted service quality research in retail banking setting, in which they modified the service quality dimensions to fit the bank specific characteristics, which are discussed bellow.

2. Service Quality Attributes of Retail Banking

In order to develop marketing strategy, service marketers, especially bank marketers need to understand the service attributes that are used by consumers in selecting banks. For example, consumers would use bank reputation, bank reliability, bank assurance, and physical facilities of the bank in selecting bank services. If marketers can understand which attributes are used to evaluate a service, they will be better able to manage and influence the customer's evaluations and perception of the offering.

Perceived quality of service tends to play an important role in high involvement industries like banking services. Banks have traditionally placed a high value on customer relationships with both commercial and retail customers. In the last ten years, the nature of customer relationships in retail banking has been changing, especially since the advent of automatic teller machines and internet banking.

The measurement of perceived service quality may remain a challenge. Previous research suggested that the dimensionality of service quality might depend on the type of services under study. Based on this background, studies have investigated various attributes, which determine consumers' perception of service quality of retail banking industry (Stafford, 1996; Angur et al., 1999; Bahia, 2000; Sureschandar et al., 2002).

The exploratory study conducted by **Stafford (1996)** reported the distinct elements (attributes) of bank service quality as perceived by customers. Seven attributes were found in assessing bank service quality. The first attribute, named "bank atmosphere"; included cleanliness, as well as an overall positive and courteous attitude by employees (kindness, friendliness, and pleasantness). The second attribute, 'relationship", indicates the importance of a personal relationship with the bank employees, where customers are recognized easily by long-term employee. The third attribute, "rates and charges", indicates that low costs and high interest rates can affect an individual's perception of bank service quality. The fourth attributes, "available and convenient services", indicates a full array of services that available, easily accessible and convenient. The fifth attribute, "ATMs", indicates available, convenient, and working automatic teller machines. The sixth attribute, "reliability/honesty", indicates the importance of a solid bank rating and honest, reliable employee. The seventh attribute, "teller", indicates adequate and accessible teller.

Angur et al. (1999) examined the applicability of alternative measures of service quality in the banking industry in India. Data were gathered from customers of two major banks in the retail banking industry (a leading public sector bank and a leading private sector multinational bank). The results suggested that the service quality concept in the retail banking of India as one of the developing economy is a multidimensional construct of service quality. Although the five-factor conceptualization of service quality proposed by Parasuraman et Al.(1985, 1988) did not entirely

hold, the results reinforce their proposal that the five dimensions are of varying importance, with reliability and responsiveness dimensions being the most important. In addition, the SERVQUAL scale appeared to provide much greater diagnostic information about service quality than the SERVPERF did. Although SERVQUAL is not without its critics, the result of Angur et al.'s showed that SERVQUAL is a better instrument for measuring service quality. **Bahia and Nantel (2000)** conducted a study to develop a reliable and valid scale for the measurement of the perceived service quality of retail banking in Canada. They argued that the universality of the five dimensions of SERVQUAL across different types of services had been questioned in a number of subsequent studies. They also argued that these five dimensions are not fully generic. It is often necessary to incorporate additional items to dimensions because they are particularly important for some service categories. Another critique addressed to SERVQUAL since it has focused on the first marketing mix element (i.e. product) to improve quality. Further they developed a measurement of perceived service quality with reference to Parasuraman et al.' (1985) original ten dimensions and some additional items which are important to retail banking service, then they remodeled and tested the measurement scale. Based on this procedure, they proposed a scale that was called as bank service quality (BSQ). The BSQ comprises 31 items, which span six dimensions: effectiveness and assurance, access, price, tangibles, service portfolio, and reliability.

Sureschandar, Rajendran, and Anantharaman (2002) aspired to develop an empirical model of service quality with a specific focus on the banking sector. The objectives of their study are: (1) to identify the critical factors of service quality from the customers' perspective; (2) to develop an instrument to measure customer-perceived service quality based on the identified factors with a specific focus on the banking sector; (3) to empirically test the proposed instrument for unidimensionality, reliability and validity using a confirmatory factor analysis approach. They proposed the 5 critical factors of service quality from the customers' perspective i.e. human element of service delivery, core service or service product, systematization of service delivery, tangibles of service (servicescapes), and corporate social image. These factors resulted from modifying the original SERVQUAL instrument, by adding and/or reducing other relevant factors.

The five-dimensional structure could possibly serve as a meaningful framework for tracking a firm's service quality performance over time and comparing it against the performance of competitors. The wording of some individual items may need to be customized to each service setting. Items on some dimensions should be expanded if that is necessary for reliability. Thus, the banking industries must continuously measure and improve these dimensions in order to gain customers' loyalty.

Bibliography:

- 1. Angur, M.G., R. and Jahera, J.S. Jr. (1999). Service Quality in the Banking Industry: An Assessment in a Developing Economy. The International Journal of Bank Marketing, 17(3), 116-123.
- 2. Babakus, Emin, and Gregory W Boiler (1992). An Empirical Assessment of the SERVQUAL Scale. Journal of Business Research. 24,253-268.
- 3. Bahia, Kamilia, Jacques Nantel (2000). A Reliable and Valid Measurement Scale for the Perceived Service Quality of Banks. The International Journal of Bank Marketing. 18,(2), 84-91.
- 4. Carman, James M. (1990). Consumer Perceptions of Service Quality: An Assessment of the SERVQUAL Dimensions. Journal of Retailing, 65 (Spring), 33-55.
- 5. Crane, F.G., Clarke T.K. (1988). The Identification of Evaluative Criteria and Cues Used in Selecting Services. The Journal of Services Marketing, 2 (2), 53-59.
- 5. Cronin, J. Joseph, and Stephen A. Taylor (1992). Measuring Service Quality: A Reexamination and Extension. Journal of Marketing, 56 (July), 55-68.
- 6. Cronin, J. Joseph, and Stephen A. Taylor (1994). SERVPERV versus SERVQUAL: Reconciling Performance-Based and Perceptions-Minus-Expectations Measurement of Service Quality. Journal of Marketing, 58. 125-131.
- 7. Finn, D.W., and Lamb, C.W. (1991). An Evaluation of the SERVQUAL Scale in a Retail Setting, in Holman, R.H., and Solomon, M.G. (Eds), Advances in Consumer Research., vol. 18, 483-489.
- 8. Fick, G.R., and Ritchie, J.R.B. (1991). Measuring Service Quality in the Travel and Tourism Industry. Journal of Travel Research, 30 (3), 12-17.
- 9. Gronross, Christian, (1984). A Service Quality Model and Its Implications. European Journal of Marketing. 18, 36-44.
- 10. Oliver, Richard L, (1993). A Conceptual Model of Service Quality and Service Satisfaction: Compatible Goals, Different Concepts, in Advances in Services Marketing and Management, vol 2, T. Swartz, D Bowen, and S. Brown, eds., JAI Press, Greenwich, CT, 23-32.
- 11. Parasuraman A., Valari A. Zeithaml, and Leonard L. Berry (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. Journal of Marketing, 49 (Fall), 41-50.
- 12. Parasuraman A, Valari A. Zeithaml, and Leonard L. Berry (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. Journal of Retailing. (Spring), 12-40.

- 13. Parasuraman A, Valari A. Zeithaml, and Leonard L. Berry (1994). Reassessment of Expectation as A Comparison Standard in Measuring Service Quality: Implications for Future Research. Journal of Marketing, 58, 111-124.
- 14. Stafford, Maria Royne (1996). Demographic Discriminators of Service Quality in the Banking Industry. The Journal of Services Marketing, 10 (4), 6-22.
- 15. Sureshchandar, G.S., Chandrasekaran Rajendran, R.N. Anantharamam (2002). Determinants of Customer-Perceived Service Quality: A Confirmatory Factor Analysis Approach. Journal of Services Marketing, 16 (1), 9-32.
- 16. Zeithaml, V.A. (1988). Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence. Journal of Marketing, 52 (July), 2-22.

THE INFLUENCE OF MARKET TYPE AND DEMOGRAPHICS ON BRAND LOYALTY: A STUDY AMONG URBAN ROMANIAN CONSUMERS

Moisescu Ovidiu Ioan

Babeş-Bolyai University Faculty of Economics and Business Administration Teodor Mihali Street, No.58-60, 400591, Cluj-Napoca, Romania ovidiu.moisescu@econ.ubbcluj.ro

Abstract: Considering the increasing role and importance of brand loyalty in the context of nowadays fierce competition and the insufficient understanding of this brand equity core dimension by Romanian companies, this paper aims to partially eliminate this knowledge lack by investigating, among urban Romanian consumers, the influence of market type, namely consumable goods and durable goods markets, and of several demographic characteristics like age, income level, education level and gender, on brand loyalty, measured through four indicators: brand repurchase intention in similar buying contexts, brand recommend intention, brand repurchase intention in case of price increase (price elasticity of loyalty) and, respectively, repurchase intention in case of distribution decrease (distribution elasticity of loyalty).

Keywords: brand loyalty, brand equity, buying context, repurchase intention

JEL: M31 Marketing

Introduction

Considering nowadays dynamic marketing environment and fierce competition, brand loyalty, as core dimension of brand equity, is essential for any company that plans to maintain long term competitive advantages and commercial performance.

The role and importance of brand loyalty as fundamental parameter for establishing marketing strategies has been widely adopted in developed countries, but insufficiently understood by Romanian organizations. Recent studies (BrandTailors, 2008) show that many of the Romanian organizations or of those who are active within the Romanian market don't include in their marketing strategies explicit elements regarding brands or, if they do, they approach brands rudimentary, only considering their product source identification and differentiating from competition roles, without an articulate positioning strategy and/or without strategic objectives regarding long term brand value and brand loyalty growth.

If large sized enterprises or multinationals approach brands and their customers loyalty as core elements of marketing strategies, small and medium sized companies' marketing managers usually don't perceive the importance of having a strong brand loyalty and, even if they do, they lack the necessary information and knowledge in order to reflect branding within correctly underlain marketing strategies. This lack of knowledge and information is due to limited financial resources and/or poor motivation towards conducting specific studies regarding important brand equity aspects such as the impact of market types and demographics on brand loyalty. The aim of this paper is to analyze and identify, among urban Romanian consumers, the influence of market type,

namely consumable goods and durable goods markets, and of several demographic characteristics like age, income, education level and gender, on brand loyalty, measured through five indicators: repurchase intention, recommend intention, price elasticity of loyalty and, respectively, distribution elasticity of loyalty.

Theoretical background

Considering the concept of brand equity, several classical approaches can be identified within the specialized literature. Aaker (1991) conceptualizes brand equity as being a compex system including a set of brand fundamental dimensions as awareness, perceived quality, loyalty and associations. Aaker (1996) suggests a brand equity measuring system suggestively called "brand equity ten" which should consider ten analytical dimensions to be taken into consideration in order to describe brand equity, dimensions of which brand awareness and brand loyalty are fundamental. Kevin Lane Keller (1998:45) considers brand equity from a customer based view as being "the differential effect of brand knowledge on consumer response to the marketing of the brand". Farquhar (1989) considers that three elements are essential in building a strong brand with the consumer – a positive brand evaluation, an accessible brand attitude, and a consistent brand image – these elements being actually the core of brand equity.

Brand loyalty is the core dimension of brand equity, supporting his statement through several advantages of loyalty as (Aaker, 1996): barrier to competition entries, basis for price premiums, generator of time to respond to competitor innovations, and, respectively, means against unhealthy price competition. Brand loyalty can also reduce the costs of doing business through decreasing acquisition and promotion costs (Bennett and Rundle-Thiele, 2005).

Although Ha (1998) considers that brand loyalty should be described and investigated considering cognitive aspects of brand loyalty, researchers often analyze brand loyalty through behavioral aspects like repeat purchases. For example, Fader and Schmittlein (1993) investigated the advantage of high share brands in brand loyalty, measuring brand loyalty only by the behavioral aspect of repeat purchase. According to their research, high share

brands have significantly higher brand loyalty than low share brands. Bayus (1992) also analyzed brand loyalty by a behavioral measurement of probability of repurchasing.

Aaker (1996) suggests that brand loyalty can be assessed using a complex set of elements included into specific customer surveys intended to reveal customer satisfaction (the research instrument should include in this case questions like: "Were you – dissatisfied vs. satisfied vs. delighted – with the product or service during your last use experience?"), buying intentions ("Would you buy the brand on the next opportunity?"), buying habits/usage ("Is the brand the – only vs. one vs. two vs. one of three vs. one of more than three brands – that you buy or use"), while a more intense level of loyalty could be identified through brand recommendation intensions ("Would you recommend the product or service to others?").

Research methodology

The starting point in establishing the research necessary data was the main concept that brand loyalty basically represents the probability that those who have bought a specific brand would chose the same brand within the next buying decision in a similar context (simple repurchase) or a different context (price increase, and respectively, distribution decrease). Brand loyalty significance was extended towards the active involvement of loyal consumers in brand promotion (recommendations). Therefore, the necessary data to be collected regarding the two market types corresponding to durable and consumable product categories, consisted in: intention to repurchase the brand within similar buying context ("Will you repurchase the same brand next time?"), intention to recommend the brand you bought last time to others?"), intention to repurchase the brand within a changed buying context in the case of price increase – price elasticity of loyalty ("If the brand's price increased in comparison to its competitor brands, would you still buy the same brand?"), and, respectively, in the case of distribution decrease – distribution elasticity of loyalty ("If the brand were not to be found in the stores you usually buy, would you look for it in other stores in order to buy it again?"). The four brand loyalty measures above mentioned were collected in relation to the last purchased brand within each of the two market types (durables and non-durables). Demographics about the investigated subjects were also collected in order to investigate possible correlations.

In order for the research objectives and instrument to be accurate, two important factors had to be taken into consideration. Firstly, the investigated population comprised heterogeneous individual consumers not only considering their demographical characteristics (age, income, education, sex etc.), but also their vocabulary, intelligence level, technical knowledge and degree of usage regarding existing products and brands. Secondly, the data had to be collected in such a manner so that investigated consumers could describe their behavior and attitude, what they do and what they think about the analyzed product categories and corresponding brands. Therefore, the particular product categories selected to be investigated within the research were chosen so as: to be different considering their usage duration (durable/non-durable), not to be too technical (in order for most of the consumers to be able to evaluate their own behavior and express their attitudes towards those product categories) and to have a large rate of penetration into households usage or consumption. Given the established criteria above mentioned, the particular product categories chosen for the research consisted in tooth-paste, as being representative for the non-durable product category, and television sets (for durables).

As secondary data about the research issue and the target population of the research were missing, the gathered information exclusively consisted in primary data. The data was collected through an ad-hoc survey, due to the fact that statistically representative data had to be obtained, the information needed was basically unavailable otherwise, and the resources and time allocated to the research did not permit conducting a panel survey in order to investigate medium or long term evolutions of the analyzed relations.

Considering the same financial and time restrictions previously mentioned, the investigated population was limited to the urban consumers of Cluj-Napoca, one of the largest cities of Romania, although the intention of the research was to analyze the urban Romanian consumers as a whole. Nevertheless, the research could still be considered, with certain limitations, as being representative for the entire urban Romanian population as Cluj-Napoca is the second largest higher education center of Romania and, excepting the capital of the country (Bucharest), the second largest city of Romania, representing almost 3% of the Romanian urban population (INS, 2007).

The data collection instrument – namely the questionnaire – was designed using a symmetric scale, with six answering options from 1 = "Definitely no" to 6 = "Definitely Yes", so that to avoid neutral responses and to force a positive/negative attitude.

The questionnaire based interviews were conducted "face-to-face", at the household's residence of the respondents, by a group of 119 marketing specialization students, each student completing a set of five interviews. The sampling method used for the survey consisted in a mixture of classical probabilistic and non-probabilistic methods. Firstly, the population was geographically clustered considering the 474 postal areas of Cluj-Napoca. Afterwards, 119 clusters were extracted through systematic random sampling. The 119 clusters (postal areas) were assigned to the 119 interview operators (one cluster to each operator), and each operator had to complete five questionnaire based interviews on the basis of an itinerary sampling method (5 consumers from different households, located into five consecutive buildings from the assigned cluster – postal area). The data collected was afterwards verified and

validated by contacting (via phone and/or email) a random sample of respondents in order to confirm his/her answers. The interview operators identified as trying to mislead the research through providing non-valid questionnaires were fully verified.

At the end of the data collection process, from the total of 595 assumed completed interviews, only 551 were validated, therefore the research having a statistical error of $\pm 4.2\%$ ($e = 1.96 \cdot \sqrt{0.5 \cdot 0.5/551}$), with a statistical confidence level of 95%.

Results

In order to identify the influence of durables and non-durables market types on brand loyalty dimensions, the following hypothesis were investigated:

 H_1 : The intention to repurchase the brand within similar buying context significantly varies between durables and consumables

*H*₂: The intention to recommend the brand significantly varies between durables and consumables

 H_3 : The intention to repurchase the brand in the case of price increase significantly varies between durables and consumables

 H_4 : The intention to repurchase the brand in the case of distribution decrease significantly varies between durables and consumables

Table 1: The influence of market type (durable/non-durable) on brand loyalty measures

(Student - T, Mann-Whitney - Z, contingency coefficient - c)

(Student 1, Maint Whittey 2, contingency coefficient c)			
Intention to repurchase the brand	T=11,960	Z=-11,477	c=0,328
within similar buying context	(p=p=0,000<0,01)	(p=p=0,000<0,01)	(p=p=0,000<0,01)
Intention to recommend the brand	T=6,074	Z=-6,654	c=0,202
intention to recommend the brand	(p=p=0,000<0,01)	(p=p=0,000<0,01)	(p=p=0,000<0,01)
Intention to repurchase the brand	T=9,315	Z=-9,345	c=0,276
in the case of price increase	(p=p=0,000<0,01)	(p=p=0.025<0.05)	(p=p=0,000<0,01)
Intention to repurchase the brand	T=-2,889	Z=-2,234	c=0,130
in the case of distribution decrease	(p=p=0,004<0,01)	(p=p=0,000<0,01)	(p=p=0,002<0,01)

According to the statistical parameters (Table 1), all of the four hypothesis were accepted. Therefore, all of the four dimensions of brand loyalty investigated significantly vary between durables and non-durables. Thus, it can be said that the market type has a significant influence on brand loyalty at all levels. The strongest influence of market type occurs in the case of similar buying context repurchase intention and of repurchase intention when price increases. Repurchases, recommendations and price premium acceptance are more probable among non-durables, situation that can be explained by their relatively reduced impact on households' budgets and by the routine-like and low-involvement buying decision process that is specific to consumables. Nevertheless, consumers are more sensitive to distribution decreases in the case of non-durables, their brand loyalty from this point of view being stronger in the case of durables (Table 2).

Table 2: Brand loyalty dimensions in relation to market type (means)

	Non-durables	Durables
Intention to repurchase the brand within similar buying context	5,19	4,06
Intention to recommend the brand	4,60	3,68
Intention to repurchase the brand in the case of price increase	3,99	4,32
Intention to repurchase the brand in the case of distribution decrease	5,20	4,65

In order to identify the influences of demographic characteristics (age, education level, income level and gender) on brand loyalty dimensions, the following hypothesis were investigated:

 H_1 : The intention to repurchase the brand within similar buying context significantly varies within age / education level / income level / gender categories.

 H_2 : The intention to recommend the brand significantly varies within age / education level / income level / gender categories.

 H_3 : The intention to repurchase the brand in the case of price increase significantly varies within age / education level / income level / gender categories.

 H_4 : The intention to repurchase the brand in the case of distribution decrease significantly varies within age / education level / income level / gender categories.

Table 3: The influence of demographics on brand loyalty measures

(Spearman - Rho, Mann-Whitney - Z)

		Intention to repurchase the brand within similar buying context	Intention to recommend the brand	Intention to repurchase the brand in the case of price increase	Intention to repurchase the brand in the case of distribution decrease
SO.	Age	Rho=0,048 (p=0,264>0,05)	Rho=0,083 (p=0,05>0,05)	Rho=-0,054 (p=0,209>0,05)	Rho=0,07 (p=0,098>0,05)
ırable	Education	Rho=-0,051 (p=0,23>0,05)	Rho=-0,065 (p=0,128>0,05)	Rho=0,035 (p=0,407>0,05)	Rho=-0,034 (p=0,432>0,05)
Non-durables	Income	Rho=0 (p=0,994>0,05)	Rho=0,016 (p=0,711>0,05)	Rho=0,150** (p=0,000<0,05)	Rho=0,046 (p=0,28>0,05)
	Gender	Z=-0,286 (p=0,775>0,05)	Z=-2,398 (p=0,016<0,05)	Z=-0,647 (p=0,518>0,05)	Z=-0,89 (p=0,373>0,05)
	Age	Rho=-0,084* (p=0,049<0,05)	Rho=0,04 (p=0,347>0,05)	Rho=-0,001 (p=0,978>0,05)	Rho=0,022 (p=0,602>0,05)
Durables	Education	Rho=0,084* (p=0,049<0,05)	Rho=-0,028 (p=0,509>0,05)	Rho=0,066 (p=0,122>0,05)	Rho=0,038 (p=0,37>0,05)
	Income	Rho=0,076 (p=0,073>0,05)	Rho=0,059 (p=0,165>0,05)	Rho=0,061 (p=0,151>0,05)	Rho=0,051 (p=0,233>0,05)
	Gender	Z=-0,726 (p=0,468>0,05)	Z=-0,343 (p=0,731>0,05)	Z=-0,466 (p=0,641>0,05)	Z=-0,123 (p=0,902>0,05)

According to the statistical parameters (Table 1), only some of the hypothesis could be accepted. Brand loyalty significantly varies among income and gender categories in the case of non-durables, and among age and education categories in the case of durables.

Analyzing the particular correlation coefficients, some important conclusions can be drawn. Firstly, the higher the income level is, the higher the price premium acceptance lever is, but only in the case of consumables. Secondly, in the case of durables, similar buying context repurchase intention is stronger when age level is lower and education level higher. Thirdly, considering non-durables, there is a significant influence of gender on brand recommendations and, respectively, on repurchase intention in the case of distribution decrease.

Conclusions, research limitations and future research directions

The research results suggest that, in order to create brand loyalty, a high intensity level of distribution should be established and maintained, especially in the case of consumables. In the case of non-durables, brand price increases should be managed carefully as consumers more willing to switch brands than in the case of durables. When establishing brand loyalty based marketing strategies, companies should focus on income and gender driven market segments, in the case of non-durables, while with durables they should be concerned with age and education driven market segments, as these demographics are those which can influence brand repurchase intentions significantly (are correlated with brand loyalty).

Finally, certain research limitations and future research directions can be depicted. Firstly, the results' significance is limited to a certain local area of the urban Romanian market. Even though we could, with certain limitation, extend the results to the overall Romanian urban market level, a more geographical extensive research should be conducted in order to reveal certain local consumer behavior specifics. Secondly, the research method (ad-hoc survey) would have been more relevant if a panel were created and analyzed over time, so as consumer evolutions could be emphasized, as the Romanian market is a developing one. Thirdly, the research could be extended considering not only durables and consumables like those investigated, but also other specific types of tangible products and, of course, services, as significant differences would be expected to appear in that case.

REFERENCES:

- 1. Aaker, D. A. (1991) Managing Brand Equity: Capitalizing on the Value of a Brand Name, The Free Press, New York
- 2. Aaker, D. A. (1996) Building Strong Brands, The Free Press, New York
- 3. Aaker, D. A. (1996) 'Measuring Brand Equity Across Products and Markets', California Management Review, vol.38, no.3
- 4. Bayus, B.L.(1992) 'Brand loyalty and marketing strategy: an application to home appliances', Marketing Science, Vol. 11 No. 1
- 5. Bennett, R., Rundle-Thiele, S. (2005) 'The brand loyalty life cycle: Implications for marketers', Journal of Brand Management, vol.12, no.4
- 6. BrandTailors (2008) BrandTailors radiografiază în premieră piața de branding din România, http://brandtailors.ro/brandtailors-radiografiaza-in-premiera-piata-de-branding-din-romania/

- 7. Fader, P.S., Schmittlein, D.C. (1993) 'Excess behavioral loyalty for high-share brands: deviations from the Dirichlet model for repeat purchasing', Journal of Marketing Research, Vol. 30
- 8. Farquhar, P. H. (1989) 'Managing Brand Equity', Journal of Marketing Research, vol.1
- 9. Ha, C. L. (1998) 'The theory of reasoned action applied to brand loyalty', Journal of Product and Brand Management, vol.7, no.1
- 10. INS (2007), Populația și fenomenele demografice (comunicat de presă), www.insse.ro
- 11. Keller, K. L. (1993) 'Conceptualizing, Measuring, and Managing Customer-Based Brand Equity', Journal of Marketing, vol.57, no.1
- 12. Keller, K. L. (1998) Strategic Brand Management: Building, Measuring and Managing Brand Equity, Prentice Hall, Upper Saddle River, New Jersey
- 13. Keller, K. L. (2001) 'Building Customer-Based Brand Equity', Journal of Marketing Management, vol.11, no.3

ASPECTS OF PERMISSION MARKETING

Morozan Cristian

"Constantin Brâncoveanu" University from Pitești, Faculty of Management-Marketing in Economic Affairs Brăila 18 Rubinelor Street, Brăila E-mail: cristi.morozan@gmail.com Telephone: 0239/61.33.08

Enache Elena

"Constantin Brâncoveanu" University from Piteşti, Faculty of Management-Marketing in Economic Affairs Brăila 18 Rubinelor Street, Brăila E-mail: e enache2005@yahoo.com Telephone: 0239/61.33.08

Tinteanu Bogdan

"Bella Italia" Pizza – Romania Franchise 176 Plevna Street, Brăila E-mail: bogdan.tinteanu@bella italia.ro Telephone: 0239/61.05.55

It's time for the Romanian organizations to know what foreign companies have found along time. Without innovation, a company cannot survive! The innovation index is different from a sector to another, achieving, for example, even 100% in the field of read-made clothes.

Innovation is like a breath of oxygen in a world which becomes extremely exigent and materializes in a new solution from any point of view (technological constructive, creative, organizational etc.), an improvement without pretending to be unique, which the companies throw on the market to ensure success and their chances in future.

Although innovation is something more than staying on the spot, but it must be also mentioned the fact that more than half of innovations do not enjoy success.

Keywords: permission marketing, interrupted marketing, customers, advertisement

JEL classification: M31

It is nothing new if we state that marketing is so necessary in all types of activities, but the novelty comes when because of an excessive competition, of different categories of consumers, new variants of marketing approach are created, some of them being considered correct, others less correct and of principle.

Nobody has the patience to read the junk-mail or to follow the advertisements on TV, nobody is eager to find what news received on e-mail, to read notice, logos or billboards etc. Although the marketers' role is to attract people's attention on them, it is simply impossible physically and psychically for people to bear the pressure of all classical publicity messages. That is why, in an untidy and crowded world, other ways are looked for, other approaches of raising profits.

After having read the specialty literature, but especially as a result of present day practice, the present paper identifies some new successful concepts, proposed by marketers who have innovated the marketing. They are already created and it is more necessary to be known: Ambush marketing, Permission marketing, Field marketing, Shopper marketing, Blog marketing, Digital marketing and so on. We have decided to further develop the subject of Permission marketing.

The marketing people all over the world will become familiar with this concept. The sellers will soon speak about the efficient principles of the consumer permission marketing and about the optimum approaches of applying these principles.

The basic idea of permission oriented marketing is very simple: each of us is born with a limited amount of time, but the thought of using it efficiently is one of everybody's main goal.

To pay attention to a thing, whichever it may be, is in fact an awareness act which asks for a conscientious effort. So, in future, the only efficient way of selling goods to customers will be to ask his/her permission first. This can be attained by drawing the consumer into a dialogue, in a long term interactive relation to which he may take part equally. Instead of interrupting his attention by an advertisement, or violating his privacy by a telephone or an unexpected e-mail, the future marketer will try to get the consumer's permission of participating in the sale process. The consumer is likely to offer his permission because he wants to find more about a certain product. The marketer will have to offer some payment or a benefit in exchange for getting permission.

On the other hand interactivity may attract the consumers in individual dialogues which may lead to the development of some relationships to become ever stronger in the long run. Such a strategy not only shields a business against becoming trite, but also it offers a special service to consumers, a service which may value more than the access to the most recent and exact price comparison.

1. The evolution of mass marketing

1.1. Marketing crisis which cannot be solved with money

Marketers have found that the former way of making publicity and selling goods does not work as in the past, so they are continually looking for new ways by which to increase the market quota and profits.

Nobody pays attention to publicity, although important resources are wasted, but marketers have the duty to make us do it. If they did not interrupt our mind by placing a mark in our conscious or subconscious, then marketing would fail.

Nowadays publicity can be defined as being the science of creating and placing a message which interrupts the consumer, so that later it will make him act. However, the more crowded he market becomes the more difficult it is to succeed to interrupt the consumer.

Marketers have chosen to solve this problem in the least disadvantageous way, to face the disorder, confusion and the effects, more negative than positive of the marketing based on breaking, they decided to interrupt it more and more.

1.2. Interrupted marketing

The marketing of consumer goods is in a real crisis. The great diversification and specialization of media means leads to the situation in which a marketer cannot cover a large rate of population through a single message.

The important events have that capacity of bringing in front of TV screens more than half of the consumers member (e.g. football matches). Therefore, they are the ideal launcher for the messages of interrupted marketing supporters, having as a target the great number of audience caused by the event.

Besides the acquisition of a large quantity of publicity, how can mass marketers get through such an exceeding of information?

They apply one of the following four classical approaches:

- a) the first solution stands in the increase of investments in less common means of communication, not only in the traditional publicity on TV;
- b) the second technique is to make more shocking and attractive ads;
- c) the third classical approach, to maintain the mass marketing, is the frequent change of promotional campaign structure, in order to make them interesting and new;
- d) the fourth approach represents what most marketers do when they give up the mass-media ads and resort to direct marketing campaigns, to events, coupons, gratuity cards and other direct sales promotion instruments.

Making a summary of the problems with which the marketer applying the specific approaches of interrupted marketing confronts with, we can speak about 415:

- human beings can offer a finite quantity of attention;
- customers dispose of a finite amount of money;
- the more products are offered on the market the less money come to each product;
- to draw more attention and more money, the interruption oriented marketers must spend more;
- however, as it has been noticed before, spending much more money to get special results can only lead to an acuteness of the problems;
- a real vicious circle: the more money is spend the more decreases the efficiency. The less efficient, the more money must be spent.

Will the mass marketing ever have major changes? Without any doubt a new form of marketing appears in the image.

The new approach will affect the interrupted marketing in the same way in which the automobile revolutionized transport.

1.3. Mass publicity created mass marketers

Marketing has become the most profitable sector of an organization. It has been stated that besides marketing everything is expense. The possibility of attracting a large number of customers by advertising was a real revelation for the new companies.

At the beginning, they only flirted with the idea but later became dependant on the concept, rely the whole organizational and business strategy on the mass attraction.

At the beginning of the 19th century the publicity people were considered the saviors of the industrial societies, some complicated beings capable to keep a tight handle over the crowds to lead to progress. As soon as the producers started to make publicity they discovered (some of them by chance) an extraordinary truth: the more intense the publicity was the greater the sales were, and the value of sales exceeded the publicity costs. The machinery of modern trade had started to operate.

The development of mass means of communication to contain publicity information was considered a direct consequence of this discovery.

The supporters of interrupted marketing need something to interrupt people. In this way appeared new newspapers, radios and TV programs. Could the interrupted marketing have led to creation of today's media? It seems it did! As soon as the trade world tasted the mass publicity, marketers fixed on interrupted marketing. The reasons were relatively simple:⁴¹⁸

.

⁴¹⁵ Seth Godin, Marketingul bazat pe permisiune, Business Tech Publishing House, Bucharest, 2004, p. 39.

⁴¹⁶ David Aaker, Managementul capitalului unui brand, Brandbuilders Collection, Bucharest, 2005, p. 10.

⁴¹⁷ Wally Olins, Despre Brand, Comunicare.ro Publishing House, Bucharest, 2007, p. 44.

⁴¹⁸ Seth Godin, quoted work, p. 60.

- a) interrupted marketing was simple: you were creating some advertisements and they exhibited everywhere;
- b) interrupted marketing had a measurable efficiency: if you wanted the increase of sales, then you bought more publicity;
- c) the interrupted marketing was predictable: an experienced marketer could predict the profit of each coin spent on publicity;
- d) interrupted marketing was corresponding to the command and control needs of large companies. The strategy was totally under the control of the one making publicity, without the risk of some secondary effects;
- e) interrupted marketing is profitable. A good product brings great profits, superior to publicity costs.

The supporters of mass marketing have optimized their organizations to be able to approach this strategy. They created the position of mark manager, the publicity agencies and the companies evaluating the publicity impact and concentrated groups of specialists and numerous techniques to institutionalize their adherence to the system of interrupted marketing.

Permission marketing on the contrary constitutes a great threat and a great opportunity. This situation opens huge perspectives for the new companies, which have nothing to lose, which are flexible and endowed with the decision of trying a totally different way of winning and keeping its customers.

2. Customer's permission marketing

2.1. Publicity is powerful if it is anticipated, individual and relevant

Nowadays, although the confusion caused by overcrowd is great is goes on amplifying, permission marketers succeed to use it for their own benefit. In fact, the greater the confusion is, the more profitable is the permission marketing.

The interrupted marketing is the enemy of anyone who tries to take time. By a constant interruption of our activities in any moment, marketer who interrupts us succeeds a double performance of putting in danger the new product selling potential and not wasting our most precious good, the time.

Therefore on a long term, the interrupted marketing as an instrument of mass marketing is doomed to perish. An alternative might be the permission marketing which offers voluntarily to the act of sale. Being addressed to volunteers, this type of marketing brings the guarantee that the message will be received with much care. This type of marketing allows the marketers to deliver their speech calmly and to the point, without the fear of being interrupted by competition. Through this approach, both the consumers and the marketers won, between them being established a symbolist relationship.

The publicity messages specific to the customer permission marketing are *anticipated*, *individual*, *individual* al relevant. 419

Any marketer should offer a stimulus to his prospective customer for his being disposal, in fact the first meeting represents a great time and money investment, therefore it must be quite a strong reason to urge to a voluntary action

The stimuli we way offer the customers may vary from information to entertainment, contents or even a payment on the spot for the paid attention, must be direct, evident and offered clearly. Secondly, using the attention paid to consumer, marketer places at its disposal a long term program with clear marks regarding the product or the service offered. The third step implies the refreshment of stimuli and the next, which must make in the same time with the third step, constitutes the enhancement of permission level which the prospective customer pays to the marketer. The fifth step and the last constitute the transformation of permission in a profitable situation for both parties.

The permission marketing cuts victoriously way through the actual crowd and allows the marketer to address the prospective customers as a friend not as a foreigner.

This individual communication, anticipated, frequent and relevant has an infinitely greater impact than a certain message spread at random, in a moment chosen at random.

The main problem is that the permission marketing presupposes patient.

Companies led by this strategy have results in time, in opposition with what would like the marketers nowadays. Beside, permission marketing presupposes much trust.

Unlike the interrupted marketing, the permission one is a measurable process⁴²⁰. It develops in time and for any company which uses it, it becomes a more active asset. The more resources we allocate to permission marketing companies, the better they will operate in time. These stable and efficient processes represent the key of success in fight with the confusion nowadays.

The permission marketing is the one which uses efficiently the real force of Internet. The strong dynamism it brings to this environment makes from permission marketing the spear point of the following decade marketing.

⁴¹⁹ Seth Godin, Marketingul bazat pe permisiune, Business Tech Publishing House, Bucharest, 2004, p. 45. 420 Idem

2.2. Focus on customer quota and not on the market quota

At the end of 2000's Don Peppers and Martha Rogers wrote a book which completely changed the marketing image. This book entitled "The One to One Future" proposes a radical reconsideration of the way in which marketers treat their customers. Peppers and Rogers presented the model in which companies can increase their profit by selling a greater number of items to a smaller number of customers. With other words they consider that it is wiser to concentrate on sales increase to a smaller number of actual customers than to look for new clients.

The reasoning behind this concept goes straight to the target and leads to one of the principles which support the permission marketing; to get a new customer is expensive, being necessary expenses to draw his attention and efforts to educate him (interrupted marketing is expensive, the same being the process to win another customer). For the customer is expensive too, because he must to spend time to evaluate the information and to learn the characteristics and product advantages.

The authors of the mentioned book sustain with strong arguments the idea that attention must be drawn from the methods of increasing the number of clients to their keeping on a longer period of time and to getting greater amounts of money from them in the long run.

The permission marketing presupposes the concentration on a double perspective, both prior to a post-sale. The problem most of the companies confront with is that they start to analyze their customers too late.

The permission marketing has in view the changing of foreigners into friends and of friends into customers. One-to-one marketing uses the same techniques including knowledge, repetition and relevance to turn the customers in super-customers. One-to-one marketing is not in competition with the one based on permission but it belongs to the same dimension. Marketer who adopts the strategies peculiar to one-to-one approach use permission aloud after the perspective customer turned into a customer in order to turn him into a super-customer. The higher the permission level the higher the profit got.

2.3. The five permission levels

The marketing aim which uses permission strategies is to make consumers to advance on "permission scale", turning them from strangers into friends and from friends into customers. The customers are to be turned into devoted customers. Each step in this process presupposes the growth in faith, in responsibility and profits.

Permission may be classified in five different levels. The highest level is entitled the *intervene level*. The fifth, the lowest is called the *situational level*. Here are the five levels presented in the order of their importance:⁴²¹

- a) intervene level (and the model of permitted acquisition);
- b) points level (a system based on collecting points and that based on chance);
- c) personal relation level;
- d) mark trusting level;
- e) situational level.

There might be another level but placed outside permission area and practically it cannot be considered a level. It is the level of unsolicited publicity materials.

The marketer who gets the customer permission at "intervene" level, takes the decision of buying on the customer's behalf. It is a greater advantage, but risky in the same time. If the marketer makes mistakes or, even worse, abuses of their permission, will be cancelled on the spot.

The next permission level is that of points, a rigorous one, being a measurable approach in order to keep and draw the attention of the prospective customer. It is not necessary to give a great discount (generally in cash) which does not bring long-term benefits.

The seller gives only few points but what he gets is not only the customer's attention at the respective moment, but the creation of a relationship which will surely have better results in future.

The third level of permission is that of personal relations. Quite surprisingly, this follows the levels of points in the order of permission because these two levels cannot be compared. The using of a relation with a person is an efficient way of reorientation, at least temporarily, his attention and influences his behavior, but this way of approach is different from person to person.

Ever lower on the scale which measures the permission is the level of mark faith. This is the level got on product testing and researching, a kind of mantra of those marketers who are supporters of interrupted strategy.

In order of importance, the last permission level is that situational. It is a level which depends only on the moment situation, but it is very useful. Giving situational permission, is usually preceded by the question: "May I help you?". When a consumer calls a green-phone he has just given a situational permission.

On the bottom level, that is zero (the place from which starts any marketer which uses interrupted strategies) there are unsolicited publicity materials. At this level the permission problem cannot be raised.

⁴²¹ Seth Godin, Marketingul bazat pe permisiune, Business Tech Publishing House, Bucharest, 2004, p. 100.

2.4. Permission marketing in the context of Internet actual development

Jeff Bezos is about to become a billionaire because of this site Amazon.com, although on this site you can buy only books. By Amazon.com the sales are greater than the sales summed of the first printing-houses in the world. Google has a total value of shares listed at the Stock Exchange greater than some auto companies.

The Internet is the most important direct marketing media which has ever been invented. The main advantages the Internet offers to those wishing to profit from direct marketing would be:

- the dispatch of materials is free;
- the testing speed is one hundred times higher;
- the answering rate is fifteen times greater;
- the combination of off-line with on life marketing strategy;
- frequency is free you cannot identify and discuss efficiently with each person taken separately quite often;
- the printing is free.

We further present the five stages any permission marketing campaign must follow on Internet⁴²²:

- a) the marketer offers the prospective customer a stimulant so that he may voluntarily enlist in the system;
- b) using the attention paid by the consumer the marketer offers a real information program instructing the latter about his products or services;
- c) bonuses consolidates the keeping of the permission paid;
- d) the marketer offers additional bonuses to get a greater consumer's permission;
- e) in the long run, the marketer uses permission to change the consumer's behavior, turning him in a source of income.

The permission law is simple: in order to turn to account a list at maximum, it is necessary to amplify its individual, anticipated and clear character. The more the audience knows us, the messages are more anticipated and the permission character is greater and the value of a list rises.

Conclusions

The technology places at the marketers' disposal the perfect endowment and allows them to personalize the mail and send free messages on Internet. If we add to this a significant base of customers who expects to receive the marketing messages because they expressed their permission, it is simple to understand that the whole chain of book industry is in front of a deadly threatened.

By turning strangers in persons who gradually pay a rising permission, starting with the first contact up to the moment of allowing him to buy on the customer's behalf, the marketer may optimize the whole marketing process. By raising the evaluation capacity and marketing efficiency, the company may get considerable profits.

Bibliography

- 1. Seth Godin, Marketingul bazat pe permisiune, Business Tech Publishing House, Bucharest, 2004
- 2. David Aaker, Managementul capitalului unui brand, Brandbuilders Collection, Bucharest, 2005
- 3. Wally Olins, Despre Brand, Comunicare.ro Publishing House, Bucharest, 2007

-

THE TRADEMARK IMAGE OF THE SOCIALLY RESPONSIBLE COMMERCIAL COMPANY

Murzea Cristinel

Transilvania University of Braşov Faculty of Law and Sociology 25, Eroilor Blvd., Braşov cristinel.murzea@unitbv.ro

Muresan Laura

Transilvania University of Braşov Faculty of Law and Sociology 25, Eroilor Blvd., Braşov laura.muresan@unitbv.ro, lauramureshan@yahoo.com

The social responsibility, correctly applied to the development strategies by a commercial company, can grant that much needed element of novelty to a successful trademark. All the advantages of the corporate social responsibility can add value to the trademark of the products of the socially responsible commercial companies. Thus, the functions of the trademark of certain products can be doubled by a socially responsible attitude, correctly and consistently promoted by certain commercial companies.

Keywords: trademark, commercial company, social responsibility, stakeholders, trademark image.

JEL Code of the work: K (Law and Economics)

1. The socially responsible commercial company

Many traders instinctively know that "to do what you have to" – to serve the clients, to take care of the staff's morale, to be attentive to the providers, to be good neighbours and to protect the environment – means a good commercial sense. The socially responsible activity concerns the provision of the economic success of a commercial company by including certain social and ecological reasons into its activities. 423

The social responsibility of the commercial companies must be considered from a complex perspective. We believe that the social responsibility of the commercial companies is what the community expects from a commercial company from an ecological, economic, legal, ethical and philanthropic point of view. Thus, the social responsibility includes all these types of activities (ecological responsibility, economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility).

The social responsibility of the commercial companies is a moral, voluntary responsibility of the respective commercial companies regarding the interaction of their own company with the: environment, clients/consumers, own employees.⁴²⁴

2. The trademark and its functions

The law⁴²⁵ defines the trademark as a susceptible sign of graphical representation serving to the distinction of the products or services of a natural or legal person from those belonging to another person. Thus, trademarks can be distinctive signs such as: words, including person names, drawings, letters, figures, figurative elements, tridimensional forms, and especially the form of the product or its package, combinations of colours, as well as any combination of these signs.

In ancient times, the signs identified the products produced by a certain workshop, by a certain craftsman, having the significance of a "signature". They played, for the objects in great demand, a role of the source guarantee, and thus a guarantee of the quality of the product on which they were applied.

From the initial manufacturer identification function, the trademark has evolved in the modern economy to that of the identification of the products with a tendency, at present, to evolve to a symbol, to a myth. The trademark has more and more, as a function, the conscious or unconscious connection to symbols, to genuine recognition signs, rather than the function of asserting the source and quality of the product, or services.

The trademark right is acquired by registering the sign chosen by the applicant. Registering the trademark grants the holder an exclusive right over it. The holder acquires, by registering the sign, an exclusive right to use or "occupy" it, which is restricted to the usage of this sign in relation to the designated product or service. The trademark right is a simple "occupation" right in the profile of the person who first made the registration, and that is why the validity of a trademark does not spell novelty, but originality. The occupation right granted by the registration is a particular type because the object and function of the trademark right is not to grant monopoly over a distinctive name but to favour the commerce, to provide the consumer's protection. The right does not protect the sign itself, the trademark, but the commerce is protected.

In the case of the distinctive signs, the rights of each competitor over the distinctive signs of his activity, including over the trademark, in relation to his competitors, are observed. The object of the protection is preventing the direct

⁴²³ Comisia Europeană, Direcția Generală pentru Întreprinderi: Introducere în CSR pentru întreprinderile mici și mijlocii. http://ec.europa.eu/enterprise/csr/campaign/documentation/download/introduction ro.pdf, pp. 2-3.

⁴²⁴ Mureşan Laura, Poţincu Cristian-Romeo: Cadrul juridic al responsabilității sociale corporatiste. în volumul Conferinței Responsabilitatea socială corporativă și dezvoltarea durabilă, 10 aprilie 2009, Bucureşti, Editura Comunicare.ro, Bucureşti. 2009 (în curs de apariție).

⁴²⁵ Art. 3 lit. a, Legea nr. 84 din 1998 privind mărcile și indicațiile geografice.

competitors of the sign holder from using it as well, thus preventing confusion among consumers. This way, the sign holder is acknowledged the right to use it for his products or services, and to thus preserve his clientele.

The trademark is a distinctive sign used to differentiate the products and services of a trader. The differentiation can be objective to the extent to which it corresponds to the characteristics of the product (the trademark reflects the qualities of the product), or subjective, when the distinctive sign, without suggesting the qualities of the product, intends to "attract" the buyers. Sometimes, the attraction is so strong that the trademark becomes a myth and is included in the consumers' current vocabulary, turning into a generic name for a product or category of products.

The trademark proved its importance by its capacity to attract and preserve its clientele, becoming an essential element of increasing the trader's clientele. In time, the economic importance of the trademark has increased in direct relation to the development of the world commerce and international exchanges. Several products and services are sold worldwide under the same trademark, and this "commercial notoriety" has become a valuable asset of the modern enterprises. A trader can have the best products or services in the world. The clients must be able to distinguish and choose them from the products and services of the competition; the trademark has become a part of any commercial strategy.

Here are the functions of the trademark:

A. The product differentiation function has its origin in the belief according to which the trademark is a sign, a signature, which once applied on a product allows the public to identify it, distinguishing it from other identical or similar products. Thus, the trademark becomes a reference point of the searched product, for a public which no longer links the trademark to its source. In this context, the trademark acquires a clientele determination function, the manufacturer's differentiation function becoming a product differentiation or identification function. This phenomenon is called trademark objectification⁴²⁶.

B. The trademark competition function starts from its quality to be a means of individualizing the product belonging to a certain manufacturer. Thus, being an external sign of the products value, the trademark allows the consumers to easily and rapidly find the checked products belonging to the producers who have gained a good reputation. In some cases of new products, of special type, the trademark starts to identify itself with the product to such an extent that it is designated through the trademark. For instance, the example in which, in a shoe store, the buyer asks for a pair of "adidaşi" (sneakers) (sports footwear having the "Adidas" trademark), or makes Xerox copies, identifying the trademark of the copying machine ("Xerox") with the achieved action.

On this clientele attraction mechanism relies the trademark competition function, which has increased to misrepresentation as advertising has developed. By means of "violent and invading" advertising, the objective differentiation through the trademark has been replaced by a subjective differentiation, and the trademark competition function has been replaced by the monopoly function.

- C. The trademark quality guarantee function is indissolubly connected to competition. By means of the trademark, the consumer can identify a certain product which he prefers thanks to its quality or presentation manner. In certain fields, especially fashion and cosmetics, certain trademarks become a quality symbol to such an extent that they extend their effects beyond their origin field, to most various objects, to which they lend the prestige of the origin product. It can be noticed that the importance of the quality or quality guarantee function has increased. The regular consumer does not possess the elements required in order to check and evaluate himself the real quality of the variety of products sold on the market. He is informed in this respect through the advertising of the products, which means asserting the quality of the trademark products. This way, the objective differentiation based on quality turns into a differentiation based on presentation, in order to then become a subjective differentiation based on the "buyer's trust in a qualitative difference of the marked products" which makes him prefer a certain trademark, convinced that it corresponds to a top quality product.
- D. The market organization function derives from the interaction between production and consumption; the trademark is a market organization instrument, a means of correlating the demand with the supply. The increase of the economic importance of the trademark has led to the fact that "the trademark sells itself".
- E. The monopoly function of the trademark appears by the transformation (alteration), under certain conditions (with the implication of the commercial function), of the competition function and market organization function of the trademark.
- F. The commercial function is based on the attraction power of the trademark. By means of adequate advertising, the trademark can cause a real "conditioned reflex" to the consumer. Good advertising grants the trademark a selling potential, irrespective of the quality and price of the product to which it is associated. By seducing the

 427 Murzea Cristinel, Drilea Marian, Cletea Gheorghe, Miron Adriana: Noțiuni de proprietate intelectuală. Editura Romprint, Brașov. 2004, pp. 184-188.

⁴²⁶ Eminescu Yolanda: Tratat de proprietate industrială. Volumul II: Semne distinctive. Editura Academiei R.S.R., București. 1983, pp. 19-25

consumers, the trademark becomes an autonomous element of the commercial success. Thus, from an accessory of the product, the trademark has become an independent asset with its own value. 428

G. As for the consumers' protection function, the consumer has the right to be correctly informed on the quality of the products he buys, and the information must be complete in order to help his choice. The consumers' protection is achieved not only by means of correct information; the issue is much more complex, and makes the object of specific regulations, related to the consumption law. In the strict sense of law no. 84/1998 related to trademarks and geographical indications, the consumer is defined as any natural person acting with other purposes than those of his commercial or professional activities. The consumer's protection function derives from the quality guarantee function and from the source guarantee function because the source implies a constant quality of the marked product.

So the trademark is an important identification attribute of a trader in relation to his clients. The trademark of a trader applied on a product is for the consumer a proof of the individuality of that product. The trademark is thus a "guarantee" of the authenticity of that product for the client of that trader. 429

3. The trademark image of the socially responsible commercial company

The social responsibility plays an essential role in creating the reputation of the commercial company, a reputation which it enjoys among its different publics. The fundamental idea on which an identity program is based is that everything that a commercial company does/supports by means of the social responsibility actions must project a clear idea of the values in which the respective commercial company believes, a clear idea of who it is and what matters to it, of its objectives. In this respect, all developed actions must have continuity and must be consistent with the mission and vision of the commercial company, explained to the broad public through the communication action mixture.

A complex system of connections is woven around a brand, which contributes to the communication of the values which a company creates. A brand is built starting from a logo and slogan but its power consists in all the formats it is communicated and promoted: directly, through audio-video films, ad prints, online banners, posters, catalogues, direct mail.⁴³⁰

In this context, we must differentiate the trademark from the brand. If we look at each product or set of products as a person, the trademark is its image: hair, clothes, shoes, and even perfume. But the brand is a person, with a soul, vision, life principles. The image of the brand, the way it is presented in the communication with the clients, is not only the creation of advertising or branding agencies but it is a result of the "DNA" its creators have defined. 431

The image of the commercial company implies that its identity must be enriched by references and valuable attributes which will offer an advantageous psychological status and will influence the social image.

The trademark image of the commercial company has appeared as a result of the need to give coherence, foundation, credibility and durability to the main forms of communication within it: financial communication, social and internal communication, commercial communication and institutional communication. The trademark communication is thus achieved among the four types of communication. This need of unity and integration appears due to the fact that the public – including the ensemble of stakeholders of the respective commercial company – establishes with this commercial company a bidimensional relation. The bidimensional relation implies an indirect relation, where a general idea of the commercial company is formed based on the information obtained from mass media, based on the contacts established with the persons within it, based on the contact with its products; and a direct relation which directly affects the interest of the public – shares if he is a shareholder, social offer if he is an employee, position within the commercial company if he is a leader, etc.

The image plays the mediator role between the legal and natural persons, between institutions and individuals. In those previously presented, the public to which the respective socially responsible commercial company relates, is represented by stakeholders. The stakeholder notion derives from the following terms: "stake" meaning interest, and "holder" meaning owner, both English terms. Thus, the stakeholders are those categories of persons who have an interest in the development of the activity of the respective commercial company. The stakeholders are divided into two main categories: external stakeholders – including business partners, suppliers, consumers, local communities, natural environment, future generations –, and internal stakeholders – including employees, shareholders, and managers/owners.

⁴²⁸ Roș, Viorel: Dreptul proprietății intelectuale. Editura Global Lex, București. 2001, pp. 549-574.

⁴²⁹ Murzea Cristinel, Mureșan Laura: Dreptul la marcă și protecția consumatorului în comerțul electronic prin licitație publică. în volumul sesiunii de Comunicări Științifice a Universității "George Barițiu" din Brașov, Facultatea de Drept, 22 noiembrie 2008 pp. 119-124.

⁴³⁰ Oprea Luminița: Responsabilitate socială corporatistă. Editura Tritonic, București, 2005, pp. 34-44.

⁴³¹ Sasu Vlad Dinu: Diferențieri și similitudini între marcă și brand. În Analele Universității din Oradea, 2004, p. 334.

⁴³² Racolţa-Paina, N. D., Mateescu, V. M.: Responsabilitatea socială internă și producţia de tip lohn. Studiu de caz: o întreprindere mică, cu capital străin, din industria confecțiilor. în Management & Marketing nr. 3/2006, Editura Economică, Bucureşti. pp. 99-100.

4. Conclusions

The great trademarks are not born overnight. They constantly need a mixture of strategy, finances, legal counseling, and marketing-communication in order to maximize their values. At the same time, they need a certain understanding from the owners who must be updated on the new trends which are the object of the respective trademark, and maintain certain freshness.

The trademark plays three fundamental roles in the buying decision; helps to process the information, provides security with buying, and offers satisfaction in using the product, or service, respectively.

The trademark manages, by means of complex mechanisms, to reach several communication levels. Thus, the functional benefits (concrete, palpable), as well as the emotional ones (intangible) such as the satisfaction related to what one has obtained, status, the reason to be, the feeling that one makes the right choice grant the trademark that power of persuasion, of great deepness and complexity.

The trademark has become part of the way the commercial companies and also the consumers define themselves. It has become a socially accepted language. A means of communication.

The trademarks of the future will have to make a difference not only through the quality of the products and a desirable image, but also by symbolizing the commercial company behind the brand. According to Wally Ollins, consultant in the corporate identity field: "the following major stage in the evolution of brands is the social responsibility. It will be a smart choice to be able to say: there is no difference between our products and prices and those of the competition, but we behave nicely (to the environment and society)". 433

We notice a change in the behavior of the consumers. They no longer want to buy products recklessly. They have the possibility to choose. They choose those trademarks with solid values such as: trust, safety, authenticity, quality. The consumers want to bring meaning to their life, and trademarks can contribute to this desire by promising and offering the increase of the quality of the consumer's life.

For the commercial companies it is known that it is a long way from attracting the consumer and keeping him because the consistency is maintained by trust, and trust is the essence of the powerful successful trademarks, especially in the context of the global tendency to make clients loyal.

Almost anything can become a new successful trademark. Any product offers one opportunities to create an image in one's mind, which is unique. Almost any product can exceed the narrow, tight limits of its category. In the end, products have classical life cycles. The well-managed trademarks could live forever.

Any commercial company that wants to build a successful trademark must start from the best and real starting point, i.e. being among the consumers and finding out what they like or dislike related to that trademark. In order to keep a trademark alive during its course, in order to keep it vital, one must do something new, something unexpected. To surprise the consumer, to add a new dimension to the trademark, to reenergize it. A successful trademark invents and reinvents an entire category. A successful trademark is an unfinished story to tell. One always has something to say.

However, the wrongly conceived ecological and/or social marketing actions tend to have effects contrary to those intended. The preoccupations of the consumers related to environmental or social issues can no longer merely be exploited by ads saying that superficial changes have been made to a product, or the manufacturer complies with the applicable rules. The importance of the values of a commercial company has the tendency to equal and even exceed the importance of the characteristics of the products which they manufacture.

Thus, the social responsibility, of course correctly applied to the strategies developed by a commercial company, can give that much needed element of novelty to a successful trademark. All the advantages of the corporate social responsibility can give value to the trademark of the products of the socially responsible commercial companies. Thus, the functions of the trademark of certain products can be doubled by a socially responsible attitude, correctly and consistently promoted by certain commercial companies.

Bibliography:

1. Murzea Cristinel, Drilea Marian, Cletea Gheorghe, Miron Adriana: Noțiuni de proprietate intelectuală. Editura Romprint, Braşov. 2004, pp. 184-188.

- 2. Oprea Luminita: Responsabilitate socială corporatistă. Editura Tritonic, București, 2005, pp. 34-44.
- 3. Roş, Viorel: Dreptul proprietății intelectuale. Editura Global Lex, Bucureşti. 2001, pp. 549-574.
- 4. Mureșan Laura, Poțincu Cristian-Romeo: Cadrul juridic al responsabilității sociale corporatiste. în volumul Conferinței Responsabilitatea socială corporativă și dezvoltarea durabilă, 10 aprilie 2009, București, Editura Comunicare.ro, București. 2009 (în curs de apariție).
- 5. Murzea Cristinel, Mureșan Laura: Dreptul la marcă și protecția consumatorului în comerțul electronic prin licitatie publică. în volumul sesiunii de Comunicări Stiintifice a Universitătii "George Baritiu" din Brasov, Facultatea de Drept, 22 noiembrie 2008 pp. 119-124.

⁴³³ Oprea Luminița: Responsabilitate socială corporatistă. Editura Tritonic, București, 2005, pp. 34-44.

- 6. Racolţa-Paina, N. D., Mateescu, V. M.: Responsabilitatea socială internă şi producţia de tip lohn. Studiu de caz: o întreprindere mică, cu capital străin, din industria confecţiilor. în Management & Marketing nr. 3/2006, Editura Economică, Bucureşti. pp. 99-100.
- 7. Sasu Vlad Dinu: *Diferențieri și similitudini între marcă și brand*. În Analele Universității din Oradea, 2004, pp. 332-335.
- 8. Comisia Europeană, Direcția Generală pentru Întreprinderi: *Introducere în CSR pentru întreprinderile mici și mijlocii*.
- http://ec.europa.eu/enterprise/csr/campaign/documentation/download/introduction ro.pdf
- 9. Legea nr. 84 din 1998 privind mărcile și indicațiile geografice publicată în Monitorul Oficial nr. 161 din 23.04.1998.

GLOBAL PROMOTIONAL STRATEGIES. THE CASE OF BENNETON COMPANY

Mușetescu Adina

Christian University "Dimitrie Cantemir" Faculty of International Economic Relations Strada București-Ploiești, Nr. 24-28, Bl. 13/1,Sc. A, Ap. 8, Sector 1, București adinamusetescu@yahoo.com 0724264310

Global companies have to make the effort to sustain advertising campaign in all the markets in which their are present, because wherever they liv, e people tend to react positively to companies and products they know about. The major objective of every multinational company is to achieve a strategic position on each market they are present in. To reach that goal companies need to differentiate its products from competitors, while holding the costs of market communication activities as low as possible. The present tendency is to combine elements of standardization and adaptation. In the international advertising strategy, brand familiarity plays an important role in the standardization issue. A very special global advertising history has the Benetton Company, one of the most dynamic marketing entities of the last decade. But it has been the company's advertising that made the company different form its competitors.

Keywords: global advertising, brand, standardization, adaptation, strategy, advertising agencies.

JEL Code: M37

The multinational companies have to obade the same rules in terms of effective marketing communicaton. However, the envirionments and the situations usually are more numerous and call for coordination of the promotional effort.

Global companies have to make the effort to sustain advertising campaign in all the markets in which their are present, because wherever they live people tend to react positively to companies and products they know about. In the U.S., for example, many consumers belive that nationally advertised products are better than only locally advertised competitors⁴³⁴.

The international marketer basically has the same communication tools at is disposal as its local counterparts. However advertising, public relations, sales promotion, sponsoring and direct communication need additional international coordination.

The major objective of every multinational company is to achieve a strategic position on each market they are present in. To reach that goal companies need to differentiate its products from competitors, while holding the costs of market communication activities as low as possible.

Not every multinational company has a high level of coordination of its market communication. The appropriate level of coordination depends on how important an internationally standardized identity is to the successs of a company and its products. The products with widespread international presence and highly mobile customers (such as Hilton for example) need the highest degree of coordination of market communication among country markets to achieve and sustain the intended position in their customers mind.

Some companies operate internationally byt market purely local products that do not have any external signs in common, such as the brand name or the package. Such products do not need any coordination of their communication activities. Potential coordination needs only arise from the goal of achieving the intended general position of the company in the minds of the customers.

Advertising is the paid communication of compay messages through impersonal media. Like local marketers, an internationally operating company uses advertising mainly to: stimulate potential customers interest in its products, make those products reach an intended position in the customers minds, continually remind the customers of the benefits to be gained by bying and using the product and prepare the ground for positive buying decisions by the customers⁴³⁵.

The first step after internalization decision has been made, is to decide the product modifications that are needed. A company has four basic alternatives in approaching international markets: selling the product as it is in the international marketplace, modifying products for different countries and/or regions, designing new products for foreign markets, and incorporating all the differences into one product design and introducing a global product ⁴³⁶.

Different approaches for implementing these alternatives exist. For example, a company may identify only target markets where products can be marketed with little or no modification. A large consumer products marketer may have in its product line for any given markets global products, regional products, and purely local products. Some of these products developed for one market may later be introduced elsewhere, including the global marketer's home market.

Standardization means selling the same product worldwide. Its main benefit is cost savings in production and marketing.

_

⁴³⁴ Muhlbacher, H., Leihs, H., Dahringer, L. – International Marketing. A Global Perspective, 3rd Edition, Thomson, 2006.

⁴³⁵ Idem

⁴³⁶ Czinkota, M., Ronkainen, I. – International Marketing, Seventh Edition, Thomson, 2004.

The overall advantages and drawbacks of standardization versus adaptation are summarized in Table 1.

Table 1

Standardization versus Adaptation	
Factors Encouraging Standardization	Factors Encouraging Adaptation
- Economies of scale in production	- Differing use conditions
- Economies in product R & D	- Government and regulatory influences
- Economies in marketing	- Differing consumer behavior patterns
- Economic integration	- Local competition
- Global competitions	- True to the marketing concept

Source: Czinkota, M., Ronkainen, I. – International Marketing, Seventh Edition, Thomson, 2004.

As a response to integration efforts around the world, especially in Europe, many international marketers are indeed standardizing many of their marketing approaches, such as branding and packaging, across markets. Similarly, having to face the same competitors in the major markets of the world will add to the pressure of having a worldwide approach to international marketing. Companies such as Coca-Cola, Levi's jeans or Colgate toothpaste are the evidence that the universal product and marketing strategy can work.

Standardization is recommended in general for products that have universal brand recognition and minimal knowledge requirements for use. Within consumer products, luxury goods and personal care products tend to have high levels of standardization while food products do not.

Consumer goods generally require product adaptation because of their higher degree of cultural grounding. The amount of change introduced in consumer goods depends not only on cultural differences but also on economic conditions in the target market. Low incomes may cause pressure to simplify the product to make it affordable in the market.

Another approach is to introduce new products for foreign markets in addition to the company's relatively standardized "flagship" products and brands⁴³⁷. Some of these products developed specifically for foreign clients may later be introduced elsewhere, including in the domestic market. For example, IKEA introduced sleeper sofas in the United States to fill local need, but it has found demand for the concept in Europe as well.

The present tendency is to combine elements of standardization and adaptation. A good example is Colgate that although its toothpaste isavailavle world wide, the company also markets some products locally, such as spicy toothpaste for the Middle East⁴³⁸. Another example in McDonald's that has restaurants that look the same all over the world, but the menu is not identical. The adjustments include beer in Germany, wine in France and mutton burgers in India.

Increasingly, companies are attempting to develop global products by incorporating differences regionally or worldwide into one basic design.

For a long time international marketers, advertising agencies and academicians have been debating the applicability of standardized international advertising. Although the main concern in adopting a standardized advertising strategy is the maintenance of a uniform global strategy and image, the costs and benefits associated wigh advertising standardization are more frequently stressed then maximizing the companies revenue potential.

The influence of culture is particularly important in transferrring advertising strategy across borders, because communication patterns are closely linked to cultural normes⁴³⁹.

In the international advertising strategy, brand familiarity plays an important role in the standardization issue. International advertising standardization makes sense only to the extent that the companie's international marketing strategy centers on the development of brands that are similarly posioned in every market. Well established brands have important advantages in advertisements, as consumers pay more attention and remember better product information. A brand that is familiar will tend to be favored, regardless of advertising or advertising content.

Brand names reprezent the image of a product or srvice. The term brand refers to a name, term, symbol, sign, or design used by a compnay to differentiate its offerings from those of its competitors. Brands are one of the most easily standardized items in the product offering and may allow further standardization of other marketing elements such as promotional items.

The brand name is the vocalizable part of the brand, the brand mark the nonvocalizable part (for example Camel's camel). There can be some restriction in the legislation of some countries regarding the promotion of the brand name, but the use of the brand mark has not. As an example, Marlboro cannot be advertised in most European countries because of legal restrictions on cigarette advertising. However, Philip Morris features advertisements showing only the Marlboro cowboy that is known throught the world.

 $^{437\} Czinkota,\ M.,\ Ronkainen,\ I.-International\ Marketing,\ Seventh\ Edition,\ Thomson,\ 2004.$

⁴³⁸ Idem

⁴³⁹ Pae, J., Saeed, S., Tai, S. – Global advertising strategy: The moderating role of brand familiarity and execution style, International Marketing Review, Vol. 19, No. 2, 2002.

The international marketer has a number of options in choosing a branding strategy. The marketer may choose to establish national, regional or worldwide brands. The use of standardization in branding is strongest in culturally similar markets; for example, for United States marketers this means Canada and the United Kingdom.

The psychlogical power of brands is enormous. Brands are not usually llisted on balance sheets, but they can determine the success of the company and allow it to demand premium prices.

Brand familiarity is essential for acceptance and for implementing the higher level of advertising standardization.

Some international marketers consolidates their company's entire advertising account at one globally operating advertising agency. The coordination requirements of agency clients that operate in increasingly global industries have led major advertising agencies to strengthen their international services.

The biggest international advertising agencies were in 2006:

Table 2

	Top advertising agencies in 2006				
No.	Agency	Total income (billion \$)			
1.	BBDO Worldwide	1,5			
2.	McCann Erickson Worldwide	1,5			
3.	JWT	1,3			
4.	DDB Worldwide	1,3			
5.	Publicis Worldwide	1,2			
6.	TBWA Worldwide	1,1			
7.	Leo Burnett	0,9			
8.	Y & R Advertising	0,8			
9.	Ogilvy & Mather	0,8			
10.	Euro RSCG	0,7			

Source: "20th Annual Global Marketers", Advertising Age, 2006.

A companywide communication system is the most basic element of global global brand leadership⁴⁴⁰. Managers from country to country need to be able to find out about programs that have worked or failed elsewhere. They also need a way to easily fibe and receive knowledge about customers, knoledge that will vary from one market to another.

Observed in the long term, one of the basic responsabilities and rights of the managing structures is creating company culture. Every company has some features which which make its culture different form others. It is possible to present company culture as the method in which a company carries out activities and the way in which it would like to carry them out despite the short term, and even to a certain extend the long term, changes or disorders on the market. One of the most widely known methods of developing and presenting company culture is with the model 7S whose creator is the consulting company McKinsey & Co. The name "7S" includes: *strategy* – company strategy, *structure* – formal and informal organisation and management levels, *system* – systematic circulation of information whithin the company, *style* – manner of management behaviour, *staff* – characteristics and features of employees, *shared value* – common values as the end goal of the company and *skills* – capabilities and skills of a company and each emploee observed individually⁴⁴¹.

This model forms a good guideline towards which all companies should aspire in determining and establishing their own culture, as a strategic characteristic.

Due to ever increasing competitive relations and changeability in the market, a company must be adaptable and should aspire primarily to the proactive approach in discovering the circumstances which can influence its success. Companies which recognise the importance of consumer orientation create a company culture which takes into consideration the interest of the customer in all activities.

In order to be successful in the global market, it is important that the advertising of multinational companies contributes to making the brand stronger. A very special global advertising history has the Benetton Company that has maintained its aggressive style for global recognition of its brand.

Today, the Benetton Group is present in 120 countries around the world. Its core business is fashion, whose style, quality and passion are clearly seen in its brands, the casual *United Colors of Benetton*, the glamour oriented *Sisley*, *Playlife* American college style. Its network of more than 6,200 contemporary stores around the world offers high quality customer services and generates a total turnover of over 2 billion euro. Established in 1965, Benetton is now controlled by Edizione Srl (a holding company wholly owned by the Benetton Family) with a 67% stake. It has

⁴⁴⁰ Aaker, D., Joachimsthaler - The Lure of Global Branding, Harvard Business Review, November - December 1999.

⁴⁴¹ Vranesevic, T., Vignali, C., Vignali D. – Culture in defining consumer satisfaction in marketing, European Business Review, Vol.14, No. 5, 2002.

been one of the most dynamic marketing entities of the last decade. But it has been the company's advertising that made the company different form its competitors.

Benetton has been in the center of controversy ever since its "United Colors" campaigns were launched in 1985 to symbolize the marketer's "commitment to racial and multicultural harmony."

It has been one of the most dynamic marketing entities of the last decade. But it has been the company's advertising that made the company different form its competitors.

In the fall of 1991, Benetton launched a new series of shocking ads, which included a priest kissing a nun; a placenta-covered newborn baby with an umbilical cord still attached; and what the company calls an "angelic" white girl and a "dark and mysterious" black boy, replete with devilish horns. The campaign was intended for 92 countries to constitute the majority of countries' promotional efforts. For example, the \$3.5 million U.S. magazine campaign represented half of Benetton's local budget. "It's fair to say that this is the most provocative campaign we have ever mounted," said Peter Fressola, director of communications for Benetton Services Corp., the company's U.S. marketing arm. "The images are more provocative, and there seem to be more of them."

Although previous campaigns showing a black woman breast-feeding a white baby had generated publicity, the storm broke with the most recent series of ads, when various governmental and industry bodies in the United Kingdom, France, Germany, Italy, and Ireland asked Benetton to withdraw the campaign. For example, in the United Kingdom, the Advertising Standards Authority (ASA) formally asked Benetton to stop using outdoor boards showing the newborn.

In the United States, magazine publishers refused to run some or all of the campaign.

In the letter rejecting the newborn ad, Mary Anne Sommers, publisher of *Child*, wrote, "Birth is still an extremely private and personal subject for Americans . . . and there was a strong likelihood the ad would not be favorably received by a good portion of our readers." At Benetton, the response was that of surprise. "We were very surprised by this general hysteria created by the new campaign," said Laura Pollini, Benetton's spokesperson in the United Kingdom.

The creator of the ads, Oliviero Toscani, was astonished by the reaction to the campaign. The newborn ad is a documentary-style bit of "ultra-reality," he said, and there is "nothing sinful" about a priest and a nun kissing. "I take pictures, I don't sell clothes." Benetton expressed its confidence in Toscani and vowed not to interfere with his provocative style.

Benetton Group has for many years sponsored the Rugby, Basketball and Volleyball teams in Treviso, highlighting Benetton's profound link with its roots and its hometown in a context that is not only competitive but also social. For the Group, sport and business have the same philosophy: passion, challenge, competition and results. Over the years this has translated into numerous victories, thanks to which Benetton Rugby has collected 13 league championships, Sisley Volley 9 and Benetton Basket 5. The company links all these societies, managing the coordination and organization of all the events, mostly meant for the sport youth. 'La Ghirada', a real city of sport in Treviso, was realized with the purpose of practicing together: amateurs, professionals or simply sport lovers.

Bibliography:

- 1. Czinkota, M., Ronkainen, I. International Marketing, Seventh Edition, Thomson, 2004.
- 2. Muhlbacher, H., Leihs, H., Dahringer, L. International Marketing. A Global Perspective, 3rd Edition, Thomson, 2006.
- 3. Pae, J., Saeed, S., Tai, S. Global advertising strategy: The moderating role of brand familiarity and execution style, International Marketing Review, Vol. 19, No. 2, 2002.
- 4. Vranesevic, T., Vignali, C., Vignali D. Culture in defining consumer satisfaction in marketing, European Business Review, Vol.14, No. 5, 2002.
- 5. "20th Annual Global Marketers", Advertising Age, 2006.
- 6. www.benetton.com

THE ROLE OF HYGIENE IN PUBLIC NOURISHMENT

Neacsu Nicoleta Andreea

Universitatea "Transilvania" din Braşov Facultatea de Științe Economice Loc. Brașov, Bd. Alx. Vlahuță, nr. 55, sc. B, ap. 38, jud. Brașov deea neacsu@yahoo.com Telefon: 0740194425

Nourishment's hygiene is seeking accomplishing nourishment that is hygiene, rational for population in order to contribute to health's promotion and furtherance of our body's strength. Grocery are considered good to be consumed, then, when by their chemical-figure, bacteriological and biological, do not have a baneful effect on consumer's health, on the contrary, is giving play to it's nutritious role.

Keywords: hygiene, nourishment, health

Codul JEL: I (Health, Education, and Welfare)

1. Introduction

Hygiene term drifts from Hygeia, which in Greek mythology was health's gods, Asklepios's daughter, and healer godes of diseases. Asklepios has remained the curative symbol of medicine, and Hygeia has remained till our days the emblem of health.

The science of hygiene, is one of the oldest branches of medicine and has always had as a goal the preventing of illnesses and keeping human's and collectivity's health, in difference with clinical 's medicine's branches that have, as a main goal, the study of illness and curing the sick man.

Hygiene is population's health science, of keeping and strengthening people's health, being the main discipline of preventing medicine and collectivities medicine. She examines the influence of environment's factors-naturals and socials- over population's health, sanitary and ecological consequences, after environmental factors enterprise by man as well as his and collectivities ability of adaptation at the, permanently in changing, surrounding environment. Hygienic standards are seeking maintaining health and its improvement, the growth of people's capability of work, the extension of people average of life, and the active duration of life, as a general affect.

2. The role of hygiene in public nourishment

Nourishment's hygiene is seeking accomplishing nourishment that is hygiene, rational for population in order to contribute to health's promotion and furtherance of our body's strength.

Nutrition is the process throughout the human body is getting from the environment nutrient substances which are being transformed in order to assure it self the normal outgoing of the metabolism processes.

Grocery are considered good to be consumed ,then, when by their chemical-figure, bacteriological and biological, do not have a baneful effect on consumer's health, on the contrary, is giving play to it's nutritious role

Nourishment's hygiene is part of hygiene and is seeking two objectives:

- 1. Knowledge and release value of the beneficial effects of nutrition over health's spirit.
- 2. Removing and reducing the risk of food production to become noxious factors for consumers.

Nutrition hygiene is studying food, composition, properties, obtaining conditions, processing, packaging, handling, transportation and marketing in order to market, establish rules for verifying salubrity and quality of foodstuffs of animal origin as well as verifying design, construction, equipping, and operating the units processed, preserving, preparing or debiting food of animal origin.

Nutrition hygiene means all necessary measures to ensure safety and integrity of food. There are four important elements that compose UE strategy in food safety domain:

- Regulations on food and feed safety.
- Providing independent research and information available to the public.
- Verification activities for the implementation of regulations and mechanisms of control processes.
- Recognizing the rights of consumers to make choices based on complete information regarding the origin of food and its content.

3. Framework of legislation on food safety

Regulation of the European Parliament and Council (EC) 178/2002 on the general principles and food law requirements establishes the European Food Security and regulates procedures in food security.

Rules prohibit the placing on the market of foodstuffs which are not safe for human consumption and provide a uniform basis for the use of precaution principles.

Contains rules to follow to ensure food and food ingredients and provides procedure for adoption of implementing rules to enforce these principles in what concerns the specific sectors.

Regulation is transposed in the Romanian legislation through Law Nr. 150/2004 in what concerns food safety, published in the Official Gazette Nr.462/24 may 2004 and the decision nr 308 on the organization and functioning of Veterinary Agency and for the safe food and its subordinated units(Official Gazette Nr 243/19 MARCH 2004).

General rules of food hygiene should be observed when preparing, processing, manufacturing, packaging, transporting, distribution, handling and delivering for sale or supply consumer, must harmonized so as to protect human's health.

In order to implement hygiene rules for food and guides to good practice, it's recommended the applying of EN2000 series' standards.

4. HACCP system and food safety

Under the decision of government, number 924/2005, units in the food sector should identify activities which are determinant for food security and must ensure that security procedures corresponding are established, implemented, maintained and revised based on the principles used in the analysis of risks and critical control points (HACCP).

HACCP system is a system that identifies, evaluates and controls hazards that are relevant to food safety. By Codex Alimentarius, in the seven principles of HACCP system application is:

- 1. Identify potential hazards and control measure. Their possible hazards that may appear can be determined. This means that as well microbial hazards (of aging) and pollution (chemical pollution, foreign objects) is taken in consideration.
- 2. Determination of critical control points (PCC); Points in the production process where hazards can be controlled efficiently are marked as control critical points.
- 3. Establishing critical limits which must be met to prove that the PCC is under control.
- 4. Establish a monitoring system.
- 5. Establish corrective actions to be taken when monitoring indicates that PCC is not under control; Anticipated corrective measures are foreseen, which will be applied if the measurements / monitoring show deviations.
- 6. Establish procedures for verification and confirmation of the actual operation of HACCP. The complete system must be regularly controlled for efficiency and must be adapted in order to see the process changing or product's ones.
- 7. Establish documented procedures. All shares in the company must be recorded.

Sequence of 12 steps in implementing the HACCP system is:

- Quality assurance policy.
- Informing and training people to be involved in designing the system.
- Information about product.
- Information about process.
- Identifying potential risks.
- Risk evaluation.
- Control measures (critical control points-PCC and attention points-PA).
- Standards and critical limits.
- System monitoring.
- Correction actions.
- Documentary and recording.
- Checking.

5. Conclusions:

The first regulation on food safety dates back to the first days of existence of the EU. Crises that have affected the safety of food in 90's stressed it was necessary to replace of what became a mixed set of rules, chaotic, particularly in relation to food for human consuming, with a simple approach and cover.

In conclusion, the adoption of HACCP system implementation and evaluation of food industry are motivated by the following arguments: reduce the incidence of diseases due to food, providing supplies to the population of a safety products, promoting trade in food, and last but not least, tourism.

Bibliography:

- 1. Banu, C., s.a. "Principii de drept alimentar", Ed. Agir, București, 2003.
- 2. Madar, A. Neacşu, A. "Verificarea calității mărfurilor alimentare", Ed. Universității Transilvania, Brașov, 2004
- 3. Mănescu, S., Barnea, M., Dumitrache, S. "Igiena", Didactic and Pedagogic Publishing House, Bucharest, 1980.
- 4. Mănescu, S., Tănăsescu, G., "Igienă medicală", Publishing House, Bucharest, 1996.

THE ROLE OF DATA MINING TECHNIQUES IN RELATIONSHIP MARKETING

Neagoe Cristina

Romanian-American University, Management-Marketing Faculty, Bdul. Expoziției, Nr.1B, Sector1, Bucharest e-mail: cristina neagoe2004@yahoo.com tel. 0722.223326

Dumitru Nicoleta-Rossela

Romanian-American University, Management-Marketing Faculty, Bdul. Expoziției, Nr.1B, Sector1, Bucharest e-mail: nicoletad01@yahoo.com tel. 0740.104404

Negricea Costel-Iliuță

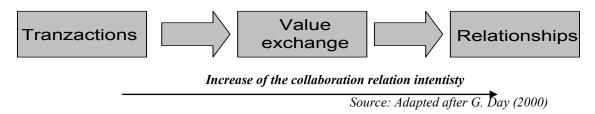
Romanian-American University, Management-Marketing Faculty, Bdul. Expoziției, Nr.1B, Sector1, Bucharest e-mail: negricea@yahoo.com tel. 0722.567790

Relationship marketing involves a displacement of the organizations' attention from customer acquisition and the execution of mere transactions to the retention of profitable customers and the tacit understanding of each party's needs. The activity of going from mass marketing to one-to-one marketing is associated to a series of dimensions based on concepts such as trust, commitment, loyalty, fidelity and retention. The challenges facing many companies is to be able to create and maintain a business relying on customer relationship, and the Data Mining techniques can significantly ease this process. This paper concretely emphasizes the objectives to reach in order to "perform long-term collaborating exchanges" and the main Data Mining techniques providing solutions to execute them.

Keywords: relationship marketing, fidelity, retention, Data Mining techniques

Concepts characteristic to relationship marketing

Relationship marketing has become the key of the mechanism by means of which the organization focuses on maintaining and developing current customer relations. Although acquiring new customers has remained one of the most important issues, organizations grant more and more value to ongoing interaction with the consumers. Relationship marketing involves a displacement of the organizations' attention from acquiring new customers and performing mere transactions to maintaining the profitable customers and the tacit understanding of each party's needs according to specialist G. Day "the performance of collaborating exchanges". If, within the exchange, the product and price are deemed essential when it comes to transactional marketing, and if attention is moved to the needs of both parties, both those of the consumers and those of the organization, then the exchange is deemed to be relational.



Going from mass marketing to one-to-one marketing is associated with a series of dimensions based on concepts such as: trust, commitment (both affective and rational, fidelity, loyalty and retention. The essence of relationship marketing consists in earning competitive advantages for the company practicing it due to consumer retention for a longer period within the circle of permanent customers, by maintaining and/or increasing their level of satisfaction as to the provided performance⁴⁴². In economic terms, the retention stage is the most profitable, since the highest value level of the relation is experienced.

Trust

Both with respect to theoreticians and with respect to practitioners, trust is one of the crucial factors leading to the set up, maintenance and development of a long-term relationship between the organization and the consumers. The experience of a perceived higher value leads to a climate of trust which reduces significantly the effect of uncertainty, representing thus the basis of a solid relationship.

Affective and rational commitment

The literature of relationship marketing knows another possible factor leading to customer loyalty: commitment. Most researchers in the marketing field define commitment as the desire to continue, maintain the relationship between the parties without considering the offer of the competition. The field literature indicates two distinct dimensions of commitment: affective and rational. *The affective commitment* is an emotional factor developing through a degree of reciprocity or personal involvement, which results in a high degree of trust and commitment.

443 Garbarino și Johnson 1999; Morgan și Hunt 1994.

⁴⁴² Henning-Thurau, Hansen, 2000, pag. 3-27.

and the *rational commitment* is the cooler and more calculated dependence, with economic reasons, on the benefits of products due to the lack of alternatives or cost modification.⁴⁴⁴

Fidelity

Customers' fidelity contains the set of measures taken by the organization with the purpose of positively orienting the behavior of current and potential customers in order to obtain stability and progress in the customer relations. The loyal customer is the one who resorts frequently to the products and/or services of an organization.

Loyalty and retention

A unitary vision of specialists is that consumer retention leads to loyalty. Loyalty may have various forms only due to the idea that certain customers are more valuable than others. Loyalty clearly focuses on establishing a permanent dialogue with active customers. The aim is to build a mutually profitable long-term relationship. Thereby, we pursue operational goals like increasing usage, up-selling and repurchase rates.⁴⁴⁵

The duration, consistency and interdependence level between consumers and the organization may vary. The significant difference between a faithful and loyal customer is that the latter (the loyal customer) not only comes back frequently within the organization and resorts most of the times to its products and services, but also actively recommends the organization products, developing a positive word-of-mouth communication.

The challenge for any organization adopting relationship marketing consists in:

- -the identification and familiarization with the own customers;
- -the satisfaction and retention of existing customers.

These processes involve a detailed understanding of the consumption needs and the expectations customers have from the organization products and/or services. The best approach of such needs is an essential factor for the creation and ongoing improvement of mutual, durable and profitable relations for both parties, both for the organization and for the consumer. Due to Data Mining techniques the best approach of needs becomes doable.

Data Mining techniques - a marketing approach

Data Mining is simply a process and a serious tool that help to analyze information already collected to use it to support decisions.

In marketing, Data Mining techniques favor the understanding of the consumer behavior leading to the best decisions. Valuable models can be identified supporting marketers in the identification of the consumers' needs, the customization of products and communication adapted to their needs. In other words, by introducing the data analysis process, Data Mining, the organization can understand much better the customers' buying and consumption behavior. The models identified by a Data Mining method can be transformed into knowledge, only after appropriate validation; then, the knowledge can be subsequently used to fundament economic decisions.

The Data Mining concept is the discovery of models of useful information and/or knowledge in a large amount of data. The basis of professional data storage, finding and use mechanisms is data collection, without which their advanced analysis would be practically impossible. The evolution of information technology made it possible that at present users have direct access to sophisticated databases, which facilitates the making of correct and due time decisions, thus favoring the strengthening of customer relations.

Stages of the Data Mining process

The Data Mining process is done in 3 essential stages:

Prior to the beginning of the analysis process, within a software, an essential stage is to define the issue to be solved. The lack of accuracy within the process will lead to a waste of time and even of financial resources.

Stage 1: Initial exploration: a succession of steps is made within this stage:

data cleaning: the process to remove useless and inconsistent data;

While performing an e-mail marketing campaign, inexistent e-mail addresses can be detected (by means of the e-mail received from the organization with the message "this address doesn't exist") or addresses of consumers who are no longer interested in the company products. It is very important to remove these e-mail addresses and the database be permanently cleaned.

- -data integration: the activity to efficiently combine the data coming from various sources and their storage in a central system for analysis.
- -data selection: the extraction of data relevant for the analysis from the available data warehouses (databases, data warehouses, WWW etc.);
- -data transformation: placing data in unit formats corresponding to the analysis with a view to discovering knowledge.

Data transformation mainly concerns data description, data econding, the units of measure and data format. Data description and visualization is a key component of this stage (statistic description, correlations, graphs etc).

⁴⁴⁴ Anderson and Weitz 1992; Dwyer, Schurr and Oh 1987; Heide and John 1992.

⁴⁴⁵ Data Management in Analytical Customer Relationship Management- Dirk Arndt, Wendy Gersten, 12 The European Conference on machine learning.

Stage 2: Creating the model and its validation:

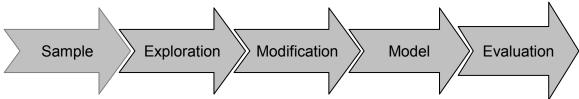
Extracting data models by applying results on data after the previous methods, generically called Data Mining techniques; this process is essential to discover useful knowledge within databases.

A model can be seen as a "transparent", coherent, intelligible structure or can be seen as a "black box", structures and rules based on which forecasts are made which are difficult to understand in full. The model validation involves its assessment on a distinct set of independent data.

Stage 3. Providing knowledge to the user

The data mining process interacts with the user through the database meant to him/her from among the data models discovered, those important to the user representing in fact new knowledge which is stored in the knowledge base in order to be presented.

Stage 4. Dissemination. Once created, a model must be able to be used whenever necessary on other data as well. In the field literature, there is a variety of models of the Data Mining process, focused on the integration of methodology in an organization; i.e. how data ca be turned into knowledge, how the most important stakeholders can be advantaged and to what extent knowledge dissemination can be made in a form which is easily convertible into resources. One of these models belongs to Institutul SAS. Within the SEMMA model, accent falls on the technical aspects of the Data Mining process:



Source: www.statsoft.com – Short course in Data Mining

The Data Mining techniques have lead to the effective and profitable use of data coming from customers. In relationship marketing, objectives such as owning a competitive advantage, knowing the customers' consumption needs, effective and ongoing communication with the current and potential customers can only be reached after the following stages: creating the "customer" database, classifying customers on criteria, filtering them, setting customers on hierarchies, selecting them depending on the level of interest, classifying them depending on the buying frequency, the preferred products, identifying the customer important data, completely visualization of the interaction between the organization and the customer, understanding the customers' individual needs, communicating in a few minutes with all the customers in the database, obtaining valuable feedback a.s.o.

The role of Data Mining techniques in creating and maintaining customer relations In order to know its customers better, a company must have a very large database so as the relations with its customers be controlled over time and the important data can allow access at any time to authorized users.

Depending on the type of the expected result, the Data Mining techniques are grouped into several categories. One of the most frequently used classification groups techniques into: supervised learning techniques and unsupervised learning techniques. *Supervised techniques* have a predictive function through the behavior of the answer variable and not only an explanatory function. In the case of *unsupervised techniques*, it is assumed that in explaining the phenomenon, all variables have the same significance, since no distinction is initially specified among them.

In the context in which customers become more and more sophisticated and demanding and the interpersonal relations in the field of marketing acquire a gradually high importance, the Data Mining techniques can be used for the planning, coordination and monitoring of segmentation, customer communication campaigns in order to become more customized and relevant, of fidelity programs, intentions which lead to consumer retention and the settlement of long-term relations profitable for both parties, the consumers and the company. The advantages of using the information technology is mostly shaped in two types of results: cost reduction and sales/profit increase.

Usually, the data resulting from cleaning and integration processes are stored in *data warehouses*, which ensure useful information for the company. The Data Mining techniques bring intelligence to such data, allowing the stored information to be turned into "useful samples", the design of new action rules, the application of new ideas and, last but not least, forecasts on the future of the company-customer relation. By using the techniques a series of questions can be answered with a significant importance for a relationship basis stable over time. Among these we can mention:

- -Which is the target market?
- -Which are the consumers likely to remain faithful and which are not?
- -Which are the reasons making consumers answer favorably to a certain offer?
- -Which are the future products or services that will be desired by customers?
- -Where should a new branch be opened?
- -Which is the accepted communication technique?

Data Mining can be used by any organization aiming to discover patterns or the existence of relations between owned data, anything that can be obtained from such owned data that could help a good exploitation of the business. Data Mining is a very powerful tool for various objectives, among which are the following:

Segmentation

It is the process to identify consumer groups aiming for the same benefit package from a product, each group with unitary and homogeneous needs. An important aspect of the database is that it does not represent the homogeneity feature, and a common message sent by all customers in the warehouses cannot be effective.

One of the most effective Data Mining techniques used for an effective segmentation is Cluster Analysis, aiming at grouping the cases (observations) into clusters (groups, categories) It can be used to sort out data (customers, companies, cities or other attributes) into homogeneous groups based on common features called clusters.

Cluster analysis can also be used for the understanding of the consumer behavior. By identifying homogeneous buyer groups, the buying behavior of each group can be observed separately, and the respondents are groups based on the importance they grant to a criterion for the selection of a product.

Fidelity

In the commerce field, prosperity comes only to those who know how to attract new customers and also keep the old ones and make them buy as many products as possible. ⁴⁴⁶ Through the effective customer management, very important data can be obtained on them and, as a result, various products and/or services with the same features as those preferred by them but unused before can be provided. Thus, knowing the preferences of the current customers, they will buy even more if their fidelity is rewarded.

In marketing in general, a fidelity card containing points or allowing access to a restricted group is used first of all for the identification of a potential buyer. In Great Britain, there is the highest number of fidelity cards, in Canada there are rewarding cards or point cards and in the USA the most frequently met cards are discount cards, club or prize cards. The appearance of fidelity cards can be explained as follows: customer information analysis. Filling in a form by the customers will significantly help the process of customer familiarization and interrelation, since it contains useful information such as: name, address, education, personal and family monthly income, buying frequency etc.

In Romania, fidelity cards are generally issued by drug stores. SensiBlu was the first to introduce on Romania's pharmaceutical market fidelity cards. At present, it has 700,000 owners. The HelpNet fidelity card is the first card in the pharmaceutical system providing a 5% discount on any product in the network, except for compensated medicine. 447

Fidelity cards are an important tool used to create a database with detailed information on the company customers (data warehouse), extremely important for the use of Data Mining techniques.

Detecting customers with the tendency to churn

The Data Mining techniques have a special role in rapidly detecting customers with the tendency to abandon the products/services of a company. The objective is to prevent the migration of existing customers and to detect the customers prone to easily abandoning the company services. The Data Mining solution is to identify the basis of common features of customers about to churn using *Neuronal networks* and *Chronologic series analysis*.

Neuronal networks are dynamic networks, made of a set of artificial neurons, the behavior of which can be characterized by the supervision of states at various time moments. The advantage of this technique consists in the rapidity with which it can provide answers to various problems, offering real time predictions for new instances.

For example, by using Neuronal networks and the Chronologic series analysis, the company France Telecom implemented "Customer Profiling" System (CPS), resulting in the rapid detection of customers with a tendency to churn by comparing certain features of such customers with features of those who have already churned. 448

In order to set the reasons for which customers manifest a negative attitude to the company products another Data Mining technique can be used, i.e. Factor Analysis. By means of this technique, emphasis is indicated on the interdependence links between the variables with the help of which a certain phenomenon is characterized, by condensing the data volume. The purpose is to discover the factors upon which rely the correlations among several variables. Therefore, the technique may be successfully used to set the reasons which form the basis of the favorable or less favorable attitude of customers to the company products and/or services.

Conclusions

Similar to the complexity of applications, the number of variables to be considered and the primary data volume have gradually increased one year to another, the need of techniques to analyze such data has significantly grown. Therefore, if previously the purpose was to obtain information, nowadays, paradoxically maybe, we have much information; so there appears the need to extract the relevant one.

⁴⁴⁶ www.marketwatch.ro.

⁴⁴⁷ www.sfin.ro - Saptamana fianciara.

⁴⁴⁸ www.mit.edu - PATEL, Nitin, "Data Mining", Course 15.062, Massachusetts Institute of Technology, MIT OpenCourseWare, Sloan School of Management, 2003.

Data Mining techniques provide the means through which each organization can monitor its customers' buying behavior changes, the modification of the company-consumer relationship and the impact of such changes on other network members. In relationship marketing, the great advantage offered by the use of such techniques is that they allow relationships between the exchange participants (company and consumer) to be able to be monitored, analyzed and developed – a significant factor in setting a long-term relationship.

The challenge facing many companies is to be able to build and maintain a business based on customer relationship. The limits of Data Mining techniques gravitate around this concept since *it takes more than Data Mining to turn a product – focused organization in a customer – centric one.* Therefore, Data Mining is a highly useful tool, but not a "magic wand", it does not implicitly provide solutions, but it needs authorized guidance.

"Relationship marketing is the mechanism through which the company attention is moved from customer acquisition towards the development and improvement of the relationship with its current customers" and in order to achieve such goal, a company must:

- -know the behavior of its current and potential customers;
- -be able to set the buying behavior changes, visualizing the customers' actions in time;
- -extract customers' important data;
- -learn how to extract knowledge from the information in the customer database;
- -act based on this knowledge in order to transform customers into profitable customers.

In conclusion, Data Mining transforms the customers' present and past actions into future actions of the company, bringing a plus of value and efficiency to the strategy for the maintenance of long-term customer relations, turning plans into practice.

Bibliography

- 1. Iacob Catoiu, Balan C., Popescu I.C., Orzan Gh., Veghes C., Danetiu T., Vranceanu D. Cercetari de marketing, Ed. Uranus, Bucuresti 2002
- 2. Gorunescu F. Data Mining: Concepte, Modele si Tehnici, Ed. Albastra, Bucuresti 2007
- 3. Jiawei Han, Micheline Kamber, Data Mining- Concepts and Technique, Second Edition, Morgan Kaufmann Publishers, San Francisco CA 2006, ISBN-13 978-1-55860-901-3/ ISBN-10 1-55860-901-6;
- 4. ⁵Michael J.A. Berry, Gordon S. Linoff Data Mining tehniques: For Marketing, Sales and Customer Relationship Management, Second Edition, 2004
- 5. Chris Fill Simply Marketing Communications, Ed. Prenntice Hall, 2006

Reference articles:

- 1. Dumitru N. R., Negricea C., CRM Factor de succes in economia moderna, Conferinta cu participare internationala: Inovare, Competitivitate si Etica in afaceri, Bucuresti, ed. Universitara, 2008; ISBN 978-973-749-459-7
- 2. Leontin L., Moldovan D., Rusu M., Secara D, Trifu C.- Data mining on the real estate market, Revista Informatica Economică, nr. 4 (36)/2005
- 3. Hauer Ileana, Butuza Antoaneta KM and Data Mining
- 4. Gorgan Vasile, Oancea Mirela Data quality in business intelligence applications
- 5. Militaru V. Studiu comparat asupra tehnicilor de data mining utilizate în rezolvarea problemelor de regresie si clasificare, Revista Informatica Economica, nr. 3(27)/2003
- 6. Pop Al. Nicolae, Mihaela Cornelia Prejmerean Capitalul intelectual relational, Knowledge Management (http://www.knowledgedynamics.ro/?p=19)
- 7. Pop Al. Nicolae O noua paradigma in marketingul contemporan: marketingul relational, Management & Marketing Bucharest (3/2006)
- 8. Robert W. Palmatier Interfirm Relational Drivers of Customer Value, Journal of Marketing

Websites:

- 1. www.statsoft.com
- 2. http://www.spss.com/data_mining/
- 3. http://www.anderson.ucla.edu/faculty/jason.frand/teacher/technologies/palace/data mining.htm
- 4. http://www.dataminingcasestudies.com/DMCS WorkshopProceedings25.pdf
- 5. http://www.comunicatedepresa.ro/Analiza_predictiva_de_la_SPSS_a_adus_200_000_de_noi clienti pentru Globo.com~NjYxNw==
- 6. http://www.anzisoft.ro/fidelity
- 7. http://www.13st.com/2008/bazele-de-date-indispensabile-in-marketing.html
- 8. http://stiri.itbox.ro/stiri-citeste/Diverse/stiri-vodafone-pierdut-baza-de-date-clienti-o-declar-nula. Html

_

⁴⁴⁹ Payne, Rapp, 2003.

CORPORATE SOCIAL RESPONSIBILITY AS A FACTOR TO CREATE A GOOD MARKET POSITION OF SMALL AND MEDIUM - SIZED ENTERPRISES

Alexandru Nedelea

Universitatea "Ștefan cel Mare" Suceava, Facultatea de Științe Economice și Administrație Publică, email: alnedelea@yahoo.com, telefon: 0740019277

Mihaela State

Universitatea "Ștefan cel Mare" Suceava, Facultatea de Științe Economice și Administrație Publică, email: s mihaela79@yahoo.com, telefon: 0723689763

This paper identifies drivers of the corporate social responsibility as a factor to create a good market position of small and medium — sized enterprises. An important challenge for a company in getting success is to respect diverse cultures and workforce environments and start forming a social consciousness. Companies that are investing in employees have as a result a growth of the work productivity and the creation of a new image of the organization in the business field.

Key words: corporate social responsibility, SMEs, image, brand value, customer satisfaction

JEL Codes: M31

Introduction

Corporate Social Responsibility is one of the important ways today in which enterprises affirm their principles and values. The impact of business on the society is often discussed in the context of "corporate social responsibility" (CSR). CSR is already an integral fact of business life for many companies. Origins of CSR are influenced by ethical concepts, religious practice, historical and cultural traditions of each country. Terms used to refer to social responsibility depending on the location. Various terms are used in relation to social responsibility in South Africa, including corporate social responsibility (CSR), sustainable development, corporate citizenship, corporate social investment, and sustainability. In the U.K., the term "CSR" is most commonly used, but some people are increasingly adopting the shorter "corporate responsibility" instead.

The European Commission defines corporate social responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". It shows that a business must not be concerned only with its profitability and growth but also with its social and environmental impact, and that it must pay more attention to the concerns of its human-resources, local communities, consumers, human rights and global environmental aspects.

The World Business Council for Sustainable Development used the following definition: "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Activities included in CSR aim:

- corporate philanthropy;
- customer satisfaction;
- environmental stewardship;
- human rights;
- sustainable development;
- conditions of work;
- health and safety;
- respect for diverse cultures and disadvantaged peoples.

The CSR definition used by Business for Social Responsibility is: "Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business". Kotler & Lee consider that "CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources". Philip Kotler lists practicing corporate social responsibility as one of 5 factors that help a brand become well respected globally. Others mentioned are having quality products & services, good financial track record, good management or leaders and innovations. Kotler said that the global brands that are best loved internationally have similar characteristics, such as considering the needs of all stakeholders and not just shareholders; executive salaries are relatively modest and they generally have an open door policy to reach top management. These companies seem to be able to keep their costs low while still making better than average profits.

The Organization for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO) have developed various compacts, declarations, guidelines, principles and other instruments that outline norms for what they consider to be acceptable business conduct. CSR instruments often reflect internationally-agreed goals and laws regarding human rights, the environment and anti-corruption.

Philanthropy is the oldest form of corporate social responsibility and is characterized by a limited dialogue between donor and recipient. Social investment represents the evolution of traditional philanthropy from a top-down

approach to a more responsive approach based on social needs. When making a social investment, corporations view their CSR activity as an investment with a social return. In the late 1980s and 1990s, the concept of social investment became prevalent in discussions of external CSR programs. Companies are integrating vulnerable populations into their business processes by developing relationships through trainers, suppliers, distributors and even market competitors.

The concept of social responsibility as applied to business suggests that the corporation no longer has a responsibility only to the stockholder but must make decisions aimed toward balancing the interests of all clientele groups affected by actions of the corporation. These groups include managers, administrators, employees, and the general public. Investing in Employees has as a result a growth of the work productivity, an improvement of the quality and the creation of a new image of the organization in the business field. When companies are global, an important challenge in getting success is to respect other cultures and workforce environments and start forming a global profile or social consciousness. Recognize these differences with a sound Corporate Social Responsibility (CSR) plan that can simultaneously increase shareholder value, boost employee engagement and increase employer brand recognition.

1. Drivers for corporate social responsibility

Because the impacts of the business sector are so large, and with a potential to be either positive or negative, it is natural that governments and wider society take a close interest in what business does. This means that the expectations on businesses are rising; governments will be looking for ways to increase the positive contribution of business. CSR considerations can be seen as both costs and benefits (e.g., of improving brand value).

Since businesses have a role in wealth creation in society, CSR is a central management concern. It positions companies to take advantage of opportunities, especially with respect to their corporate reputation. Businesses are an integral part of the communities in which they operate. It is known that the long-term success is based on continued good relations with a wide range of individuals, groups and institutions. The general public has high expectations of the private sector in terms of responsible behaviour. Consumers expect goods and services to reflect socially and environmentally responsible business behaviour at competitive prices.

Corporate behaviour show increased levels of understanding of the link between responsible business and good business. In addition to building trust with the community and attracting good customers and employees, acting responsibly towards workers and others in society can help build value for firms and their shareholders. CSR should be seen as the way that firms—working with those most affected by their decisions can develop innovative and economically viable products, processes and services within core business processes, resulting in improved environmental protection and social conditions.

World Business Council for Sustainable Development, have suggested that companies might gain a competitive advantage from corporate social responsibility. In much of the developing world, governments and business understand that their competitive positions, increasingly depends on being seen to respect the highest global standards.

CSR is no longer viewed as just a regulatory or discretionary cost, but an investment that brings financial returns for the companies promoting it. CSR promotes trust which sustains long-term relationships. Customers are more loyal and buy those brands which they think are responsible. Companies in all sectors of activity are proving their corporate social responsibility to comply with the society's expectations and to attract a positive implication from all the stakeholders. Business executives are starting to see CSR as a sustainable growth strategy.

As the role of business in society is changing, more businesses are recognising that that they need to do more than just focus on increasing profit margins. Now there is a need for businesses to become good corporate citizens too, in order to meet stakeholders' increasing demands. Businesses are recognizing that adopting an effective approach to CSR can reduce the risk of business disruptions, open up new opportunities, drive innovation, enhance brand and company reputation and even improve efficiency. How they behave is becoming a matter of increasing interest and importance. Even companies which may have a good reputation can risk losing their hard-earned name when they fail to put systematic approaches in place to ensure continued positive performance. The effect of a bad reputation often extends far beyond that one firm: entire sectors and, indeed, nations can suffer. Major corporations suffering a reduced market position as a result of questionable behaviour, with many others subsequently finding themselves to be a part of the collateral damage. These firms frequently expend considerable time and money attempting to regain their reputation, with mixed results.

Consumers and investors are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. A sound CSR approach can help build share value, lower the cost of capital, and ensure better responsiveness to markets. Citizens in many countries are making it clear that corporations should meet the same high standards of social and environmental care, no matter where they operate. In the CSR context, firms can help build a sense of community and shared approach to common problems.

2. The role of corporate social responsibility in small and medium - sized enterprises

The concept of Corporate Social Responsibility (CSR) is still new in Romania. The corporations that adopt CSR policies are mainly interested by their image. They want a socially responsible image for their clients. Corporations may include in their CSR policies a specific Human Rights commitment, respect of legal obligations, as well as charity. Romanian consumers are interested in CSR issues but it seems that they are not influenced too much in their choice of products or services by knowledge of a corporation's respect of certain values. This can be explained by the fact that most costumers are focused on price consideration.

SMEs are an important part of the Romanian economy, as well as the EU and global economy. SMEs have different characteristics and generally more restricted resources then larger enterprises (e.g. in terms of relations with their local community and ways to do business etc), hence tougher competition conditions. Small and medium-sized enterprises (SMEs) are defined as any business with fewer than 250 employees.

The motivational factors that may engage SMEs with CSR are not the same as for large companies. While the growing visibility and global impact of large companies and brands has heralded calls for greater transparency and accountability, SMEs remain largely invisible and unlikely to see CSR in terms of risk to brand image or reputation. For SMEs issues closer to home are far more likely to hold their attention such as employee motivation and retention and community involvement.

In recent years we have witnessed an exponential increase of initiatives around the concept of CSR as a direct response to the introduction of new legislations and the increased awareness of the public on societal and environmental issues. As a result, programmes to protect the environment, develop eco-friendly products, support local communities, engage in fair trade activities are now high in the agenda of many organizations.

The public attitude to business responsibility has shifted enormously in recent years, and both employees and customers are voting for companies with an ethical stance they approve of. Large companies have been encouraging smaller companies to be socially responsible, particularly if they are part of their supply chain.

There is a growing recognition that the issues that are important for CSR are as relevant for small companies as they are for large companies. As with other similar type of initiatives the rate of adoption of CSR practices has been slower within SMEs. The reasons for this slower adoption can range from the daily pressures to succeed in the marketplace to the limited amount of resources that SMEs have. In our experience however a key factor is the fact that SMEs often do not really understand the benefits of adopting these new practices.

A 2008 survey by Cone/Duke University of more than 1,000 people found that 79% of consumers were willing to switch from one brand to another of similar price and quality because it was associated with a good cause. This was up from 66% in 1993. But it is not just consumers who prefer socially responsible brands. Investors now look for sustainable businesses too. A company's environmental, social and governance reporting is now among potential investors' main interests, shortly behind financial performance. The same applies to creating a supply chain: more and more companies stick to socially responsible suppliers. Apart from meeting stakeholders' requirements, studies show that companies who adopt CSR strategies also benefit from higher loyalty from employees and enjoy a better reputation.

Research suggests that SMEs that implement CSR related activities are primarily concerned about their public image. Burke and Gaughran 2006 suggest that "compliance with legislation is the key driver" and without adequate support programmes and policies (i.e. financial benefits) sustainability would be difficult to achieve.

It is believed that the lack of rules and legislations with a non voluntary approach may create complacency and encourage companies to do as little as possible, e.g. public relation stunts aimed at increasing profit without actually contributing in a positive way to society or the environment (Pimenova and Vorst 2004).

In order to adopt any CSR practice it is critical for SMEs to understand the potential impact of CSR in business performance. From a SME perspective CSR is generally perceived as a set of activities or policies without a clear measurement process and not as an integral part of the business strategy.

Many research shows that there are plenty of socially responsible activities in SMEs, but that it looks different compared to larger firms. A large firm is likely to have a mission and values statement. The first step is to raise awareness of CSR as legitimate business practice. The best way of doing this is through trade associations.

Most SMEs are only motivated to adopt new forms of operating by legislation and supply chain pressure; in terms of CSR the former is unlikely to be readily accepted by resource constrained SMEs, and the latter in many ways just transfers the large company agenda onto the small company without accounting for the complex and heterogeneous nature of the SME sector.

While there is a great deal of optimism for the role that smaller companies can play in improving business responsibility the main focus of the debate has and continues to focus on the large companies. Despite the best efforts of various SME related organizations, this sector of business is so far way behind in CSR; however, rather than see this as a failure of SMEs to engage with CSR perhaps it is fairer to say that the CSR debate has so far failed to engage with SMEs. Socially responsible activities in SMEs are different compared to larger firms. A large firm has a mission and values statement.

Many SMEs have limited awareness of what CSR is. SME managers and owners often do not fully understand the demand coming from the stakeholders of their customers and therefore do not fully recognize the importance of

CSR to them. SMEs tend to perceive that they cannot devote too much of their management time to CSR issues. This might be a lack of qualified personnel or simply the lack of recognition about the benefits of moving towards a properly structured management system. In most countries in the region there is a lack of trained, qualified and aware staff that would be able to lead and develop CSR initiatives in companies. There is a lack of skills development in this area by most education systems.

There are some SMEs where a greater level of understanding of CSR issues and practices exist. In these cases there is often a lack of understanding about where to begin the process of implementing some kind of CSR programme. Many SMEs seem to have some awareness of the concept therefore but lack awareness of what elements of CSR might be usefully initiated in their own workplace settings. In particular, there is a significant lack of awareness of the benefits that can be derived from good CSR practices.

The reality is that SMEs probably do not have too much money to spend on CSR initiatives, but they can achieve things without spending huge amounts of money. Where money really is lacking for CSR initiatives but where companies would like to explore them, it might be that some sort of government backed fund could stimulate good CSR practice for a modest small grant.

From 2006 to 2008, the European Commission co-financed 14 projects that in different ways supported the uptake of corporate social responsibility (CSR) amongst small and medium-sized enterprises. Besides the immediate impact on the 3000 or so SMEs that participated directly, these projects contributed to increasing the capacity and motivation of many organizations across the EU to work with small businesses on CSR issues.

Conclusion

CSR can play a vital role in detecting how business impacts labour conditions, local communities and economies, and what steps can be taken to ensure business helps to maintain and build the public good. Companies should think twice before saying "no" to CSR in a recession. Those who are now cutting back on their social responsibility activities might save money in the short-term, but in the long-term they are actually holding their businesses back. In a recession it is more difficult to keep customers' loyalty, attract new investors and keep growing. Companies that show their commitment to being responsible corporate citizens will be in a better position than those companies that did not stay committed to more than just their bottom line when business economic conditions improve. CSR has to be viewed by companies as a means to make their business more meaningful to customers, hence bringing an additional dimension to customer's experience.

A successful company has to combine its active presence in technical and professional areas with social and cultural activities. Once it becomes a part of the corporate culture, CSR can be a powerful internal force and lead to increased loyalty and superior service for both customers and associates. Advances in communications technology, such as the Internet and mobile phones, are making it easier to discuss corporate activities. In the CSR context, modern communications technology offers opportunities to improve dialogue and partnerships.

References:

- 1. Brown Tom, J. and Dacin Peter, A., The Company and the Product: Corporate Associations and Consumer Product Responses, Journal of Marketing, Vol. 61, p. 68-84, 1997.
- 2. Burke, S. and W. F. Gaughran, Intelligent environmental management for SMEs in manufacturing, Robotics and Computer-Integrated Manufacturing, 2006, p. 566-575.
- 3. Carroll, A. B., Corporate social responsibility: Will industry respond to cut-backs in social program funding? Vital Speeches of the Day, 1983, 49, p. 604-608
- 4. Creyer, E.H. and Ross, W.T. The Influence of Firm Behaviour on Purchase Intention: Do Consumers Really Care About Business Ethics, Journal of Consumer Marketing, 1997, Vol. 102, No. 3, p 414.
- 5. Korka, M., Corporate Social Responsibility in Romania: From Theory to Practice, Transition Studies Review, Springer Verlag, 2005, 12 (1), p. 47-57
- 6. Kotler, Philip; Lee, Nancy, Corporate social responsibility: doing the most good for your company and your cause, Hoboken: John Wiley, 2005,
- 7. Kotler Philip; Keller Kevin Lane, Marketing Management, 12/E; Prentice Hall; 2006
- 8. Pimenova, P. and van der Vorst, R., The role of support programmes and policies in improving SMEs environmental performance in developed and transition economies., Journal of Cleaner Production, 2004, 12, 549-559
- 9. *** Commission Green Paper, Promoting a European Framework for Corporate Social Responsibility", COM (2001)366 Final
- 10. *** Corporate Social Responsibility in the EU, (http://www.eubusiness.com/Social/corporate-socialresponsibility-in-the-eu/l)

CONSTRAINTS OF THE ROMANIAN SEASIDE TOURISM

Nenciu Daniela Simona

Christian University "Dimitrie Cantemir" Faculty of Touristic and Commercial Management 90A Dezrobirii, , Constanta nenciu75@vahoo.com 0241544303

Constandache Mihaela

Christian University "Dimitrie Cantemir" Faculty of Touristic and Commercial Management 90A Dezrobirii, , Constanța micky_eve68@yahoo.com 0241544303

Secara Mirela

Christian University "Dimitrie Cantemir" Faculty of Touristic and Commercial Management 90A Dezrobirii, , Constanța mirela secara@yahoo.com 0241544303

The competition on the Single European Market requires to those who offer tourist's services on the Romanian seaside, either they are caterers, restaurant keepers, tour operators or specialized agencies, to take decisive measures of rehabilitation and withdrawal for the maintenance on the profile market, through diversification and correlation of the quality with the tourist's product price. The Romanian seaside tourism professionals must understand the new trends in international development of this type of tourism and to realize the fact that the increasing demands of their clients oblige them to resort to new management and marketing tools.

Key words: tourism, competition, enterprising, strategy, destination.

Code JEL paper: L83: Tourism

1. Defining elements of the tourist's demands shown on the Romanian seaside

The Romanian seaside, tourist's summery area once favorite, both for Romanian tourists and foreign ones from Western Europe has lost a great part of the tourist's interest. The seaside summer resorts are dealing with a tourist's demand decrease as the products and tourist's services offer didn't succeed to rise at the level more and more sophisticated of the demands of the tourists. This decrease is especially felt in the foreign tourists' case who prefer similar seaside destinations but where the services quality is high and the prices show the real quality of the tourist's services.

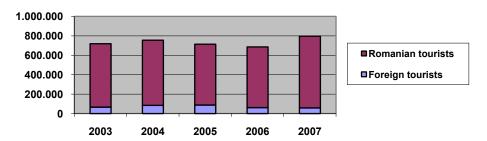


Fig. no. 1 Tourists arrived at the Romanian seaside between 2003 – 2007

In 2003 - 2007 period of time, on the Romanian seaside little fluctuation of the arrived tourists' number was registered. After an involution in 2004 -2006, the number of the Romanian who had oriented towards the inland seaside offer registered a rise of 16,05% in 2007 compared with the previous year. For the foreign tourists case, their number registered a small rise in 2003 - 2005 period of time, followed by a decrease of 30% for the year 2006 and by a decrease of 6,53% for 2007 compared with the previous year.

As for the average stay, it has decreased by 12,24% for year 2007 compared with year 2003. This fact is explained also by the orientation, for the last years, of the resident tourists towards the week-end tourism at the expense of average or weekly stay.

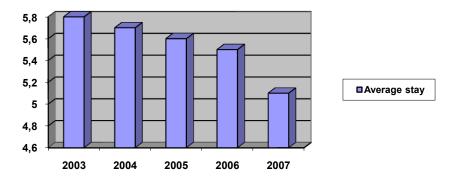


Fig. no. 2 Average stay of the tourists arrived at the Romanian seaside between 2003-2007

2. Difficulties faced by the tourism firms at the seaside

With the fragmented property and without a clear strategic direction, the seaside resorts enterprising did not managed to meet the high demands shown on the tourist's market and now are facing a number of issues.

The difficulties that the Romanian seaside tourist's firms are facing concerns⁴⁵⁰:

- accommodation places mostly of low quality in most tourist's reception structures;
- a very short high season, fact that persuades the enterprising to adopt uncompetitive prices up to the threshold of profitability level;
- the impossibility of attracting and keeping professional personnel for a short high season;
- a great competition between hotels and the lack of enterprising collaboration to attract tourists;
- tourist's services for leisure and entertainment activities are not enough to satisfy the current market demands;
- a limited vision of the caterers who are capitalizing the growing demand of the week-end visitors and they are loosing businesses with groups of tourists who are buying longer stays.
- beach erosion;
- poorly maintained public infrastructure;
- congestion in summer time mostly, and especially at the week-end and insufficient parking spaces;
- conflicting interests of the beach concessionaires and the tourist reception services providers
- loosing the most charter operations on Kogalniceanu Airport.

In the present time, the most significant threat for the seaside resorts case is the degradation of the most valuable asset, the beach. In the last twenty years was found a real decrease in the beach size, because of the general erosion engendered by the combination of the impact caused by the Danube channels and by the sea wall from Midia higher than the normal level of the sediments deposits along the seaside. Despite the various measures of remediation which were taken, the beach is withdrawing every year approximately 2 meter.²

In the last years significant investments have been done in the modernization of hotels and for ensuring some facilities within them, for example treatment and wellness, the setting up of some rooms for conferences, etc. which can contribute to the extension of the season. Still these welcome investments can not solve the fundamental issues which face the entrepreneurs of this area.

The marketing studies realized show that the present level of the services of the resorts of the seaside, is not enough to rise to the level of the position Romania should have as one of the main seaside destinations of the Eastern Europe.

At present the entrepreneurs of this area, as well as the authorities from the tourist domain, are trying very hard to re-launch tourism in this area, by drawing up and applying some strategies which have as objective the transformation of the seaside into a competitive destination.

The products traded on the Romanian seaside satisfy mainly the expectations of certain market segments, thus: the passive segment, represented by the tourists who choose this destination for the beach and amusement and the segment who practice the balneary tourism.

Although a series of investments have been done, this is the case of Mamaia resort especially, and the seaside attracts, during summer, a significant number of tourists who practice the weekend tourism, still the offer of products is not diversified and is not according to the taste tendencies and tourists' preferences. The tourists from Germany and Scandinavian Countries who used to be oriented toward the Romanian seaside, as a tourist's destination, are currently oriented to competent destinations from the Mediterranean Sea and the Aegean Sea, as well as towards Croatia and Bulgaria.

Another problem of the internal market is represented by the Romanian's tendency to go to foreign destinations, the Romanian seaside becoming less attractive. For example, the tourist who comes to the seaside expects more than sun and sea. He looks for a variety of attractions and activities beside the beach that is an offer of supplementary products. Choosing a destination by the tourists is determined, in the recent years, by a large offer of products that they can find.

Future projects which regard the establishment of some constructions in the Romanian seaside area should include, beside tourist's reception structures also constructions which should include theatres for theme shows, constructions with sport functions as golf grounds, tennis courts, football courts, recreation parks aquatic parks etc.

One of the projects which stands to be carried out in Mamaia regards the creation of a covered sea-wall which should be on top of the sea and which should contain a series of points of selling food and nonfood products. This shall offer visitors an alternative for spending time in the resort.

It should, also, to be organized or promoted excursions which should put to value the cultural patrimony of the seaside area, as well as the ruins of the Roman and Greek fortresses, to trade tourist's products which should consider ecotourism activities (for example: the Limanu area near Vama Veche).

⁴⁵⁰Master Plan for the development of the national tourism 2007 - 2026, chapters E,F,G, pg.273-274, taken from http://www.mturism.ro/fileadmin/mturism/noutati/masterplan_efg.pdf.

In order to put to value the tourist's reception structures outside the season, shall have to be developed the balneary product of the Black Sea. The entrepreneurs from the Eforie North and Eforie South, who own tourist's reception structures, should develop modern treatment areas ensuring in this way a functioning outside the summer. An especially important aspect is constituted by the communicating and proving the existence of new improvements of the tourist's products, to travel organizers from the markets under formation in order to convince them of the increase of the quality of the products and services offered.

Recovering the reputation that the Romanian seaside once had can be expensive regarding marketing and promotion budget.

The sustainable development of the seaside tourism depends not only from the attractive scenery and tourist's facilities but also from the competitiveness and quality of the employed personnel. Being one of the most competitive economic activities in the world, the tourism needs understanding, professionalism, employment and efficient strategies to develop human resources⁴⁵¹.

Competitive services can be ensured only by well trained and specialized personnel, with adequate aptitudes and performances. The creation of a qualified work force in tourism needs basic training, professional training courses as well as continue training on the job.

The Romanian seaside tourism has at present a major deficit of qualified personnel. Most of the entrepreneurs, due to the seasonal activity do not hire qualified personnel and do not invest in the professional training. This fact is reflected by the quality of the services rendered by a insufficiently trained personnel and weakly motivated by small wages.

Also, the level of competence in tourism is low, as a result of the lack of performance, work, educational and training standards. The Romanian seaside entrepreneurs should adopt, within the personnel policy, strategies to attract qualified workers in the domain, strategies to make faithful the employed personnel, strategies to increase the quality of the services rendered by them by ensuring professional training through qualification courses and strategies to increase competitiveness by granting certain facilities to competitive workers.

The success of the Romanian seaside entrepreneurs on the Single European Market "shall be determined, generally, by the measure in which they have trained to understand the costs of the integration and exigency standards they have to achieve in order to face the existing competition"⁴⁵².

Bibliography:

- 1. Adăscaliței, V., Marketing implications of the Single European Market, Communication at the scientific session of UCDC, Commemoration "Ștefan cel Mare și Sfânt –500 ani", 28 29 mai 2004, Sylvi Publishing House, Bucharest, 2005.
- 2. Balaure, V., Cătoiu, I., Vegheș C., Tourist's Marketing, Uranus Publishing House, Bucharest, 2005.
- 3. Cristureanu C., Strategies and transactions in international tourism, C.H.Beck, Bucharest, 2006.
- 4. *** Study regarding the fondamentation of the development strategy of tourism in Romania after the adhesion to the European Union, phase II, Evolutions and tendencies at a Worldwide and European level in tourism, National Institute of Research Development in Tourism, Bucharest, 2005.
- 5. *** Master Plan For The Development Of The National Tourism 2006 –2026, taken from
- 6. http://www.mturism.ro/fileadmin/mturism/ noutati/masterplan abcd.pdf.
- 7. www.insse.ro
- 8. www.mturism.ro

^{451 ***} Master Plan for the development of the national tourism 2007 –2026, Section A, Point 8 Human resources and professional training, p. 76, taken from http://www.mturism.ro/fileadmin/mturism/noutati/masterplan abcd.pdf.

⁴⁵² Adăscăliței, Virgil, Marketing implications of the Single European Market, [Communication at the scientific session of UCDC, Commemoration "Ștefan cel Mare și Sfânt – 500 ani", 28 – 29 mai 2004], Sylvi Publishing House, Bucharest, 2005, p.717.

IMPLICATIONS OF GLOBAL ECONOMIC CRISIS ON THE BAKERY INDUSTRY IN ROMANIA

Oancea Olimpia

University of Pitesti Faculty of Economics Republicii Boulevard, No. 71, Pitesti, Arges olimpiaoancea@yahoo.com 0742.736.898

Brînzea Victoria-Mihaela

University of Pitesti Faculty of Economics Republicii Boulevard, No. 71, Pitesti, Arges mihaelabranzea@yahoo.com 0723.789.726

Because of globalization, countries may be exposed to international economic events and economic shocks. The most convincing manifestation of this kind is a financial crisis. Vulnerabilities created by the financial system have led to the crisis at the end of 2008. Romania is certainly one of the countries affected by the effects of this crisis worldwide. Therefore, the aim of this work is to highlight the impact of crisis on the bakery industry in Romania, and a set of steps to exit the current crisis in its industry.

Keywords: economic crisis, financial crisis, the bakery industry, anti-crisis measures, tax evasion.

JEL Code: M21, M29, M31.

Financial crisis - a result of globalization

Because of globalization, countries may be exposed to international economic events and economic shocks. The most convincing manifestation of this kind is a financial crisis. In such moment, there is a tendency in the financial market to invest foreign capital in quality segments of the economy. Because o this, market economies in training and developing countries will no longer have access to international capital, in the short term. This situation is generated by real estate credit crisis in the United States and energy insecurity perceived by market. However, this did not become dramatically.

Lately there have been various proposals regarding the adaptation of monetary and financial system to these challenges. These proposals can be grouped into three categories: prevention and crisis management, regional and global cooperation, reform the institutional framework. There are concerns about the vulnerability of international financial systems from abuse. An adverse effect of globalization on financial markets is that the system has become more difficult to protect against abuses such as money laundering, financing of terrorist and criminal activities, tax evasion, and flight from the rules.

It is possible to "fall into another great depression" in the world, in terms of production and labor, as has happened in the 30's. Therefore, States should learn a lot during the 30's. First, a key element of that period was that banks were allowed to failure. Unfortunately, today we know very little about how to stop the destabilization of the banking system in the world, known as "global deleveraging". Responsibility for dealing with this major financial crisis lies with fiscal policy. Inflationary expectations put great emphasis on the dollar, and thus push trading partners to reduce interest rates and to engage in their own forms of monetary expansion and a greater appreciation of their currencies and exports decline.

Result of inflation will be higher in the world, but this is the only realistic way to persuade Member States to take the necessary measures to stimulate strong economies or to save the poor.

Financial system composed of powerful banks, but also the "Shadow" has helped to create vulnerabilities that have led to the crisis in September 2008.

This financial system, which means of not only U.S. banks, but also most parts of the global financial system, is able to manage the crisis. U.S. financial system, including the large firms is significantly better than that of emerging markets. However, after the crisis will be no more than six large banks in the U.S. The new entrants will threaten them in a very small extent.

Implications for the Euro, will be diverse, being affected in particular the poor, including those belonging to the European Union.

For example, Greece is facing the most problems with a debt of 20% of GDP and default risk exposure is significant. The propagation of the crisis came and in countries like Ireland and other smaller countries, which will need to implement fiscal austerity budgets or request support. Another country that is also likely to come under pressure because of its large debt is Italy.

Globally the focus is on the coordination of fiscal policy. Making of monetary policy in Europe will be slow, and the ECB (European Central Bank) concerns for the inflation which will follow, rather than what happens today. States must dramatically change their way of thinking in terms of fiscal policy. This should prepare for other major crises that may arise. Monetary policy and the regulatory authorities will be left behind; the responsibility for dealing with financial crises lays fiscal policy.

In order to create conditions for stable economic situation in the long term we must identify the real problem that created the current situation and likely pushed the world economy at this stage of instability.

Clearly, it is not about a set of unbalanced payments (USA, China), nor a particular set of internal regulations. The basic problem is that after 90's, "Great Moderation" of volatility in industrialized countries has created conditions

in which financing loans exceeded the GDP and could grow rapidly in any period of economic boom. In addition, globalization has allowed banks to expand ever more. Globally, economic growth in recent years was based in reality on financing and able to continue so long or could soon fall, as happened at the end of 2008.

The world financial system allowed easy movement of capital around the world. Capital flows at global level are not necessarily a bad thing, because by providing those in States where they are very useful promote economic growth, particularly in developing countries. However, globally, this system also allows to "feed" with money states located anywhere in the world, thereby aggravating the systemic risks. For example, when billions of dollars come from the richest countries in a country of 320,000 people, like Iceland, the risks of interest rate reductions are amplified.

Debt globally has also been a major factor contributing to today's recession. In this way, emerge the disadvantage that large firms in the period of crisis, instead of wasting money, go bankrupt. The ideal global growth requires a new balance in the non-financial sector, as may be industry, retail, etc. In particular, advanced economies like the U.S. and UK, financial sector has known an increase in corporate profits. However, the financial sector in U.S., despite the experiences of recent years, is still strong enough to withstand significant structural reform. To prevent the creation of vulnerability in the future and to understand the stability should be rethought how the economy works today.

Regarding the situation in Romania, companies have made massive layoffs, reductions in production and ceasing investment in 2008, but especially in early 2009, due to decreased orders on the background of economic and financial world crisis.

Lack of mortgage loans with high risk led many to hope that Romania will not be affected by the crisis that began in the U.S. since the summer of 2007. However, as the credit crisis has spread to all the powerful financial centers of the world, trust between financial institutions has been lost, Banks do not know which is the financial situation of competition and they are afraid that is very likely to give money to loan, but no longer able to recover. Thus, it has created a financial jam propagated by financial institutions in Romania. Many of them had to stop the credit lines of companies and thus were affected immediately the costs of production and investment. In this crisis from the real economy, exporters get hit the hardest because the demand and funds from the European Union and the United States, the main business partners of Romania, began to decline with the crisis extending.

Official statistics show that the Romanian economy started to be affected by the crisis in the last three months of 2008. Thus, industrial production decreased by 0.7% in October from the previous month, while over the same month in 2007 it decreased by 3% because of the decline was 4.6% in manufacturing, decline which could not be offset by increases in the utilities and extractive industry, according to data published by the National Statistics Institute. In addition, turnover of retail trade fell in October by 19% compared to the previous month. The annual growth rate has stopped at 8.6%. New orders in industry were 3.6% lower in October than in previous month because of reduction in the capital goods and household product. Imports of goods in Romania have significantly slowed the pace of growth in October to 3.6% compared to same month in 2007, while exports advanced by 13.3%, the evolution of the monthly trade deficit decreased by 9%.

Economic crisis and its impact on the bakery industry in Romania

Agriculture is among the areas that were affected by the crisis, mainly due to the grain exchange crash. The price of wheat and maize was reduced significantly at the end of 2008, approximately 30% -40% less than the previous, much cheaper than a few months before. This was because there were significant reductions in both the stock exchange in Chicago and the European exchanges.

Players in agriculture are of the opinion that in Romania cereal prices are much lower than in European countries. In this respect, an example may be that the price of wheat in Austria and Hungary is 220-235 Euros / tone and in Romania, tone of wheat can reach 111 euros. In the case of maize, it is sold in Hungary with 130 Euro / tone in Austria with 135 Euro / tone, while in Romania at 85 Euro / tone. These price decreases will lead to the elimination of stocks of cereals and implicitly, to call on imports.

In early 2008, specialists in agriculture estimated wheat production of 7.6 million tones and maize at 8 million tons. However, drought and floods in the summer of 2007 changed goes to farmers who have received only 5.6 million tons of corn.

Although prices on international markets have fallen heavily, at that time, in our country they were well below those values, which led to export about 30% -40% of total production.

Financial crisis has already affected farmers who have turned to loans in recent years and changed the development plans of some, and most of them have dropped several projects that were to run in the next period. The players in industry have delayed modernization projects as requiring large loans, and this period is not advisable to use them. In Romania are around 9.4 million hectares of arable land, of which the greatest 50 players operate about 4% working in the agricultural sector.

Agriculture has felt the effects of the crisis in 2009. Nearly 15% of farmers in Romania are out of business in 2009 because they have failed to resist the market after the financial crisis. In November, the Federation Agrostar asked the Ministry of Labor and Ministry of Agriculture as 50,000 employees to get unemployment technical and

investment in the bakery industry has been affected by the economic crisis because of the limitation of access to credit.

The internal milling and bakery reached in 2008, 2 billion euros, up 15% compared to 2007. Consumption of bread dropped in Romania in 2008 to 1.5 kilograms per capita. Meanwhile, with decreasing consumption of bread has been an increase in confectionery products.

Economic crisis since the end of 2008, has affected investments in the bakery industry, estimated at 100 million euros for 2009. Many potential investors have had to resort to loans to make investments, a possible restriction or inability to obtain credit will lead to surrender to obtain them.

Another problem faced by the bakery industry, against the backdrop of economic crisis, is that the dealers who are granted merchandise credit; in the defense of problems in obtaining credit, they are unable to pay the freight and this strongly affects industry.

At the end of 2008 in Romania bread consumption has decreased by 1.5 kg, reaching 112 kilograms per capita per year. The tendency was to place us in the European context, where the average annual consumption of bread was about 80 kg per capita per year. The internal milling and bakery reached in 2008, two billion, up 15% over 2007.

Anti-crisis measures proposed by the National Association of Industries for Milling and bakery in Romania

The current economic and financial crisis creates major difficulties for the agro-industrial sector in Romania, especially due to how extremely bad the problems were managed in this sector at home, European and international. After real and pragmatic analysis of the current situation and perspective, the National Association of Industries for Milling and Bakery in Romania identified a set of critical issues that require rapid and efficient solutions to exit the current crisis for the cereals sector. This set creates real prerequisites for entry of Romania into a competitive position that will correspond potential exploited only to a maximum of 20-25%.

Thus, the proposed measures are:

1. Tax evasion (and implicitly the non-collection of revenue in the budget) level exceeded 75%. In these circumstances, the measures in force, and any new rule of the grain may not have any application, even on the contrary, it will deepen the economic and financial indiscipline and violation of the law.

Following the evaluation of possible solutions to eliminate this situation resulted that the only real and fast solution that do not require special effort budget (which require specifying the sources of extra budgetary funds) is decreased VAT branch primary grain production, storage, and milling, bread from 19% at 5%, practiced in general in the European Union and internationally.

Given the current level of collection, this would involve an insignificant decrease in the revenue budget, while the positive effects on the most important branches of agro-industrial product in Romania (the only one with all items fully Romanian) are incomparable: maximum positive impact of interventions to support farmers, possible to monitor the real market and accurate sizing of regulatory measures, optimal recovery of the internal market and export

2. One of the major impacts on the national budget is the lack of receipts from the EU. Planning development measures, assessment and approval of projects, providing logistical and financial infrastructure, ensure resources were very good on paper; in reality they are not correlated, and the purpose is missing entirely. The effect is already known: although they were caught in the budget, there was no collection.

Currently starting any project is virtually impossible; banking system has blocked loans for investment, interest rates are prohibitive, and the exchange rate has increased significantly and evolution is unpredictable.

Commercial banks are subsidiaries and branches of foreign banks, whose main concern is to extract existing capital in the country and not supporting the economic development of the internal mechanisms of exit from crisis.

Under these conditions the Romanian government must ensure the following measures:

- Ensuring credit projects structural and rural development with interest below the level of 10%;
- Ensuring the risk of depreciation of the national currency under the acceptable level for rural development projects;
- Loans to finance exports of Romanian agro-food products.
- 3. Cereals Market in Romania, and implicitly of derivative products, is completely uncontrolled (quantity, quality, food safety and protect farmers and consumers) and dominated largely by the interests of maintaining a high level of tax evasion and the underground economy.

The certificates of deposit, passed in 2002 were intended to ensure:

- evaluating single unit (standard) products, monitoring and full traceability of seeds (at farm gate and to the processing or export);
- Ensuring an effective and credible national storage through licensing:
- Financing of farmers by certificates of deposit;
- The effective functioning of Romanian Commodities Exchange Cereals floor was not finished until now. Legislation has been updated and the building was not completed.

4. To be competitive on foreign markets, agricultural exports have quality and lowest prices on the market. Exports of food products are virtually nonexistent. Quality products and value added are not competitive in terms of price on third markets.

An important measure to boost grain exports branch is the renegotiation of EU quotas to ensure that levels of export refunds on cereals and flour in third markets.

Conclusions:

First, to stabilize the economic situation in the long term is needed to identify clearly the real problem that has pushed the world economy at this stage of instability.

As a result of the effects occurring against the backdrop of this economic and financial crises, Romanian companies have resorted to massive layoffs, reduced production and suspend investment in 2008, and in particular in early 2009.

As regards the impact on the bakery industry in our country, the effects were the reduction of investments; one of the reasons is that access to credit has become increasingly restricted. And bread consumption has decreased; the trend is that of our place in the European context, where the average is well below average in Romania.

In my opinion, the main concern of institutions able to take such decisions is proposing to implement a set of measures to make possible the rapid and efficient approach to solutions, both for the exit of companies in crisis bakery sector as and to create real prerequisites for entering them in a competitive position.

Bibliography

- 1. Catalin Turliuc, Europeanization and globalization, the Institute of History "AD Xenopol ", Iaşi 2. Simon Johnson, Economic crisis, senior fellow, Peterson Institute for International Economics, 7 January 2009
- 3. Newspaper Day, No. 4424, 29 December 2008
- 4. President of the National Farmers Federation in Romania
- 5. Dan Botanoiu, National Federation of Agricultural Producers in Romania (FNPAR)
- 6. Sorin Chelmu, general secretary of the Ministry of Agriculture and Rural Development (MADRE)
- 7. Review Electronic milling and baking,
- 8. National Association of Industries for Milling and bakery in Romania, Anti-Crisis Measures

ONLINE ADVERTISING – A STRATEGIC TOOL FOR THE BUSINESS

Orzan Gheorghe

Academia de Studii Economice orzang@ase.ro

Stoica Ivona

Universitatea Româno-Americană, Facultatea de Management-Marketing ivonas@ase.ro

Jeleriu Daniela Claudia

Universitatea Româno-Americană Facultatea de Relații Comerciale Financiar Bancare Interne și Internaționale, jeleriu_daniela@yahoo.com

Orzan Mihai

Academia de Studii Economice mihai.orzan@ase.ro

Well designed and directed, advertising is complex communication, a bridge between companies and consumers. To create an efficient advertising campaign, it takes inspiration, professionalism, and passion. New ways of marketing and advertising online prevail over traditional marketing, creating interesting experiences for consumers by means of video images. Interactivity is frequently used in modern marketing. In a new advertising era of Web 2.0 advertising online, organizational management, sales people, or customer relations representatives must take into consideration this explosion of information generated by consumers, and the way they are highlighted by means of brand-related perceptions. Web advertising uses the advantages of today's technology, so that people who create it can use their creativity and passion in moulding the cold clay, thus designing a new world full of color, light, and images.

Key words: Internet, web marketing, web advertising, advertising, web 2.0, e-business.

JEL Classification: M31

The World Wide Web is a global system of sites that are stored on servers that interconnect by means of various links containing images, texts, folders, sounds, video files, flash images etc. The Web began to exist in 1989 thanks to Tim Berners Lee, Robert Caillau and an entire team of specialists from The European Center for Nuclear Research in Geneva by writing papers on what Web actually means, namely an information system that works worldwide by means of hypertext and hypermedia. The main purpose is making information accessible for people⁴⁵³.

On the 6th of August 1991 the first Web page designed by Tim Berners Lee and based on HTML language was posted, which brought about radical changes in Internet. Tim Berners-Lee was considered one of the most important inventors of humanity and received knighthood in 2004. Berners-Lee also created World Wide Consortium – W3C, which is a non-profit organization in control of Web evolution⁴⁵⁴.

The Web generation has developed greatly since the old Web 1.0 to Web 1.5, and now we are dealing with Web 2.0. In Table 1 you can see the evolution differences between Web 1.0 and Web technologies. The most important feature of Web 2.0 that can be successfully used by marketers is the fact that the new Web made the Internet more than a software platform, considering that Internet users control and create their own data or information and they customize the online environment, which can be noticed by other users, as well.

Web 2.0, which is a high level in the development of the World Wide Web encompasses many tools, technologies, and concepts that have been recently designed (for instance, RSS, blogs, podcast, wiki, bookmark systems, LoL (by many users for many other users) web API web online services. Aiax Rubz on Rails etc.

Web 1.0	Web 2.0
DoubleClick	Google AdSense
Ophoto (purchased by Kodak and turned into Kodak Gallerz)	Flickr
Akamai	BitTorrent
mp3.com	Napster
Britannica Online	Wikipedia
Personal pages	Blogs
Finding names of domains	SEO (search engine optimization)
Pages that have been visited	Cost per click
CMS (content management systems)	wiki
Directories (taxonomy)	Tagging
Posting	Participating
Stickiness (the ability of a site to attract visitors and make them loyal)	RSS (information syndication)

⁴⁵³ http://en.wikipedia.org/wiki/world_wide_web

_

⁴⁵⁴ http://www.w3.org/

³ Tim O'Reilly - What Is Web 2.0 Design Patterns and Business Models for the Next Generation of Software, November 2005

Table 1: Traditional Web Vs Web 2.0 technologies

The Web 2.0 platform is strategically positioned in Internet users' minds, as they control the information by means of the services they provide, by means of low costs, and information flexibility. Web 2.0 is actually a matter of attitude, not necessarily technology. It invests and gains the trust of its users, it is entertainement, people can do shopping online, which refers to a new lifestyle without evading normal life. This means that the Web is a collaboration platform.

Web pages are counted in real time on WorldWideWebsize.com. Currently there are about 65 billion Web pages. The .ro domain name defines over 12 billion Web pages according to Google⁴⁵⁵.

Web marketing refers to all the marketing activities online. Considered as the new efficient commercial vector within digital economy, the richest form of new rich media, web marketing is all about marketing strategies, policies in the virtual environment and about marketing activity specific to web sales (websites, virtual stores, ecatalogues, interactive databases, cybermalls, electronic payment, electronic distribution systems, direct marketing, e-business), online promotion and advertising (websites that promote company products and services, online advertising, PR, promoting brands online, campaigns, e-business model designs), online, interactive, two-way global communication. Web advertising ensures information messages, slogans, jingles, teasers. Databases such as e-mail addresses, orders, market responsiveness, online PR, interactive e-mail and web pages, sponsorship, patronage, press release, videoconferences, videomarketing, webzine, online newsletter, online marketing research, focus groups, web chat).

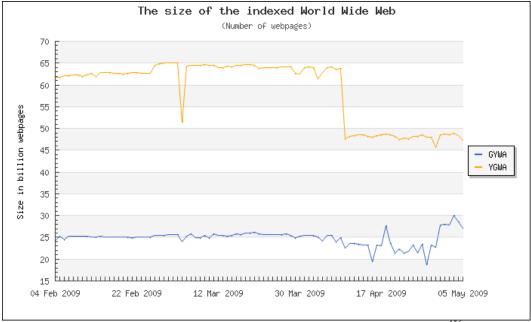


Figure 1: Recent evolution of Internt pages (in billions) 456

The main features of this media channel are the speed of sending information from source to Internet user, the great quantity of information that can be sent without considering time or geographic barriers or hurdles, hence the accessibility of Internet, its current value and importance, but its perishable status, the diversity as far as information is concerned, and competitiveness, pull strategies (persuading users into visiting websites, interactivity by synchronous or asynchronous communication must also be taken into account and thoroughly analyzed.

Online Advertising VS. Traditional Advertising

The online environment haves the significant advantage of being able to provide the means for an interactive dialog that can rise up to the expectations of every consumer. Instead of using a single message for everyone as in mass advertising the online marketing offers the possibility of using interactive and personalized messages that can be send to every consumer no matter where they are located on the globe, what language they speak and most important it allows them to see exotically the information desired at a specific date and time. Over the internet the companies can develop personalized presentations that are able to satisfy the desires of each client. The database systems together with the advantages of the modern search engines provide the much needed opportunity for the consumer to find the company he desires and the other way around, opportunity not available offline. Personalized

⁴⁵⁵ http://www.google.ro/search?hl=en&q=site:.ro

⁴⁵⁶ www.WorldWideWebsize.com

messages, one to one selling and integrating the advertisement in a large amount of information are the main rules of the game.

Because of this particular, closer customer, company relation it is essential to invest time, resources and respect into its relation with the customers or it will all be for nothing. By recording information about the interests of each registered consumer, its previous acquisitions, by personalizing the interface for each registered user and approaching him in a personal manner the company can develop a special relation with the particular consumer.

We are currently living in world dominated by virtual global markets that can be seen as local through individualization, when each and every client is understood as a unique individual, with his own personality, needs, life style, preferences and purchasing patterns.

One of the main objectives of marketing over the internet should by the development of a generous data base with detailed information about both current and potential customers. Among other things this database is responsible for the development of competitive products and services that will satisfy the needs of each customer.

The average potential web client usually haves a higher education and a bigger income than the standard offline client, also he is less tolerant with aggressive advertising that appear without being required on his computer screen. This is one of the main reasons why the internet marketing must adapt the standard marketing strategies to the specifics of the virtual environment. In a time of speed the company must reply instantly the information required by the client in order to establish a good relation with him and gain his trust. In the virtual environment the client requires supplementary information mostly when he is ready to make the purchase and the decision of doing so depends only on the quick reaction from the company and the usefulness of the information received.

The cyber consumers can also be attracted by using classic advertising techniques based on rational and emotional type messages. In the virtual environment many of the limitation of the classic environments are no longer a problem, the potential of using multimedia technologies and the relatively endless advertising space open the door for the future in advertising. Online marketing also offers another huge advantage due to the possibility to counter and monitor every move the users do on specific web pages which leads to a better understanding of the consumer, his behavior and his needs.

In the online environment there are several types of clients belonging to specific online user segments:

a. The cyber buyers: professionals that spend much of their active time online and are focused mostly on the places specific for their businesses. They are required to take complex acquisition decisions based on collecting large amounts of data in record time. The virtual technology is the perfect solution for their needs and often a new business is based on this modern environment and the initial investment proves itself profitable in relatively short time.

b.The cyber consumers: home users dependent on online commercial services. They are the gold mine that the entire commercial and the entertainment industry desire to exploit. Both marketers and various services providers must find ways to make the online shopping more and more enjoyable in order to overcome the attractiveness of the local shopping centers.

c.The cyber navigators: use the online technology in order to extend their knowledge, to test their abilities and to have some fun. They are usually young people with entrepreneurial spirit, highly dynamic and tough to satisfy. Even if there is always the risk that they will browse away if the site background is not fashionable their impulsiveness and vulnerability to advertising together with the joy of browsing make them the perfect online segment.

Online Advertising Models and Tools

The most efficient instruments used in order to communicate the promotional message and various information throughout the virtual environment are:

-Specific bidirectional communication instruments: the users are seen as development partners (as in Wikipedia, YouTube, MySpace, Hi5, Twitter, Face Book, LinkedIn, Second Life, Amazon) and this collective intelligence is a highly appreciated resource on the web;

-Viral marketing: the best method available for the exponential increase in spreading the message based on the encouraging people to communicate and use the message in their day to day life, making the initial sender irrelevant;

-Flexible mobile internet access: the possibility of accessing the internet anytime anyplace from various devices (mobile phones, mp3-players, PDA...) allowing the users to interact with the multimedia portal provided by the company;

-The impact of virtual communities and social networks over the interpersonal communications both personal or business oriented from a simple emitter receiver system to a more advanced virtual network of friends and businesses regardless of culture, geographic space, country ...(ex. www.match.com, www.linkedin.com, www.myspace.com, www. rise.com.

There are 10 basic types of banners recently adopted by the online advertising industry: square like, skyscrapers, island banner, extendable banner, overlay ad, video banner, sticky ad, extravagant ads, floating ad and leader-board⁴⁵⁷.

In his book "*Unusually Useful Web Book*" June Cohen identifies and classifies the main types of ads used on the internet into 12 categories: banners, buttons, pop-ups, leave-behinds, rich-media, links, text, endorsements, sponsored links, product placements, video ads and interstitials.

Other authors like I. V. Ruff and B. Grigore in the book entitled "Relațiile publice și publicitatea online" (PR and online advertising) use a different classification that divides the online ads in: rich media (interactive and multimedia), text links, sponsorships, advertorials, and various types like video ads, news, screensaver.

On the other hand, the Internet Advertising Bureau, one of the most important online advertising associations, offers a more complex approach on the subject, especially for the banners. The standard for the online banners, measured in pixels, is:

-Full banner: 468x60

-Full banner with vertical scroll bar: 392x72

-Half banner: 234x60 -Vertical banner: 120x240 -Square button: 125x125 -Micro-button: 88x31

The banners come in various shapes and sizes and in different places of the webpage. A fact worthy to be mentioned here is that the banners are technically measured in pixels but the IAB uses another measuring unit named the IMU – Interactive Marketing Unit. From the technical point of view the banner is a static or animated image, square or rectangle like form of various sizes. The banner type ads can contain the name of the company, a specific brand, slogans, logos, and other promotional messages. The banners act as a permanent lighthouse for the people browsing the webpage and also as a access door between them and the company.

The company can also use the banner as a business card offered to the cyber consumer, promoting its image thou it to millions of virtual surfers from every part of the world.

Video ads and the future of online advertising: the online advertising will receive limited or none damage from the economic crisis not like other types of advertising and marketing as it is mentioned in an article from the published in the economist. The reason for this endurance is that its popularity is growing exponential; enough to equalize the overall descend of the advertising industry. Practically the online advertising is the most economic type of advertising as it can guarantee the results and supervise the entire communicational process. Practically the prices requested for online advertising are more like selling a guaranteed result, a package of benefits, and fewer and fewer marketers see them as advertising costs.

In the USA the online advertising market represents more than half of the global online advertising market and is expected to rise with 8.9% in 2009 as mentioned in the magazine eMarketer. In august 2008 the same marketing research company provisioned a rise of 14.5% for 2009 but the effects of the global financial crisis brought some limitations to its development.

Different online advertising techniques are estimated to encountered the following increases: search engine ads -14.9%, rich media ads -7.5% and display type ads -6.6%. As mentioned above the online marketing advertising industry will continue to increase its profits and popularity even during the financial crisis even if it will follow a more cautious evolution trend.

Another good particularity regarding the online advertising is that the fine line between ATL and BTL advertising serves no purpose as Randall Rothenberg, manager of the Interactive Advertising Bureau SUA said. Therefore, during the crisis the marketers are cutting expenses in advertising especially in th more expensive and less efficient ATL methods (TV, radio...) and to keep the budgets for the less expensive BTL campaigns(promotions, personalized treatment...).

The online advertising joins the specific ATL and BTL actions offering their main advantages for a minimal cost for the company and with a shorter time needed to receive a certain effect from the consumers. According to Forester Research the sustained rise of the online multimedia technology with 70% over the last year makes the online advertising the new pink in communication with the customers.

What really matters in defining online advertising strategies is not the shape of the ads – pre roll or post roll, but the correspondence between them an the needs of the consumer. Not like the text only content offered by the search engines the multimedia content can offer to the user a quite unique experience. It is this experience desired or appreciated by the consumer that intrigues the marketers all over the world and is the key to more efficient and pleasing advertorials and also represents a good indicator for the receptiveness of the consumers. When It comes to

⁴⁵⁷ Gh. Orzan, Mihai Orzan – Relații publice online, Ed. Uranus, București, 2007

⁴⁵⁸ Cohen, J., Unusually Useful Web Book, New Riders Publishing, USA, 2006

⁴⁵⁹ Ruff, I.V., Grigore, B., Relațiile publice și publicitatea online, Polirom, București, 2003

multimedia type messages there are a lot of supplementary subjective/personal reasons in appreciating the advertisement and quite often these are more important than the logical connections.

Therefore, the marketers should use compartmental targeting techniques and develop quality ads hat will be more than just a support for a commercial statement. Thanks to the online environment marketers can now interact a closer way with the consumers. The video publishers the better type of publicity will win in the end both the supremacy but also a place in the life of the new society.

The main advantages for the online advertising are the relatively large number of techniques for finding and interacting with the cyber consumers with the desire to make a purchase. Another advantage is that it allows the webmasters to gain financial rewards for developing and maintaining their websites.

In these troubled times this particular type of advertising is becoming more and more popular among various types of entrepreneurs, the simple web presence being a must for the modern day manager that uses the pull type strategy Many companies are still skeptic about investing in online advertising due to the fact that their performance lever is not a true competitive one and so, their online campaigns will have n chance of success compared to the ever increasing online competition.

In Romania the internet is beyond any doubt a very strong communication channel that can and should be used in brand awareness campaigns, product advertising, ... with a unlimited capacity for surprising the consumer every time.

REFERENCES

- 1. Balaure V. (coordonator), *Marketing*, ediția a II-a, Ed. Uranus, Buc., 2002;
- 2. Cohen, J., Unusually Useful Web Book, New Riders Publishing, USA, 2006
- 3. Orzan, Gh., Orzan, Mihai Relații publice online, Ed. Uranus, București, 2007
- 4. Orzan, Gh., Sisteme informatice de marketing, Editura Uranus, București, 2001, p.139
- 5. Ruff, I.V., Grigore, B., Relațiile publice și publicitatea online, Polirom, București, 2003
- 6. Tim O'Reilly What Is Web 2.0 Design Patterns and Business Models for the Next Generation of Software, November 2005;
- 7. http://en.wikipedia.org/wiki/world wide web
- 8. www.WorldWideWebsize.com
- 9. http://www.google.ro/search?hl=en&q=site:.ro

CONSUMERS' REACTION AND ORGANIZATIONAL RESPONSE IN CRISIS CONTEXT

Pandelica Amalia

University of Pitesti, Str. Pictor Nicolae Grigorescu, Nr. 31, Pitesti, Jud. Arges pandelica.amalia@yahoo.com +(40)745 119 108

Pandelica Ionut

University of Pitesti, Str. Pictor Nicolae Grigorescu, Nr. 31, Pitesti, Jud. Arges ionut.pandelica@upit.ro +(40)745

This paper is grounded on the premise that "the species which survived are neither the smartest nor the stronger; are those with great capacity of adaptation to change".

In the economic crisis context, companies are forced to learn the survival lesson and to find their own path through downturn. Even if two crises are not the same, the experience of previous economic crisis show that each crisis has its winners — that companies which grow in stressed times. Also the experience shows that these winners understand and adapt better to the behavior's change of their customers in downturn context. In our paper we will emphasis the reaction of the consumers in the economic crisis context and how their behavior changed taking into account two factors — risk aversion and risk perception.

Key words: economic crisis, consumer's behavior, organizational response JEL:M31

1. Introduction

The present economic crisis generates volatility, increase uncertainty and panic among consumers. In this context, the markets are contracting, and major changes appear in their structure. The consumers change their behavior: they change their purchasing habits, they move down the demand curve, postpone major purchasing, switch brands or product categories, they focus on inform process. Even if the consumption will not disappear, the average consumption was decreased in the markets.

This evolution in the markets represents major problems for some companies while for others companies represent opportunities. Thus, the downturn is seen by some managers as a risk and by other managers as growth opportunity. Beginning from two different modalities of perception there are two different organizational responses in economic crisis context.

The first response is developed on the premise that the downturn is a major threat and is adopted by the companies which are in an immediately stressful situation. In this situation are those companies which are in the luck of financial balance, have a high rate of dept or deal with the incapacity of the major customers. The management of these companies is focusing on the cost reduction and tries to reduce looses or to conserve their profits and their market position. So many of these companies cut marketing begets and chose to "be silent on the market".

The second response is an offensive one and is developed on the premise that the economic crisis is a growth opportunity and is adopted by those companies which are not in an immediately stressful situation. The executive level of these companies is focusing on growth opportunities and on the costs management effectiveness. For instance, Procter&Gamble has the philosophy that "in the stressful time is easier to build the market share. When your major competitors spend lees is time to increase your visibility, your notoriety and your market share. So, it is easier to be heard in the market when the others are silent and it is easier and cheaper to grow your market share". In January 2009, Ernst&Young interviewed over 300 senior executives from major companies from around the

In January 2009, Ernst&Young interviewed over 300 senior executives from major companies from around the word to see how they are being impacted by economic crisis and what they are doing about it. The study was focused on understanding how companies are reacting in the downturn and to see if there are opportunities to learn from their experience and best practice. The results of the study emphasized that:

- 74% companies reported that they focused on "securing the present";
- 40% expected to see a significant increase in protecting their current assets;
- 39% were seeking significant performance improvement;
- 37% expected to see reshaping of the business to meet new conditions;
- 19% expected to see a significant increase in the pursuit of new market opportunities.

These results emphasis the fact that only a small number of companies are seeing opportunities in the downturn and will adopt an offensive response. That is why any crisis has its winners.

On the other hand, the results show that a major part of the companies are focusing on "securing the present" and on the protecting their current assets. This means that these companies try to reduces looses or to conserve their profits and market position. Also the results show that some companies pass through a change process (reshaping of business) to meet new conditions.

From our point of view, the response of the company in the crisis context have to be seen as an adaptation process through change and has to be from an "outside – inside" perspective. What we suggest is the fact that, taking into account the major changes from the markets, companies have to understand how their customers react in crisis context and how their behavior was changed and to develop an response to meet these changes. This doesn't mean that companies have to put the needs and desires of their customers under microscope because this will generate an

increase marketing effort and an increase pressure on the marketing budget. We consider that companies have to focus on understanding what happened in the mind of their customers; how they react in the new context and how their behavior was changed. This will allow to the company to develop a proper response in crisis context.

2. In the mind of consumer

Growing unemployment, increasing inflation, "freezing" event the decreasing of the wages, the decreasing of the purchasing power, bed economic situation are facts that affect the consumers in almost all national markets. As long as people are reading more about economic crisis and as long as the press is focusing in reflecting the crisis effects, there is a psychological effect whit negative impact on consumers.

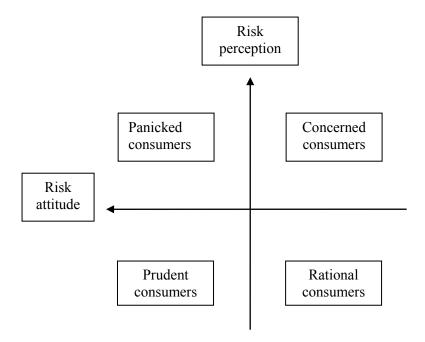
Any way the people are not the same and not all the people have the same perception about a situation with negative effects like economic crisis. We analyzed different types of crisis (economic crisis, food crisis, terrorist crisis) and we identify that the most important factors which model the consumer's behavior in such a situation are: risk attitude, risk perception and the way in each these two are interacting.

Risk attitude reflects consumer's interpretation concerning to the risk content and how much he or she dislikes the content of that risk. For instance, in a global research was shown that the anxiety of loosing the job is higher then the anxiety of unemployment situation. Also, it was proofed that people are loss averse. The unhappiness filling is higher if the wage is diminishing with \$10 then the happiness filling in case of wage increasing with \$10.

Risk perception reflects the interpretation of the consumer of the chance of being exposed to the risk content. For instance, the perception of loosing the job is higher in case of an employee from a company that made jobs reduction then an employee which is working in a company that didn't make jobs reduction in crisis context.

Decomposing the consumer behavior in the two components and analyzing the way in which the two components are interacting will allow obtaining a better image of the consumer reaction in crisis context and how its behavior was change in this context. What we suggest is the fact that in crisis context using the demographic or psychographic segmentation criteria is not the smartest choice because this type of criteria are loosing the relevance in such context. What is important for companies is to understand how their customers react in crisis context and how their behavior is change in other words we can say that companies have to understand what is happening in the mind of their customers.

Using the risk attitude and risk perception we identified for segments:



The panicked consumers are those who have a high risk attitude and a high risk perception. This kind of consumers is in an immediately stressful situation. They are high risk averse and will try to avoid the risk. These consumers tend to over react in crisis context. Any way it is expected that panicked consumers to drastically cut their spending, to reduce consumption and to move down to the demand curve switching brands even product categories. They will eliminate major purchasing and will be focused on looking for best price. Thus, they are not loyal to any brand; they are loyal only to the best price.

The prudent consumers are those who have high risk attitude and low risk perception. Even if these consumers are risk averse they consider that are not in an immediately stressful situation because they are not high risk exposed. Thus, these consumers are very prudent and plan carefully their spending, postpone major purchasing, in some cases move down on demand curve switching brands, are very well informed in the purchasing process.

The concerned consumers are those who have low risk attitude and high risk perception. Even if these consumers consider that they are high exposed to the risk content they are not risk averse and usually they assume risks. So their behavior is determined first by the risk perception. Anyway, this type of consumers will plan their spending but it is not necessary to move down on the curve demand. This could happen only in case of risk perception increasing. Also, this category will continue to do major purchasing but only if they make a "good deal". If risk perception is increasing they will tend to postpone major purchasing. They tend to remain loyal to the brands but in some cases they move down to the demand curve so, in these cases companies could introduce a lower version of the premium or middle brand in their portfolio to retain them. Also is interesting that this type of consumers is ready to try new products and innovative products and is those that will try first the innovative product in spite of the hard times.

The rational consumers are those that have low risk attitude and low risk perception. So they are not risk adverse and consider that are not exposed to the risk content. They avoid the information concerning to the crisis effects and generally they maintain their "usual behavior". It is expected that this consumers not to reduce their spending, to continue to buy their favorite brands, to try the innovative products.

Taking into account the four segments, we consider that the majority of the consumers are concentrated in panicked and prudent segments.

Such segmentation provides a better image about consumers and a better start up for planning the organizational response in crisis context. This means the adoption of the marketing strategies and tactics for responding to the new context

As we mention, in some cases developing the brands portfolio introducing a lower version of the premium brand is a proper strategy to retain the customers.

The prices are an important toll but have to be correlated with others marketing mix polices. Price reduction has to be planed carefully because can generate a prices war in the market and on the other hand could affect brad perception and the price increase in the recovery period.

The communication is also an important tool in such hard times. The message has to create empathy with the customers. Massages like: "together we will pass through these times" will create the idea of the partnership with the customers.

The philosophy of partnership with value chain system is very important in these stressful times. The Ernst&Young study emphasized two opposed strategies applied by companies:

- 46% narrowed their suppliers' base to obtain more favorable terms;
- 42% had acted to broaden their supplier base to "reduce the impact of the failure" of an individual supplier.

We consider that companies have to focus on strong relationship with their suppliers and distributors. They have to establish risk evaluation standards for their suppliers and distributors and on these bases to apply financing from and towards value chain members for sustaining the entire chain. After all the competitively of a member of a value chain depend on the competitively of the entire chain. And the entire chain creates, communicates and delivers superior value for the customers.

Conclusions:

The current economic crisis is an unprecedented one and generates high panic among consumers and put many companies in an immediately stressful situation.

In this context the consumer behavior was change in same ways radically and in some cases permanently. Thus, consumers tend to save more and spend lees. So the consumption decreased and important changes appeared in the markets. The structure of the markets was change because of the mutation of the consumers down on demand curve. An increase trend is switching the brand even the product category and the elimination or the postponing of the major purchasing. Another trend is the focusing of the consumer on information in purchasing process.

These changes don't have the same intensity in all national markets and for all consumers. That is why for companies is very import to understand the behavior change of their customers as a first step in planning the response to pass the crisis.

Focusing on gathering the information about the needs and desired of the customers will represent an important marketing effort and a pressure on marketing budget. What is important for companies in these times is to focus on understanding what happened in the mind of their customers; how they react in crisis context and how their consumers changes their behavior.

Analyzing different types of crisis (economic crisis, food crisis, terrorist crisis) we come up with the conclusion that in such situations the most important factors that model the consumer behavior are: risk attitude and risk perception. Thus, using the two factors we identify for segments of consumers, each segments having different attitude and perception about crisis and having different behaviors

We consider that this segmentation provides a better image about consumer behavior in crisis context and a start up for planning the organizational response in the downturn period.

Also, we suggest that an effective response have to be planed having in mind the outside – inside perspective. The lack of understanding of the markets in this period is, in our point of view, a mistake that could put in danger the survival of the company.

Even if the company is in an imminently stressful situation and is focusing on cost reduction we consider that the consumer perspective is important in planning the response.

On the other hand focusing on market implies monitoring the response of major competitors in crisis context that could provide some opportunities of growth. As we mention, many companies adopted costs cut tactics and reduced marketing budget choosing to be "silent" in this period. This is an effective growth opportunity for that companies which could and choose to invest in downturn period.

References:

- 1. Baker, L. T., Simpson, M. P., Siguaw, A. J. (1999), The impact of suppliers' perceptions of reseller market orientation on key relationship constructs. Journal of Academy of Marketing Science, Volume 27, 50-57.
- 2. Baker, W., Sinkula, J. (1999), Learning Organization, Market Orientation, and Innovation: Integrating and Extending Models of Organizational Performance, Journal of Market-Focused Management, No. 4, 295-308.
- 3. Miller, D. (1993), Food "Scares" in the media, Research report, Glasgow University Media Group.
- 4. Greval, R.; Tansuhaj, P. (2001); Building Organizational Capabilities for Managing Economic Crisis: The Role of Market Orientation and Strategic Flexibility; Journal of Marketing, Vol.65, 67-80.
- 5. Harris, L. C. (2002), Measuring Market Orientation: Exploring a Market Oriented Approach., Journal of Market-Focus Management, Volume: 5, 239-270.
- 6. Heiens, R. A. (2000), Market Orientation: Toward an Integrated Framework, Academy of Marketing Science Review. www.amsreview.org/ heiens01-2000.pdf.
- 7. Kohli, A.K., Jaworski, B.J. (1990). Market Orientation: The Construct, Research proposition, and Managerial Implications. Journal of Marketing, Volume: 54, 19-25.
- 8. Mohr J. J., Sarin, S. (2008). Drucker's insights on market orientation and innovation: implications for emerging areas in high-technology marketing, Journal of the Academy of Marketing Science, www.springerlink.com
- 9. Morgan, R. E., Strong, C. (1998). Market orientation and dimensions of strategic orientation. European Journal of Marketing, Volume: 32, 1051-1073.
- 10. Ngunansuk, S., L., (2009), Big brands adopt new strategies to cope with crisis, Bangkok Post, www.bankokpost.com.
- 11. Pandelica, A.; Pandelica, I.; Dumitru, I., (2009), The Development of a Methodological Framework of Market Orientation Implementation: A Value Chain Perspective, Journal of American Academy of Busines, Cambridge, No.14.
- 12. Vazquez, R., Santos, M. L., Alvarez, L. I. (2001), Market orientation, innovation and competitive strategies in industrial firms, Journal of Strategic Marketing, http://www.tandf.co.uk/journals.
- 13. Wansink, B. (2004), Consumer Reaction to Food Safety Crises, Advanced in Food and Nutrition Research, Vol.48, 103-150.
- 14. Woller, G. (2002), From Market Failure to Marketing Failure: Market Orientation As The Deep Outreach. Journal of International Development, Volume: 14 Issues, 305-324.
- 15. *** Tactics For Though Times, Insight Report, No.1, November, 2008, www.thembsgroup.com.
- 16. *** Ernst&Young, Opportunities in adversity, Study Report, January-February, 2009, www.ery.com.
- 17. www.financialdirector.ro.

ONLINE MARKETING TOOLS USED BY RECRUITMENT PORTALS - AN EXPLORATORY RESEARCH OF THE ROMANIAN MARKET

Pantea Carmen

Academia de Studii Economice București, Facultatea de Administrarea Afacerilor (cu predare în limbi străine), Str. Mihail Moxa 5-7, sala 3303, sector 1, cod 010961, București, pantea.carmen@gmail.com, 0729505705

Păunescu Carmen

Academia de Studii Economice București, Facultatea de Administrarea Afacerilor (cu predare în limbi străine), Str. Mihail Moxa 5-7, sala 3303, sector 1, cod 010961, București, carmen.paunescu@com.ase.ro, 0747776700

Present paper aims to analyze the Romanian market of services that intermediate job offers and to present the online marketing tools and the website facilities offered by the major Romanian e-cruitment portals. It also highlights the new technological trends in online recruitment and the advantages they offer to the employers and applicants.

Taking into consideration the period of crisis that affects not only Romania, but the whole world, the study can be a useful guide for the e-cruitment service providers who will only gain competitive advantage if they develop new online tools and services in accordance with their customers needs.

Keywords: e-cruitment, employers, job seekers, online marketing tools, Romanian market.

JEL Classification: M19, M31

Introduction

In recent years, the internet has provided the labor market with a set of technologies which allow the spreading and the treatment of information in a decentralized manner, in real time and at low costs; these advantages offer a great opportunity to the services that intermediate job offers, called *online recruitment portals*. Other terms used for defining the formal sourcing of job information online are: *cybercruitment, e-cruitment* or *internet recruitment*. All the advantages mentioned above, became more and more visible in the last 5 years, in Romania also, and tried to radically change the structure of the labor market; the online technologies exceeded their role of softening the process offer-demand.

The cyber space has produced a major change in the personnel recruitment algorithm, influencing radically the employment offers and demands. The classified ad boxes of the newspapers, and also the specialized magazines have lost, and continue to constantly lose ground ahead of dozen websites, dedicated to online recruitment, sites that have not lost the chance to speculate this opportunity.

The decline of the "paper" supremacy has been proportional to the growing penetration rate of the internet, in Romania, but also with the increase of the visibility regarding the advantages offered by the "virtual solution". There is no doubt that an advertisement in a regional or national newspaper will not provide the company with the opportunity to communicate accurate and detailed information regarding the job to the potential candidates; will not allow the company to self-screen and reduce the number of unsuitable applicants.

An overview of the Romanian online recruitment portals

The Romanian online recruitment market has known an accelerated rhythm of growth in the past few years due to some well-determined advantages it has in comparison with the classic means of personnel selection. The first websites dedicated to these services, have started by offering all the services for free, and only afterwards to tax certain facilities such as the appearance of company's job in the first page of results, preferential position in the results of the research or sponsored links.

The Romanian recruiting portals build their offers based on two basic services that they can offer: *posting jobs* and *searching for CVs*; the tariff paid by the employer is calculated as a multiple of the number of units bought.

As a sales channel, most of the companies that own a recruitment portal, choose to manage the relationship with the customer-companies throughout an online order form and some telephone operators who have the responsibility of managing the administrative process (confirm the order, releasing the pro-forma invoice) and also offering support and recommendations that could lead to the increase of the services bought (Galanaki, 2002). Therefore, if a company wants to buy the services of the portal, it should place an order by using the online form which allows the company to select the wanted quantities of the two basic products and sending the request to a representative of the website (Jansen, Jansen, Spink, 2005).

The model has proved to be a successful one because it managed to attract the employees to post their online jobs (they are motivated mostly by the lack of other options and instruments as efficient as this one) and the candidates to insert their CV (Kin Tong, Sivanand, 2004). Therefore, the companies owning job employment portals have operated on a virgin market, where real competition lacked and have taken maximum advantage from being the first ones on the market, and ranking themselves (also today) in the top from the point of view of the incomes and users.

Web portals can be considered software products which work on servers and use the network as a way of accessing the application by the users. This means that the facilities they offer and the ease of using them, become elements of the competitive advantage. Moreover, the introduction of new facilities and their communication to the market, towards the users, can have a marketing importance, linking the product with attributes such as innovation, vision and leader potential (Jago, 1997).

Next, there are presented the main players, in the online recruitment portals market, from Romania, with reference to the year 2008:

- *Ejobs.ro* was founded in 1999 and its stakeholders are: Liviu Dumitraşcu and Daniel Tătar (each having 35%), the Investment fund Tiger Global Management (30%). In December 2008, it had 1,1 million of unique visits (200.000 less than in October 2008). It owns a database with more than 1,3 mil CVs and it is a simple technology that offers only basic facilities; it has gained its top position by aggressive marketing and the capitalization of the no 1 position. In 2007, its income was of 2,1 mil euro.
- BestJobs.ro was founded in 2000 and its main stakeholders are: Călin Fusu (41,5%), Tiger Global Management (20,5%), Nagy Vajda Andras Peter (10,6%) and Bodo Zoltan Ferenc (9%). In December 2008, it had 730.000 unique visits and it owns a database with more than 1 mil CVs. Neogen the company that manages the portal owns other portals as well, for instance Noi2.ro. In 2007, it had income of more than 1,5 mil euro. BestJobs is appreciated by the employers especially for the easy-to-use interface and the frequent introduction of new useful options wanted by the users. It has developed its services in neighbor countries such as Bulgaria, Serbia, Croatia and the former Yugoslavia.
- *MyJob.ro* was established in 2001 and starting 2004 is controlled by the investment fund Netbridge Development. It owns a database of more than 400.000 CVs and in December 2008 had 232.000 unique visits.
- CareerBuilder is the largest online recruitment website from USA, having more than 23 mil unique visits per month and 1,5 mil jobs posted monthly. In Romania the portal was launched in August 2008 (CareerBuilder.com.ro) and its goal is to achieve the third position on the Romanian market, betting firstly on its popularity in more than 38 countries and the technology offered.
- *Hipo.ro* was founded in 2006 and its stakeholders are: Ana Giurca, Cristian Hossu and Dragoş Gheban. It owns a database of more than 70.000 CVs and in December 2008 had 77.000 unique visits (145.000 less than October 2008). In 2007, it had an income of about 50.000 euro.

Some other important players on the market are: *Jobs.Bizoo.ro*, *RomJob.ro*, *NetJobs.ro* and *Job.ro*. Lately there have appeared some niche players on the market, such as *Jobinmarketing.ro* (there are posted jobs in the marketing field), *Bankingjobs.ro* (offers jobs in the financial-banking field) or *Joobs.ro* (recommends jobs in the IT field) – even though it has not been on the market for a long time and the database and the traffic on the portal are poor, it had received the special prize offered by Microsoft at the competition Internetics.ro.

Another type of website is that formed of a job search engine, a job aggregator site, and *FindJob.ro* is a very good example of portal that indexes all the job announcements available online and offers the user results from several specialized websites.

The fact that the employers work with more recruitment portals shows that working with only one website does not solve their problem, and if it is to compare with Europe, the tendency is to increase the number of such online recruitment portals.

Tools used by online recruitment portals

The analysis of the Romanian online recruitment portals showed that there are some online tools and facilities that can make a difference when choosing the portal where you search for / post a job.

From the *candidate*'s point of view, it is an advantage to find on the portal facilities like:

- Multiple CV the opportunity to upload more CVs (in different foreign languages also), one for each type of job or field of expertise wanted;
- *Spontaneous submission* the possibility of posting the CV directly to a desired company even though it does not have any open position;
- RSS feed receiving and consulting notifications regarding the new jobs posted on the portal throughout a general RSS or, if wanted, only jobs from a particular field of activity;
- *Key competencies* an algorithm that recommends the suitable jobs according to a set of competencies the candidate holds;
- Career section editorial content, written exclusively by human resources experts and presented on the portal in multimedia format (images, animations, audio, video).

From the *employers*' perspective, the list contains innovative functionalities such as:

- Multimedia profile company text, images, audio, video or combinations of these, all created in accordance with the visual identity of the company;
 - Graphical job announcements the description of the job presented as images;
 - Advanced options to manage the candidates filter, sort, export or email the lists with the applicants;

- *Statistics* regarding *the number of page views* for the company's profile, for each job, or the number of applicants for each job as opposed to the average of the company;
- *Email marketing* the opportunity to create and send html alerts towards a specific segment of candidates from the database.

The intermediaries of job offers can include on their portals different games or contests in order to increase the traffic on the website, or to offer prizes to those candidates who submit their CVs and fill in their personal information. In order to overcome the lack of job offers, the online recruitment portals should provide high quality editorial content on the website

New trends in online recruitment

Taking into consideration the crisis period that affects Romania, it is assumed that many companies will reduce their number of employees and some of them will go bankrupt. In this case, on the market there will be instability due to the great difference between the low number of job offers and the huge number of job seekers (Birgelen, Wetzels, van Dolen, 2008). For the intermediaries of job offers to survive, they will have to develop new tools in order to attract and maintain the customers and also to gain competitive advantage.

The online recruitment field of activity benefits to a large degree by the new generation of faster instruments, more ergonomic and more effective. Next, there are presented the main trends and online tools that will be developed in this field, in near future:

- *Geo-placement:* the geographical location of the place of employment will become one of the main criteria of search of the candidates. The era when the employers did only specify a city / town or country is at its end, at least in the countries where the e-cruitment already has a solid tradition. At present moment, there are online recruitment portals that allow the candidates to sort the job offers which are posted on a map according to the zip code or a bus / tram / metro station, indicating a maximum perimeter of search or a limited distance.
- Online personality tests: the information included in the CV is limited and the employers know very well that the personality and the motivation of the candidates represent fundamental elements. For this reason, many employers prefer to include a wide range of feasible personality tests for testing their potential employees; tests that can be easily taken and assessed using the internet.
- New channels for spreading the job offers: the "push" system of sending the job offers on the email grants great results, but those taking care of the recruitment process are in a constant search of new spreading channels for their offers, and the internet provides so many innovative solutions. Therefore, more and more recruitment portals offer the job seekers the opportunity to subscribe to a RSS feed, which directly sends the appropriate job offer which might be of interest for the candidate. Lately, another facility that started to be used for spreading job offers is instant messaging for instance TotalJobs.com, from England, promotes the job offers by using MSN Messenger.

It is assumed that the next step will be the notifications sent by SMS and WAP.

- *Intelligent searching tools:* the emergence of a large number of sites which contain different job offers transforms the seeking process into a time consuming one. This has led to the appearance of a new type of portals: job aggregators. They collect the job descriptions from the online recruitment portals, index it and offer the candidates a search engine by which they can instantly see all jobs available online.

The year 2009 – going up or going bankrupt?

The effects of the world economic crisis have started to affect the online recruitment portals from Romania, starting with the first months of current year. Next, we are going to describe some of the mechanisms and effects of the decrease both in attracting candidates and companies as clients of the e-cruitment portals.

Effects over the incomes of e-cruitment portals

Traditionally January is the month with a slow rhythm in doing business. However, for the online recruitment portals this is the moment when companies negotiate the service packages they are going to use in the following year. Due to high uncertainty regarding the estimated incomes and the lower number of new workplaces, most of the large companies (which usually account for 40% of the incomes of such business) have chosen a monthly package, being determined by the punctual need for this type of services. Moreover, small and medium companies were the first ones affected by the crisis and have drastically reduced the number of new employments, the allocated budget being close to zero.

Taking into consideration the context of present market, e-cruitment portals redirected their efforts in order to attract revenues from areas less exploited until now. Such a direction was the introduction of the SMS paid service, which was implemented by the main players on the market as it follows:

Bestjobs.ro – BestJobs Direct (sends the CV to 100 employers instantly) – The service BestJobs Direct is a simple mean to increase the employment chances by sending simultaneously 100 CVs to the companies. The service is simple to use and it only costs 10 euro + VAT (BestJobs, 2009).

eJobs.ro – Paid employment ads – by using this service, eJobs can post the employment ads or services offers for 10 euro + VAT. The ads are checked and afterwards published on the home page, while companies will be contacted by those users interested in their services (Ejobs, 2009).

MyJob.ro – Top CV Myjob – by using this facility, MyJob offers the candidates the preferential placing of their CV in the list of candidates the company accesses, either when querying the database or when listing the applicants for a job. The advantage of being in the top of the list retrieved when accessing the database is that the CV is highlighted by an icon, a frame and background. For a 90 days period of validity, the candidates pay 10 euro and for just a month of subscription, they pay 5 euro (MyJob, 2009).

Another area that becomes widely used is that of incomes coming from promoting different products by using online ads or newsletters oriented both towards candidates and employers. Until recently most of the websites were ignoring these online marketing tools, but now they have started using them in order to fill in the liquidity gaps from the online recruitment market.

Effect over the policies of attracting candidates

When designing the marketing and sales budget of an online recruitment portal, an extremely important indicator is the acquisition cost of a candidate with a CV filled in into the database. There are also added operational costs regarding the website (wages, rent, hosting) and it is obtained a minimum profitability level at which the service can be offered to the employers. The high unemployment rate in the past 3 years (Wall Street, 2009) has determined the candidates to use the e-cruitment portals in their need to find a workplace, reducing the websites' investments in marketing in order to attract users.

Conclusions

To sum up, the current economic context has drawn its side important changes:

- the costs for attracting candidates has decreased (the market is assaulted by well-trained specialists, who are willing to work for lower wages than at previous workplace);
 - the costs can also be decreased by renegotiating contracts with the suppliers (hosting, renting costs etc.);
- in the period of crises, the salaries can not increase, while the employees should be more productive and results oriented since they do not want to loose their jobs;
- competition will decrease as small or niche websites will disappear due to their impossibility of attracting sustainable revenues;
 - marketing costs for attracting candidates are decreasing.

The advantages of online recruitment are obvious both for those who are searching for a job and for the companies that want to employ people and the main advantages can be stated in a word: "savings". Not only money savings (related posting, seeing or applying for the job), but also time savings. Candidates can consult more websites in the same time, the searches can be filtered, faster feedback, the CV can get more rapidly to potential employers; while companies can easily browse a database of CVs and select the most skilled candidates that fit the best with the job they offer. Besides these "quantitative" benefits, the candidate can get better documented regarding the offer, since online the job description is more detailed. Moreover, plenty of websites offer the opportunity to fill in the sections of the CV, and at the end, provide the candidate with the final form of the CV, allowing him to change information, if needed.

The main disadvantages of e-cruitment and the model presented is the fact that it does not work for those positions with specialized knowledge required (areas such as petrochemistry) or those jobs which require low or medium level of education (since many such people do not know how to use a computer or the internet); the ease in online application allows the effect of spam-applications (with the emergence need of finding a job, candidates apply for many positions even though they do not posses the knowledge or skills required).

Therefore, it is very important for the online recruitment portals to make use of all possible means and tools in order to survive on a market highly affected by the economic and financial world crisis.

References

- 1. Birgelen, M.J.H., Wetzels, M.G.M., van Dolen, W.M., (2008) *Effectiveness of corporate employment web sites. How content and form influence intentions to apply*, International Journal of Manpower, Vol. 29 No. 8, pp. 731-751 2. Galanaki, E., (2002) *The decision to recruit online: a descriptive study*, Career Development International 7/4 [2002] 243-251;
- 3. Jago, A., (1997) Selecting your team: how to find the right people, Asian Libraries, Vol. 6 No. 1/2, University Press, 1017-6748, pp. 14-19
- 4. Jansen, B.J., Jansen K.J., Spink A. (2005) *Using the web to look for work. Implications for online job seeking and recruiting*, Internet Research Vol. 15 No. 1, pp. 49-66
- 5. Kin Tong, D.Y., Sivanand, C.N., (2004) *E-recruitment service providers review*, Employee Relations, vol. 27 No. 1, pp. 103-117
- 6. *** http://www.bestjobs.ro/?bj nl p=bestjobs direct BestJobs, retrieved April 2009;

- 7. *** http://www.ejobs.ro/anunturi.php?id=909 Ejobs, retrieved April 2009;
- 8.***http://www.myjob.ro/index.php?m=common&s=promo_cv&utm_source=primapagina utm_medium=topcv&utm_campaign=banner - MyJob, retrieved April 2009;
- 9. *** www.hipo.ro HiPo, retrieved April 2009;
- 10. *** www.CareerBuilder.com.ro Career Builder, retrieved April 2009;
- 11. *** http://www.wall-street.ro/articol/Economie/64174/Numarul-de-someri-atinge-un-nivel-maxim-al-ultimilor-trei-ani.html Wall Street, retrieved May 2009;

&

PARTICULARITIES OF THE MARKETING ACTIVITY IN THE INSURANCE INDUSTRY 460

Petrescu Eva-Cristina

Academia de Studii Economice – București Facultatea de Marketing Piața Romană nr. 6, sector 1, București eva petrescu@yahoo.com

Pop Nicolae Al.

Academia de Studii Economice – București Facultatea de Marketing Piața Romană nr. 6, sector 1, București nicolae al pop@yahoo.com

In the insurance industry there is a new way of thinking which determined the passage from transactional marketing to a holistic marketing concept. In this paper five key elements of holistic marketing are presented: relationship marketing, integrated marketing, internal marketing, social responsibility marketing and international marketing. In order to be successful insurance companies have to be able to convince their clients of the usefulness of their products and of the solidity of their businesses. In the current crisis situation, trust is a vital element for the insurance industry and even if on short term, liquidity is the target, as it ensures survival, on long and medium term the objective has to be the consolidation of the trust of consumers in insurance companies and the goal of the managers must be to win customer loyalty.

Keywords: holistic marketing in insurance, relationship marketing, integrated marketing, internal marketing, social responsibility marketing, international marketing, trust, customer loyalty, crisis Cod JEL: M31, G22

1. Modern marketing versus traditional marketing in the insurance industry

Today the success of an insurance company is based on the quality of the long term relationship established between the company and its "partners": customers, employees, broker dealers, banks, hedge funds etc. In the insurance industry this new way of thinking determined the passage from transactional marketing to a holistic marketing concept. The traditional transaction marketing focused on meeting customers' needs so that the company could obtain an immediate advantage. This approach wasn't always benefic for the insurance companies and for their clients. For example in the U.S. in the 1980's and 1990's the life industry was found by the regulators, courts and media to be engaging in widespread marketing and sales practices that were deemed inappropriate, unethical and, at times, illegal. Consequently, business suffered and there was movement to enact new onerous laws to impose new performance standards on the industry.⁴⁶¹

The new marketing perspective is based on the fact that a long term relationship should be established between the company and its partners. Modern marketing builds on the principles of traditional marketing, but it focuses on new elements. In the opinion of specialists, the holistic marketing concept is based on the development, design, and implementation of marketing programs, processes and activities that recognize their breadth and interdependencies. Holistic marketing recognizes that everything matters and it has four important components: relationship marketing, integrated marketing, internal marketing, and social responsibility marketing. 462 In the context of the recent events in the global economy, we consider that in the case of the financial sector, insurance products included, there is another essential component for the holistic marketing; the international marketing (see Figure 1). The crisis on the American financial market has had effects on all industries, at a global level, thus becoming a worldwide crisis. In this context, an international approach of the marketing activity is necessary, due to the fact that there are interconnections between the activities of insurance companies on different markets and the activities of their international partners. An interesting example reflecting this idea is the fact that the news regarding the buying of the majority of AIG shares by the US government so as to save the American giant from bankruptcy, as well as the announcement that the Dutch state has invested, as an emergency measure, a large sum in ING, were sufficient for causing mistrust from Romanians, the consequence being that numerous insurance contracts were interrupted.

⁴⁶⁰ The paper was elaborated based on a CNCSIS research grant (Program IDEI cod 1773)

⁴⁶¹ Brian Atchinson, Self Regulation And The Insurance Industry – A Viable Proposition in Geneva Association Information Newsletter, PROGRES, no. 48/December 2008, p. 1

⁴⁶² Ph. Kotler, K. L. Keller, Marketing management, United States Edition, 12th Edition, Pearson Education, 2006, p. 17

<u>Relationship</u> Marketing Partners <u>Internal</u> Marketing <u>International</u> **Marketing** Marketing Parent company Management partners Other Departments HOLISTIC **MARKETING Integrated** Social Responsibility Marketing <u>Marketing</u> **Products & Services** Ethics, Legal **Premiums**

Figure 1. Key components of holistic marketing in the insurance industry

Source: Adapted after Ph. Kotler, K. L. Keller, Marketing management, United States Edition, 12th Edition, Pearson Education, 2006, p. 18

In the next pages, we will try to describe the main characteristics of five key elements of holistic marketing in the insurance industry: relationship marketing, integrated marketing, internal marketing, social responsibility marketing and international marketing.

Relationship marketing is the ongoing process of identifying and creating new value with individual customers and then sharing the benefits from this over a lifetime of association. It involves the understanding, focusing and management of ongoing collaboration between the company and selected customers. Relationship marketing is based on the loyalty of company's customers. The company can obtain a competitive advantage by maintaining and/ or increasing the level of satisfaction of its current clients. By making customer satisfaction an ongoing priority, the focus is taken off the product (brand) and laid on added relationship values, such as trust and commitment. The company develops a genuine policy aimed at achieving customer loyalty. Loyalty is achieved as a result of repeated positive experiences related to the respective insurance company. Customers can develop company loyalty, product loyalty or loyalty for the contact person. In this approach the goal of the company is to build a strong relationship with its customers by cooperating with different parties. Relationship marketing involves creating, maintaining and consolidating a long-term relationship with all the company's partners. Relationship marketing marks a significant paradigm shift in marketing, a movement from thinking solely in terms of competition and conflict toward thinking in terms of mutual interdependence and cooperation.

An integrated marketing is a must in the insurance industry. The insurance company must have a coherent marketing mix in order to satisfy efficiently the needs of their clients. The marketing department of the insurance company must coordinate and integrate all the activities included in the marketing mix in order to maximize their joint effects: the insurance products and services offered must be conceived as a solution for the needs of the client and the setting of the premiums, distribution channels and company communications must be done in an integrate perspective.

The role of *internal marketing* is to ensure that everyone in the insurance company embraces appropriate marketing principles. The internal marketing is the task of hiring, training and motivating the employees who want to serve customers well. 464

Social responsibility marketing is a key element in the marketing activity of an insurance company due to the specific of the product. The role of the insurance is to protect the insured against different risks, but also to create benefic effects for the entire society. The marketing activity in insurance has important causes and effects in the

⁴⁶³ Philip Kotler, Marketing Insights from A to Z: 80 Concepts Every Manager Needs to Know, John Wiley & Sons Inc., New Jersey, 2003 464 Philip Kotler, Kevin Lane Keller, op. cit., p. 18

social, ethical and legal environment. The social responsibility marketing activities demonstrate a corporate culture that is designed to treat consumers fairly.

The globalization of the insurance market is a fact that cannot be contested and an international approach to the marketing activity becomes more and more important. There are two approaches to the international marketing activity in the insurance sector: multicultural marketing and global marketing. 465 The multicultural marketing accounts for differences in perception, attitudes and behavior of consumers in different cultural areas. 466 There are specialists that have noticed even the appearance of the so called *emotions marketing* in insurance 467 – a type of marketing necessary as a consequence of an increasingly sensitive consumer behavior. Nowadays consumers are trying to build an identity through various consumption activities and consequently a consumer will choose the product / service / company brand that has an image in accordance with the ideas he holds about himself – the choice being indicative of the type of image the consumer desires. 468 The multicultural marketing recognizes that the cultural heritage is a decisive factor for the success or failure on international markets and the insurance companies try to adapt their activity to the specific consumer behavior. For example, previous studies have shown that Romanians are much more skeptical than other nations in Central and Eastern Europe. One of the managers of a large multinational selling life-insurance in Romania, but also in other countries in Central and Eastern Europe stated that: 'Although insurance products on the Romanian market are similar to those in Poland or the Czech Republic, the Romanians are more skeptical when it comes to investments and tend to place their money in low risk products. That is why we concentrate now, on the local market, more on financial protection, because in Romania people need this more than investments.'

Insurance companies have many variants by which they can strengthen their position on the insurance market – for instance, there are several companies which decided to use a multi-brand strategy that will give the possibility to companies in the same group to concentrate on different market niches, also having the advantage of being able to use common competencies and capacities (for example, the same IT platform), without selling the same products and having different prices. For example, the holding Generali PPF, in addition to Generali Asigurari also owns on the Romanian market ARDAF and RAI, recently taken over from the PPF Investment Funds for approximately 80 millions Euros. Generali has chosen the following strategy on the Romanian market: the group has three companies on the market and has chosen not to merge the companies; they will function as different brands since part of the clients may be lost as a result of a merger.

2. From trust to customer loyalty – key issues in the modern marketing activity in the insurance industry

Trust is a key element in insurance marketing. Insurance companies have to be able to convince their clients of the usefulness of their products and of the solidity of their businesses. While it takes years to build trust and establish a reputation, those qualities can be very quickly damaged or destroyed. This is true of an industry, as well as an individual company and the entire life industry and its financial performance suffered as a result of the lack of trust. ⁴⁶⁹ In the current crisis situation, trust is a vital element for the insurance industry. The current liquidity crisis is the result of lack of trust. The decrease in the level of trust has taken place in the business sector and also with consumers, both reacting by a reduction of expenses.

A serious consequence of the negative evolution of the financial market is the decrease of clients' trust in the safety of insurance, especially in the case of insurance for long period. The most affected market is the investment insurance market, which can face a decrease, generated not only by the declining number of new contracts closed, but also by the interrupted contracts. Clients will cash in their policies before maturity, if decreases on the stock exchange will continue. The main factor that leads to such a situation is the mistrust in the financial market and in the solidity of insurance companies. The decision to take out insurance in the case of life insurance policies with an investment component is mainly based on trust ensuing from the reputation of the insurance company and its capacity to invest profitably, due to its experience on international markets.

The impact of the crisis on the insurance industry in Romania was so far 'relatively limited' and has mainly affected consumer trust, the negative reaction was firstly an emotional one, influenced by the current context. The greatest challenge of the entire financial industry will be in the following period regaining clients' trust in financial institutions. A positive effect of the crisis will be the fact that insurance companies will have to be especially responsive to the needs of their clients, and their marketing will be a relational one. For the insurance companies on the short term, liquidity is the target, as it ensures survival, but on long and medium term the objective has to be the consolidation of the trust of consumers (natural persons or legal entities) in insurance companies. The goal of the managers must be to win customer loyalty. The loyalty is indicated by the company's customer retention rate,

_

⁴⁶⁵ Werner J. Keegan, Marc C. Green, Global marketing, fifth edition, Pearson Education International, London, 2008, pp. 508 - 512

⁴⁶⁶ Stefan Mueller, Katja Gelbrich, Interculturelles marketing, Vahlen Verlag, Muenchen, 2004, p. 172

⁴⁶⁷ Ruy de Carvalho, How does the future look?, in The Geneva Papers On Risk And Insurance - Issues And Practice, no. 89, Oct. 1998

⁴⁶⁸ Michael Solomon, Gary Bamossy, Soren Askegaard, Margaret Hogg, Consumer Behaviour – A European Perspective, 3rd edition Enhanced Media Edition, Pearson Education, 2006

⁴⁶⁹ Brian Atchinson, op. cit., p. 2

defined as the outcome of an entire process the client goes through in his relationship with the company, moving in turn from the first purchase of a product to the repetition of the purchase and then to loyalty. The mechanism of achieving and developing customer satisfaction leads to customer loyalty. The maximum level of commitment towards a company, its products and/or its brands is described as exclusivity. The essential issues of the customer retention process are the following: 1) What is the object of the customer loyalty? 2) What are the categories of clients that are able to develop loyalty towards an insurance company? 3) What are the main ways of developing customer loyalty? 4) What are the stages of the customer retention process?

- 1) In the insurance industry customers can develop company loyalty, product loyalty or loyalty for the contact person. Company loyalty is achieved as a result of repeated positive experiences related to purchases from the respective company. Product loyalty is the consequence of recurrent satisfaction in usage of the respective products. The services connected to the product can improve loyalty (for instance, a claim solved quickly can be perceived as an additional advantage of the product). Loyalty for the contact person is related to an insurance agent or a broker.
- 2) Not any customer can be loyal to a company. The activities involved in the customer retention process need to be customized according to the features of the demand (size, structure, intensity, frequency and so on). Modern marketing recommends grouping the customers in order to form a customer portfolio (occasional clients, permanent clients, key clients, problem clients).

The crisis has multiple effects on the insured and on the insurers. One effect of the crisis may be the increase in the number of late payers, but this should not frighten insurance companies, but should determine them to find a way to help their clients honor their responsibilities, even if at a slower pace. Another effect of the crisis will be the increase in the number of insurance frauds – in crisis periods this phenomenon usually develops. Lately, the number of files with a strong suspicion of fraud has considerably increased in the case of motor third party liability insurance. The solution lies in preventing this phenomenon and trying to find methods to discourage fraud.

- 3) What are the ways to develop customer loyalty? The actions available to the organization can be grouped in two categories: development of customer loyalty based on facts and development of customer loyalty based on emotions. The first category contains marketing elements of a *contractual nature*, a *technical nature* and of an *economic nature*. The second category contains all the marketing communication tools that develop the satisfaction of the customer. An attractive price is less and less significant in switching to a new product or company. ⁴⁷¹
- 4) When assessing a product, nowadays buyers (Romanian buyers included) go through an increasingly complex decisional process based on the relationship *price quality degree of satisfaction.* ⁴⁷²

The marketing techniques used to develop customer loyalty are various and require the combination of *elements based on facts* with *elements based on emotions*. The first step in creating customer loyalty consists in identifying the customer and studying his behavior. Thus the company has the possibility of creating a client database.

More and more specialists ask the question: "What is the value of a customer?" A customer's value is primarily given by the long-term relationship with the company, which attests the fact that relationship management is crucial to the market success of the economic agent. When assessing a client's market value one has to consider the multiplying effect the customer can have on the company. A type of client can become prescriptive, assuming a decisive role in directing demand towards a certain company / product. Some of them have an important role in directing demand, while others have a certain subjective reputation among consumers. Loyal customers' willingness to recommend a certain company to other potential customers increases that company's market value. In an increasingly competitive environment building customer loyalty is an essential asset for a company that whishes to develop.

The evolution of the insurance market is closely related to economic, social and political changes, and in this context of financial crisis an increasingly important role will be played by the state, which can influence the evolution of the insurance sector through its social and economic policy. But the insurance companies and financial institutions through their marketing activity can play an important role in rebuilding the trust of potential clients in their services and success will belong to strong, financially-sound companies, which know how to gain and keep their clients' trust, with a flexible pricing policy, diversified products and impeccable customer service.

472 Florescu, C., Mâlcomete, P., Pop N. Al. (coord.), Marketing: dicționar explicativ, Ed. Economică, București, 2003

⁴⁷⁰ See Meyer-Waarden, Lars, La fidélisation client - stratégie, pratiques et efficacité des outils du marketing relationnel, Vuibert, Paris, 2004; Moisand, Bernard Dominique , CRM - Gestion de la rélation client, Hermes Sciences Publications, Paris, 2002, Pop, Nicolae Al. Ataşamentul clientului față de întreprindere – principala pârghie a marketingului relațional, in "Marketing-Management. Studii - cercetări - consulting", nr. 1/2005, Pop, Nicolae Al., Petrescu, Eva-Cristina, Marketing et gestion de la relation client, Ed. Uranus, București, 2008. 471 Henning – Thurau, Thorsten, Hansen, Ursula (Editors) Relationship Marketing – Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention, Springer Verlag, Berlin, Heidelberg, New York, 2000

BIBLIOGRAPHY

- 1. Atchinson, Brian (2008), Self Regulation And The Insurance Industry A Viable Proposition in Geneva Association Information Newsletter, PROGRES, no. 48/December 2008
- 2. de Carvalho, Ruy (1998) How does the future look?, in The Geneva Papers On Risk And Insurance Issues And Practice, no. 89, oct.
- 3. Florescu, C., Mâlcomete, P., Pop N. Al. (coord.) (2003) Marketing: dicționar explicativ, Ed. Economică, București.
- 4. Henning Thurau, Thorsten, Hansen, Ursula (Editors) (2000) Relationship Marketing Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention, Springer Verlag, Berlin, Heidelberg, New York.
- 5. Keegan, Werner J., Green, Marc C. (2008) Global marketing, fifth edition, Pearson Education International, London,
- 6. Kotler, Ph. (2003) Marketing Insights from A to Z: 80 Concepts Every Manager Needs to Know, John Wiley & Sons Inc., New Jersey,
- 7. Kotler, Ph., Keller, K. L. (2006) Marketing management, United States Edition, 12th Edition, Pearson Education,
- 8. Meyer-Waarden, Lars (2004) La fidélisation client stratégie, pratiques et efficacité des outils du marketing relationnel, Vuibert, Paris.
- 9. Moisand, Bernard Dominique (2002) CRM Gestion de la rélation client, Hermes Sciences Publications, Paris,.
- 10. Mueller, Stefan; Gelbrich, Katja (2004) Interculturelles marketing, Vahlen Verlag, Muenchen,
- 11. Petrescu, Eva-Cristina (2005), Marketing în asigurări, Ed. Uranus, București
- 12. Pop, Nicolae Al. (2005) Ataşamentul clientului faţă de întreprindere principala pârghie a marketingului relațional, in "Marketing-Management. Studii cercetări consulting", nr. 1/2005.
- 13. Pop, Nicolae Al., Petrescu, Eva-Cristina (2008) Marketing et gestion de la relation client, Ed. Uranus, București,
- 14. Solomon, Michael, Bamossy, Gary, Askegaard, Soren, Hogg, Margaret, (2006) Consumer Behaviour— A European Perspective, Enhanced Media Edition, Pearson Education, 3rd edition,
- 15. Werner, Ute (1994), Aspects of multicultural marketing of insurance companies in The Geneva Papers On Risk And Insurance–Issues And Practice, no. 71, APR. 1994,

THE MARKET STRATEGY IN THE AUTOMOBILES DOMAIN

Petrescu Nicolae-Daniel

Academia de Studii Economice Bucuresti, Scoala Doctorala, Domeniu Marketing, Str. Nicolae Titulescu, Nr 17, bl. 15ab, sc. b, ap. 5, Craiova, Dolj, ndpetrescu@gmail.com 0741521761

Petrescu Mariana

Universitatea din Craiova, Facultatea de Economie si Administrarea Afacerilor, Master Managementul si Dezvoltarea Resurselor Umane, Str. Nicolae Titulescu, Nr 17, bl. 15ab, sc. b, ap. 5, Craiova, Dolj, mariana petrescu@yahoo.com 0724482330

Petrescu Anghel

Universitatea din Craiova, Facultatea de Economie si Administrarea Afacerilor, Master Managementul si Dezvoltarea Resurselor Umane, Str. Nicolae Titulescu, Nr 17, bl. 15ab, sc. b, ap. 5, Craiova, Dolj, petrescu anghel@yahoo.com 0746133536

Popescu Andrei

Adresa contact autor 4: Academia de Studii Economice Bucuresti, Scoala Doctorala, Domeniu Marketing Adresa: Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, Bucuresti pandreirobr@yahoo.com 0723141810

In the marketing concept an important place is occupied by the environment where organizations are developing their activities. Technology occupies the most important place in automobile manufactures industry, and we can even says that if you have not a product in compliance with technology development you disappear or you will be buy by which is most adapted to new. For the automobiles manufacturers the globalizations means the fusion between important companies like Renault-Nissan group or Daimler-Chrysler group (that functioned till recently) Philip Kotler defines the internal marketing environment The actors around the organization that influence the capacity to serve the customers: the organization itself, the marketing intermediaries, customers markets and public categories.

Cuvinte cheie: marketing, strategy, development, market

Cod JEL lucrare: M31 Marketing

The market strategy represent the most important component of enterprise general development strategy, by which is synthetically establish the report between the enterprise and the environment.

The market strategy indicates the organization attitude and behavior about the market psychology, exigencies and tendencies evolution. 473

We can say that the appropriate market strategy is that which help the organization in order to make a correct selection of the segments for which is exercising the marketing abilities, offering the appropriate product and service at the right price and place, using appropriate communication activities in order to realize the established targets for a specific period of time.

The classical theory of Ansoff from 1965 contains one of the most important strategy definition in which is showed the organization evolution in order to accomplished the established objectives, the timing trajectory of this can be characterized by multiple elements defining the relation between the products and the actual and future organization's markets which are formed by four strategically components.

The first component is formed by sphere of products and markets for which the organization concentrate all its social and economic efforts.

The second component is represented by the growing vector, being in a close interdependence with the first component, indicating the organization development direction, being in a close interdependence to the actual products and markets situation.

The third component is concurrencies advantage that's identifying the products sand markets components which generated a strong competitive position. The defining of market segments by the organization will generate the competitive advantage and also will offer a important growing potential for the products that's are offered to the market. The capacity of adaptation to the external environment is in correlation with the capacity of administrate organization's economic and social existent resources.

The last component the organization synergy is represented by the concerted action process, this process generate a total bigger effect than the sum of all the individual effect of each factor considered that being independent.

In case of product development strategy, the marketing representatives have to understand the value of a positive relation established between the client and the organization, also the client has to trust in the organization. This relation permit for the organization develops new products that will be offer in an efficient way and without many costs to actual and potential clients.

⁴⁷³ Laurentiu-Dan Anghel, Eva-Cristina Petrescu, Business to Business Marketing, Editura Uranus, 2002, pag 116.

We can give the example of Subaru Company which developed the first boxer diesel engine in the world. Subaru Company declares: The first Subaru boxer diesel engine in the world. Now on the Forester model. A veritable world premiere: for first time the power of a SUV is generating by a boxer diesel engine. In combination with Symmetrical AWD system, the new Forester equipped with Subaru Boxer Diesel engine to entire SUV experience a new dimension assuring the perfect and complete balance of the automobiles.

The appearance of this new product have as fundament the work of Subaru specialists which decided to revolutionize the art of diesel engine after a 40 years experience in boxer engine. They succeed to keep all the major advantage, and also the low vibration level, assuring in 5he same time an enormous torque and lower fuel consumption. All this innovations are made in order to develop a new product.

The Subaru Company has the principal advantages of the Subaru Boxer Diesel engine: smooth functioning, enormous torque and faster acceleration and also efficient fuel consumption.

The market penetration strategies consist in the growing of the current product volume on the current market by efficient using of some marketing activities about distribution and promotion. The intention is to influence the actual consumers by growing the consumed quantity, by growing the utilization product frequency. 474

For a growing market this strategy can be applied by growing the promotional products in order to convince the potential customers to buy this product.

The diversification strategy is represented by introduction of new products on the new markets. In order to successfully apply this strategy the marketers have to know very well the consumers needs and also the discovering of all states of the market in order to diversify the range of products. An example in this case Skoda Company which developed Roomster model. After a long period of time Skoda's engineers had diversify the range of automobiles by creating this new model.

This automobile was creating to combine the practical spirit with the drivers pleasant and the passengers comfort.

The market development strategy consists in the actual products penetration on new commodity markets by finding new consumers. This strategy can be applied when the action on the market is restricted. The applying of this strategy in automobiles domain had generate the increase the number of the available automobiles model. Jack Trout in his book Trout about strategy says At the beginning of '70 years were available 140 automobiles models. Now days are 260 models. Even on a small market – how is the sport automobiles market Ferrari, which cost 175 000 dollars for a piece – the competition is growing. Are available Lamborghini, Aston Martin models, a new sport car Bentley and a new Mercedes named Vision SLR ⁴⁷⁵

In order to select the adequate market strategy is important to make a careful study of organization environment and organization financial, material and human resources.

According to Thorelli marketing strategy is the organization reaction at the environment evolution and physiognomy; we can have two possible reactions. A first reaction consists in the modify of the actual rapport between organization and its environment. We can give as example Mercedes Company which launches a new product on a new market: Mercedes A Class. Mercedes Company was first automobile company which attacks this market share and also maintains the luxury characteristics, the comfort and the safety of his models.

Mercedes Company officials declare: Veritable luxury is when absolutely nothing is messing. You want five doors or three are enough? In case of A Class you can have booth. In Coupe case you will win more elegance and sportive. Not even the passengers from the rear seats are forgetting because of EASY ENTRY system.

A second possible reaction suppose internal changes in organization, having indirect effects for relation with firms environment, for automobiles domain we can have the example of applying more performing technology in order to create different products comparative with the other competitors products and also products having a better quality. We can give the example of Mercedes Company which develop and implement safety system PRO-SAFE for his automobiles. By implementing this safety system Mercedes Company has one only objective: vision of driving without car accidents .

Philip Kotler identify in the article The Major Task of Marketing Management appeared in Journal of Marketing (October 1973) eight strategically alternative available for organization, he make this classification by using three dimensions (the effective level of demand comparative to the wanted level, the evolution in time of the demand, the demand level of wish) of products and services demand.

As possible market strategy, the automobiles producer can apply:⁴⁷⁶

Market penetration strategy supposes improvement of automobiles producer actual position on actual markets, in situation when automobiles producer offers the same automobiles. This item can be realized by improvement marketing activity, by improvement distribution and promotion. We can say that Dacia Company constantly improves its marketing activity, distribution and promotion after it was bought by Renault Company.

Market development strategy is a strategy used by the automobiles producers in order to find new customers segments which want actual automobiles for giving them new uses. We can give the example of pick-up

_

⁴⁷⁴ Anca francisca Cruceru, Marketing strategii concurentiale, Editura Universitara, Bucuresti, 2006, pag 157.

⁴⁷⁵ Jack Trout, Trout despre strategie, Editura Brandbuilders, 2005, pag. 17.

⁴⁷⁶ Virgil Balaure (coordinator), Marketing, Editura Uranus, 2002, pag. 319.

automobiles with five places that can be use as utilitarian vehicle and also recreation vehicle. Mitsubishi Motors Company declare about L200 pick-up: Having a spectaculars aspect, an interior comfort appropriate for a SUV, the equipping level and the exceptional all road performance made this pick-up a new reference.

The reformulation strategy oblige the automobiles producer to continuous improve its automobiles in order to increase the sales on actual markets. We can give as example the improvement of fuel consumption for diesel engine made by Renault Company; the representatives of Renault Company declare that Renault diesel automobiles are the most economic diesel automobiles on the market.

The market extension strategy in case of the automobiles producers is characterize by the modify of the products and also the introduction the products on new commodity markets. General Motors Company developed Hummer automobile, as military vehicle used by American army, was then, because of consumers demands launch on the market in versions dedicate for civil consumers.

Replacement strategy means to launch to the same market of new automobile, based on improved technologies similar to the existent automobile.

Product differentiation strategy and market segmentation involves the development of new variants of a vehicle and to launch them on the market in order to satisfy certain segments of the market. French from Dacia launched the first version of Logan Berlina, and then they developed Logan MCV, Logan Van and Logan Pick-up, note that all models have continued the Logan significant successes on the market.

By applying the strategy of extending the line of products, the automobiles producing companies will follow the launch of new products that are based on related technologies and are intended for the same market segments. We have the reference A4 and A6 models issued by Audi company, even though the A6 is slightly larger dimensions, both models have engine 3 liter TDI engine and 3.2 liter FSI the only difference is the motor engine 4.2; common elements between motor are shown at models A4, A6 and A8 from Audi such as the 3.2 FSI engine, and for all three models is true the motto from A8: Comfort and dynamism at the highest level: by design exclusive and many innovations, the new Audi A8 defines the requirements of high class luxury Audi cars.

Concentric diversification strategy in the automobiles domain will mean attracting new segments of buyers, adding new types of automobile in the current line of products. The Skoda company launched the Skoda Roomster as spacious family car that offers all the comfort of passengers, with the following presentation is a car that offers, despite its compact form, a feeling of space: will wait in front of a very well equipped driving room - behind a spacious and comfortable living room . subsequently added a new variant of this car as the Skoda Praktik for a new segment of buyers.

Horizontal diversification strategy in the automobiles domain will be the development of new automotive technologies using different technologies from the current existing market segments. Because of the rising price of petroleum products for automobile manufacturers trying to develop automobiles with alternative propulsion technologies.

Lateral diversification strategy is the production of new products which are related to current products witch do not have the same technology, and market segment is quite different. Italian company producing tractors Lamborghini SpA Trattat owned by Ferruccio Lamborghini used a lateral diversification strategy when they launched on the market in 1963 the first model of sports vehicle, reaching now one of the most prestigious companies producing auto vehicles, in the sports luxury class with prices of over 200 000 euro.

the organization evolution in order to accomplished the established objectives, the timing trajectory of this can be characterized by multiple elements defining the relation between the products and the actual and future organization's markets which are formed by four strategically components.

The first component is formed by sphere of products and markets for which the organization concentrate all its social and economic efforts.

The second component is represented by the growing vector, being in a close interdependence with the first component, indicating the organization development direction, being in a close interdependence to the actual products and markets situation.

The third component is concurrencies advantage that's identifying the products sand markets components which generated a strong competitive position. The defining of market segments by the organization will generate the competitive advantage and also will offer a important growing potential for the products that's are offered to the market. The capacity of adaptation to the external environment is in correlation with the capacity of administrate organization's economic and social existent resources.

The last component the organization synergy is represented by the concerted action process, this process generate a total bigger effect than the sum of all the individual effect of each factor considered that being independent.

The product-market matrix analyses two dimensions, the market and also the product. About products we can say that the businesses are determinate by the services and products which are made to be sell.

The four quadrants of Ansoff matrix represent each of them an option which define a strategically answer for many internal and external factors.

In case of product development strategy, the marketing representatives have to understand the value of a positive relation established between the client and the organization, also the client has to trust in the organization. This

relation permit for the organization develops new products that will be offer in an efficient way and without many costs to actual and potential clients.

We can give the example of Subaru Company which developed the first boxer diesel engine in the world. Subaru Company declares: The first Subaru boxer diesel engine in the world. Now on the Forester model. A veritable world premiere: for first time the power of a SUV is generating by a boxer diesel engine. In combination with Symmetrical AWD system, the new Forester equipped with Subaru Boxer Diesel engine to entire SUV experience a new dimension assuring the perfect and complete balance of the automobiles.

The appearance of this new product have as fundament the work of Subaru specialists which decided to revolutionize the art of diesel engine after a 40 years experience in boxer engine. They succeed to keep all the major advantage, and also the low vibration level, assuring in 5he same time an enormous torque and lower fuel consumption. All this innovations are made in order to develop a new product.

The Subaru Company has the principal advantages of the Subaru Boxer Diesel engine: smooth functioning, enormous torque and faster acceleration and also efficient fuel consumption.

The market penetration strategies consist in the growing of the current product volume on the current market by efficient using of some marketing activities about distribution and promotion. The intention is to influence the actual consumers by growing the consumed quantity, by growing the utilization product frequency. 477

For a growing market this strategy can be applied by growing the promotional products in order to convince the potential customers to buy this product. The diversification strategy is represented by introduction of new products on the new markets. In order to successfully apply this strategy the marketers have to know very well the consumers needs and also the discovering of all states of the market in order to diversify the range of products. An example in this case Skoda Company which developed Roomster model. After a long period of time Skoda's engineers had diversify the range of automobiles by creating this new model.

This automobile was creating to combine the practical spirit with the drivers pleasant and the passengers comfort. The market development strategy consists in the actual products penetration on new commodity markets by finding

new consumers. This strategy can be applied when the action on the market is restricted. The applying of this strategy in automobiles domain had generate the increase the number of the available automobiles model. Jack Trout in his book "Trout about strategy" says At the beginning of '70 years were available 140 automobiles models. Now days are 260 models. Even on a small market – how is the sport automobiles market Ferrari, which cost 175 000 dollars for a piece – the competition is growing. On the market are available Lamborghini, Aston Martin models, a new sport car Bentley and a new Mercedes named Vision SLR ⁴⁷⁸

In order to select the adequate market strategy is important to make a careful study of organization environment and organization financial, material and human resources.

According to Thorelli marketing strategy is the organization reaction at the environment evolution and physiognomy; we can have two possible reactions. A first reaction consists in the modify of the actual rapport between organization and its environment. We can give as example Mercedes Company which launches a new product on a new market: Mercedes A Class. Mercedes Company was first automobile company which attacks this market share and also maintains the luxury characteristics, the comfort and the safety of his models.

Mercedes Company officials declare: Veritable luxury is when absolutely nothing is messing. You want five doors or three are enough? In case of A Class you can have booth. In Coupe case you will win more elegance and sportive. Not even the passengers from the rear seats are forgetting because of EASY ENTRY system.

A second possible reaction suppose internal changes in organization, having indirect effects for relation with firms environment, for automobiles domain we can have the example of applying more performing technology in order to create different products comparative with the other competitors products and also products having a better quality. We can give the example of Mercedes Company which develop and implement safety system PRO-SAFE for his automobiles. By implementing this safety system Mercedes Company has one only objective: vision of driving without car accidents. Philip Kotler identify in the article The Major Task of Marketing Management appeared in Journal of Marketing (October 1973) eight strategically alternative available for organization, he make this classification by using three dimensions (the effective level of demand comparative to the wanted level, the evolution in time of the demand, the demand level of wish) of products and services demand.

As possible market strategy, the automobiles producer can apply: 479

Market penetration strategy supposes improvement of automobiles producer actual position on actual markets, in situation when automobiles producer offers the same automobiles. This item can be realized by improvement marketing activity, by improvement distribution and promotion. We can say that Dacia Company constantly improves its marketing activity, distribution and promotion after it was bought by Renault Company.

Market development strategy is a strategy used by the automobiles producers in order to find new customers segments which want actual automobiles for giving them new uses. We can give the example of pick-up

-

⁴⁷⁷ Anca Francisca Cruceru, Marketing strategii concurentiale, Editura Universitara, Bucuresti, 2006, pag 157.

⁴⁷⁸ Jack Trout, Trout despre strategie, Editura Brandbuilders, 2005, pag. 17.

⁴⁷⁹ Virgil Balaure (coordinator), Marketing, Editura Uranus, 2002, pag. 319.

automobiles with five places that can be use as utilitarian vehicle and also recreation vehicle. Mitsubishi Motors Company declare about L200 pick-up: Having a spectaculars aspect, an interior comfort appropriate for a SUV, the equipping level and the exceptional all road performance made this pick-up a new reference.

The reformulation strategy oblige the automobiles producer to continuous improve its automobiles in order to increase the sales on actual markets. We can give as example the improvement of fuel consumption for diesel engine made by Renault Company; the representatives of Renault Company declare that Renault diesel automobiles are the most economic diesel automobiles on the market.

The market extension strategy in case of the automobiles producers is characterize by the modify of the products and also the introduction the products on new commodity markets. General Motors Company developed Hummer automobile, as military vehicle used by American army, was then, because of consumers demands launch on the market in versions dedicate for civil consumers.

Replacement strategy means to launch to the same market of new automobile, based on improved technologies similar to the existent automobile.

Product differentiation strategy and market segmentation involves the development of new variants of a vehicle and to launch them on the market in order to satisfy certain segments of the market. French from Dacia launched the first version of Logan Berlina, and then they developed Logan MCV, Logan Van and Logan Pick-up, note that all models have continued the Logan significant successes on the market.

By applying the strategy of extending the line of products, the automobiles producing companies will follow the launch of new products that are based on related technologies and are intended for the same market segments. We have the reference A4 and A6 models issued by Audi company, even though the A6 is slightly larger dimensions, both models have engine 3 liter TDI engine and 3.2 liter FSI the only difference is the motor engine 4.2; common elements between motor are shown at models A4, A6 and A8 from Audi such as the 3.2 FSI engine, and for all three models is true the motto from A8: Comfort and dynamism at the highest level: by design exclusive and many innovations, the new Audi A8 defines the requirements of high class luxury Audi cars.

Horizontal diversification strategy in the automobiles domain will be the development of new automotive technologies using different technologies from the current existing market segments. Because of the rising price of petroleum products for automobile manufacturers trying to develop automobiles with alternative propulsion technologies.

Lateral diversification strategy is the production of new products which are related to current products witch do not have the same technology, and market segment is quite different. Italian company producing tractors Lamborghini SpA Trattat owned by Ferruccio Lamborghini used a lateral diversification strategy when they launched on the market in 1963 the first model of sports vehicle, reaching now one of the most prestigious companies producing auto vehicles, in the sports luxury class with prices of over 200 000 euro.

Bibliography

- 1. Virgil Balaure (coordonator)(2002) Marketing, Editura Uranus, Bucuresti
- 2. Harry Beckwith (2007) Ce doresc clientii nostri, Editura Polirom, Bucuresti
- 3. G.A. Catana (2003) Marketingul filozofia succesului de piata vol.I, Ed.Dacia, Cluj Napoca
- 4. Iacob Catoiu (coordonator)(2002) Cercetari de marketing, Editura Uranus, Bucuresti
- 5. M. Diaconescu (2005) Marketing, Ed. Universitara, Bucuresti
- 6. Flaviu Meghisan (2006) *Strategii internationale de marketing in industria* automobilului, Editura Universitaria, Craiova
- 7. P. Kotler, G. Armstrong (2005) Principiile marketingului, Ed. Teora, Bucuresti
- 8. Philip Kotler (2006) Conform lui Kotler, Editura Brandbuilders, Bucuresti
- 9. Philip Kotler (2006) Managementul Marketingului, Editura Teora, Bucuresti
- 10. Al Ries, Laura Ries (2003) Cele 22 de legi imuabile ale brandingului, Editura Brandbuilders, Bucuresti
- 11. Al. Ries, Jack Trout (2004) Pozitionarea: lupta pentru un loc in mintea ta, Editura Brandbuilders, Bucuresti
- 12. Jack Trout (2005) Trout despre strategie, Editura Brandbuilders, Bucuresti
- 13. www.informatiiauto.ro
- 14. www.tmctv.ro
- 15. Anca Francisca Cruceru (2004), Marketing strategii concurentiale, Editura Universitara, Bucuresti
- 16. Virgil Balaure (coordinator) (2002), Marketing, Editura Uranus
- 17. Laurentiu-Dan Anghel, Eva-Cristina Petrescu (2002), Business to Business Marketing, Editura Uranus, Bucuresti

METHODS OF EVALUATING AND AUDITING EVENTS

Pop Ciprian-Marcel

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration 58-60 T. Mihali St. Cluj-Napoca, 0264-418654, marcel.pop@econ.ubbcluj.ro

Scridon Mircea Andrei

Faculty of Economics and Business Administration 58-60 T. Mihali St. Cluj-Napoca, 0264-418654, andrei.scridon@econ.ubbcluj.ro

Dabija Dan Cristian

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration 58-60 T. Mihali St. Cluj-Napoca, 0264-418654, cristian.dabija@econ.ubbcluj.ro

Todt Horst

University of Hamburg, visiting professor at Babes-Bolyai University, horst.todt@dmx.de

An exhibition event should not necessarily bring benefits. It is considered an investment in terms of image. However, costs must be covered and a profit margin should exist. This would ensure funds for the next edition. A general audit of the success of an event certainly includes control of the following processes: preceding the event, implementing it and follow-up; effects generated and the assessment of the aspects of the cost-utility relation; event efficiency. In the auditing process control lists, work plans, questioning techniques and observation, and a few measurement techniques may be used, such as the silent shopper/mystery shopper procedure, the sequential events method, and the critical incident technique.

Keywords: fairs and exhibitions, exhibition auditing, auditing methods and techniques

JEL classification: M31, M39, R11

1. Why getting involved in organizing events?

Book editing, tourism, regional specialties, old objects, food, clothing, in other words, today, any specialty area has its own trade fair or exhibition.

For some, such an event aims to improve the reputation of the organizer. A municipality wishing to gain a cultural dimension, will focus on organizing a book fair, a region that wants to highlight its tourism, should be able to organize an exhibition devoted to this sector of activity. In this case, such an event should not necessarily bring benefits. It's considered an investment in terms of image. Of course, costs must be covered, and if a profit margin exists that would assure funds for the next edition, the better. For them, an event, a trade fair, an exhibition, represents an investment that has its return measured only after a certain period of time.

For some, organizing an event is simply a job. Specialist teams are involved throughout the year, organizing several events, launching new concepts, getting in touch with exhibitors, investing their time and imagination in determining people to go and visit these events, to increase the popularity and reputation of the events. They are involved in organizing the event from start to finish and are interested in making the event noticed as often as possible. Like any other activity, there's also should be really profitable.

2. Exhibition event - theme, date, location, infrastructure

Whatever the reasons for organizing an exhibition event, the topic must be defined, the date at which it could be organized and the means available, to the firm, for the project to be put into practice.

The theme depends on interests manifested in a collectivity or in a specialized federation. Work is closely related to the activity sector or to the image that a collectivity wants to promote. A commerce chamber trying to attract businesses, dealing with the development of new technologies will be interested in retaining that theme which will bring the highest value for the institution.

The location in which events, trade fairs, exhibitions are organized is often a large city, which has the necessary infrastructure to receive visitors and exhibitors: airport, station, developed road network, enough rooms, exhibition centers, hotels.

However, the fact that a city in which such an event is being held, must be large, should not represent an obstacle. Already, when a local community decides to put into practice an exhibition event, it cannot consider doing so elsewhere other than in its area of action. If a municipality wants to highlight its cultural heritage, is unlikely to hold the exhibition in another city. There are also events which are not held in large cities, even organized in small cities, but who managed to develop, over time and with patience, a national reputation, even a European one.

If a national event has a powerful image, it would be appropriate to fix a date for the exhibition event near the date of the national event. In France, for example, many regional book events are held at a date close to that of the prestigious book event which takes place in Paris.

An event dedicated to the tourism sector which aims to develop and improve business for the tourism operators, to learn ideas from visitors, should not take place near the major holidays: what good it serves to give people ideas when they already have chosen the place for the holiday and so such ideas cannot be materialized.

Wherever possible, the organizer of an event will try to avoid organizing an exhibition or a trade fair with a theme, a place, a notoriety and date fairly similar to those of other events.

Once the theme, the place and the date is established, the only concern is in organizing the exhibition event. It is an important work that will take time. Usually, for the first edition of an event, at least one year must be allocated between the moment when the idea developed and the time it is being put into practice. Finding a right a place for receiving visitors, for arranging meetings with exhibitors, for notifying the public, twelve months will not represent such a long period of time.

3. Practical organization

After the decision was taken to create a new exhibition, before anything else is absolutely necessary to think if one could develop all the services proposed for it, or whether one will need to use outside persons for the services required.

Again, a list of essential services and necessary materials will help in the endeavor⁴⁸⁰:

- has a place for the exhibition event been identified?
- has sufficient staff been identified for implementing and designing the plan for the event, writing and designing the commercial and communication documents, ensuring the marketing of the event, ensuring the welcoming committee for the exhibitors, and for the visitors, ensuring the installation and the dismantling, ensuring for the safety and technique skills during the event, realizing the financial balance of the event?
 - can one buy the essential material for the event.

After answering all the questions, it is necessary to find suppliers to complement the services so that the event could be carried out.

3.1 Services offered to exhibitors

In general, the organizer will provide support and advice in all organizational and technical issues, in particular to exhibitors at their first participation.

Because establishing contacts is one of the main purposes for participating at an event, assuming that a connection between the exhibitors and visitors is to be created 481, to increase rate of contacting, an event organizer must be able to provide data on the number of visitors attending the event, the geographic origin of visitors, the professional situation of visitors, the time length that visitors would dedicate, the visiting behavior, the time length that a visitor is allocating for a stand, the travel route in the exhibition center, the location of each stand.

In accordance with these factors the probability of establishing contacts between exhibitors and visitors in general can be determined, and also between different types of visitors (visitors of the event, special guests, visitors that are in various stages of consumer decision-making process - searching for information, evaluation of alternatives, buying decision). Also, depending on the target groups, an exhibitor must be able to formulate goals. In formulating these goals, the exhibitor should take into account both the visitor's consumer behavior, and the consequence of the purpose brought upon the activity during the event482.

Together with the conditions for participation and the confirmation for the stand, the exhibitors are given the order forms for various services. In addition to support for advertising and media, services may be requested free of charge or against payment. Also in this category issuing permits for access to stand personnel (free of charge, against payment or mixed), permits for access to the parking place of the complex, other forms of materials associated with access to various facilities and / or spaces of the complex, could be considered.

4. Finding the exhibitors

The most important aspect is to identify potential exhibitors. In the case of a trade fair organized by a foundation of local traders, a list will be quickly available.

However, if it comes to a regional event devoted to new technologies one will probably need to seek scattered information, to meet exhibitors from across the region. A time of only six months for this activity (the search for exhibitors) can seem very short. That's why, once the time length for implementing all stages of the project (finding a convenient place, making the documentation available to exhibitors, signing the contract with the exhibitors, announcing the public in time for the event), is determined, one can add a month or two, to include all operations that require time, but one has not thought about them to be important.

4.1 Constructing the list

When one determines the theme for an event, a list of potential exhibitors should be constructed; particularly those specialized in that field, but also in other fields. For example, an exhibition aimed at the winter holiday season will receive with priority offers from mountain resorts and tourism offices in countries with specific winter season sports, but also from distributors of sports goods, from stores offering clothing for the winter season, and from

⁴⁸⁰ Delecourt N., Happe-Durieux L., Lespingal-Gastide V., Reussir un salon, une foire, une exposition, Puits-Fleuri, Paris, 1997.

⁴⁸¹ F. Unger, W. Fuchs, Management der Marktkommunikation, Heidelberg, 1999, p.252.

⁴⁸² M. Bruhn, Kommunikationspolitik, 2. Aufl., Vahlen, 2003, p.146.

insurance companies whose field of activity is essential for practicing some major risks sports (mountaineering, ski).

It will be also necessarily to determine the geographical area from which these exhibitors come: a project on a national or even an international scale could be initiated (telephone and mailing costs will be higher), however, an alternative for action on regional or local scale remains, with the particular financial disadvantages. Such a choice depends on the theme chosen for the event: the more precise the theme, the more difficult it is to find exhibitors or visitors only from that area.

The first thing one must do, to manage future exhibitors, is to create a credible list, which will be the basis of any relationship. To do this, one could very simple use the Yellow Pages. It could provide in one glance, the potential exhibitors present in a given region, even before the launch of the exhibition. Obviously, if there is the possibility for printing the pages, this would lead to considerable time savings. Professional sectors yearbook publications will also provide the information needed.

In this way, complete data of the target enterprise could be obtained. This is not enough: it is absolutely necessarily to know which person, within the company, is to inform about the purpose of the event (general manager, commercial director, communication manager). From a commercial point of view, it is known that an anonymous letter is likely to go unnoticed and, implicitly, to be lost. Personalizing the list, not only our information will be received by a particular person, but in addition it will be much easier to contact it by phone.

The establishment and confirmation of the participants list, whatever the size, is a forming task for a student in the commercial sector, an internship, in which it could be developing the basis of any commercial activity.

In practice, each exhibitor will likely be the subject of lists, in which will contain all the information about it: postal and telephone data, the activity of the company, surname, name and position of contact the person, and the list of contacts established (data from telephone calls, meetings, occasional meetings, discussions). Increasingly, it will become equally necessary to have the electronic address for these contacts, a large number of companies already having such addresses.

These "identity cards" will help avoid making telephone calls twice to the same company and, especially, will help not to forget, from one year to another, the quality of connection created with other companies.

4.2 Preparing a presentation document

Preparing the brochure for an event is very similar to preparing a presentation brochure for the company, because the same criteria must be taken into account from a technical point of view.

It is very likely that this brochure will be published in several thousand copies. To limit the cost of printing and mailing, it is not necessary to achieve a level of content of more than twenty pages. Because these documents will be distributed to width scale, it will be expected that a large number of these documents will end quite quickly in the recycle bin. Therefore, it is preferable to keep the document short, attractive to the person that will receive it (and this rarely happens when a document is about 40 pages long), to spark interest in that person, to determine it in learning more about the event. In general, brochures only 4 pages long, and no more than 8, will fulfill this mission very well.

Be it a simple photocopied document, with an impeccable and specialized presentation, or a brochure with photos and colors, the presentation document for the event must contain answers to the following questions:

- why this exhibition? the theme, the economic, cultural and geographical background;
- who represents the target audience? exhibitors, visitors;
- how is it organized and by who? advertising, partners;
- how to participate? pricing, participation arrangements;
- when? the opening date and hour for the general public;
- where? the location of the exhibition center.

The brochure will contain several parts. The first part will contain information about the specific of the event and also about the target audience. It will also specify the date and location of the event, it will provide important information to the participants (in the case of a first edition event, estimates figures will be provided, if the exhibition is a re-edition, it will provide participants with the previous event figures: number of visitors, number of exhibitors, number of conferences held, number of square meters available to the exhibitors).

If one has already determined what conferences will be held, and also their schedule, this information will be included in the brochure. It will also insist on communication, to attract guests (media, cards, number of guests, posters). Also the brochure will contain, eventually, extracts from journals that talk about the previous events. It will provide information about the event organizers.

The last page is often dedicated to practical information: access, geographical location, the main routes of transport, the organizer contact information (address, phone number, fax).

If a large number of photos will be used they will enrich the general aspect of the document, especially if the brochure was designed in a polychromic format. It will enhance the fact that this exhibition is visited by a large number of people, that it hosts many conferences and/or other animations events.

To make the project more real, it is very important to include in the presentation document, in a very explicit manner, the plan of the exhibition event. The plan will be constructed either in close collaboration with the location of the event, either through the company responsible for the construction of the stands, which one has already worked with. If one owns an exhibition center, it is possible that the technical departments are able to construct such a plan. Everything should be as close as possible with the reality on the ground.

4.3 "Marketing"

Around 8-9 months before the exhibition event, will start "marketing" it. To carry out this endeavor, could be chosen between sending the presentation document to the contacts list, or inviting each of the contacts, to the company, to present them the project and to propose them a more detailed document or even a meeting. It is recommended a "pre-mailing", announcing succinctly the exhibition event together with a reply coupon in order to establish an information folder. The last two solutions appear to be the best. Practically, they avoid useless brochure dissemination, they allow to measure the difficulties of the task; as more data is obtained, the easier will it be; if the data volume is small, the organizational efforts will become more important. Of course, if the list contains fewer than 100 contacts, it could be sent directly a brochure to each of them.

After numerous actions (phone calls, faxes, meetings), one of those contacted, becomes interested in participating in the event. At this moment, will be interested to the future exhibitor, in order for him to actually reserve a stand, by signing a contract and making an advance payment.

Therefore, a reservation contract must be signed, which is a more administrative document, and stipulates the mutual commitments of the organizers and clients (exhibitors). This document should be simple: in one page, maximum two, it should contain the organizer's information data and the main elements that the exhibitor is committed to (stand size, rental price).

Also, the contract will include the description of the minimum services provided by the organizer (rental space), the cost of the stand, depending on the size and the potential services provided to all exhibitors (electricity, water, a parking map for cars). It also includes other various services which the organizer may provide in addition, and the additional price to be paid. In another part of the contract, the exhibitor states what it wants (stand size, indicating the appropriate cost, particular equipment).

If a catalog of exhibitors will be edited (which is, typically, the case), additional information will be required: the name and address of the company, telephone and fax numbers, the contact person's name, a brief business activity description (maximum 20 words).

4.4 The conferences

Within a series of specialized events, one can organize, through a program of specialized seminars for exhibitors, some papers based on technical products or processes. These papers will be announced in advance. In most cases, they do not cause additional costs for the organizer.

Very often, the events days, are animated through conferences, debates, seminars, bringing an additional benefit for the events.

In fact, these moments of sharing ideas, on a theme or another, will enhance the value of certain exhibitors. Asking them to attend in a conference, to present their products and services, will offer them the opportunity to make their presence felt in the event.

For visitors, conferences can be an important argument in deciding to come to the event. They know that exhibitors will display only part of their business. Instead, the conferences are generally intended to portray a general situation. Very often, the public will join in the debate, so making it part of the event. Attending a conference is considered a complementary training for the company staff.

These conferences may be supplemented by workshops, where the exact theme will be discussed in small groups. These workshops could be integrated in an event, but will require special organization. However, beware: conferences should not overshadow the event itself. It is important that visitors will walk from aisle to aisle, from one stand to another. If not, exhibitors will be offended. Conference must complete the exhibitor's information offer and incite the public to visit the event. Also, a conference must not be too long (maximum one and a half hour, but one hour would be better), because it is necessary for lecturers and also for visitors to have enough time to visit the exhibition. If a conference takes too long, people will rush to the exit just when the conclusions are announced.

In the case of a conference - debate, with testimony and arguments, one could propose to several prestigious exhibitors to intervene in the debate. If it comes to a debate among several participants, is preferable to use a moderator, animator, to be careful that each participant can express their arguments, that the public can take part in the debate, that the conference will be limited to a certain period of time. Very often, journalists (specialists or not in the issues discussed) will be perfect for this type of task. Also, it will be necessary for the participants and animator to meet before the conference, to establish contacts among them and to prepare the main topic of the debate.

In the case when special topics will be discussed, the exhibitor can also present products. These events are organized separately and independently of the exhibitor's company.

Participation in specialized conferences, congresses or round tables, can be beneficial to exhibitors, to the extent in which they can refresh their knowledge, so the challenge, for the organizers, to identify the most appropriate topics for these animations.

4.5 Determining the budget

Once the general plan is established, it will be necessary to address the financial issue. If the costs can be determined quite easily before the event, the earnings depend on a single factor: the success or failure of the event. When an exhibition is at its first edition, the organizers hope, obviously, that it will be profitable, but they also know that they are taking a big risk. Especially when the theme is quite specific, and when the event is supported only by a local collectivity that wants to cast a certain image to the outside world, they do not expect that the event will have a balanced budget.

Then the question arises: who will pay for the event? Two possible sources of income will come into attention, not considering any grants, on which the organizers could call upon: the exhibitors and the visitors. Exhibitors pay for their presence at the stand (and the derived products, for example the catalog that is given to the visitors). Rental price is calculated based on the number of square meters occupied by the stand and varies depending on several parameters: the reputation of the event, the number of expected visitors, the commercial endeavor or the advertising arrangements. Visitors pay for their entry ticket. But also on this plan, the first edition has the disadvantage of temptations to exempt taxing potential visitors. In such context, it should be considered also as an initial investment the amount that could be obtained from the entrance fee, and only starting at the second edition, and according to first's success, could analyze the problem concerning the quantum of the entrance fee and the estimated amount that could be obtained from this source of income.

The provisional list established will take into account inevitable costs and will be based on estimates, even more important at the first edition, or as long as the event has not yet acquired a strong image into the public's conscience. Taking into account these expenditures, how many stands with an average area of 15 sqm will be necessary to lease and what should be the leasing tariff on sqm?

5. Once the event is over

An exhibition which had some success, is likely to take place each year. Therefore, one must, each year, improve the content, the organization methods, the communication means of the event.

The first edition creates, very often, more curiosity than real interest among the general public: one must determine the event's qualities, and also its defects (in order to identify trends) and to ensure a growing interest for it.

5.1 The exhibitors' opinion

The exhibitors are the determining factors of the event's atmosphere, and more important, they alone will decide whether or not to return to the next edition. It is therefore important to take into account their remarks, before the launch of a new edition. Using the results obtained by a survey, will allow to have a different view on the event that just ended and to possibly change, a point or two for the next year (the schedule for the public, the date for the event, the services that did not satisfied the exhibitors).

5.2 Using invitations

Invitations can provide first order information for the next edition of the event: the activity sector, the geographic area and the profession of the visitors will provide a vision of their image. For example, based on this image, a change in the communication campaign could occur. If one wants key people inside companies, to participate to the event, and so far they represented only a small percentage among visitors, the communication efforts will be focused in this direction. If one realizes that most visitors come from adjacent areas from where the event is being held, and one expected to come from a much larger area, one will react accordingly.

5.3 The financial balance

In order to construct the financial balance, one will need to bring together the following elements⁴⁸³: Proceeds

Expenditure

- stands rent

- sales of attached services (telephone

- water, company posters)

- sales of advertising materials (catalog)

- stands maintenance

- other services: telephone

- installations

- printing costs

- communication expenses

(postal costs)

- marketing costs

Once this financial balance is established, one should not forget the proposed objective when it initiated this event. Consequently, has this event been a source of profit? Only after one has established that the objective was

483 Delecourt N., Happe-Durieux L., Lespingal-Gastide V., Reussir un salon, une foire, une exposition, Puits-Fleuri, Paris, 1997.

achieved, it could say that this was a "good" event. After this time one might think, or not, to diversify the efforts for the next editions.

6. Auditing the event

An general audit of the success of an event certainly includes control of the following processes:

- preceding the event;
- implementing the event;
- after the event:
- effects caused by the event;
- assessing the aspects of the cost-utility relation of the event;
- event efficiency;

In fact the control processes specific to an event represents the surveillance activities conducted in order to assure the proper progress of that event484. Thus, one will consider not only the efforts preceding the event, but also during the actual event, and thereafter. In addition to control lists, work plans, questioning techniques and observation the following measurement techniques may be used:

a. The "Silent Shopper" / "Mystery Shopper" procedure

As in the commerce and other fields, the management of the organizer may appeal to specialized companies that send people "incognito", to test the reaction of staff at the stand and their reaction regarding certain problems. These "mystery shoppers" simulate real situations, and are trying in a relatively limited amount of time, to build a more precise picture as to the quality of offers presentation, staff behavior and communication and persuasive ability of personnel. Also they are able to conduct a comparative analysis between the response times of the staff in question and that of the other stands.

b. The sequential events method

This method serves in determining strengths and weaknesses in the communication process specific to events. This process is divided into three phases, visitors being asked to identify for each phase, possibilities for improving the processes. The three phases are 485:

- the pre-event phase looking for information, travel planning, preparing the visit, arrival and hotel accommodation;
- the actual deployment of the event phase information, transaction, communication, additional services and program framework;
 - the after-event phase departure, cost utility analysis, reflections.

c. The "Critical Incident" technique

This technique attempts to reveal the degree of satisfaction or dissatisfaction of the event's visitors, taking into account especially those events that were "critical" in for the visitors – either with a positive or negative effect. Unpleasant events could be represented by the total lack of information on a specific offer or an information inadequacy of it, late invitation arrangements, no catalogs, no samples or even an inadequate catering service. The Critical Incident technique provides quantification of these events using standardized open questions, data evaluation and interpretation obtained from assessing the causes leading to failure (or success) and advice on future improvements486.

Bibliography

- 1. Backhaus K., Messen als Institution der Informationspolitik, în: K.H. Stothmann, M. Busche, Handbuch Messemarketing, Wiesbaden, 1992
- 2. Bruhn M., Kommunikationspolitik, 2. Aufl., Vahlen, 2003
- 3. Bruhn M., Unternehmens und Marketingkommunikation Handbuch für ein integriertes Kommunikationsmanagement, Gabler Verlag, 2005
- 4. Delecourt N., Happe-Durieux L., Lespingal-Gastide V., Reussir un salon, une foire, une exposition, Puits-Fleuri, Paris, 1997.
- 5. Grimm C., Möglichkeiten und Grenzen des Beziehungsmarketings im Messewesen, Nürnberg, 2004.
- 6. Meffert H., Messen und Ausstellungen als Marketinginstrument, în: K. Goehrmann, Polit-Marketing auf Messen und Ausstellungen, Düsseldorf, 1993
- 7. Meffert H., Bruhn M., Dienstleistungsmarketing, Grundlagen Konzepte Methoden mit Fallstudien, 5. Aufl., Gabler Verlag, Wiesbaden, 2006
- 8. Roth G.D., Messen und Ausstellungen verkaufswirksam planen und druchführen, Landsberg / Lech, 1981
- 9. Ueding R., Management von Messebeteiligungen, Lang, Frankfurt a.M. 1998
- 10. Unger F., Fuchs W., Management der Marktkommunikation, Heidelberg, 1999

⁴⁸⁴ Bruhn M., Unternehmens- und Marketingkommunikation – Handbuch für ein integriertes Kommunikationsmanagement, Gabler Verlag, 2005, p.1034.

⁴⁸⁵ Grimm C., Möglichkeiten und Grenzen des Beziehungsmarketings im Messewesen, Nürnberg, 2004, p.102.

⁴⁸⁶ Esch F.R., Eventcontrolling, in Nickel O., Event Marketing. Grundlagen und Erfolgsbeispiele, München, 1998, p.161.

NEUROMARKETING - GETTING INSIDE THE CUSTOMER'S MIND

Pop Ciprian-Marcel

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration 58-60 T. Mihali st., Cluj-Napoca 0264/418652, int 5885 marcel.pop@econ.ubbcluj.ro

Radomir Lăcrămioara

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration 58-60 T. Mihali st., Cluj-Napoca 0264/418652, int 5885 lacramioara.radomir@econ.ubbcluj.ro

Maniu Andreea Ioana

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration 58-60 T. Mihali st., Cluj-Napoca 0264/418652, int 5885 andreea.maniu@econ.ubbcluj.ro

Zaharie Monica Maria

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration 58-60 T. Mihali st., Cluj-Napoca 0264/418652, int 5885 maria.zaharie@econ.ubbcluj.ro

Neuromarketing is a relatively new concept which has developed as a consequence of accepting, by an increasing number of persons, the idea that there isn't an objective reality and that the entire world is actually inside our mind, it is the sum of our exclusively subjective perceptions.

The science that studies these aspects at a biological and theoretical level is neurology. Neurology and marketing have recently "met" in a series of studies resulted out of curiosity and the desire of knowledge leading to the "birth" of the neuromarketing term.

Keywords: neuromarketing, fMRI(functional Magnetic Resonance Imaging) technology, "buy button"

JEL classification: M31, M37, C91

1. What is Neuromarketing?

We ask sometimes what is the reason for which we like something and many times the answer to this question is ambiguous, unreasoned or it doesn't exist. This is because our preference for a certain good or a certain service is unconsciously realized.

There are more questions than answers about our brains. We have no access to all processes happening there and we are not able to decode many of information we can see.

Martin Lindstrom is the man that decided to find out what lies behind the success or failure brand experience nowadays.

He rides on this neuromarketing trend and promises to reveal the truths and lies of why we buy. For this purpose, he uses available knowledge about human brain that identifies different areas responsible for different feeling, like love or fear. When those areas are stimulated, they lit up but there is no explanation what kind of behavior will follow or how the environment or part experiences stimulates the reaction the scanned persons. To use that knowledge as an explanation is like "looking into people's windows from the street and trying to guess what they are talking about".

Neuromarketing helps us to understand the consumers' behavior. Why do we choose Coca-Cola instead of Pepsi? Why do women do not prefer science-fiction movies? Why do men prefer sport cars? In order to make the consumers to buy, the companies have to try to answer these kinds of questions and to always find new ways of finding out how the consumers think.

Neuroscience has appeared when the Italian psychologist Angelo Mosso tried the following experiment: the analyzed subject was lying on a balancing table which could be inclined only if the feet or the head become heavier. When the subject met an intellectual or emotional activity, the balance was inclined towards the head, as a result of the blood redistribution into the body. (Figure no. 1)

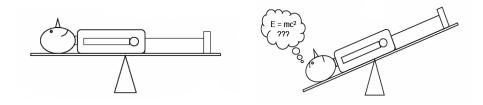


Figure no. 1: The Angelo Mosso experiment⁴⁸⁸

488 www.psych.utoronto.ca

⁴⁸⁷ www.socialhallucinations.com

If for years the marketers based, in their researches, on the study of the consumer's behavior by ways already known: questionnaire, group focus etc, the year 1990 "started" a new era in what concerns the knowledge of the consumer and of his preferences.

The company answers questions such as: How can we set strong and long-lasting preferences of the consumers? How can we better gather the communication efforts in such a way as to underline the message efficiency? How can we better match the product with the consumer? How can we make the consumer trust our trend?, with the help of the neuroscience, a study of the way in which the brain thinks, feels and motivates the human behavior.

The brain of certain volunteers watching different ads is scanned by a disposition with magnetic resonance. Therefore, the neuromarketing appeals the fMRI (functional Magnetic Resonance Imaging), technology used in order to detect cerebral tumor, allowing in the same time to read the way the brain receives, works and interprets different images which are presented to it.

1.1 "Neuromarketing is where science and marketing meet." 489

While we suppose a consumer buys a product for its features, its functions or its price, the consumer's brain tells us something different. The neuroscience shows us that this developed organ develops preferences on the basis of the intuitional relation with the product's brand and not on the basis of the advertising message. The brain cannot make the distinction between the messages of the marketing department and the rest of the messages. Each experience related to the brand becomes part of our perception about this brand, and in the end it determines the pro or against attitude regarding the brand. This explains why, for example people buy "jeans" not for the way they look with them, but for the way this product matches their life. Therefore, nowadays, we buy products for the way these define us, and our brain has exactly this vision about products. Step by step, the product will not be taken into account in the same measure as the trade-mark or as the brand, as these contain the elements the individual identifies with.

In a classical communication process, the marketers consider themselves to be the "emitter", and the customers, the "receptor". From the neuromarketing point of view, the parts should be changes: the companies are the ones who need information regarding what products to commercialize, and the consumer has to make this information be available, and not to be informed about something which already exists. The companies should learn to build relationships.

Giving the fact that we are being daily "bombed" with commercial messages, there appear questions regarding the efficiency of the communication between the companies and the consumers. Expressions such as "better", more speedy", "cheaper" do not make the public more sensitive, but a little, and have the disadvantage that they do not guarantee the consumer's trust. The deeply understanding of what motivates us represents the future, and the companies have to focus on the consumer's impressiveness instead of producing commanding goods.

Although a lot of researching ways are in evolution, there still remains the problem of the discrepancy between what the individual says and what he thinks of buys. It is known that 95% of his thinking is unconsciously realized. How do we expect then a focus group to solve a marketing problem? The neuroscience proposes to understand the motivation from the sub consciousness (positive or negative), motivation which impulses the individual to act or which stops the action, determining a preference, a purchase or a behavior.

If the companies understood the consumers and the way he is thinking, they could offer him what it necessary and would reconsider the way of communication with the consumer. The neuroscience has the key as it opens the brain, and the combination between the results of this science and the business can significantly change the purchasing way of each product or service.

The final purpose of the neuromarketing is to understand the way the brain determines the consumers' behavior and it supposes the study of the process of choosing different brands, as well as the identification of the factors determining the choice. 490

1.2 Keys to Neuromarketing

Another marketing specialist, Christophe Morin⁴⁹¹, co-author of "*Neuromarketing: Understanding the Buy Buttons in Your Customer's Brain*" emphases some keys points of neoromarketing through which the companies can improve their products, services, marketing strategies and advertising. These aspects from Morin's argument are made subconsciously, in the nether regions of the mind he calls the primal brain, areas where "basic fight-or-flight instincts kick in. We buy, he says, out of fear." Therefore, there are some human features that should be considered strong "buy buttons". These aspects help us to take the right decisions:

1. We're self-centered

 $^{489\} http://www.martinlindstrom.com/index.php/cmsid__buyology_what_is_neuromarketing$

⁴⁹⁰ www.neuroco.com

⁴⁹¹ http://neuromarketing.blogs.com/neuromarketing/

To make decisions, egotism is an important landmark. "People are completely egocentric and all they want is something that will create a difference in their lives, eliminate pain and possibly bring them more pleasure," Morin says.

2. We crave contrast

Sometimes our actions can be explained due to inedited things. Thus, the contrast is a significant way to captivate people. "The bottom line is, on any given day, we will receive about 10,000 ad messages, and only the ones that are huge contrasts will get any attention,"

3. We're naturally lazy

Simplicity is a substantial tool for advertising messages. About the message, it is recommended to keep it simple, but strong. "Most companies tend to create abstract messages and use too many words," Morin says. "Reading is much more a function of the "new brain". We recommend that, of course, companies use a lot of concrete visuals."

4. We like stories

Advertising and marketing with strong beginnings and ends create a catching reaction. That's why, Christophe Morin advises entrepreneurs to sum up and recap their strongest selling points at the end of any promotional material. He also underlines that people brain has a natural tendency to pay attention at the beginning and end of anything.

5. We're visual

Visual memory can create a higher impact then a hearing one. Appealing video and graphic presentations can make the difference at cash registers where price and reason can't. Several times we make decisions visually, without being aware of them. Only later do we rationalize decisions we made.

6. Emotion trumps reason

"Give us the right emotion to ride on, and we'll buy what you're selling". "When we experience an emotion", Morin says, "it creates a chemical change in our brain, hormones flood our brain and change the speeds with which neurons connect, and it's through those connections we memorize. We don't remember anything if there isn't an emotion attached to that experience."

2. What ethical issues does neuromarketing involve?

The use of neuroscience for marketing purposes alerted a group of consumers in the United States, who fear that this could lead to the discovery of a "buy button" that when pressed can turn us into buying robots. Recent opinions on 'neuromarketing' within the neuroscience literature have strongly questioned the ethics of applying imaging techniques to the purpose of "finding the 'buy button in the brain' and ... creating advertising campaigns that we will be unable to resist." ⁴⁹² In addition, some consider that it may lead to finding out which are the key elements in advertising that could make people become aware of certain products or brands. Moreover, it could also help identify the attitudes toward a product or the way a product is evaluated. It is for these reasons that many researchers fear that advertisements and marketing activities can be used in order to generate negative effects, such as overconsumption. Gary Ruskin, executive director at Commercial Alert - a non-profit organization, is of the opinion that if neuroscience increases, even to a small extent, the effectiveness of ads, it represents a possible danger. It is believed that once the buy button is identified, unscrupulous companies will make use of the available information in order to cause addiction for their products to the detriment of consumer's physical and mental health. Those who share this idea even consider that aggressive marketing contributes indirectly to obesity, diabetes, alcoholism, lung cancer and addictive gambling. Clinton Kilts, a scientist at the Emory University in Atlanta says that the research conducted in the field of neuromarketing have never been intended to change consumer behavior but to help those companies that must adapt to their customers. Put it other way, neuromarketing is also seen as a tool that helps companies to identify and understand the consumers' needs or as an instrument that can help companies to better satisfy the identified needs of their customers.

The main question that arises is concerned with the extent to which marketers and advertising agencies should be allowed to study the consumers and also with the power they obtain in handling the decision making process by exploring the consumers subconscious.

Most researchers reject the idea of a buying button, arguing that technology only provides a chance to observe the brain activity and not to influence the brain. As a proof, they point to the fact that many promotional efforts do not produce the expected results. Neuromarketing is a science that serves companies to improve their ways of designing and communicating the commercial messages so as to capture attention and make them be considered interesting by the target audience. The same idea is also sustained by Joey's Reiman statement: "Our purpose is to change the company and not the consumer." Still, companies like BrightHouse and its clients or sponsors try to distance themselves from terms such as neuromarketing.

⁴⁹²Nick Lee, Amanda J. Broderick, Laura Chamberlain, What is 'neuromarketing'? A discussion and agenda for future researchInternational Journal of Psychophysiology 63 (2007) 199–204

⁴⁹³ Quoted in "They Know What You Want" de Emily Singer, New Scientist, 31 July, 2004, pp 36-37.

3. Conclusions

Nowadays, marketing should move forward focus groups and other traditional marketing techniques. If companies want to obtain any feedback on a product they must get inside consumers' heads. The information that is obtained during focus groups may not be accurate while the signals issuing from the brain are more likely to point to what the subjects are really thinking and feeling.

In today's visual pollution, knowing your audience and understanding their behavior also mean understanding what simulates their attention to your advertising campaigns.

Neuromarketing offers the perspectives of a quantitative method to test the effectiveness of ads, logos and sounds before spending money on promotion. Given the existing overabundance number of ads, this new research tool is a vital instrument for those companies that want to better understand their targeted audience and to design better products for their clients.

Thus, the neuroscience is not something new; the new thing is its use in business in order to make business more "intelligent" with the help of the doors which are open to knowledge. The innovations regarding the neuroscience allow us to see and to measure what we feel and we think. If we were to synthesize the neuroscience importance, and consequently of the neuromarketing importance for a company, we would quote Joey Reiman: "NO BRAIN, NO GAIN".

Bibliography:

- 1. Begley S. "While Brain Imaging Offers New Knowledge, It Can Be an Illusion", The Wall Street Journal, 2005
- 2. Blakeslee S. "If You Have a 'Buy Button' in Your Brain, What Pushes It?", The New York Times, 2004
- 3. Burne J. "A Probe Inside the Mind of the Shopper: Neuromarketing" Financial Times, 2003
- 4. Dahlberg C. P. "Brain Research Tapped to Tell What Buyers like. Scientists, Sellers Exploring Together", Sacramento Bee, 2004
- 5. Dhecernatony L. "From Brand Vision to Brand Evaluation: Strategically Building and Sustaining Brands", Butterworths-Heinemann, 2001, Oxford.
- 6. Hotz R. L., "Mapping the Mind; Searching for the Why of Buy", Los Angeles Times, 2005.
- 7. Kelly M. "The science of shopping", Marketplace (CBC TV), 2002.
- 8. Reiman J. "Thinking for a living", Business to Business Magazine, 2004
- 9. Roston E. "The Why of Buy", Time, 2004
- 10. Rushkoff D. "Reading the Consumer Mind. The age of neuromarketing has dawned", NyPress.com, 2004.
- 11. Schabner D. "Playing With Your Mind: Is Neuromarketing Research Giving Advertisers the Keys to Your Decision-Making?", ABCNEWS, 2004
- 12. Sefton D. "New Marketing Research Captures Brain Waves, Raising Privacy Concerns" c.2000 Newhouse News Service
- 13. Tierney J. "Using M.R.I.'s To See Politics On the Brain", The New York Times, 2004
- 14. Wahlberg D. "Advertisers Probe Brains Raise Fears", The Atlanta Journal, 2004.
- 15. Wells M. "In Search of the Buy Button", Forbes, 2003
- 16. Wilson, R. Mark; Gaines, Jeannie; Hill, Ronald Paul, "Neuromarketing and Consumer Free Will", Journal of Consumer Affairs, Fall 2008, Vol. 42 Issue 3, p 389-410.
- 17. Witchalls C. "Pushing the Buy Button", Newsweek, 2004
- 18. www.brighthouse.com
- 19. www.commercialalert.org
- 20. www.socialhallucinations.com
- 21. www.martinlindstrom.com

_

⁴⁹⁴ Joey Reiman, Thinking for a living, Business to Business Magazine, mai, 2004.

A HOLISTIC APPROACH OF RELATIONSHIP MARKETING IN LAUNCHING LUXURY NEW PRODUCTS CASE STUDY: RESEARCH OF THE DEMAND FOR HOUSING IN RESIDENTIAL COMPLEXES IN ORADEA

Pop Al.Nicolae

Academia de Studii Economice Bucureşti Facultatea de Administrarea Afacerilor (cu predare în limbi străine) Str. Mihail Moxa, nr. 5-7, sector 1, București nicolae al pop@yahoo.com 0744-388199

Fotea S. Ioan

Universitatea Emanuel din Oradea Facultatea de Management Str. Nufărului nr. 87, Oradea ioan.fotea@emanuel.ro 0745-238181

Mihoc Florin

Universitatea Emanuel din Oradea Facultatea de Management Str. Nufărului nr. 87, Oradea florin.mihoc@emanuel.ro 0740-420335

Pop N.Liviu

Doctorand Academia de Studii Economice București liviu.pop@farmanet.ro 0744-388066

On the basis of increased complexity of the exchange mechanism, at the beginning of the third millennium the contemporary marketing suffers some physiognomic changes. Holistic orientation of the contemporary marketing is imposed by the new dimensions the organization ought to take into account in its attempt to meet the costumer's needs. Marketing of luxury products constitutes a favorable environment for applying relationship marketing in particular, and requires, in general, a holistic approach.

Keywords: relationship marketing, holistic marketing, luxury marketing, residential complex, research on perception of luxury.

Cod JEL article: M31

Introduction

Marketing of the 21st century is marked by its relationship orientation. Without altering its essence, marketing is refocusing its efforts of increasing organizational performance through the development of long-term relationships with all its partners (suppliers, customers, other stakeholders). Such a mutation, takes place on the basis of shift from *transactional marketing* to *relational marketing*⁴⁹⁵, the latter requiring a new approach to business relationships among all the partners mentioned above. Customer orientation⁴⁹⁶, emphasized by relationship marketing, directs the entire controlling activity towards monitoring the profitability generated by company's relationship with its demand holders. The meaning this approach has for the organization, takes a new qualitative dimension, through two concepts, more commonly found in the theory and practice of developed countries: *customer lifetime value and customer profitability*⁴⁹⁷. Both concepts are common to *interactive marketing*⁴⁹⁸ and seek to ensure ability to identify and capitalize difference between customers.

Holistic orientation of marketing

On the background of increasingly complex exchange at the beginning of the third millennium contemporary marketing presents new physiognomy changes. Satisfying demands expressed on the market by consumers employs organization in a more diversified set of connections, not only with its beneficiaries but with its employees also, with the surrounding environment, raising ethical responsibilities, towards legislation and community to more higher levels. Thus, the *holistic orientation* of contemporary marketing ⁴⁹⁹ is shaped. Figure 1 depicts the structure of this orientation:

⁴⁹⁵ Pop, N. Al., Petrescu, E-C, Marketing et gestion de la relation client, Editura Uranus, București, 2008, pp. 21-24.

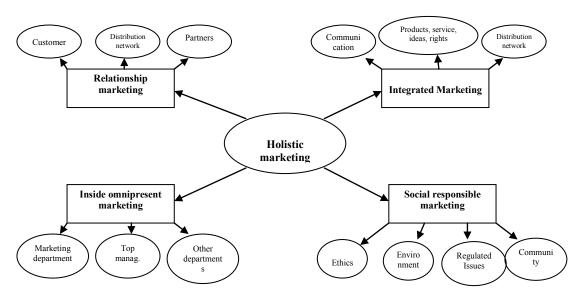
⁴⁹⁶ Bruhn, M., Kundenorientierung Bausteine eines excellentes Customer Relationship Management, 3. Aufl., Beck- Wirtschaftberates im dtv, Muenchen, 007, pp. 24 and following.

⁴⁹⁷ Rust, R.T., Lemon, K. N., Narazandas D., Customer Equity Management, Pearson Education Inc., Upper Saddle River, New Jersey, 2005, pp. 22; 511-514.

⁴⁹⁸ Chirouze, Y., Le marketing. Etudes et strategies, 2e edition, Ellipes, Paris, 2007, p. 335.

⁴⁹⁹ Kotler, Ph., Keller, K.L., Marketing Management, 13th Edition, Pearson Education Internatinal, Upper Saddle River, New Jersey, 2009, pp. 59-60.

Figure 1. Dimensions of Holistic Marketing



Source: adapted after Kotler, Ph., Koller, K.L., *Marketing Management*, 12th Edition, Pearson Education, Upper Saddle River, New Jersey, 2008, p.61.

Based on holism theory (Gk. Holas = whole), which says that the whole always has priority, more than the total sum of individual parts, *holistic marketing* requires development and implementation of marketing programs, processes and measures with a wide spectrum and correlated with each other. Stressing that the whole is important, an *integrated marketing* concept which is at the same time relational, integrated, omnipresent within the organization and socially responsible 500. This way, on the same level of importance are placed relationship marketing (which develops a strategic and long term vision for the organization with all its partners), marketing in action (integration of all components of marketing mix), implementation of marketing – as business perspective – in all departments of the organization and marketing responsibility towards the surrounding environment, the community where enterprises operate in accordance with business ethics requirements and of the law in force. Holistic marketing is exhibited as a complex model in Figure 2.

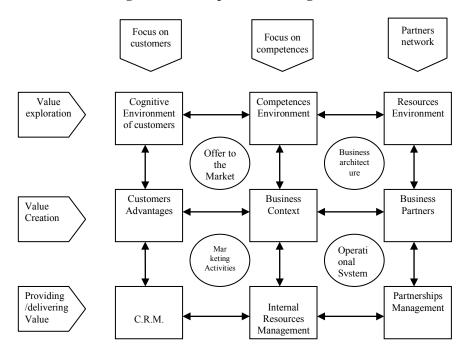
Focused around explorating the demand and delivering value to the customer, holistic marketing addresses these themes in a matrix approach, at the confluence with the focused efforts towards customers, competencies and partnering relationships. Economic environment has the ability to think in a strategic manner the *architecture of a business* and to model *supply offered to the market* in a more nuanced, fashion in relation to the motivational complex of demand, the medium and long term solvency of demand holder and the capacity to employ an efficient system of marketing activities. It is required, a rethinking of the criteria for ranking customers both in respect of their relational capacity, and the company's long-term performance in satisfying a very exacting high-demand⁵⁰¹. Under the current economic situation of Romania, affected by the outcomes of the global financial-economic

crises, marketing efforts have to be reanalyzed, especially in the area of luxury supply.

808

⁵⁰⁰ Kotler, Ph., Jian, D.C. Measinca, S., Marketing Moves Harvard Business Press, Boston, 2002, pp. 26-30. 501 Homburg, Ch., Droll, M, Totzec, D., Customer Prioritization: Does It Pay Off, and How Should It Be Implemented, în ''Journal of Marketing,''vol 72, (September 2008), pp. 110-130.

Figure 2. A Complex Marketing Model



Source: adapted by Kotler, Ph., Jian, D. C., Measince S., op. cit., 2002, p.29.

Marketing of luxury products

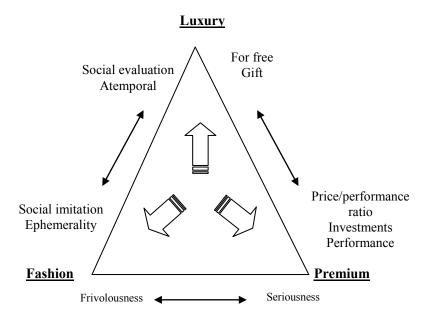
Within present economical context the perception of luxury is very different among potential buyers. The variety of expressions invented by the communication specialists have filled business vocabulary. "New luxury", "real luxury", "hyperlux", "trading up", "ultra-premium", "accessible luxury", etc. are just a few of them. Rather than clarifying luxury concept this semantic explosion creates more confusion. Luxury is not simply a word that defines a certain degree of wealth but also a *sociological and psychological complex concept*. Creation, proliferation and marketing of the luxury is not just a job, or know-how (savoire-faire) specific to selling jewelry, collection cars, unique clothing, or residential housing. It represents a distinct manner, with an emphasized *empathic nature* of understanding the customer and of service management which is called to satisfy the demands of Luxury in the contemporary society has undergone a democratization process under the influence of certain major factors that act on demand, such as: general increase of the average purchasing power, globalization of needs, communications at worldwide level available even in real time, communications etc.

Contrasting mass marketing, *marketing of luxury items* increasingly captures the attention of business people. Luxury is not merely targeted to small market niches, but rather gains more ground in the areas where persuasion is combined with medium and long term rationality. Situated at the confluence of *high solvency, fashion, art and consumer's personality* luxury attempts to position itself, from an economical standpoint, on a vector system, although such a process can be often considered ambiguous. Such a positioning test is exhibited in Figure 3, in the form of a positioning triangle.

.

⁵⁰² Pop, N. Al., Vlădoi, A.D., Marketerul - specialist complex, om de decizie si actiune, în revista Amfiteatru economic, Vol. XI, Nr. 25, February 2009, pp. 9-20.

Figure 3. The Distinction Between Luxury, Fashion, Premium: triangle of the positioning vectors



Source: adapted after Bastien, V., Kapferer, J-N., Luxe oblige, Groupe EYROLLES, Paris, 2009, p. 49.

Marketing of luxury products constitute a favorable field for applying relationship marketing concept in particular, and requires in general, a holistic approach. Customer satisfaction is central to the marketing approach and represents the starting point for customer attachment strategies vis a vis a product/a brand considered to be a luxury one. Being a complex psychological process of comparability between experience as beneficiary of a service and the representations of the manner and level to which the respective product/service satisfies a need, satisfaction is the main premise in increasing loyalty, being a real key for modeling customer buying behavior. These processes turn to three groups of variables: cognitive (based on superior quality of the goods, considering performance), emotional (based on emotions caused to the buyer) and relational (based on the interaction between provider and customer in the purchase)⁵⁰³.

Research of the demand for housing in residential complexes

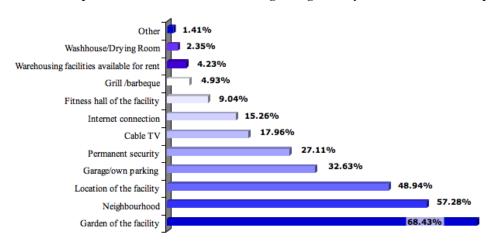
The applied part of the empirical survey undertook by the authors has focused on a market area that is situated at the confluence of luxury and rationality: residential housing facilities. In this current economical situation real estate market in general and residential complexes, in particular, have registered in last three quarters a major downturn. In order to support boost of this market it is essential that, the systematical and analytical survey of the demand to monitor the evolution of perception and willingness of the buyers to acquire luxury items. The demand for these products, perceived by the average customer as being luxury ones has a certain potential, which still has to be identified and developed using specific marketing instruments.

During the 5th to 12th of April, 2008 authors conducted a study on the local market of Oradea regarding public's attitude -potential customers- towards new houses located in residential complexes. Survey has been performed through an individual questionnaire containing scale questions, multiple choice questions and open ended questions. The questionnaire has been administered to a representative sample of 852 citizens of Oradea (of a total of 206.080 officially registered inhabitants), representing a random and stratified sample. Sample size was determined considering a confidence interval of 95% and a sampling error of 3,5%. Approximately 15% of the approached subjects refused to provide any answer.

Inhabitants of Oradea perceive luxury having a stronger emphasis on proximity than on the type of facilities provided by the residential complexes. Such facilities as TV and internet connections, warehousing space or fitness halls are perceived rather standard than luxury. Chart no. 1 gives an overview of the perceptions of luxury on residential facilities.

⁵⁰³ Meyer-Waarden, L., La fidelisation client. Strategies, pratiques et eficacite des outils de marketing relationnel, Vuibert, Paris, 2004, pg. 68-70.

Chart 1. Perception of Oradea's Inhabitants Regarding Luxury in a Residential Complex

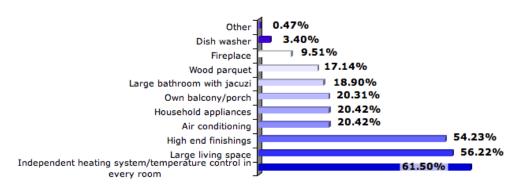


Question: Please circle first 3 elements that you associate with luxury housing in a residential facility of houses/villas or flats

Source: survey of public's attitude towards new housing within residential complexes in Oradea

Considering their own housing, luxury as it is perceived by inhabitants of Oradea is related to the nature of comfort and space provided. Environment control in respect of temperature control in each room, along with the large living space and high-quality of finishing are the main items considered luxury. Endowments in terms of household appliances -more readily available in recent years- are perceived as normal. Chart no. 2 below provides an overview of perception of luxury within the house.

Chart 2. Perception of Oradea Inhabitants Regarding Luxury Within The House



Question: Please circle the first 3 elements that you associate with luxury housing in a residential facility of houses/villas or flats

Source: survey of public's attitude towards new housing within residential complexes in Oradea

Conclusions

Perception of luxury is in continuous change and evolution in the sense that some of the elements that were hitherto perceived as luxury entered into normality by becoming increasingly available, while other new and extravagant elements replace them. In order to understand continual study and research on customers' wants and aspirations in the different stages a developing market goes through, as is the case of Romanian market in general, and real estate market in particular. Increase in average purchasing power and the globalization of customer wants impose providers a special attention as regards tailoring the offer through a holistic marketing approach so that via an integrated approach to capitalize on competitive advantages that are granted by the application of this concept.

Bibliography

- 1. Bruhn, M., Kundenorientierung Bausteine eines excellentes Customer Relationship Management, 3. Aufl., Beck-Wirtschaftberates im dtv, Muenchen, 2007.
- 2. Chirouze, Y., Le marketing. Etudes et strategies, 2e edition, Ellipes, Paris, 2007.
- 3. Hamburg, Ch., Droll, M, Totzec, D., Customer Prioritization: Does It Pay Off, and How Should It Be Implemented, in "Journal of Marketing," vol 72 (September 2008).

- 4. Kotler, Ph., Keller, K.L., Marketing Management, 13th Edition, Pearson Education International, Upper Saddle River, New Jersey, 2009.
- 5. Kotler, Ph., Jian, D.C. Measinca, S., Marketing Moves, Harvard Business Press, Boston, 2002.
- 6. Meyer-Waarden, L., La fidelisation client. Strategies, pratiques et eficacite des outils de marketing relationnel, Vuibert, Paris, 2004.
- 7. Pop, N. Al., Vlădoi, A.D., Marketerul specialist complex, om de decizie si actiune, în revista Amfiteatru economic, Vol. XI, Nr. 25, Februarie 2009.
- 8. Pop, N. Al., Petrescu, E-C, Marketing et gestion de la relation client, Editura Uranus, București, 2008.
- 9. Rust, R.T., Lemon, K. N., Narazandas D., Customer Equity Management, Pearson Education Inc., Upper Saddle River, New Jersey, 2005.

STUDY CONCERNING MICROBIOLOGICAL AND PHYSICAL-CHEMICAL CHARACTERISTICS OF TRANSYLVANIA HONEY

Popa Maria, Axinte Roxana, Varvara Simona

"I Decembrie 1918" University, 11-13 Nicolae Iorga St., 510009 Alba Iulia, Romania, mariapopa2010@yahoo.com

Vica Mihaela, Glevitzky Mirel

DSV, Veterinary Health County Departament Alba, 7A Lalelelor st., Alba Iulia, România

Tomescu Ada

University of Oradea, Faculty of Economic Sciences, 1, Universității street, 410087, Oradea, atomescu@uoradea.ro

Abstract. The present paper is a comparative microbiological and physical-chemical analysis of various types of honey (polyfloral, tilia, acacia, sunflower, and honeydew) collected from beekeepers and processors. The results have enabled us to make correlations between moisture, acidity, pH and the microbiological characteristics of the tested honey samples.

Keywords: honey, microbiological analysis, physical-chemical analysis

General aspects

Honey is a sweet and viscous substance produced by the honeybee from the nectar of floral plants. It is produced in almost every country of the world and it is a very important energy food, used as an ingredient in hundreds of manufactured foods, mainly in cereal-based products, for sweetness, flavour, colour, caramelisation and viscosity. The system of ensuring food products in sufficient amounts is on a continuous descending line. At the present time, the integrity, quality, sanitation and nutritional value of food products are paid increased attention.[1]. The concept of "food safety based on the general hygiene principles of food products and on the HACCP method adopted by Codex Alimentarius comes to reduce or control biological, physical and/or chemical contaminations [2]. Maintaining the contamination level within accessible, minimum limits leads to a linear and constant process when it comes to ensuring quality and food safety. Thus, the harvesting, collecting, manufacturing and storing of honey are a field in a continuous evolution and adjustment to the European legislation, industry needs and the harsh market competition.

Honey represents a semi liquid, yellow, sweet and flavoured foodstuff, with a great biological and caloric value (it contains sugar, vitamins and enzymes), collected and produced by the bees from nectar, manna or sweet juice that can be found in different parts of plants and trees. Being a "noble" product of the bee, honey has a wide range of action depending on its kind [3]. The physical-chemical and hygienic qualities of honey constitute indicators that offer information regarding the energetic and nutritional quality, as well as the possibility of falsifying honey. The authentication of honey is assessed through its physical-chemical parameters falling within the limits imposed by the present legislation. Falsifying agents or inappropriate thermal treatments are identified through the HMF (HydroxyMethylFurfuraldehyde) content.

The microorganisms in honey come from nectar and pollen, from the processing area, from the insufficiently washed machines or containers. The more frequently encountered sporulated microorganisms belong to the Bacillus type. The non-sporulated bacteria (Micrococcus, Pseudomonas, Flavobacterium) are less numerous, coming from the floral organs or the digestive tract of the bees. The filamentous fungi, being more spread in nature and having thermal resistant spores, with a great capacity of surviving, can be introduced in honey even by man, through dust, through the water installations or containers or even by the bees through pollen [4]. The microbes found in honey are not dangerous for the consumers' health. Even if Aspergillus flavus is found, there are no favourable conditions for aflatoxin.

The presence of microorganisms in honey can sometimes influence the stability of the product and its hygienic quality. Normal honey must lack pathogenic microorganisms or microorganisms that produce enteric illnesses.

Microbiological contamination during or after processing honey was demonstrated by the absence of the microorganisms in the samples collected from primary sources and by the presence of a certain type of bacterium (Bacillus spp) and eight types of fungi (more frequently Candida, Aspergillus, Geotrichum and Rhizopus) in the collected samples on local markets. This fact indicates the contamination from secondary sources during manipulations and previous processes. The contamination with fungi and bacteria indicate inadequate hygiene conditions during collecting, manipulating, processing and storing [8].

Experimental

Twenty bulk liquid honey samples of known origin, aseptically collected from beekeepers located in different areas of Transylvania (Romania) during 2008 and presented in table 1, were used for analysis. Each honey sample was purchased in duplicate in sterilised sealed jars of 200 g. The main *physical and chemical indicators* (hydroxymethylfurfuraldehyde (HMF), humidity, acidity and pH) that reflect the honey quality were determined according to the methods proposed in the Harmonized Methods of International Honey Commission [9].

According to STAS 784/3-1989, the main physical and chemical characteristics of honey found in Romanian stores are presented in table no. 1.

Table 1. Physical, chemical and microscopic characteristics of honey

Water, % max.	20
Acidity, ml NaOH sol.1N/100g max.	4
Reducing sugar, expressed as invert sugar, %, min.	70
Easily hydrolysable sugar, expressed as sucrose, %, max	5
Diastasic index, min.	6.5
Ash, %, max.	0.5
Specific pollen grains, with reference to the total number of pollen	25
grains examined, %, min.	
Hydroxymethylfurfuraldehyde (HMF), mg / 100 g max.	1.5 *
Colour index, mm. (Pfund scale)	max.18
Water insoluble substances, max.	0.1
Falsifying agents (artificial invert sugar, industrial glucose or another	0
starch hydrolysing substance, gelatine, gum, cereal flower or other	
starchy products, artificial colouring bodies, synthetic sweeteners etc.)	

^{*}Honey found in jars for sale allows for an HMF content of max. 4 mg per 100g.

The HMF content was determined according to the White method using a UV-VIS spectrophotometer (model T80 PG Instruments, UK).

Moisture content was determined measuring the refractive indices at 20°C by an ABBE refractometer. The corresponding moisture content was calculated from the refractive index of the honey by reference to a standard table.

The acidity of honey is the content of all free acids, expressed in milliequivalents/kg honey.

The honey sample (10 g) was dissolved in 75 ml carbon dioxide-free water and the pH value was measured using a pH-meter (Inolab level 2, WTW). The same solution was titrated with 0.1 M NaOH solution to pH = 8.30, using an automatic titrator (Titroline Alpha Plus, Schott Instruments).

Free acidity, express as milliequivalents or millimoles acid/kg honey = ml of 0.1 M NaOH x 10.

From a *microbiological* point of view, the contamination of the samples was done by determining the total number of aerobic mesophilic bacteria (NTG) and determining the yeasts and moulds. The used diluting liquid was peptonate physiological serum: 10g of sample were homogenised with 90 ml of SFP, obtaining the diluted solution 10^{-1} .

Total number of germs

Petrifilm Aerobic Count Plate is used –3M Microbiology producer USA.

Petrifilm is a reactive film covered with a dehydrated culture medium which contains standard nutrients, a jelly making agent which is soluble in cold water and a tetrazolium indicator which facilitates the enumeration of colonies.

For each sample, two Petrifilms are used, placing them on a flat surface. The upper part of the film is lifted and, with a sterile dropper we put 1 ml at a time from the diluted solution 10^{-1} on each of the two slates, the upper film is placed on the sample and is distributed with the help of the applying tool, and then some time is given to let it solidify for at least one minute. The Petrifilms are incubated at 30° C \pm 1°C for 72h. All the red colonies are counted, regardless of the size or intensity.

Yeast and mould]

Take two sterile boxes of Petri. With a sterile dropper pour 1 ml of the 10^{-1} diluted solution in every box. About 15 ml of yeast-glucose-cloramfenicol-agar extract is poured (Orgenics producer), previously melted and maintained at $45^0\pm1^0$ C in water, in every Petri box. Everything is carefully mixed, it is left to solidify, placing the Petri boxes on a horizontal, cold surface. A witness box is prepared, with 15 ml medium, in order to verify the sterility. The boxes are placed with the lid down, in the incubator, $25^0\pm1^0$ C. After three, four and five days of incubation, the colonies from each Petri box are counted. Evaluation: 100 CFU/g.

In order to identify the species and capture the images, a Hund Wetzlar H600LL microscope connected to a PC was used, using the Pinuacle TV Centre programme.

Results and discussion

Table 1 shows the physical-chemical indices: moisture content, pH, acidity and HMF of analyzed samples.

Table 1. The results of the physical-chemical analyses of the honey samples

Sample	Sample code	Moisture	nЦ	Acidity	HMF
no.	Sample code	content (%)	pН	(meq /kg)	(mg/kg)
1.	Polyfloral honey	15.6	3.72	41	12.2
2.	Polyfloral honey	16.8	3.99	23	52.3
3.	Linden honey	16.4	4.39	16	14.9
4.	Linden honey	17	4.86	11	1.0
5.	Acacia honey	18	3.75	12	4.3
6.	Acacia honey	19.4	2.89	14	8.4
7.	Forest honey	16.2	3.66	28.9	5.7
8.	Forest honey	15	3.98	43.8	21.7
9.	Sun flower honey	16.4	3.67	22.6	22.3
10.	Sun flower honey	19.8	3.59	20.9	23.8
11.	Polyfloral honey	16.4	3.6	37.3	31.8
12.	Polyfloral honey	15.4	4.01	20.6	7.4
13.	Polyfloral honey	15.6	3.9	55.6	4.5
14.	Polyfloral honey	16.4	3.78	28.5	2.3
15.	Polyfloral honey	16.6	4.04	30.4	8.5
16.	Polyfloral honey	14.6	3.8	24.4	30.0
17.	Linden honey	16.4	4.36	20.0	24.8
18.	Linden honey	16.4	4.01	23.4	14.2
19.	Acacia honey	16.4	3.9	14.3	64.3
20.	Acacia honey	16.8	3.9	14	10.7

The physical-chemical parameters values were within the reference ranges presented in UE or national reglementation. Exception is sample number 2 and 19 for HMF value and sample 13 for acidity level. In order to establish the microbiological characteristics of the honey samples, the parameters from table 2 were analysed.

Table 2. The microbiological control of the honey samples

Number of the sample	NTG/g	DM/g		
1	30	30 (Penicillium spp.)		
2	95	15 (Rhizopus spp., Aspergillus spp., Penicillium spp.)		
3	45	<10		
4	15	15 (Absidia spp.)		
5	20	<10		
6	20	20 (Penicillium spp.)		
7	40	40 (Penicillium spp., Aspergillus spp.)		
8	45	20 (Penicillium spp., Aspergillus spp.)		
9	35	<10		
10	10	10 (Fusarium spp.)		
11	30	<10		
12	25	<10		
13	<10	<10		
14	20	10 Aspergillus spp		
15	45	10 (Penicillium spp.)		
16	10	<10		
17	20	<10		
18	25	<10		
19	<10	<10		
20	20	<10		

The antimicrobial character of honey is confirmed by the results regarding the TNG (the total number of germs): in all the analysed samples it is under 100 CFU/g – value settled by the present legislation- which represents a reduced contamination with aerobic mesophilic germs. Out of the 20 analysed samples, the greatest microbiological importance was represented by sample no. 2 with 95 CFU/g.

Regarding the yeasts and moulds, we notice that there is no yeast in all the 10 analysed samples and the number of mould does not exceed 40/g in any sample. The most frequently encountered one is the *Penicillium* type (in five samples), then *Aspergillus* (in three samples). In each sample the fungi from the *Absidia (Mycocladus), Rhizpus* and *Fusarium* types were determined. We can notice that in the polyfloral honey sample fungi from the *Penicillium, Aspergillus* and *Rhizopus* types can be found. Also, fungi of the *Penicillium* type were identified in the acacia honey sample.

We can notice the presence of TNG in the samples subjected to various handling and also a variety regarding the types of fungi encountered in the honey samples. This fact confirms a contamination from a microbiological point of view during its manipulation by the beekeepers and the primary honey treatments, which indicate unsatisfying hygiene conditions.

Figures 6 and 7 present the results of the correlated log of bacterial number and moisture separately for polyfloral honey samples from other samples and except the two samples (13 and 19), where the microbial growth is lower than 10.

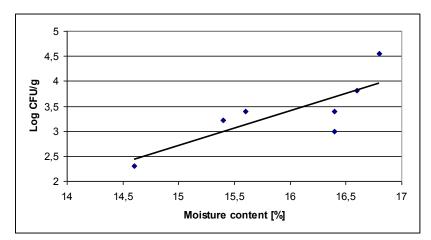


Fig. 6. Correlation between total counts in polyfloral honey sample and their moisture content

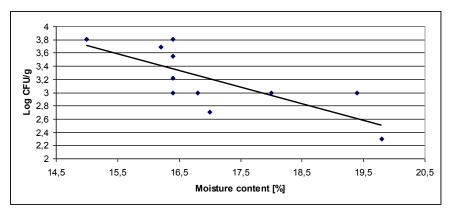


Fig. 7. Correlation between total counts in linden, acacia, forest and sun flower honey sample and their moisture content

Slope of regression line log of bacterial number over moisture is y = 0,6976x - 7,7593, $r^2 = 0,6378$ in case of polyfloral honey samples and y = -0,253x + 7,5075, $r^2 = 0,5714$ for linden, acacia, forest and sun flower honey sample.

The dependences between TNG and the water content from the analysed samples were emphasized. The correlative analysis shows that there are appreciating correlations between the microbiota and the physical-chemical honey parameters.

Conclusions

The study allowed the qualitative analysis of the honey samples collected from beekeepers in Transylvania.

The experimental values of the physical-chemical and microbiological parameters of honey demonstrate the following:

The presence of mould (especially of mould) in the *Penicillium, Aspergillus, Absidia, Rhizpus, Fusarium* types, but which cannot exceed the limit values. These facts, as well as the favourable conditions can lead to generating and developing micotoxins.

Contamination from secondary sources during the manipulations due to the inadequate hygiene conditions during the selection, manipulation and storing.

The importance of corresponding processing of honey: filtration, dehydration, liquefaction, pasteurization (70-78°C for 5-6 min.), cooling (sudden at 42°C) and wrapping in order to stop or destroy the present microorganisms.

The physical-chemical parameters were within the limits imposed by the present legislation, except for 2.13 and 19 samples.

Correlating the physical-chemical and microbiological results is necessary in order to sanitation of honey. This fact constitutes practical proof in ensuring food safety.

References

- 1. Savu, Constantin, Hygiene and product control, Semne Publishing, Bucureşti, 2008, p.3
- 2. *** National food safety best practice guidelines, Uranus Publishing, Bucharest, 2007, p.14
- 3. Mărghitaș Liviu Alexandru, Bees and their products, Ceres Publishing, Bucharest, 2008, p. 280
- 4. Gillian, M, Moffett, J. O. si Kauffeld, N. M, Examination of floral nectar of citrus, cotton and Arizona desert plants for microbes, Apidologie, 14(1983), 299-302
- 5. Tofan, Clemansa, Food Microbiology, AGIR Publishing, Bucharest, 2004, p. 285
- 6. Amon, S. S., Damus, K. Si Chin, J. Infant botulism: epydemiology and relation to sudden infant death syndrome. Epidemiol. Rev. 3(1981), 45-66
- 7. Herminia Martina Martins, M. Ligia Martins, Fernando M. A. Bernardo, Bacillaceae spores, fungi and aflatoxins determination in honey, Revista Portuguesa de Ciencias Veterinarias, (2003), 989 (546), 85-88
- 8. Tchoumboue Joseph, Awah-Ndukum Julius, Foneth Florence A, Dongock N Delphine, Pinta Jonnas and Mvondo Ze Antoine, Physico-chemical and microbiological characteristics of honey from the sudano-guinean zone of West Cameroon, African Journal of Biotechnology Vol 6(7), 2007, pp 908-913;
- 9. Stefan Bogdanov, Harmonised methods of the international honey commission, (2002), 1-62;
- 10. ***SR ISO 7954-2001 General directives for the count of yeasts and moulds. The technique of colnies counting at 250C

POSITIONING, AN IGNORED CONCEPT?

Popescu Andrei

The Academy of Economic Studies Bucharest Faculty of Marketing Piata Romana nr. 6, room 1406 pandreirobr@yahoo.com 0723-141810

Brandabur Raluca Ecaterina

The Academy of Economic Studies Bucharest Faculty of Marketing Piata Romana nr. 6, room 1406 raluca.brandabur@gmail.com 0744-609010

Tatu Cristian Ionut

The Academy of Economic Studies Bucharest Faculty of Marketing Piata Romana nr. 6, room 1406 tatuci@gmail.com 0721-227397

Petrescu Nicolae Daniel

Str. Nicolae Titulescu nr. 17, Bl. I5ab, Sc. B, Ap. 5, Craiova, judetul Dolj ndpetrescu@gmail.com 0741-521761

Positioning is a very important marketing concept. Thus, it is our opinion that any student who graduates the first 3 years cycle should know the fundamentals of positioning. Unfortunately, this concept still doesn't have a clear place in the marketing faculty's syllabus and, as a result, it's not properly taught. The research is focused on determining the students' current level of understanding regarding the positioning concept and on identifying possible solutions for the future.

Keywords: marketing, positioning, marketing research.

Cod JEL: M3

Ideas on positioning

The word "positioning" was used for the first time by two advertising executives, Al Ries and Jack Trout, in their "1969 articles published in "Industrial Marketing" and "Advertising Age""504. "Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market. A good brand positioning helps guide marketing strategy by clarifying the brand's essence. The result of positioning is the successful creation of a "customer-focused value proposition", a cogent reason why the target market should consider buying the product"505.

There are still many unclear aspects about the concept of positioning. The first problem is where to fit this concept in the marketing process as a whole. In my opinion, positioning should have its place between marketing research, with its results of segmentation and targeting, and marketing mix design. Nowadays, there are still too many companies which go straight from identifying the need to marketing mix, without taking into account and choosing from the number of positioning alternatives. This situation of "no positioning" is the worst possible.

The second problem derives from the first: what role does positioning fulfill in the marketing process? I believe that positioning has the role of coordinating the company's marketing policy. We can break the marketing process into four stages:

- the research stage: the company gathers all the necessary information related to the general environment, the market and its competitors;
- the positioning stage: after analyzing the above data, the company must select a position that offers the best chance of success on the market, but also a position it can support with its strong points;
- the marketing mix stage: upon choosing the desired position, the company's task is to communicate it through all the components of the marketing mix. The company's brand cannot occupy the desired position unless the four components of the marketing mix converge to the same image;
- the implementation stage: this stage can determine the success or failure of the above program, because process management errors can result in seriously damaging marketing mistakes.

Consumers usually choose products/services that offer them the greatest perceived value. The brand's **value proposition** refers to the full set of benefits upon which the product/service is positioned. There are many value propositions upon which a company could position its products. However, there are only five winning value propositions, that is positioning that gives the company competitive advantage. These **5 winning positioning alternatives** are:

- 1) **More for more**. This alternative involves providing superior quality, craftsmanship, durability, performance or style and charging a higher price to cover the higher costs. The strong point of this alternative is that it symbolizes status, thus giving prestige to the buyer. Yet, this alternative is vulnerable to imitations and economic downturns.
- 2) **More for the same**. This alternative is aimed at attacking the more-for-more positioning. If applied correctly, this alternative can be highly successful.

⁵⁰⁴ Enis, Ben, Cox, Keith - "Marketing classics: a selection of influential articles", Ed. Allyn and Bacon Inc., S.U.A., 1988.

⁵⁰⁵ Kotler, Philip, Keller, Kevin – "Marketing management", Pearson Prentice Hall, Upper Saddle River, New Jersey, 2006, page 310.

- 3) **The same for less**. This can be a very powerful alternative, building its success on the fact that everyone likes striking a good deal. This alternative is also applied when companies develop imitative and lower-priced brands in order to steal market share from the leader.
- 4) **Less for much less**. This alternative is built upon the idea that not everyone can afford only the best in what they buy. Many consumers will settle for a product/service that offers less and as a result costs less. One of the risks involved in applying this alternative is going beyond the lowest level of quality and performance acceptable for the consumer. A second risk appears when this alternative is used by two or more companies on the same market, which can lead to price wars.
- 5) **More for less**. If possible to achieve, this would no doubt be the winning positioning alternative. In the short run this is actually possible, but in the long run companies will find it very difficult to deliver on both of these promises. As offering more usually costs more, sooner or later companies must decide if they want to compete primarily on "more" or on "less".

Each brand must choose the positioning alternative that best serves the needs and wants of its target market. In any market, there is always room for many different brands, each successfully occupying different positions.

Once a company has selected its desired brand positioning, there is still a long way to go. There are still four marketing mix components to be harmonized, which is always a difficult task. "Thus, a firm that seizes on a more-for-more position knows that it must produce high-quality products, charge a high price, distribute through high-quality dealers, and advertise in high-quality media. It must hire and train more service people, find retailers who have a good reputation for service, and develop sales and advertising messages that broadcast its superior service. This is the only way to build a consistent and believable more-for-more position"506. Moreover, there is still the implementation stage, a never-ending battle for market supremacy. Yet all the upcoming battles are half-won if the obtained brand positioning provides a solid foundation.

The research and its findings

Positioning is a very important marketing concept. This is probably an idea that needs no more reasoning. Enough of a reason should be the very important part positioning plays in the strategic marketing planning process. If positioning is such an important concept, it should be taught in one of the marketing faculty's courses. No student should graduate the first 3 year cycle without knowing the fundamentals of this concept: the meaning of positioning, what is a positioning map, which is the positioning's place in the strategic marketing planning process. Unfortunately, at the moment positioning is barely mentioned in the introductory marketing course, and it enjoys a few other sporadic appearances throughout the core marketing courses. Having in mind the purpose of advocating for a distinct place for positioning in the marketing faculty's syllabus, we've set up the following marketing research, which should provide us with all the necessary reasons.

In order to guarantee the validity of our findings, we chose a full research. Thus, all the 3rd year students were asked to fill in a questionnaire regarding the positioning concept. The following results were just a confirmation of our previous assumptions.

Our first objective was to see whether or not the students know the meaning of positioning. Obviously, if all the student would know what positioning means, there would be no need for further study regarding this concept. Thus, we discovered that only 26% of the students don't know the meaning of positioning. We believe this result to be encouraging, having in mind that a solid 74% are familiar with the concept. Still, the results show us the need for a more profound study regarding positioning.

Our second objective was to find whether or not the students know what is a positioning map. Besides knowing what positioning means, another fundamental issue is knowing how to measure this concept. The results are surprising, to say the least. Thus, we discovered that 85% of the students know what is a positioning map. Is it possible for someone to know how to measure a concept, without knowing what that concept means? This is a paradox which will surely disappear when the students will undertake a thorough study on this concept.

The third objective was to find whether or not the students know which is the positioning's place in the strategic marketing planning process. If a student knows what a concept means, how to measure it, and where to insert it in the general theory, there is no need to further study that concept. Unfortunately, the results are disastrous. Only 20% of the students know the correct answer to this question. This result is a more than enough reason to accept the need for a distinct place for positioning in the marketing faculty's syllabus.

In the end, we wanted to see whether or not the students themselves perceive the need to further study this concept. In other words, we wanted to know if there would be a "market" for a course on positioning. Thus, we discovered that only 7% of the students think they don't need further training on this subject. 48% of the students want to know more about positioning, by making it a chapter in the marketing introductory course. The rest of 45% believe that the presence of a "Positioning" course in the marketing faculty's syllabus is highly desirable.

Based on this research, it's easy to conclude that there is a need to further study the concept of positioning. It is our belief that this need would be best addressed by a "Positioning" course at the masters level.

References:

- 1. Enis, Ben, Cox, Keith "Marketing classics: a selection of influential articles", Ed. Allyn and Bacon Inc., U.S.A., 1988.
- 2. Kotler, Philip, Keller, Kevin "Marketing management", Pearson Prentice Hall, Upper Saddle River, U.S.A., 2006.
- 3. Kotler, Philip, Armstrong, Gary "Principles of marketing", Pearson Prentice Hall, Upper Saddle River, U.S.A., 2006.

BACKGROUND COMMUNICATION STRATEGY TO PUBLIC COMPANIES

Popescu Maria Loredana

Spiru Haret University, Accounting and Finance Faculty, Rm. Vâlcea Rm. Vâlcea, str. G-ral Praporgescu, no. 22, tel. 0745885587, E-mail: popesculrdn@yahoo.com

Călin Cristina

Spiru Haret University, Accounting and Finance Faculty, Rm. Vâlcea Rm. Vâlcea, str. G-ral Praporgescu, no. 22, tel. 0723279858

Before a company can proceed with marketing, it must first establish what markets and needs it wishes to serve.

Marketing is essential for any company seeking to take advantage of its

In the first stage, a company's task is to develop a global strategy which includes marketing strategy.

This paper starts from the importance of a good marketing communication strategy in the general activity of a company.

Key words: strategy, marketing communication, mission, budget, plan.

Starting from the role that marketing communication has in the activities throughout an organization there is necessary the marketing communication approaching from a strategic perspective.

In the context of strategic approach, of organization overall policy, the marketing strategy is an important component of it, and in the marketing strategy, the marketing communication is strategically approached.

From the studies presented by many authors, the strategy promotes coherence, consensus and continuity of communication approaches.

The Romanian Marketing school had an important role in developing the concepts of strategy and strategic marketing too. Teacher Constantin Florescu said that "marketing strategy designate lines defining the attitude and business conduct in order to achieve certain objectives. How to implement the strategy is the field of marketing tactics. It involves practical actions by which the undertaking in its potential, while adapting to the concrete conditions of the market, so that, step by step to move towards the strategic objectives that it has proposed."

Olteanu Valerica states that "marketing strategy defines the firm attitude towards the environment and its behavior in relation to its components".

Following the concept of development strategy in general and in marketing strategy, in particular, becomes necessary to explain the concept of strategic marketing. In literature there are many definitions that try to explain what it means and what strategic marketing deals. When referring to literature in the field of marketing, but also that of management was a strong resemblance to present concepts of strategy, strategic planning, strategic marketing and strategic management.

The two concepts, strategic marketing and strategic management gather several important components: the enterprise mission, business strategy, positioning the product (service), competition analysis.

Thus, in the book "Management" by O. Verboncu I. Niculescu strategy is defined as" all major objectives of the organization for long term, the main ways of achieving, together with the resources allocated to achieve competitive advantage under the organization mission".

If in this definition we replace the word strategy with "strategic marketing" we can say that it represents an approach of the long term, a component of modern management-oriented to the market. The setting of objectives, the mission and strategies to obtain competitive advantage represent the strategic stages of the approach under consideration by an enterprise.

Due to the interference of the two sciences, marketing and management, it has been possible the occurrence of a new concept, management – marketing, seen as "an interdisciplinary scientific field, theoretical foundation of the company's effective integration into the environment (external) ". This new concept, developed in the Romanian School of Marketing, demonstrates concerning for understanding and explaining the concepts of marketing and management, which creates a valuable scientific basis for those wishing to expand in these areas.

Marketing communication has to be regarded as an essential component in a company. We are witnesses at evolution in sense of increasing marketing communications role and its contribution in achieving the goals the companies proposes in their work.

Taking into account what we have presented, we can say that today: marketing communication is a fundamental dimension of the mechanism of operation of the organization.

In the way of background strategy marketing communication it must be taken into account the overall strategy of the organization and to take account of major strategic decisions which have the following:

- -Long-term orientation of the organization;
- -defining scope of work of the organization;
- -linking activities with the environment in which it operates;
- -linking activities with the resources it has available.

All items listed above represent fundamental options for the company for a period that can range from 5 to 10 years; they define the organization's overall strategy. They are designed to follow the competitive advantage of the company for long term and comes to the general management education.

As the basic responsibilities of management education, we mention:

- defining the organization mission;
- formulation of the fundamental objectives of the organization;
- determining the structure of portfolio activity;
- identify strategies to ensure achievement of the objectives;
- allocation of the resources required for implementing the strategies.

Defining the organization mission is a first phase of strategic planning that starts with establishing the mission, define the scope of activity that it will work, establishing strategic business unit and the general setting. Strategic vision will be reflected in all stages of strategic planning; through it the company is oriented to the market.

It should be noted that this step is part of the strategic planning-oriented market that is set at corporate level.

Defining the mission is a difficult task for management, because the goal involves determining what to do and what to become and where it wants to reach. In this regard, Peter Drucker outlined: "... A business is defined by the need that a customer satisfies when buying a good or a service. Satisfying the customer is the mission and purpose of any business."

As a result, a mission should be oriented to the market, to the consumers' needs.

Therefore, the mission must state:

- -products / services, the company will achieve;
- -consumer groups concerned;
- -these consumers' needs.

If the mission is not clearly defined from the start, then all the marketing planning process will suffer, couldn't be precisely determined the objectives, the strategies and the envisaged programs.

Defining mission involves consideration of four elements:

level of detail (width of the mission);

audience of the mission;

uniqueness mission;

market orientation of the mission.

Level of detail refers to the narrow or too wide of the mission, both of them not recommended because it leads to impaired activity of the enterprise. For example, a producer of natural juices, which states that its mission lies in providing refreshments for the whole market is obvious that he has too broadly defined its mission.

Audience of the mission refers to the category of persons to whom it is intended, namely the segment concerned. Here should be considered in addition to the enterprise customers the employees and the suppliers, which must be informed about the purpose and the role they can play in achieving it.

The uniqueness of the mission has the merit of achieving a higher differentiation in relation to other competitors, which will enable the company achieve a competitive advantage.

Market orientation reflects the mission of the whole strategic vision management, which allowed the inclusion of mission between the strategic marketing.

Philip Kotler believes that a mission should be defined by five distinct elements:

- -company history;
- -current preferences of the owners and of the management;
- -market situation;
- -organization resources;
- -specific capabilities of the organization.

In terms of communication approach, once defined, the mission must be made known to all categories of the public who presents interest for the organization.

From the employees' point of view, it must be motivating, so that they adhere to the objectives of the organization and have the feeling that their work is important and useful for the life of their fellows.

The formulation of the fundamental objectives of the organization is based on the mission the organization has made, taking into account the analysis of internal and external environment in which it operates. The objectives are set by the superior management and take into account all activities of the organization.

In terms of content they are divided into two categories: economic ones and social ones.

The economic objectives take into account the profit, turnover, level of dividends, the value of the shares.

The social objectives follow: the relationship with the organization's employees, the use of clean technologies, asserts an attitude that demonstrates a developed civic spirit, the assumption of social responsibilities.

Establishing the general marketing envisaged to be tracked down in a way that it will help to achieve the mission. As such, they must meet certain requirements: acceptability, flexibility, measure, staff motivation, clarity, feasibility and compatibility.

Establishing the structure of portfolio of activities. If the mission is focused on customers, then it becomes necessary to define the scope of its activity. Definition can be made in a broad sense, it is recommended that the definition of the scope of activity to be made taking into account both alternatives to avoid ignoring some advantages that would exist throughout the industry and to avoid any confusion due to the too vague scope of the work

An enterprise may carry on its activity in one area or in several related fields.

After an enterprise successfully succeeded in defining its field of activity, it must also evaluate their activities to allocate resources to the profitable ones and to discard the less profitable ones. This can be done by defining strategic business units.

Defining strategic business unit (USA) is closely linked to defining the scope of activity of the enterprise. The concept of strategic business unit was first used by General Electric, which has developed a method of analyzing the portfolio of activities (products) of the company. U.S.A. designates "a separate business within the company who has its own group of competitors and can be managed relatively independently of other business of the company.

Hence, we can deduce that U.S.A. is a distinct activity with its own mission, which is derived from the general objectives and specific strategies. It has its own competitors, and thus it acts on a target market of its own.

Kotler notes that U.S.A. may be a division, product line or even a single product or brand of the company.

Concluding, a U.S.A. may have the following three characteristics:

- is an individual or group of related activities that can be planned separately from the rest of the company;
- has its own competitors;

-has a leader responsible for planning and obtaining profits, which controls the majority of the factors, determining profitability.

Therefore, identification of strategic business units has a major importance for the enterprise, enabling them to develop its strategic plans for each unit separately.

Another issue that is related to the U.S.A. refers to the importance of appropriate allocation of resources to each activity. Some of these activities can be expanded, others maintained or even eliminated depending on their profitability or non-profitability. But those decisions may be taken only after the relevant assessment, using a series of analytical methods known in the literature as methods of analysis of the portfolio of business enterprise. The role of the portfolio analysis is to identify and exploit the competitive advantage in the market segment targeted. The best known models of analysis are: the Boston Consulting Group (BCG matrix), the General Electric (McKinsey), the Arthur D. Little.

The fourth phase of strategic marketing planning is to materialize marketing strategy in marketing programs, aiming at implementation and then, fixing a budget, finalizing with the analysis and control of all marketing activities.

The stage of resource allocation and control of the marketing program starts with a marketing program, a marketing tool that presents practical methods for implementing the chosen strategies. Another important step is determining the size of marketing budget, which is broken down for different areas: business market research, advertising, sales promotion, direct marketing, promotional events, distribution, and the months or quarters of a year. The budget should be made for each market segment taken into account, in accordance with the strategy chosen, being determined according to the developed marketing program. The marketing budget should include a statement of revenue, which specify the sales forecast, and planned expenditures related to costs of production and marketing (promotional activities, distribution, etc.)...

In determining the size of the budget, there are used various methods, starting with the empirical ones and by using computer programs.

Marketing strategies are transposing into marketing programs for each component of the marketing mix, aiming to describe tactics used by the company to achieve objectives.

Philip Kotler states that an effective marketing program should combine the elements of marketing mix in a program designed to achieve marketing objectives of the firm. Concretely, the marketing must include routes for product, price, distribution, promotion; which will be used by the company to meet the target.

Marketing programs or programs of action refers to the concrete action for the strategy to be implemented. They indicate:

- -what will be done?
- -when will be done?
- -who is responsible?
- -how much will it cost?

The marketing should describe the activities to be undertaken, their sequence, duration, and responsible persons for each activity. The marketing program is part of the marketing plan. The enterprise periodically organizes a marketing plan, which will coordinate its work and more action programs, which will describe the concrete implementation of the strategy.

A marketing plan established for a period of three months, six months or a year shall be known as a tactical plan, while a strategic plan has an average duration of 2-3 years or 5 years long.

The relationship between the marketing and strategic marketing plan can be highlighted through the objectives of the program, supporting the objectives of the strategic plan. Specifically, the contribution of marketing in the process of global strategic planning, follows the following aspects:

- definition and mission support organization
- -analysis of the environment in which the organization acts;
- -defining the organization's overall image;
- evaluating the attractiveness of different industries.

In process of background communication strategy marketing it should be started from its importance in the strategic planning process. In developing this strategy it must be taken into account the complexity, hence the need for a strategic approach, in the global policy. The period for which this strategy is determined is from three to five years and must take into account in strategy background:

global image and overall message to be sent;

main lines of action;

the possibility to decline the general message according to main directions of action so as to maintain consistency of the specific messages that will contribute to global image. Marketing communications largely contribute to the formation of the organization's overall image. Taking into consideration the image corresponding to objective reality of the organization, specialists make the desired image, which corresponds to the way in which the organization wants to be perceived by the public. This strategy is the subject of communication. Implementing the strategy issued leads to the run picture. When communication strategy is put in place well, the picture should be circulated to coincide with the desired image. Besides your formal nature, in practice the organization may give some messages that are often in conflict with the desired image and can seriously harm the image of the organization.

Information which comes from different types of public the organization comes into contact: suppliers, distributors, customers, and competitors, they expressing favorable or less favorable opinions to the organization.

As a result of the intervention of factors which has lost the sight or the company can not control, often the image made is different to the desired image, so it will act so that the image formed to match the most desired image, counteracting the informal messages that may negatively influence the formed image, taking away from the desired image.

In order to create and strengthen the image specialists have the components of communication capital: manufactured products, marketed brands, identity, vocation, enterprise culture.

The overall design strategy is extremely complex.

In substantiation of this process is started by setting the coordinates to the image desired by the global organization. Basic features of the image of the organization should consider the following:

- -be simple:
- be understood by all the concerned public;
- express reality;
- -answer to the public's expectations.

In order to obtain maximum efficiency of a communication approach there must be considered the following characteristics: specificity, comparability, communicability, reliability, feasibility and profitability.

An important step in that the global communications strategy for marketing is analyzing the current situation of the organization. At this stage there are analyzed:

- -The real situation (material resources, organization projects, the way of organization, communication with employees);
- -Macro-environment in which the organization operates;
- -Commercial context and relations with customers;
- -Relationships with suppliers and distributors;
- -The financial environments
- -Relations with public opinion
- -Current and previous communication;
- -Competitors.

After the stage of analysis was finished, it goes to the next stage, the evaluation of the desired image through results, which will be held traits characterized by attraction, credibility and corresponding to strategic guidelines of the company.

The fourth stage is the formulation of communicational objectives approach, by creating a strong identity to the organization, conferring legitimacy to organization options, emphasizing a specific image.

Final step is making the best strategic options.

Thus it can choose between several strategic alternatives, depending on the overall picture:

- -Commercial communication strategy which is choosen when the image is meant to coincide with the overall business;
- -Corporate communication strategy the company chooses for when they want the overall image to coincide with the corporate one;
- -Joint communication strategy that involves the combination of the two types of strategies, the commercial and the corporate ones.

In case of commercial communication, depending on the subject of communication, there appear as strategic options:

- -communication strategy with the sole object adopted by organizations that produce a single product. There are exceptions in the case of companies which opt for either a star product or for a single one.
- -communication strategy with multiple object used by organizations that produce multiple products and want the communicational message to be built as in center having at least two of them.

In case of corporate communications, depending on the target, we have:

- communication strategy with a single target which is used by organizations interested in one category of public.
- communication strategy with multiple target which is preferred by organizations that cover more categories of public.

In conclusion communication strategy aims to ensure coherence of approaches such as communication, the ultimate goal being that no messages will be disseminated to distort the overall picture, it is as close as possible to the desired one.

Bibliography

- 1.Dragon V coordinator "Marketing", Uranus Publishing House, 2000.
- 2.Cetina I "Financial-Banking Marketing, Economic News House
- 3.Dumitru M "Financial Administration of the Enterprise," Tomorrow Foundation Romania Publishing House, Bucharest, 2005.
- 4.Olteanu V "Financial-Banking Marketing, Ecomar Publishing House, Bucharest, 2005
- 5. Popa I "The Market", vol I, Truth Publishing House, Bucharest, 2003
- 6. Popescu I "Marketing Communication", Economic Publishing House, Bucharest, 2002
- 7. Sandu Ghe "The Enterprise Financing", Economic Publishing House, Bucharest, 2002
- 9. Staicu S, Michael M "Financial Reports and Half-yearly Reports, Universitaria Publishing House, Craiova, 2004
- 10. Toma M, Alexander F "Finances and Financial Administration of the Enterprise", Economic Publishing House, Bucharest, 2002

LEGAL RESTRICTIONS IN THE USAGE OF PROMOTION TECHNIQUES IN THE EUROPEAN PARLIAMENT ELECTIONS

Potincu Cristian-Romeo

Transilvania University of Braşov Faculty of Economic Sciences 1, Colina Universității, Brașov cristipotincu@unitbv.ro, cristipotincu@yahoo.com

Muresan Laura

Transilvania University of Braşov Faculty of Law and Sociology 25, Eroilor Blvd., Braşov laura.muresan@unitbv.ro, lauramureshan@yahoo.com

The European Parliament is made up of the representatives of the European Union member state peoples. Any citizen of a member state has the right to vote and be elected a European member of Parliament in the European Union country where he resides, for which reason he is considered an European citizen. The election of the representatives of the European Parliament is governed, in each member state, by the national legal norms. The legislative regulations in the promotion techniques field used in the political marketing are ample and varied, covering a wide range of actions or inactions which can be implemented by the political actors in their electoral "fight". The legal restrictions grant the guarantee of a fair electoral competition in order to elect the persons wanted by the Romanian electorate for the European member of Parliament mandate.

Keywords: legal norms, promotion techniques, political marketing, European Parliament elections.

JEL classification: K (Law and Economics)

At art. 38 related to the right to be elected in the European Parliament, the Romanian Constitution stipulates: under the conditions of the accession of Romania to the European Union, the Romanian citizens have the right to elect and be elected in the European Parliament.

1. The European Parliament and the Europarliament elections

The European Parliament has appeared by means of the institutive Treaties. Through the Resolution of 20 March 1958, the three similar institutions have been reunited in the European Parliament Assembly, which has produced its effects starting 1960.⁵⁰⁷ Through the resolution of the European Parliament Assembly of 30 March 1962, the name European Parliament has been established, which also exists nowadays.

The European Parliament is made up of the representatives of the European Union member state peoples.508 The representatives of the peoples thus form an organism which represents not one people but a plurality of peoples (made up of all the citizens of the European Union considered collectively).⁵⁰⁹

Any citizen of a member state has the right to vote and be elected a European member of Parliament in the European Union country where he resides, for which reason he is considered an European citizen. The election of the representatives for the European Parliament is governed, in each member state, by the national legal norms. At present, the president of the Parliament is Joseph Borrell Fontalles (from 2004 to 2009). 511

Under the conditions of the accession of Romania to the European Union, the citizens of the Union who meet the requirements of the organic law have the right to elect and be elected in the public administration authorities.⁵¹²

2. Legal conditions regarding the usage of promotion techniques in the Europarliament campaign

The electoral campaign is considered to be that period of time during which the electoral competitors develop propaganda activities in order to determine the electors to express their votes in their favour. ⁵¹³ The electoral campaign starts when the election date is made public, and ends 2 days before the voting day. Voting starts on reference day 7 June 2009, 7,00 o'clock. Voting also ends on reference day 7 June 2009, 21,00 o'clock; the electors who at 21,00 o'clock are in the room where it is voted, can express their right to vote.

⁵⁰⁷ Fuerea, A.: Institutiile Uniunii Europene, Editura Universul Juridic, Bucuresti, 2002, p. 83.

⁵⁰⁸ Lefter, C.: Fundamente ale dreptului comunitar instituțional. Editura Economică, București. 2003, pp. 121 și urm.

⁵⁰⁹ Mureşan, L.: Drept comunitar. Protecție juridică și responsabilitate socială. Editura Universității Transilvania din Brașov. 2008, pp. 38-40

⁵¹⁰ Manolache, O.: Drept comunitar. Editura All Beck, București. 2003, pp. 94-106.

⁵¹¹ See official site of European Parliament: http://europarl.eu.int/

⁵¹² Romanian Constitution (Republished in Monitorul Oficial no. 767 of 31. 10.2003), Art. 16 alin. 4.

⁵¹³ Potincu, C.: Ethical Aspects Related to the Political Marketing. in Proceedings of the 4th Edition of the International Scientific Conference: European Integration – New Challenges for the Romanian Economy, May 30-31, 2008, Oradea pp. 1100-1101.

The reference day of the Europarliament elections is established and made public by the Government, by decision, at least 90 days before. The reference day is established within the period decided upon with this purpose by the European Union Council. 514

Decision no. 217 of 04.03.2009 regarding the approval of the Calendar schedule of the action to be taken for electing the Romanian members in the European Parliament in 2009 approves of this calendar schedule provided in its annex, annex which is part of the decision.

During the electoral campaign, the candidates, parties and political formations, citizens, including all social organizations have the right to express their opinions freely and with no discrimination, by means of meetings, assemblies and mass information means. But in order for the means used and actions developed to be legal, they must be compliant with the rightful order.⁵¹⁵

The establishment of the timetable for the electoral campaign and the distribution of the allocated broadcasting time for the access of the political parties, political alliances and independent candidates to the public radio and television services are made after the candidatures have been confirmed.⁵¹⁶

The electoral campaign consists in an open competition, regulated by legal norms between the candidates proposed by the parties and alliances in elections for gaining the suffrages of the electorate. It is one of the key-moments of the electoral competition.⁵¹⁷

Under the conditions of expressing the political pluralism and competition between parties and candidates, the free and periodical elections are the defining element of the modern democratic system. By means of this mechanism, the democratic societies periodically elect their political leaders, or can replace them by means of non-violent procedures.

The elections take place within a well-defined framework of rules and procedures referring to all stages and operations which this process must cover, from the preliminary political conditions to the technical procedures for awarding mandates and validation of the election results. These rules and regulations are codified in a package of legislative and procedural regulations called electoral system.

The electoral systems are the ensemble of norms and procedures defining the conditions which must be met by a citizen, in order for him to be able to express his fundamental political rights, the right to elect and be elected, the guarantees which he must grant the authorities for the correct development of the elections, rules of correct organization and development of elections, rules of practical organization and development of the poll, as well as the principles and mechanisms for awarding the mandates further to the elections.⁵¹⁸

During the electoral campaign, the candidates shall benefit from the constitutional stipulations regarding the freedom of speech. Thus, art. 30 of the Romanian Constitution stipulates that the freedom of expressing one's thoughts, opinions or beliefs, and the freedom of creations of any kind, orally, in writing, by means of images, sounds or other means of public communication, are inviolable, and the censure of any kind is forbidden. Moreover, the freedom of speech cannot prejudice the dignity, honour, private life of the person or right to his own image. But these legally protected rights have also limits, the defamation of the country and nation, the urge to aggression war, national, racial, class or religious hatred, the instigation to discrimination, the territorial separatism or public violence, as well as the obscene manifestations, contrary to good faith being forbidden by the law.

We will proceed to the constitutional regulation of the right to information in art. 31. Thus, the mass, public and private information means must provide the correct information of the public opinion. The public radio and television services are autonomous. They must grant these services to the important social and political groups. We will reach the organic regulation of the audiovisual. At art. 3, law no. 504 of 11 July 2002 of the audiovisual establishes that, by means of broadcasting and retransmitting the programme services, the political pluralism is achieved and ensured, while observing the fundamental liberties and rights of the human being. All providers of audiovisual media services are obliged to provide the objective information of the public by correctly presenting the facts and events, and to favour the free formation of opinions. In this field, an important role is played by the National Audiovisual Council, which is the autonomous public authority, under parliament control, guarantor of the public interest in the audiovisual communication field.

Art. 26¹ of Law no. 504/2002 encourages and facilitates the pluralist expression of the currents of opinion, the broadcasters are obliged to reflect the electoral campaigns in an equitable, balanced and impartial manner. For the correct application of the previous provisions, the Council issues obligatory norms, controls the observance of the legal stipulations and issued norms, and sanctions their violation. Thus, the Code for the regulation of the audiovisual content adopted by the NAC in 2006 establishes the provision of correct information and pluralism in

_

⁵¹⁴ Fabian, G., Mihu, N., Veress, E.: Parlamentul European. Editura Wolters Kluwer, Bucureşti. 2007, p. 41

⁵¹⁵ Ionescu, C.: Regimul politic în România. Editura All Beck, București. 2002, pp. 134-135.

⁵¹⁶ Gilia, C.: Sisteme și proceduri electorale. Editura CH Beck, București. 2007, p. 213

⁵¹⁷ Tănăsescu, E. S.: Legile electrale. Comentarii și explicații. Editura CH Beck, București. 2003, p. 178.

⁵¹⁸ Fulga, Gh.: Societăți și sisteme politice contemporane. Doctrine și realități. Editura Economică, București. 2004, pp. 141-142.

⁵¹⁹ Published in Monitorul Oficial no. 534 of 22.07.2002.

Title IV. Art. 71 provides that within the news and debate programmes the information referring to issues of public, political, economic, social and cultural interest must comply with the following principles:

- 1. Provide the impartiality, balance and favour of the free formation of opinions, by presenting the main opposing points of view, during the period in which the issues are in public debate;
- 2. Provide a clear distinction between the presented facts and opinions;
- 3. Avoid any forms of discrimination related to race, ethnicity, religion, nationality, sex, sexual orientation or age. Presenting the main opposing points of view is usually ensured within the same show or exceptionally in the next shows; in case those required refuse to mention their point of view, this shall be mentioned on TV or radio.

In the news programmes, including sports news, out of the total time dedicated to the expression of politicians, the broadcasters shall allocate 60% to the representatives of the power, and 40% to the parliament opposition, independent members of parliament and non-parliament political parties, as well as their local representatives. The number of the power and opposition representatives who take part in debate shows, must be equal.

For the purpose of correct information and free formation of opinions, the broadcasters shall take into account the weight of the parliament parties and the importance of the issues in debate.

Section 5 of the Code for the regulation of the audiovisual content adopted by the NAC in 2006 deals with the political publicity and publicity referring to the practice of various professions. Thus, art. 155 establishes that, in the sense of this code, the publicity videos promoting a party, politician or political message is considered political publicity. This act completes this type of publicity with the interdiction of the political publicity, except for the electoral campaign periods.

Law no. 33 of 16 January 2007 regarding the organization and development of the elections for the European Parliament⁵²⁰ transposes the Council Directive no. 93/109/CE of 6 December 1993 which establishes the conditions of exerting the right to vote and to candidate in the European Parliament elections by the European Union citizens residing in a member state whose citizenship they do not possess,⁵²¹ and the Act of 1976 referring to the election of the European Parliament members, by means of direct universal vote,⁵²² with the subsequent modifications.

Art. 1. of this law establishes the general legal framework for organizing and developing the election of the Romanian members in the European Parliament. The Romanian members in the European Parliament are elected by universal, equal, direct, secret and freely expressed vote, according to the law. The mandate of the Romanian members in the European Parliament is of 5 years.

The modifications of Emergency Ordinance no. 11 of 25.02.2009 for the modification and completion of Law no. 33/2007 referring to the organization and development of the European Parliament elections must also be taken into account.

The purpose of this modification is the need to provide a correct and transparent electoral process taking into account the deficiencies found in the process of applying the dispositions of Law no. 33/2007 referring to the organization and development of the European Parliament elections, with its subsequent modifications and additions; all these aim at the public interest and are an extraordinary situation whose regulation cannot be postponed.

By "resortisant" elector, Law no. 33/2007 means any citizen of Romania, having his domicile or residence in Romania or abroad, who has the right to elect the Romanian members in the European Parliament.

During the electoral period, in case opinion surveys with electoral content are presented, according to Law no. 33/2007, these must be accompanied by the following information: name of the institution which made the survey; date or period of time during which the survey was made and the used methodology; size of the sample and maximum error margin; who requested and who paid for the survey.

The television vote or inquiries made in the street among the electorate must not be presented as representative for the public opinion or for a certain social or ethnical group.

48 hours before the reference day (7 June 2009), it is forbidden to present opinion surveys, television votes or inquiries made in the street.

Exit opinion surveys can be conducted by the public opinion surveying institutes of commercial companies or non-governmental organizations who are entitled to conduct opinion surveys and which are accredited by the Central Electoral Office, by decision, with this purpose. Their survey operators have access, based on the accreditation of the institution for which they work, to the voting station protection area, without having access inside the voting station.

On the voting day, it is forbidden to present exit surveys, before the voting has ended.

The political parties, political alliances, electoral alliances, citizen organizations belonging to the national minorities taking part in the elections, as well as the independent candidates are obliged to ask, until the date their candidatures have been confirmed, the management of the public radio and television services, for the granting of allocated broadcasting time. The requests made after this deadline are not taken into account.

⁵²⁰ Published in Monitorul Oficial no. 28 of 16.01.2007.

⁵²¹ Published in European Comunities Oficial Jurnal no. L 329 of 30.12.1993.

⁵²² Published in European Comunities Oficial Jurnal no. L 278 of 8.10.1976.

The access of political parties, political alliances, electoral alliances and citizens' organizations belonging to national minorities taking part in elections, as well as independent candidates to the public radio and television services is free of charge. The private radio and television channels shall apply the same tariff per show and time for all political parties, political alliances, electoral alliances and citizens' organizations belonging to national minorities taking part in elections, and the allocated broadcasting time offered to them must be proportional with those practised by the public channels. The failure to observe the provisions of this alignment by the private radio and television channels entails their sanctioning. The sanctions are established by decisions of the National Audiovisual Council.

It is forbidden to include electoral publicity videos in other shows than the electoral shows.

The electoral propaganda activities cannot affect in any way the green areas, natural reservations and ecologically protected areas.

The following deeds are contraventions and are sanctioned with fines between 1,000 RON to 2,500 RON:

- 1. Destroying, deteriorating, dirtying, covering by writing or any other way of the displayed programme-platforms or any other posters or printed electoral propaganda notices;
- 2. Wearing during voting by the members of the voting station electoral offices, persons in charge of security or accredited persons, escutcheons, badges or any other electoral propaganda signs.

Moreover, promising, offering or giving money, goods or any other gains in order to determine the elector to vote or not to vote for a certain list of candidates or a certain independent candidate, as well as their being received by the elector, for the same purpose, are offences and are punished with prison from 6 months to 5 years. The attempt to these deeds is punished.

3. Conclusions

As resulted from the title of the work, the role of the legal norms adopted at internal and European level is to establish certain limits in developing the electoral "fight" for the positions distributed to Romania in the European Parliament.

The internal regulations of the legal framework regarding the European Parliament elections are harmonized with the normative acts in this field. These community normative acts establish the guidelines of the elections for the positions distributed to the Member States in the European Parliament. These internal legal regulations are called electoral system and include the ensemble of rules and procedures regarding all stages and operations which must be achieved by the political actors, from the preliminary political conditions to the technical procedures used to award mandates and validate the election results.

The study deals with the existing Romanian legislation in the field of promotion techniques used in the political marketing. The promotion techniques used by the political actors during the electoral campaign are restricted by legal norms transposing elementary ethical norms at the legislative level.

As for the freedom of speech of the candidates during the electoral campaign, the legal restrictions protect it against any censure. However, the legal restrictions also action contrarily. Thus, the exertion of the freedom of speech cannot prejudice the dignity, honour, private life of the person, or right to one's own image; it cannot libel the country or nation; it cannot instigate to aggression war, national, racial, class or religious hatred; it cannot instigate to discrimination, territorial separatism or public violence; it cannot have obscene expressions, contrary to good faith.

As for the right to information of the electorate, the public and private mass information means must provide the correct information of the public opinion. In order to achieve this objective, the National Audiovisual Council benefits by an ample legislation.

The legal interdiction of the electoral publicity videos in other shows than the electoral shows is interesting. This is a limitation of the usage of electoral publicity videos, instruments used by the political actors during the electoral campaign.

The legislative restrictions in this field interfere with the environmental legislative provisions. Thus, the electoral propaganda activities cannot affect in any way the green areas, natural reservations and ecologically protected areas

The legislative restrictions refer to doing deeds of reduced or increased gravity, i.e. contraventions or offences.

Contraventions are the following deeds: destroying, deteriorating, dirying, covering by writing or any other way the displayed programme-platforms or any other posters or printed electoral propaganda notices; wearing during voting by the members of the voting station electoral offices, persons in charge of security or accredited persons, escutcheons, badges or any other electoral propaganda signs.

Offences are the following deeds: promising, offering or giving money, goods or any other gains in order to determine the elector to vote or not to vote for a certain list of candidates or a certain independent candidate, as well as their being received by the elector, for the same purpose.

As it can easily be noticed, the legislative regulations in the field of promotion techniques used in the political marketing are ample and various, covering the entire range of actions or inactions which can be committed by the political actors in their electoral "fight". Thus, a much needed legal protection is created in using these promotion

techniques. The legal regulations grant the guarantee of a fair electoral competition for the election of the persons wanted by the Romanian electorate for the European Parliament member mandate.

Bibliography:

- 1. Fabian, G., Mihu, N., Veress, E.: Parlamentul European. Editura Wolters Kluwer, Bucureşti. 2007.
- 2. Fuerea, A.: Instituțiile Uniunii Europene. Editura Universul Juridic, București. 2002.
- 3. Fulga, Gh.: Societăți și sisteme politice contemporane. Doctrine și realități. Editura Economică, București. 2004.
- 4. Gilia, C.: Sisteme şi proceduri electorale. Editura CH Beck, Bucureşti. 2007.
- 5. Ionescu, C.: Regimul politic în România. Editura All Beck, București. 2002.
- 6. Lefter, C.: Fundamente ale dreptului comunitar institutional. Editura Economică, București. 2003.
- 7. Manolache, O.: Drept comunitar. Editura All Beck, București. 2003.
- 8. Mureșan, L.: Drept comunitar. Protecție juridică și responsabilitate socială. Editura Universității Transilvania din Brașov. 2008.
- 9. Tănăsescu, E. S.: Legile electrale. Comentarii și explicații. Editura CH Beck, București. 2003.
- 10. Poţincu, C.: Ethical Aspects Related to the Political Marketing. in Proceedings of the 4th Edition of the International Scientific Conference: European Integration New Challenges for the Romanian Economy, May 30-31, 2008, Oradea pp. 1100-1105.
- 11. Official site of European Parliament: http://europarl.eu.int/
- 12. The act of 1976 regarding the election of the European Parliament members, by means of universal direct vote published in European Comunities Oficial Jurnal no. L 278 of 8.10.1976.
- 13. Directive of the Council no. 93/109/CE of 6 December 1993 which establishes the conditions under which the right to vote is exerted, and to candidate in the elections for the European Parliament by the citizens of the European Union residing in a member state whose citizenship they do not possess published in European Comunities Oficial Jurnal no. L 329 of 30.12.1993.
- 14. The Romanian Constitution, republished in Monitorul Oficial no. 767 of 31.10.2003.
- 15. Law no. 33 of 16 January 2007 regarding the organization and development of the elections for the European Parliament published in Monitorul Oficial no. 28 of 16.01.2007.
- Law no. 504 of 11 July 2002 of the audiovisual published in Monitorul Oficial no. 534 of 22.07.2002.
- 16. Emergency Ordinance no. 11 of 25.02.2009 for the modification and completion of Law no. 33/2007 regarding the organization and development of the elections for the European Parliament published in Monitorul Oficial no. 134 of 04.03.2009.
- 17. Decision no. 217 of 04.03.2009 regarding the approval of the Calendar schedule of the action to be taken for electing the Romanian members in the European Parliament in year 2009 published in Monitorul Oficial no. 146 of 09.03.2009.

PROMOTION STRATEGIES FOR HEALTH-CARE SERVICES

Radoviciu Ruxandra

University "1 Decembrie 1918" of Alba Iulia Faculty of science Alba Iulia, Nicolae Iorga No.11-13 e-mail: ruxandra rdvc@yahoo.com Tel: 0724308546

Stremtan Filimon

University "I Decembrie 1918" of Alba Iulia Faculty of science Alba Iulia, Nicolae Iorga No.11-13 e mail: filimon stremtan@yahoo.com Tel: 0766109615

The paper approaches the main promotion strategies used by companies that provide health-care services. The promotion represents all the efforts of an enterprise to positively influence the buyers' opinion regarding the products and/or services that are traded at a given time, this being its main objective. The strategies laid down in this paper refer to the services' quality, to the promotion of packages of health-care products and packages which target the employees. The closing of the paper makes a few recommendations that will surely contribute to a better functioning of the medical services at local and national level.

Keywords: strategy, promotion, communication, services;

JEL codes: M 310; M 370;

The recent joining to the European Union imposes the necessity to revise/change the way health-care services are approched. These services must identify the real needs of the population and to elaborate certain programs to ensure for the population equitable access to health-care services. From this point of view, it is necessary to group and highlight the promotion strategies for health-care services.

The promotion represents all the efforts of an enterprise to positively influence the buyers' opinion regarding the products and/or services that are traded at a given time, this being its main objective. In the health-care department this means promoting health-care services of quality, which a company from this area puts at the disposal of the population.

The promotion is efficient when it has the power to create the desire to acquire the services provided by a company, with the help of its techniques. For health-care services offered by the population with the purpose to control and improve their physical, mental and social health, promotion is the process that gives the possibility to know the services offered by a firm working in the health-care department.

The promotion for health-care services must comply with the following conditions:

To supply information – a company providing health-care services must inform the population about its existence, about the services it provides and the benefits earned by a client as a result of purchasing a certain service. For example, in the case of a medical clinic endowed with a laboratory, when health problems are discovered for a patient, the clinic can add to the results of the medical tests a list with the main specialists from that area, and if the patient wants to get different opinions from more specialists from the same clinic, then he receives a discount.

To influence public behaviour – designing information campaigns about the negative consequences that tobacco, alcohol and prescription drugs consumption can have;

To remind - clients must be reminded about the advantages of purchasing the services offered by a medical clinic, in order to prevent them from changing their preferences;

Neutralizing unfavourable information – the measure is necessary for the cases when rumours with a negative impact over the clinic's image are launched;

Differentiating services – it occurs because of the existence on the market of many private clinics that provide to the potential clients similar packages of products. The content of these packages and their costs can't be known by the future clients, unless promotion campaigns are launched in order to attract the clients to a certain clinic.

To support an efficient promotion, a well defined communication system intervenes in order to help the health-care providing companies to achieve the marketing and general objectives. An efficient communication imposes the creation of a long-term relationship between client and company, creating the image of the organization which gets involved actively in the citizen's life, informing them about the fact the company honours its promises.

The promotion strategies for heath-care services are based on the use of various communication channels. They can be grouped in two major categories: personal channels of communication and impersonal channels of communication.

The personal channels of communication imply a direct dialog between two or more persons. This type of communication can be achieved through the following methods: face to face communication; phone conversation; communicating by mail; communicating on an Internet forum.

The elements of direct communication for the health-care services' promotion can be illustrated as follows:

Face to face communication – the employees of the health-care provider offer information to the clients regarding the existence of a new headquarter, closer to the client's home, as well as the introduction of a new service;

Communicating by phone – the company's employees should phone clients to communicate them the possible changes or cancellations of their schedule; this type of communication is often used to facilitate the patients' appointments;

Communicating by mail – at the request of the client or of the family doctor, the firm can send the results of the medical investigations by mail, the company can also send brochures and pamphlets to family doctors;

Communicating on an Internet forum – the new services and the price changes can be announced through this channel.

The impersonal channels of communication are characterized by the possibility to send messages without a personal contact and without a personal communication. The main mass communication channels are included in this category, such as the printed media – newspapers, magazines; the broadcasting media – radio, television; the on-line media – e-mail, web sites. Advertising is a form of paid impersonal communication, which uses elements specific to mass communication with the purpose to send a message to a large, dispersed audience, with the intent to inform about the services provided by a company in the health-care department.

The advertising's objectives for health-care services are:

- informing the potential clients about the services the company provides;
- bringing awareness about the risks a person is subjected to when he or she is avoiding to go in time to the doctor;
- promoting additional services, such as going to the person's home for medical tests and/or giving medical treatments if the person can't go to the firm to receive it;
 - promoting services of home care;
 - informing the public about shows on various medical subjects;
 - informing the public about the chance to do specialized investigations with state of the art equipment;
- informing the public about the chance to see specialists from the town of residence or especially brought to the clinic from all over the country;
 - promoting discounts and/or gratuitousness for people with low incomes;

The most used forms of advertising in the health-care department are:

- Informative advertising –is recommended if the company introduces a new type of service on the market;
- Persuasive advertising used to attract clients;
- Advertising to remind used to keep alive the clients' interest;
- Advertising directed towards the professional and business environments is used when the health-care providers want to sign a contract for the employees of a firm to benefit from certain services at regular periods of time;
- Advertising directed towards the consumers is used if a network of health-care provider exists. The targeted client is the one who is informed about the services' separation within the network (the client is informed in which clinic belonging to the network he can receive services as IRM, pneumology, neurology, laboratory, etc);
- Depending on the size and importance of the health-care provider, advertising can have different levels of geographical spreading, from local to international advertising.

The advertising used by a firm in the health-care department is done with the help of the following communication channel:

Newspapers – insure a good local level covering, but don't provide high quality in sending the messages;

Magazines – cover a larger geographical area; the quality of colours, images and texts insure a bigger impact when reading the message;

Television – through the combination of sound and motion it turns to the audience's senses;

Radio – a passing exposure with a low level of attention;

E-mail – a high control of the sent messages; a high degree of personalization;

Web sites – on-line commercials on various sites or informing about discounts, events, forums.

The following types of strategies can be differentiated depending on the media channel, the tender and the market's structure:

The tender is taken into account when structuring the strategies depends on the way the product is approached. The strategic options are:

the global product promotion strategy – of the medical services provided by health-care companies;

the strategy to promote distinct components by using means and messages specific for each component – promoting each service provided by a health-care company.

The market's structure generates three types of strategic options: concentrated, differentiated and non-differentiated.

The concentrated strategy is used when the company chooses a market segment to address to through the content of the promotional messages and the mean to communicate is chosen. For example, determining the osteoporosis level for women over 45 years old.

The differentiated strategy implies choosing two or more market segments considered as being the target segments for which are chosen the most efficient means of communication and the adequate messages. For example, hypertensive clients, children, etc.

The non-differentiated strategy – is used when the company conceives a promotional strategy that targets the irregular market. Is specific for services or organizations belonging to a local geographical area (private practices).

Promotional environments – depending on the supply at the disposal of the population, the health-care providing company must choose the most adequate promotional environments in order to send its messages. The content of the sent message, the targeted clients, the tender determine, for all the promotional environments, three strategic alternatives: intensive, exclusive and selective.

The intensive promotion strategy is centred upon the use of all the promotional channels and means. It is met and recommended for companies with a large range of services in a highly divided market.

The exclusive promotion strategy requires choosing and using a single promotional channel. This strategy is rarely used and almost only for individual practices.

The selective strategy takes into account the selection and use of only that promotional mean which insures the best way to send the advertising message for every targeted market segment.

The personnel play an important role because they differentiate and position the health-care provider on the market. The personnel insure a permanent contact between the provided services and the clients' needs. Through their behaviour, the clients influence the coming-back rate, thus contributing to their loyalty to the company. Depending on the frequency of the personnel-clients contacts, the personnel's role in promoting the services is: permanent, periodical, occasional, arbitrary. These roles divide the health-care personnel in the following categories: contractors, changers, with influence, isolated.

The contractors – insure the permanent contact between the health-care provider and the clients; it is actually the most representative health-care service. In this category are included the medical personnel (doctors, nurses).

The changers – are a category that has a regular contact with the client and helps at running the service. This category includes the registry personnel, the laboratory and radiology employees, etc.

The personnel with influence – rarely make a contact with the clients, but contribute to the good functioning of the medical services. The management personnel from different levels are included here.

The isolated – are a category that doesn't have contact with the client, but insure the necessary support to provide the services. The supply, maintenance, cleaning, cooking, etc employees are included here.

From all the personnel categories mentioned above, the most important are the "contractors" (doctors, nurses) because their training level, their behaviour, fairness and promptitude determine the way a health-care service's quality is perceived by the client.

In order to provide quality services, the strategies regarding different personnel categories from the health-care department start with the recruitment, selection and hiring of the best employees and then permanently training them. The life long learning of the personnel is mandatory for all the practice levels: general practitioners, specialists from local, regional or national organizations, and is achieved through programs of sustained medical training (classes, conferences, seminars, etc). Unlike doctors, the nurses are the biggest group of persons who provide health-care services. This requires them to have qualifications which include the ethical, cultural and professional standards; the latter will be improved and developed continuously within programs of sustained training.

The motivation represents another strategy regarding the health-care personnel. It is necessary to have a complex personnel evaluation system, so that there is a fair correlation between the performance evaluation and the awarding system. This evaluation system must determine employees to be aware of and to assess for themselves their activity, this way they will be motivated to improve their performances.

Another aspect with major implications for health-care services are the work teams. The strategy regarding the forming of the group must take into consideration the roles played by each person, depending on the complexity of the provided service (the specialization and the number of surgeons, anaesthetists, nurses, etc).

As in any area, in the health-care department communication holds a major place at a formal and at an informal level, on the inside and on the outside of the company. That's why the strategy to stimulate communication must contribute to serving the company's interests and to inform correctly the potential clients. The firm's management is responsible to create a favourable climate for the employees, but is also responsible for the climate in the entire company. The positive answers given by the clients are closely related to the existent climate.

Recommendations:

To inform the public better, the family doctors should create a data base with the patients at the level of the private practice. These data bases must include all the information about the patients' medical history (blood type, allergies, tests' results, predispositions to diseases, existent illnesses, etc.). This data base should become national and be available to be accessed in case of emergency by doctors in hospitals and clinics or even by ER services. The patient should also have access to the data base.

To consider the patient's free time and to avoid lines, the health-care providers should create a communication system (electronic, through the Internet) in order to take up on the requests made by them regarding the appointments, the vacations of the family doctors, as well as sending to the patients the results of the investigations by e-mail.

Bibliography:

- 1. Ioana Cecilia Popescu, Marketing Communication, second edition, revised and affixed, Uranus, Bucharest 2003;
- 2. Philip Kotler, Gary Armstrong, The Marketing Principles, fourth edition, Teora, Bucharest 2008;
- 3. Ștefan Prutianu, Corneliu Munteanu, Cezar Caluschi, Marketing Plus Intelligence, second edition, Polirom, Iași 2004;
- 4. Valerică Olteanu, Service Marketing A Managerial Approach, Ecomar, Bucharest 2003;
- 5. Violeta Rădulescu, The Health-Care Services Management, Uranus, Bucharest, 2008;
- 6. ***Law no.95 from Aprilie 14, 2006 regarding the health-care department reform;

THE HORIZON OF DEVELOPINGTHE EGYPTIAN MARKETING TOURISM IN EU

Radwan Alaa El Din Hussien

Alaa El Din Hussien Radwan contact address: The Bucharest Academy of Economic Studies Doctoral School of Marketing Tache Ionescu Street, no.11 Email: alaaradwan5@yahoo.com Telefon: 0040 724 833 066

Egypt made a tremendous effort during the last few years to enhance its tourism sectors. This was reflected in the number of tourists who visited Egypt, especially form E.U. and also in the revenue from the tourists who jumped in the recent years. Related to tourists coming from Europe, we still have traditional markets especially Italy, Germany, France, U.K., but also have promising countries such as Czech Republic, Austria, Scandinavia (Finland, Sweden), East Europe (Hungary, Romania). That's why we should activate our tourism campaign in these promising countries.

In general, we should think about emotional, dreaming as motives for the tourists coming from Europe, not only historical, traditional. Promotional instruments such as participating in tourism fairs are not convenient now for E.U. consumer attraction, but we should orient to internet, periodical magazines.

Key words: tourism, E.U., Egypt, hotel, history

JEL code: M3

1. The current situation of tourism in Egypt

Tourism development

Throughout the last fifteen years, the tourism industry in Egypt has experienced significant developments, as illustrated in Table 1 which depicts the main indicators for two sub-periods (1985-1993 and 2000-2007).

For the period as a whole, the number of tourist arrivals increased more than seven-fold from 1.5 million in 1985 to 11.1 million in 2007, recording an average annual growth rate of 9.2 percent. In the meantime, tourist nights grew from 9 million to 111.5 million, at an annual rate of 12.1 percent on average, implying extension of the duration of stay of visitors from 6 nights to 10 nights over the period. Similarly, tourism earnings jumped from about \$315 million to nearly \$9.5 billion, accounting today for almost 25 percent of total tourism receipts of the Middle East region (WTO 2008).

With respect to tourism supply, lodging facilities witnessed considerable expansion in response to mounting inbound tourism flows. Total accommodation capacity of hotels and tourist villages in operation rose from 27.3 thousand rooms in 1985 to nearly 190.2 thousand by the end of 2007. An additional capacity of 156.2 thousand rooms is planned for the coming five years, particularly in rapidly growing resort areas along the Red Sea Coast and El Aqaba Gulf Coast in South Sinai, and more recently along the North Coast, West of Alexandria (MOT 2008).

Table 1. Main Tourism Indicators, 1985-2007

Table 1. Main Tourism mulcators, 1965-2007								
Tourism indicators	1985	1993	2000	2007	Average annual growth ra		wth rate	
					1985- 1993	1993- 2000	2000- 2007	
No. of arrivals (million)	1,5	2,5	5,5	11,1	6,8	11,8	10,6	
No. of nights (million)	9,0	15,1	32,8	111,5	6,8	11,7	19,8	
Average length of stay of visitors (night)	6	6	6	10	-	-	7,8	
Tourism receipts (\$ billion)	0,3	1,9	4,3	9,5	26,7	12,5	12,0	
Lodging capacity(000 room)	27,3	58,8	111,3	190,2	10,0	9,8	7,7	

Source: MOT (Ministry of Tourism), Tourism Figures (1996, 2008)

As a result of large and increasing influx of visitors, coupled with disproportionate growth in lodging capacity (less than 9 percent a year), occupancy rates displayed an upward trend. The figures indicate escalation of average room occupancy rates from 43 percent in 1993 to slightly over 63 percent in 2007 (MOT 2008).

2. How to enhance the Egyptian tourism in the E.U. market:

2.1 Long haul tourism

- Markets that already choose to visit Egypt for tourism: Germany, U.K., France, Italy, Netherlands, Spain, Austria.

2.2 Promising market in E.U.

Still there are markets where we can attract more tourists like: Bulgaria, Sweden, Slovenia, Denmark, Czech Republic, Poland, Portugal, Hungary, Finland, Ireland, Romania, Slovakia, Estonia, Luxembourg.

2.3 Number of tourists arrived from EU to Egypt in 2005 (mill.):

- 4,413 with share of 61% of total Middle East visitors from EU.

2.4 How to enhance the Egyptian tourism on the E.U. market

What the E.U. consumer prefer at the current time:

- tourism of sun and seashore: attract almost 80 million tourism. Main destination in 2006 was Spain;
- culture tourism: more important than sun and seashore; attract 70 million tourists; this kind call the Spanish government to change its strategy to make this type as its priority; big competitors in Europe like France, Germany beside Spain;
- sightseeing and journey tourism: attract 40 million tourist; main destination is Spain;
- cities tourism: attract almost 38 million tourist, connected with low cost airlines and will grow within these years to attract 60 million tourists;
- village tourism: for the persons who like to go to the mountain, like village atmosphere; attract almost 17 million tourists;
- conference and incentives: attract 12 million tourists;
- elite tourism: for people who express regardless about the cost; attract 8 million tourists; Egypt has big chance in this field:
- health tourism: people either want to lose their weight or to be more healthy; attract 5 million tourists;
- navigation and yacht tourism: growing very fast; for the people who want to rent yachts, not to buy it, attract 3,5 million.

What Egypt can attract and invest:

- sun and seashore, culture tourism;

How to market the Egyptian tourism:

Model of marketing consist of 4 components:

- customer attraction;
- evaluation system (how we evaluate the market);
- producing value (value of tourism production when we offer);
- how we attract new customers and convince them to repeat their visit

Generally we must concentrate on dreaming society tourists as it attracts almost 40% of international European tourism; it is expected to grow in the next six years and to attract 60% of that market.

We must answer these questions:

- What those new tourist are looking for?
- What are their requirements?
- How dream society works?

New market (aimed market):

- Adventure tourism: people want to experience unnormal things to pass stories about challenge, emotional, risks, efforts, achievement.
- Sport tourism: like the olympic games.
- Nature tourism: like safari, full of experience stories about animals and where risk face the tourists.
- Love tourism: birthday, honeymoon, wedding parties.
- Richest tourism: not limited to millionaires, but also to youth who have surplus money.
- Welfare tourism: for people who want to feel the luxury and difference.
- Relax safety tourism: people aim to spiritual feeding.

What promotional instruments are needed to promote Egypt in E.U.:

- Printed advertising: still sounding well.
- TV advertising: you must have direct attractive message, must be short, not more than 10 seconds.

What should Egypt do?

Must make two different advertising campaigns, everyone special in certain tourism product. For example, if you want to promote the sun, seashore, we must concentrate in that particular one, and if we want to promote the historical tourism we should make advertising campaigns about tourism.

- Magazines

It is more effective than TV if we want to attract the active passengers. We should put our advertisment in at least five different magazines.

The importance of information to promote the Egyptian tourism in Europe

The greatest challenge in the tourism industry is to change the way that we want to tell us that the product needs of tourists these days differed significantly from the requirements in the past.

Information society by:

- Rooms sellers
- A comprehensive makers flights
- Vendors
- Director of Operations

The dreams of the community:

- The experience of sellers
- Makers Stories
- The narrators of stories
- Director of stories

Emotional pyramid:

- Security and safety:

Is a very important element of the emotional elements of the pyramid in the world, especially now that terrorism is a major role, it is important to the sense of security and safety.

- Diversity:

The diversity of the product is very important because today is the tourists and visitors of various specialized and sophisticated in its demands.

- Personalization:

It means that the tourist feels that there is care and attention in a manner that he harbored a personal characteristic (and not part of a group or part of a place).

- Acceptance:

Accepted in the sense of place and presence that is acceptable to the community, who is in it.

- Development:

This means that tourists want to learn something and go to the rear, and that satisfy spiritual needs.

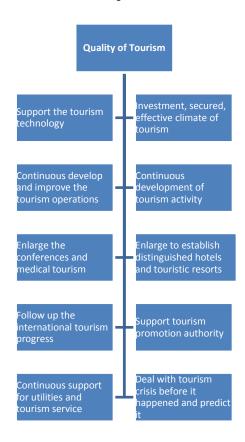
-Contributing:

Is a very important element of the emotional elements of the pyramid, there are people who want to feel when to go on a trip that is part of the money paid (in euros or pounds and one) in the flight may contribute to the cause of humanity to contribute to any human in human society (as is happening in the aircraft When the passenger donate any amount of force without the benefit of a problem or issue, such as the fight against AIDS or other).

What is the marketing strategy that Egypt should use in E.U.:

- develop new tourism resorts;
- put firm system to quality and label;
- sell experience and emotion not rooms, historical places;
- recommendation management is very important marketing instrument; recommendation from family, friends, colleagues is ranked the first between marketing instruments. Every tourist must leave Egypt with high feeling of satisfaction about the tourism place he visit and service offered to him.

Elements of tourism operation success of Egypt in EU



BIBLIOGRAPHY

- 1 Mohamed Sakr, Nada Masaoud, Hala Sakr, Tourism in Egypt: An unfinished business, The Egyptian Center for Economic Studies (ECES), Working paper no. 147, May 2009.
- 2 Seminar, Egyptian tourism marketing horizon, 01.05.2007, Cairo, Egypt.
- 3 Dr. Ayman Aly Omar, Advanced study in marketing, University Publisher Alexandria, Egypt, 2006/2007.
- 4 Ministry of Toursim Publishing, www.MOT.com, Cairo, Egypt, 2008/2009.
- 5 Central Bank of Egypt publishing, www.CBE.com, Cairo, Egypt, 2008/2009

THE QUALITY OF COMMERCIAL SERVICES – A BAROMETER OF THE COMPETITIVE ADVANTAGE OF THE DISTRIBUTION CHANNEL MEMBERS

Ristea Ana – Lucia

"Valahia" University of Târgovişte, risteaanalucia46@yahoo.com

Ioan – Franc Valeriu

Romanian Academy, eide@zappmobile.ro

The enterprises' offensive in various markets is focused on a package of "services" that integrates — more than ever before—the observance of terms and vivid contacts between enterprises and customers. Metaphorically, we could say that services rendered to customers is a window between the market and the enterprise's value creations. From this perspective, the quality of commercial services is a key factor of success that ensures a competitive advantage to any enterprise opting for a strategy focused on expanding and developing the portfolio of services rendered to customers.

Bringing the commercial services rendered by members of a distribution channel into focus, the authors try to answer - on the basis of pertinent bibliographical sources - the following questions: What does the notion of commercial service rendered to customers mean? How can we assess the performance of the enterprise (service provider) from this perspective? How can we actually measure the performance of the commercial service rendered to customers?

Key words: commercial service, support logistics, quality of commercial services.

JEL Classification: D 3; D 4; D 18; L 67; L 8.

1. Specific features of commercial services

There are many definitions of services, relative to our analysis, but, in our paper, we confine ourselves to the concept of commercial services, i.e. services rendered by members of the distribution channel (mostly retailing) to customers.

Retailers – the last link of the distribution channel – do not confine themselves to only physically placing products at the customers' disposal. They also organize the so-called **support logistics** (A.-L. Ristea, coordinator, 2002, p. 403), materialized as commercial services for:

- facilitating the selection of merchandise by customers; information about products, consultancy;
- improving comfort and ensuring easy purchasing: extended working time, own parking area;
- ensuring the best conditions for using the purchased goods: maintenance and post-sale services.

Among the few authors who have thoroughly dealt with services rendered to customers by members of the distribution channel we find A. Tordjman (1983). He suggested a definition closer to the topic of our paper, which considers the commercial service to be the amount of satisfactions and utilities offered by a shop to customers. Certain services are directly linked to the sale of the product, others depend on the mode of organisation of the shop.

For this definition, A. Tordjman resorts to T. Levitt's idea (1969, p.52, reference taken from Maurial, 1990, p.37) according to which it is not the product itself that counts to the consumer, but rather the advantages and the satisfaction it offers. In other words, Levitt links the notion of service to utility.

In trying to adapt the notion of utility associated to service, as defined by Tordjman, to the distribution field, Alban Maurial (1990, p.38) proposes a definition of services in which the utility to the consumer is considered globally, both in the pre-decisional stage (pre-buying) and in the post-decisional stage (post-buying). Thus, commercial services are an assembly of commercial services proposed by a distributor to increase the global utility acquired when looking for, purchasing or using a product (Alban Maurial, 1990, p.38). This definition places the product in the centre of the consumer-service relation, and introduces a chronology in the process of purchasing the product and of consuming the services that accompany it.

Moreover, the above definition reveals the author's concern to distinguish between commercial services linked to distribution and services associated to the tertiary sector or services included in the product. We agree to this opinion and detail further several aspects exclusively linked to commercial services provided by distribution, just for assessing correctly to what extent various participants can involve in providing them.

Commercial services have some specific features that are important for understanding the constraints associated to the policies for rendering them through the joint effort of all members of the distribution channel.

Therefore, we should note the following **specific features of the services** that could be provided by the distribution sector (Ph. Détrie, 2002, p. 48; A. Maurial, 1990, p. 38; A. Tordjman, 1983, p.7).

1. **Intangibility**. It means that:

- a) the service is partly intangible (therefore, difficult to measure);
- b) the service is seldom specified (the need is implicit and depends on behavioural and cultural criteria and on previous experience, which impedes the understanding of the satisfaction criteria considered by the customer):
- c) the service is often included in complex services (difficult assessment of effectiveness).

2. **Simultaneity of production and consumption**. This feature explains why:

- a) the service cannot be stored (it is impossible to accumulate non-used services and also to change services);
- b) the service is based on a personal relationship (from this, the difficulty to control the behaviour of every customer):
- c) the service may be placed in a strong relational, even emotional, context (difficult to assess).

3. **Heterogeneity.** This feature is shown by the following aspects:

- a) the service cannot be renewed until being identical, as each situation is different and takes place in a unique moment (that is why it is difficult to standardize services, which explains why the production of services rarely rises in productivity, when we take intro account, on one hand, the variety of expectations and exigencies in the consumption of services, requiring a strong personalisation of rendering and, on the other hand, the variety of possible factor combinations in service production and sale);
- b) the service is equally evaluated by outcome and mode of provision (it is difficult to reduce it to basic rendering);
- c) the service requires sometimes the customer's involvement (this co-produced service hinders ensuring the product quality).

Knowing the specific features of commercial services, we understand it is necessary to deal with physical distribution from a systemic perspective, according to which the output materializes in the package of services rendered to the client. But the area of services associated to the product trading is complex and consequently not easy to define. This complexity is supported by **the variety and heterogeneity of services** to be proposed throught the distribution channel.

4. Types of commercial services

A. Tordjman tried to summerize the most common criteria for classifying commercial services (Table 1).

Table 1 Types of services

Types of services						
Services by	Services sold alone	Services by origin	Services by function	Endogenous services		
nature	Services sold with a			Exogenous services		
	good					
Hiring services: car renting TV set hiring Services for personal products: car repair footwear repair Services linked to sales: parking delivery	1. Services sold alone: insurance travel agency banking 2. Products sold with a good: deliveries working hours and days	1. Services linked to production: intrinsic services: instant soup cooked food disposable handkerchiefs services generated by modern forms of sales: conditioning presentation labelling information 2. Services linked to distribution functioning schedule	Comfort or psychological services: selection, proximity parking, credit baby sitting Technical services: delivery dispatch installation repair Financial services: crediting exchange office credit card Paracommercial	Endogenous services: delivery repair mending Exogenous services: Comfort or psychological services financial services paracommercial services		
Fields of response	to each type	exchange, crediting	services: travel agency decoration agency			
Sectoral analysis		The issue of vertical	Action variables of	Decription of the		
-	_			1		
of services	services sector and	competition	horizontal	organisation of the		
	of commercial		competition	point of sale		
	services					

Source: Tordjman, A., 1983, p. 18.

We find another way of dealing with types of commercial services in A. Maurial (1990, pp. 47-49). This typology is coherent with the definition he provided for distribution services, which definition we adopt for scientific reasons and promote it, as stated above. **This typology** (Table 2) **distinguishes services by four chronologically ordered stages of buying a product:**

- 1. services of access to the product;
- 2. services of information concerning the product;
- 3. services concerning the purchase of the product;
- 4. services for the utilisation of the product.

Table 2
Types of commercial services by buying stages

Types of commercial services by buying stages					
1. Services of access to the product	2. Services of information concerning the product				
 Proximity 	 Presentation by type of product 				
 Parking 	 Information labelling 				
 Extended working hours 	Quality labels				
 Freedom of movement inside the shops 	 Presence of trademarks 				
 Systems of publicity at the point of sale 	 Advice from shop-assistants 				
 Playing places for children 	 Advice for decoration 				
Brasserie	 Diagnosis at home 				
• Toilets	 Product testing at home 				
	Catalogue				
3. Services concerning the purchase of the product	4. Services for the utilisation of the product				
 Promotion 	 Replacement or reimbursement of the sold product 				
 Reception of old (worn) goods 	Assemblage at home				
 Credit/credit card/distributor card 	 Assembling instructions 				
 Stock availability 	Post-sale guarantee				
 Selection of the mode of delivery 	Post-sale assistance				
Transport means	Product checking				
 Observance of the delivery term 					
Mail sales					
G D 1 G 14 + 1 4 1000 40 40					

Source: Processed after Maurial, A., 1990, pp. 48-49.

Unlike other approaches to types of services, the typology proposed by Maurial is based on the place of services in the buying process, which offers some analytical advantages:

- It takes into account the consumer's real behaviour, in order of service consumption.
- It places the product at the core of any service policy, including the gradual evolution of the consumer/product/service relationship.
- It ensures a dynamic dimension to the analysis of services.
- It covers all range of services that can associate both horizontally and vertically.
- It is an operational tool for assessing and implementing the policies for services to the consumer.

3. The quality of commercial services

The quality of commercial services should be analysed, in accordance with the need for a systemic approach, in relation to the modules of the quality management to which it pertains. Ph. Détrie (2002, p. 24) defines four components of the quality:

- a) **The quality of definition**. It implies the identification and interpretation of the target customers' needs in accordance with the performance to be achieved as per specifications: technical characteristics, aesthetic, delivery period, security, price, etc.
- b) The quality of design. It refers to solutions for achieving the expected performance.
- c) **The quality of service provision**. It refers to solutions applied in accordance with specifications and in due time.
- d) **The quality of services**. It assesses the complementary services expected by the client: information, advice, personalisation, post-sale services, time, accessibility, etc.

This global approach is required by the paradigm of the quality management that ensures the transition from the traditional approach to quality to:

- a) mastering the quality of rendering services (the quality of management, which spreads through the whole enterprise the identification of needs, responses, the production of goods and services, the provision of a confidence environment);
- **b) the discipline of conformity** (the quality management requires four behaviours concern, creativeness, rigour of conformity, care for service) (Ph. Détrie, 2002, p. 25).

The implementation of the management of commercial services quality faces serious problems frequently caused by:

- Uneasy assessment of quality because of the specific features of commercial services (intangibility, simultaneity of production and consumption, heterogeneity);
- The postulate that a service is just a matter of behaviour; in fact we should not ignore the requirements for implementing standards, procedures, etc. in conditions of adequate endowment;
- The collective mastering of a process since most problems are actually relational;
- Lack of training in the quality field; the performance in rendering services is dependent on: professional competence, care for the customer, organisational competence. A new employee meets the requirements for professional competence, but sometimes he acquires knowledge about the customer and organisational culture on an empirical basis.

4. Indicators for measuring the quality of commercial services

For measuring the quality of services, we use several indicators, established for each of the following components of the quality of services, analysed with a view to achieving a certain quality level:

- Basic provision of services: the specifications indicating the competence, the equipment and/or material means
- Accessibility to the provider: place, working hours, parking, facilities.
- Relationship: reception, contact, listening, availability, competence, personalisation.
- Information: pertinence, clarity, accuracy, velocity.
- Consultancy: pertinence, value added.
- Observance of delivery terms: announced terms.
- Environment: equipment, room, comfort, ambient conditions.
- Cost: purchasing price and cost of possession.

An indicator for measuring the quality, in general, and services, in particular, is an instrument for assessing the achievement of an objective, the progress made in an activity, the knowledge of the influence of variations of a phenomenon. As regards the particular features of commercial services — besides essential criteria such as punctuality, absence of defects or availability — we should also opt for criteria that could be perceived by the customer. The reason is shifting from a criterion of performance/conformity of production (e.g., the proportion of durables receiving services during the guarantee period, the rate of defects, availability) to the criterion of perception of a service experienced by the customer (waiting time, the presence of an interlocutor, the perceived cleanliness of an area).

As regards commercial services, all measurement indicators should focus on the customer: number or proportion of customers who were negatively influenced due to non-compliance with service specification.

Ph. Détrie (2002, p. 375) indicates three stages for establishing pertinent and relevant indicators for measuring the quality of commercial services:

- 1. **Defining the reference service by three elements**: customers' expectations; for similar services, the quality level provided by other competitors; the strategy of the enterprise.
- **2. Establishing a level of exigence**: 100% of the customers? Or, at least?
- **3.** Establishing, possibly, a level of alertness: when reaching the threshold, an alert is called and a decision is taken for corrective and/or preventive action.

Table 3 includes a list of indicators that could become a quality barometer (for a hypermarket or a supermarket).

Table 3

A list of indicators forming the quality barometer for large commercial areas

Internal indicators

1. Ensuring the assortment

- Stock level
- Available products of the required model, colour, size and selection desired
- Proportion of stock shortages
- Proportion of obsolescent stocks
- Accuracy of sale prediction
- Proportion of damaged merchandise, of returned deliveries

2. Accessibility/Exploration

- Products available in the shop
- Reasonable time for finding products

3. Services to customers

- Adequate number of shop assistants
- Waiting time at counters
- Shop assistants'/personnel's attitude

- Observance of the regulations for consumers' protection
- Indoor aspect of the shop
- Number of disputes with customers

4. Availability and utilisation of information concerning

- Real stocks and optimum stocks
- Characteristics of the products
- Price structure
- Service conditions

External indicators

- Satisfaction to customers with regard to selling/buying and complementary services offered
- Array of post-sale services
- The global barometer of buyers' satisfaction (by panels of buyers)

Bibliography

- 1.DÉTRIE, Philippe. (2002). Conduire une démarche qualité, Paris: Édition d'Organisation.
- 2.LEVITT, T., Improving sales trough product augmentation, European Business, April 1969, p. 52
- 3.MAURIAL, Alban. (1990). La relation consommateur. Le cas du meuble, Paris: Éditions d'Organisation.
- 4.RISTEA, A.-L. (coordinator); IOAN-FRANC, V.; TĂNĂSESCU, D.; TOMA, A.; TOPIŢA, M. (2002). *Marketing. Premise și provocări ale economiei înalt competitive*, București: Editura Expert.
- 5. TORDJMAN, André, Le commerce en Europe, Marketing and Merchandising World Forum, Nice, oct. 1993.
- 6.TORDJMAN, André. (1982). Les services de la distribution, une analyse verticale et horizontale de la concurrence dans le commerce, Thèse de doctorat de gestion, Paris I Sorbonne şi (1983). Stratégies de concurrence dans le commerce. Les services au consommateur, Paris: Éditions d'Organisation.

STRATEGIES TO INCREASE COMPETITIVENESS OF BALNEARY TOURISM ON ROMANIAN BLACK SEA SIDE

Secară Mirela

Dimitrie Cantemir Christian University Bucharest Faculty of Management Touristic and Commercial Constanta Str.Dezrobirii no.90A, Constanța, jud. Constanța telephone no. 0723.611.329 e-mail: mirela_secara@yahoo.com

Nenciu Daniela

Dimitrie Cantemir Christian University Bucharest Faculty of Management Touristic and Commercial Constanta Str.Dezrobirii no.90A, Constanța, jud. Constanța telephone no. 0723.124.399 e-mail: nenciu75@yahoo.com

Constandache Mihaela

Dimitrie Cantemir Christian University Bucharest Faculty of Management Touristic and Commercial Constanta Str.Dezrobirii no.90A, Constanța, jud. Constanța telephone no. 0723.999.073 e-mail: micky eve68@yahoo.com

Definition of strategies that are adequate to Romanian balneary tourism and implicitly, to seaside balneary tourism needs a good understanding of balneary touristic potential, of the actual degree of capitalization as well as of economic, social and political context that influences the evolution of Romanian tourism at large and the balneary tourism in particular. The main objective of development strategies for balneary tourism is to consider Romania a successful balneary touristic destination by means of identification of market needs and setting of quality products and services, as well as optimization of market potential.

Key words: balneary tourism, development strategies, quality products, balneary touristic products.

Jel classification: L8 – Industry studies: Services; L83 - Tourism

1.Introduction

Analysis and study of the weak points of Romanian tourism indicate clearly the necessary actions to raise the bid of the industry of balneary tourism and to support it reach its objectives and up-to-date framework. These actions may be summarized such as: institutional structures of the public sector that takes advantage of professional personnel and appropriate resources should work in partnership with private sector associations, a research of markets, segments, clients and communication channels, full planning of balneary tourism that can lead to modernization, development and presentation of balneary touristic products to meet the need of demands and expectations of market, also education and training with a view to provide the balneary tourism industry at every level with proficient skillful personnel that is client-oriented, a marketing with the goal to establish Romania as touristic destination in general and one of balneary tourism in particular.

Among several opportunities of Romanian balneary tourism development and implicitly of seaside tourism there are: increased attention that our country has drawn beginning with 2007 after Romanian has adhered to European Union on every field – especially that of politics and economy – from European countries, especially of the highly developed ones, that can lead to more important investments in Romanian balneary tourism or to external financing; predictable increase of the standard of living in our country, as a premise of an enhanced touristic demand, socio-cultural affinities with numerous European countries: Hungary, Ukraine, Germany, Austria, France, Spain, Italy, fact that would help to promote Romanian tourism there.

At the same time, we need to take into consideration the strong competition on European market of balneary tourism in countries like Germany, France, Italy, Spain, Austria, and even Slovakia, Czech Republic, Poland; a rather slow implementation of modern managerial practice within Romanian tourism as well as in most of the economic fields, that is an aspect that takes time until completion; poor contribution of local communities to the development of tourism because of lack of experience and a very strong centralized approach during the communist era

Generally, Romanian supply of balneary tourism is rather little known of foreign touristic operators, because of insufficient promotion on target markets (Great Britain, Germany, The Netherlands, Denmark, Norway etc.). In addition, foreign touristic operators are a bit reluctant to Romanian tourism supply because of lack of appropriate infrastructure, general and touristic, lack of modern subsidies that are common elsewhere abroad, poor cooperation with Romanian operators to provide hotel accommodation in balneary resorts during Christmas and New Year holidays, lack of investment that are meant to modernize material structures within tourism, lack of modern training of personnel in hotels and restaurants that can meet the new demands of international tourism, price continuous variation and also a general impression of Romanian "poverty" that has been exaggerated in European mass-media lately.

2. Development strategies of balneary tourism on Romanian Black Sea side

Taking the above into consideration, we may say that development strategies of balneary tourism should be achieved at both macroeconomic and microeconomic level.

As for the macroeconomic level, development strategies of balneary tourism require an integrative frame of Romanian balneary tourism that is materialized in a global strategy of development that is to be conceived at the national level by a higher capitalization of exceptional touristic potential of our country. Yet, presently, Romania does not have a national strategy of touristic development. Tourism National Authority has made a contract with the National Institute of Tourism Research and Development to conduct a study on "The Strategy for Balneary Tourism" that is not yet finalized.

Specific objective of the strategy for balneary tourism has to be the development, modernization and diversification of Romanian touristic balneary supply according to modifications of both intern touristic demand and international demand of balneary tourism. Consequently, the policy and development strategy of balneary tourism has to establish the principles and conditions that are necessary to improve competition as follows:

- development of touristic balneary product is to ensure a higher capitalization of the natural cure factors and upgrade its quality;
- touristic demand stimulation with a view to develop and adapt balneary touristic supply within a program of development and promotion of balneary touristic product;
- infrastructure modernization and development is to be set a basic condition of intern market of balneary tourism and its entrance on foreign competitive market;
- development of training and touristic research that are necessary to provide quality and diversity for balneary touristic supply and tracking of market trends in due time in order to adjust intern market in its progress;
- improvement of general economic climate;
- organization and expansion of development by coordination of capitalization and preservation of environment elements as basic components of present and future touristic supply;
- improvement of general frame of sector operation within market economy based on competition.

Completion of strategic objectives of balneary tourism should consider steps regarding as follows:

- modernization and development of balneary touristic supply that is competitive on touristic market;
- improvement and development of marketing activity and promotion of balneary tourism;
- integration of Romanian tourism and implicitly of balneary tourism, among European and world tendencies by setting of an efficient simplified legislative frame of the field that is congruent with international legislation;
- setting of a competitive business environment and of fiscal regime to encourage increase of export, investments, infrastructure and new job opportunities.

Balneary tourism represents for Romania an economic sector with a valuable potential of development that is not yet fully capitalized. Romania's advantage in the development of balneary tourism is provided by the presence of balneary natural resources of great diversity and fine display in territory that facilitate an entire range of balneary treatments and confers a high potential for Romania to develop complex touristic balneary products and increase the total number of tourists.

As concerns modernization and development of Romanian balneary touristic product, the natural component is very important (for its capitalization) and also the quality and functionality of balneary touristic subsidies and compliance of European standards as concerns the quality of touristic services and their correlation with tariffs required by entrepreneurs, the target being the competitiveness of balneary touristic supply.

Completion of strategic objectives is a vast and complex endeavor that requires organizational, material and financial efforts oriented as follows:

- reorganization of supply and product according to demand requirements and major trends especially from abroad and those of international standards;
- rehabilitation of infrastructure that is necessary to exploit mineral resources (mineral water springs, therapeutic mud) within modern resorts;
- re-engineering of existing treatment bases, modernization and increase of the comfort level of accommodation structures, expansion of specific and general entertainment subsidies;
- orientation of product and balneary services supply towards Romania's traditional extern markets and accession to new markets as well;
- elimination of all defects and negative aspects due to general political environment before 1990;
- re-thinking of promotion policy, that is an exchange of "image" promotion for a "product" promotion, where Romanian products with tradition among foreign tourists are emphasized;
- expansion of treatment touristic supply for underprivileged social categories of population;
- reconsideration of local balneary resorts along with their modernization and development;
- permanent programs, such as "A Week of Vacation in a Balneary Resort" and "The Balneary Decade" promoted by the Syndicalist Organization of Balneary Tourism in Romania, that are programs destined to all tourists' categories, in order to capitalize available rooms in balneary resorts during 1st of October 15th of December;
- an increased quality of touristic constructions and development of touristic capacity within areas where touristic demand is larger than specific supply, elaboration of zonal projects of modernization of general and touristic infrastructure in order to overcome existing difficulties of balneary tourism;
- improvement of highway, railway and air access to modern balneary resorts;

- development of balneary tourism in the context of durability, taking into consideration for all the objectives, plans and development actions the following: environment preservation in all touristic areas, development plans of construction in compliance with applicable legislation on the environment, urbanism and territory development and with the laws on tourism that concern optimization and preservation of the environment in the area of balneary resorts:
- increased standard of basic balneary services and of the complementary ones in accordance with the level of comfort and tariffs;
- diversification and development of entertainment means in Romanian balneary resorts;
- installation of special laboratories/ offices for natural treatments of Romanian tradition;
- construction of pools with thermal/mineral water within spa centers;
- development of touristic routes for jogging and hitchhiking in resort area, parks and their proximity;
- modernization means of capitalization of natural cure factors, their accessibility and maintenance;
- construction of structures for cultural events organization, both in the open and inside exhibitions, concerts, festivals etc.

3. Conclusions

The above-presented objectives determine national strategies of promotion and development of Romanian balneary tourism that can be considered as marketing programs. State policy has an active role of decision at the macroeconomic level, considering issues of touristic policy a matter of country economic policy and, by means of its central institutions, it has an influence on the development and promotion strategies of tourism.

Bibliography:

- 1.Ioan Mugur Topolniţchi, OPTBR, Tradiţia şi dezvoltarea durabilă a turismului balnear din România, National Commission for elaboration of National Strategy of Stable Development of Romania "ORIZONT 2025".
- 2. Master Plan of Romanian National Tourism 2007-2026.
- 3. Tourism Development Strategy National Authority for Tourism, pages 84-85.

THE DEVELOPMENT OF A NEW POLITICIAN. FACT AND FICTION.

Tatu Cristian

Academia de Studii Economice București Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, București cristitatu@mk.ase.ro 0721.227.397

Vrânceanu Diana

Academia de Studii Economice București Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, București dvranceanu@ase.ro 0723453440

Popescu Andrei

Academia de Studii Economice București Facultatea de Marketing Str. Mihai Eminescu nr. 13-15, sect. 1, cod 010511, București apopescu@mk.ase.ro 0723141810

Electoral marketing is undoubtedly among the most challenging fields for a modern day marketer and also one of the most unforgiving markets. The large amount of resources concentrated over a relatively short period of time and the remarkable speed of reaction involved are the key elements that require scrupulously plan. One of the most recently approached product strategy in electoral marketing involves the facial characteristics of the candidate and how they can influence the communication with the electorate. In order to see what faces does the Romanian electorate like for its politicians 10 groups of 12 people developed their own ideal face for a brand new politician. Those portraits were then analyzed using scientific patterns and so a number of rather interesting characteristics was obtained and compared with the results of conventional researches.

Keywords: Marketing, politics, vote, elections, social

M39 Marketing and Advertising - Other

Electoral marketing in Romania

The electoral marketing is one of the newest and most challenging types of marketing and in the same time one of the toughest on the business. This is a result of the "all or nothing" character of a competition that it doesn't take any prisoners, at the end of the day when the votes are being numbered there are only two types of candidates: the winner and everyone else.

Another particularity of the electoral marketing is the relatively short time available for the marketing campaign (30 days before the Election Day) and the numerous rules that apply to this activity, rules that are carefully monitored by a large number of observers and organizations.

Also, during this period, the fight can and most certainly will be merciful, any mistake can be the last for a certain candidate and the competition is always on the lookout in order to exploit even the slightest mistake to their advantage.

The clients, the electorate, are becoming less and less forgiving when it comes to bad choices in the campaign because the large number of political factions, because their aggressive promoting and because of the degrading social and economic condition that seem to be on a ever increasing trend.

Among the Romanian political parties marketing is a relatively new subject. Until recent events many factions, especially the large ones, centered their campaign mainly on the name of their dominant politicians and their power to generate a positive response from the electors. Most of the marketing related activities were specific to advertising and most decisions would be taken based on the previous experience.

The new uninominal poll system surprised the Romanian politicians with result that few were anticipating. The "political locomotive" system so loved by every faction failed for the first time, many famous politicians being forced to apply for a position in the countryside in order to assure their place in the parliament or senate.

Because of the very essence of the uninominal poll system, every parliament or senate candidate must compete, the accent goes from promoting the faction as an umbrella for the candidates to promoting the individual candidates that act as a representative for the faction.

This way the subject of the electoral marketing campaign is being changed from the political faction to its individual members, from an organization to an individual. Marketing a person is something relatively new, the franchise type campaign failed at the December 2008 polls drastically decreasing the number of factions present in the parliament.

The uninominal disaster, as the campaign was named afterwards, happens because the political parties forgot about or neglected the fact that most of their candidates are unknown to the electorate and thought the simple logo of the part should be enough in order to obtain the score of the party.

This situation is the perfect example for the usefulness of personal marketing, especially for the political highlife. But what does this personal marketing involves? In base lines it is about adapting the marketing mix and its components to the particularities of an individual and establishing proper marketing strategies for that person.

This particular article focuses on the product component of the marketing mix and specifically to building the image of a politician. Romania as a nation in general and its citizens eligible to vote in particular had learned a

valuable painful lesson over the past 20 years of "transition" and became immune to electoral promises launched by various politicians near the election day.

This vote of disbelief presented by electors thru the alarming low presence at the polls proved to be rather dangerous due to the fact that the ones that actually went to the polls didn't act accordingly to the opinion of the majority (majority that stayed comfortable at home). Problems like the doubting the results of the polls and the methodology itself and the general discontent of the populations are inevitable in this situation but in December 2008 a serious unprecedented problem accrued: few parties remained in the parliament the major factions joined forces and the opposition became purely formal.

The dangers this situation presents for the democratic system together with the desperate need for a position in the defeated factions calls for a new strategy, a new revolutionary way of doing things, calls for a brand new method to create and promote candidates.

Until recently the accent was on the image of the faction in general and how the entity communicates with the electorate and with relatively small exceptions (the primary political figures) their members remained unknown to the large public.

The amount of financial, human and time resources needed to promote all the members of a certain faction are enough to show us that the classic promotion is not and can not be the solution.

If one carefully analyzes what's happening in the mature democracies all over the world he can effortless observe that much too often political factions display new out of the box candidates specially created for a certain election. They are close to perfection in any way imaginable regardless how carefully they are being analyzed.

And they should be. Those candidates are specially designed for a certain position and a specific electorate. Among other things the process of designing a politician from scratch includes the Curriculum Vitae, family, system of values, friends, habits, clothing and surprisingly the face.

The social implications of facial characteristics

The face, this essential mean of communication with the electorate has just entered the list of items that can and should be correlated with the public's expectations and preferences.

Plastic surgery is currently regarded as detached as a simple haircut and as a rather "must" for the future perfect candidate. If speeches can be written by a consultant, clothes can be chosen by another, action dictated by the party the face remains the number one factor that can show some undesired facts about the past and present of a person and part of his true emotions.

The more attractive faces viewed by the electors seem to show a candidate that is more successful, content, friendly, intelligent, sociable, accessible, exciting, creative and busy than his competitors.

As Dr. Todd K. Shackelford and Dr. Randy J. Larsen from the University of Michigan show in one of their articles, the spirit, the body and the mind are all in connection and synch with each other. The wrinkles we carry on our faces are our best storyteller of our lives. Every painful and joyous emotion we have ever felt throughout our lives shows up in the wrinkles we carry with us in our older years.

The knowledge and style of living are revealed to physiognomy in the forehead region, health shows up in the region of the eyebrows, the nose reflects intimacy and affection, communication and love are all reflected within the chin, money relationships and courage are reflected in the lips, our happiness shows within our cheeks, ethical standards reflects in the chin, leadership qualities and abilities are reflected within the ears. Even the hairs texture, the hair line, double chins, floppy jowls and the placement of moles all different meanings to physiognomy.

The electorate unconsciously reads the face of a candidate and forms an opinion that will affect their judgment and their reaction to his campaign.

Facial expressions are the earliest form of communication. Experiments conducted on all ages and cultures around the globe have revealed that there is universal agreement to some basic emotional facial gestures. (happy, disgust, concerned, surprised, suspicious, sad, horrified, angry).

The most attractive faces designed as a result of special test and experiments do not exist in reality, they are created compound images you would never find in everyday live, they are unreachable for average human beings but still one can come as close as possible to them while keeping the human aspect. (Devendra Singh, researcher specializing in attractiveness at the University of Regensburg)

Over the years researchers analyzed the impact of the face over the image of an individual in the eyes of others and established there hypotheses on human facial attractiveness:

- -the "attractiveness is averageness" hypothesis (Langlois & Roggmann, 1990)
- -the 'symmetry hypothesis' (Grammer & Thornhill, 1994; Thornhill & Gangestad 1999)
- -the theory of 'multidimensional beauty perception'(the baby face effect) (Cunningham, 1986)

A different study from the University of Utah established a series of characteristics that make a face more attractive than another categorized by sexes:

-females: Suntanned skin, narrower facial shape, less fat, fuller lips, slightly bigger distance of eyes, darker, narrower eye brows, more, longer and darker lashes, higher cheek bones, narrower nose, no eye rings, thinner lids, large, round eyes, a large domed forehead and small, short nose and chin

-Browner skin, narrower facial shape, less fat, fuller and more symmetrical lips, darker eye brows, more and darker lashes, upper half of the face broader in relation to the lower, higher cheek bones, prominent lower jaw, more prominent chin, no receding brows, thinner lids, no wrinkles between nose and corner of the mouth

Men, whose photographs were judged to be facial asymmetric (i.e. not bilateral and equal), were found to be more likely to have psychological problems such as depression, stomach problems, anxiety, headaches, sleep disturbances, difficulties with concentration and lower intelligence.

Women, whose photographs exhibited facial asymmetry, were also found to have poorer health, were less physically active, more prone to emotional instability, less happy and less intelligent

Very asymmetrical faces are rated unattractive, but unattractive faces don't need to be asymmetrical, therefore, by checking the characteristic above one will not be rated attractive.

CDI technique and the development of a new politician

As a fundament for the present article a research was conducted using the CDI technique on 10 groups of 12 individuals in order to sketch out the basic characteristics of a brand new politician assuming that all the politicians in the country simply disappeared.

In order to assure the complete analysis the participants were instructed to discuss and propose characteristics regarding several face elements like: face shape, hair, forehead, eyes, eyebrows, nose, and groove on the upper lip, mouth, chin, ears and cheeks.

As showed in the previous parts of this article the elements of the face can characterize a person and on a daily basis every one judges the persons he or she comes in contact with mainly by their face and clothing.

The respondents received a standard list of facial and physical elements extracted from various secondary data analysis and the instrumental research. These components will be the puzzle pieces that the researchers will use and combine in order to develop the virtual face of the mutch desired modern politician, the visual answer to their problems.

It is this particular difference between what the electorates say they desire from a politician and what they really want that interests the authors. When asked about the main characteristics of an politician the responses go towards an ethical person, helpful and closed to the people (the all milk and honey strategy) but when they were asked to describe the candidates face some ideas were quite interesting.

The face shape was a true controversy, in 4 out o 10 groups the participants argued about it without being able to sustain one form or another. Overall two distinct face shapes emerged as the chosen ones: oblong and square. The motives used here by the participants were: strong, manly, hansom, business oriented, imposing and diplomat. Face reading studies showed that the oblong faced man is usually methodical and deliberate, hard worker, limit pusher, successful and severe with himself and others working with him.

Even if a great confusion was observed between the oblong faced man and that square faced one the groups that went for the square face shape presented their candidate as being a good specialist, hard worker, imposing but also a family person, good with the ones around him, not so severe and trust worthy. The face reading specialists say about the square faced man that he most probably is ambitious, dominating, aggressive and irritable, intimidating, sharp minded, analytical and most likely to have an exceptional dexterity.

The hair represents a truly Achilles' heel for man especially after a certain age. Our groups all chosen for their perfect candidate a short haircut and grayed hair preferable without hairless regions on the scalp and motivated their choices mainly on the aesthetics. Sociologists say that the scalp is an indicator of power and strength and as the dominant lions are the ones with biggest and darkest collars humans see their fellow men with a thick wiry hair as powerful, resilient in life, with great recuperative powers and most likely to embrace challenges.

The forehead was by far the biggest attraction of the entire session but, surprisingly almost the only part where most of the participants agreed in general. All the 10 groups went for a wide flat forehead with horizontal wrinkles. Studies reveal like in most cases people with wide foreheads are intelligent, capable of executing duties diligently, with high idealism and wealth of ideas. A flat forehead also indicates a more pragmatic nature and the horizontal wrinkles show a sustained thinking process over the years.

The eyes, this so called mirror of a person's soul, were among the most disputed elements in all 10 groups. The participants chose for their candidate prominent eyes, symmetrically disposed, with a steady look, brownish color, and with a white background (no preeminent blood vessels, no yellowish tone due to disease or smoking). For a psychologists the eyes are the most important feature in close encounters and it is important for the eyes to sit firmly whilst gazing steadily (solid and persevering nature, stability and forthright disposition). Brown eyes are characteristic to the Mediterranean and East European races and indicate a man that loves social life and meeting different people, loyalty, demonstrative nature, a good family life, hard worker and considerable generosity.

The eyebrows were a subject that all the groups agreed upon in record time without the need for negotiation as they should be thick and well contoured. Sociologically speaking the eyebrow speaks of reputation, fame and temperament, a developed brow line also shows a high degree of dexterity whilst a higher brow indicates a cautious attitude to decision making.

The nose did not represent a high priority for the participants; most of them mentioned quickly a roman type nose (long straight nose with large nose trolls) and some mentioned a light bend outwards. The intensity of physical action is related to oxygen intake, and the external instruments of the body responsible for that function is the nose. A good sized nose is certainly an indication of wealth too and the capacity to earn money, attitude, cordiality, disciplined nature (methodical) and warmth of personality prudent but anxious.

The mouth was by the most disputed part of the face between participants to different sexes, ages, residences and even domains of activity and they settled down for two types: thin lips and thick lips, both symmetrical, straight and not to wide. The mouth is mainly related to communication and speech, lips which are full, round and even convey to you that the person is caring and sensitive and the equal distribution reveal a well meaning and communicative personality. The straight lip line expresses a self-controlled person. If the lips are large it means an expensive and somewhat luxurious taste - but an expressive and generous temperament nonetheless. Small lips which are also tightly pursed warn of a self centered and mean character.

The chin was neglected by almost all the ten groups mainly because of its implication in the face type attribute. In most cases the participants choose a moderate round or square chin without any other distinctive signs. The chin together with the jaw line relates to the stamina of the individual and the stronger the jaw line the greater the degree of stamina and endurance and also to the stubbornness of the individual. The rounded or squared chin without any protruding reveals a strongly independent and determined individual.

The ears also suffered from a slight neglect and most of the participants choose normal years referring most probable to the basic Romanian ear types and to exclude certain particular features. The ears fall in the mid section of the head but represent the early, formative years of life between birth and 15 and they reflect the foundation of life and the potential for achievements at maturity. Thin and poorly shaped outer helixes may reveal diminishing health. Large years show an intellectual person, large ear lobes indicate an independent, strong minded person and the position of the ears close to the head indicate a person that plans ahead and is thrift, a person that doesn't like to leave too much to chance.

The cheeks were surprisingly heavily disputed by the participants and after long discussion they concluded that their politician should have less fat in their cheeks, less protruding, their color should be the same as the rest of the face and should not present any particular mark. Sociologists say that if status and position means anything the viewer should pay a lot more attention to this part of one's face as cheeks tell the story of industriousness, power and authority in a person's life. The attributes of the cheeks must be balanced against the position and strength of the nose, both features should harmonize with each other. When observing cheeks every king of excess is to be considered a sign of illness (overly red, shiny and red, red and rashly, blue or greenish tinge, dark or grey tinge, nodes or marks). Strong cheeks show authoritative persons in positions of control, executive power and leadership.

The developed leader vs. the desired leader

In this final part of the article all the characteristics extracted from the portraits generated by the 10 groups will be joined to establish the main attributes of the newly developed Romanian politician. First of all, as a person, the participants desire a strong powerful figure, resilient in life, with great recuperative powers, strongly independent, determined, disciplined (methodical) and severe with himself and others working with him.

In the professional life the future politician must be hard worker, limit pusher, intelligent, capable of executing duties diligently, with high idealism and wealth of ideas, successful and most likely to embrace challenges. Also this dream politician must have a cautious attitude to decision making, must be prudent but anxious, self-controlled and must be a person that plans ahead and doesn't like to leave too much to chance.

This future candidate should also have a personal life in which he must love social life and meeting different people and be a well meaning and communicative personality, caring and sensitive, loyal with a good family life, and considerable generous.

It is obvious that such a person does not exist in the real life and trying to impose such a candidate to the electorate will be a true marketing suicide. Even if one can never be perfect he can always try to be as close as possible to that image and is the campaign staff's duty to promote the good point and elegantly cover the attributes missing from the picture.

All the attributes above were extracted from the subconscious thinking of the participants but what is their opinion when asked directly about their perfect candidate? In an earlier research conducted on 783 respondents in the same geographical perimeter the participants said about the perfect candidate that he must be honest (73%), caring for the needs of the citizens (52%), a man of his word (48%), generous (various event, free meals, donations...), popular in mass-media, experienced, ambitious, intelligent, a strong leader and trust worthy.

While comparing the information gathered using the two different methods (CID technique and quantitative research) the authors came to the conclusion that the obvious difference between them is due to the experience gathered by the respondent.

The CID technique allows respondent to create their own dream politician regardless of any consequences and knowing that the entire Romanian political class disappeared while the quantitative research remembers them of the implications that electing one candidate or another will have on their future life.

This way, in the quantitative research respondents focused on avoiding the major negative characteristics observed in the present day politicians like: untruthfulness, lack of interest for society's problems, indiscipline, electoral unfounded promises, limited competence and various bad habits.

By comparing the two approaches mentioned above with the data found in the report from a press monitoring agency the researchers found that citizens desire a certain politician subconscious, have a different conscious opinion and appreciate a different set of attributes that appear in the mass-media.

In conclusion, from a marketer's point of view, which of the 3 approaches described in this article should be the one to follow while elaborating the campaign strategy? For sure each of the three options have their fans and critics but from the author's point of view the subconscious criteria seem to be the most logical solution.

References

- 1. www.uni-regensburg.de/Fakultaeten/phil Fak II/Psychologie/Psy II/beautycheck/
- 2. Devendra Singh, researcher specializing in attractiveness
- 3. Facial Asymmetry As An Indicator of Psychological, Emotional, And Physiological Distress
- 4. Journal of Personality and Social Psychology, 1997, Vol.72, No.2, p456-466)
- 5. Dr. Todd K. Shackelford and Dr. Randy J. Larsen
- 6. Nobel Prize Winner (1981) Roger Sperry
- 7. http://www.viewzone.com/bicam.html Daniel Plambeck
- 8. www.facereader.com Dadhichi Toth

TOURISM AND ECONOMIC DEVELOPMENT IN MOUNTAIN REGIONS AN ECONOMIC ASSESSMENT

Todt Horst

21029 Hamburg Germany, Hermann-Distel-Str. 38 University Hamburg, Faculty of Economics, Tel.: 0049407244477, E-Mail: horst.todt@gmx.de

The paper gives a critical assessment of the theses of UNWTO that tourism is an effective means of developing whole regions especially difficult aeries such as mountain regions. Growth Pole Theory and Economic Base Theory are used as methodological base.

Key words: Regional development, Growth Pole Theory, Economic Base Theory, Tourism

1. Introduction

The UNWTO, the organization of **tourism** on the UN-level, expects great achievements of this branch of economic activity. Tourism is supposed to play the role of a locomotive in less developed regions or countries that hauls income and economic standards on a higher level. Consequently UNWTO recommends economic development by subsidies for the tourist industry including tourist infrastructure. Two points of some plausibility support this view⁵²³:

- a) The tourist industry is labour intensive and hence provides income for many people. It is correspondingly not capital intensive, and needs not much capital investment, thus promising fast effects.
- b) The necessary labour force needs no high qualification; short introductory courses and training on the job will do.

Here we check the thesis with respect to mountain regions. Mountain regions on the whole are economically difficult areas. They often resist economic development. **Manufacturing** is not typically found in mountain areas. Mountains seem to exclude this major branch of economic activity. Most alternative branches are not very promising either. In very few cases mountain areas offer the opportunity of relevant **mining**. The difficult ground of mountains hardly allows of efficient **agriculture**; there is some chance of **forestry** – not a modern dynamic industry.

Tourism, in contrast, is a modern dynamic economic activity. Many people consider mountain regions as beautiful and appropriate for many kinds of sport like hiking, skiing, climbing, etc. The climate furthermore is supposed to be good for health, the air is clean. Hence the scenery often seems to be the only important economic resource of such regions. Tourism therefore is not only *a* chance but *the* chance of mountain areas. We will check this position in the light of economic theory, regional science, and general experience.

2. Relevant Conceptions of Economics and Regional Science

2.1 General remarks

Applied economics has provided two major pertinent conceptions to describe regional development as to tourism:

- a) Growth Pole Theory (GPT)524 and
- b) Economic Base Theory (EBT)525.

Both conceptions appear in different variants. Only some of them are important for the main line of discussion we have to conduct.

GPT is a genuine economic conception applicable to regional problems of economic development. It is an operational theory that lends its insights to practical political economy. EBT is a methodological conception which was conceived in order to tackle data dilemma regional scientists often meet. So it is rather intended as a statistical framework than a descriptive conception of regional development; yet it has been successfully used just in this sense, too.

GPT and EBT are liable to some serious objections. This must not be concealed. Nevertheless they are very popular among regional scientists. Let us try them. In any case it must be checked very thoroughly whether the conceptions are applicable.

2.2 Growth Pole Theory (GPT) applied to Tourism

GPT is due to Francois Perroux (1903-1987). GPT became part of the discussions in Regional Science worldwide with some emphasis within the French speaking world. Peter Nijkamp (1946 -)⁵²⁶ deepened the discussion about industrial complexes. Walter Christaller (1893-1969) discussed similar aspects in the context of **service industries** even earlier than these authors and paid in his later years much attention to tourism.

⁵²³ UNWTOhttp://www.unwto.org/media/news/en/press_det.php?id=2462&idioma=E

⁵²⁴ Perroux, F., Economic Spaces: Theory and application, QJE, 1950

⁵²⁵ Jung, J.-S. Die regionale Wirtschaftsentwicklung in Südkorea, Peter Lang Verlag

⁵²⁶Nijkamp, P. Handbook of Regional Economics* 1986 Nijkamp, P. & Coccossis, H. Sustainable Tourism Development, Avebury, Aldershot,

The basic thesis of GPT: To realize economic growth in a (less developed) region it is necessary to settle there an industrial core. These industries should belong to modern dynamic branches and fit together. If such a complex has surmounted a certain size (depending on the specific conditions) it forms a "growth pole", i.e. the core of a regional economy that shows sustainable economic growth.

The implicit message of this philosophy is, of course, the necessity of regional economic policy that cares about the initial planning and investment. Later on the region - hopefully - needs no exertion of influence by economic policy.

The crucial question of this conception is: how can growth poles exert such an influence? Perroux and his school think mainly of manufacturing. These firms depend on other firms that provide the necessary inputs (backward linkages) and they depend on their customers that buy their products (forward linkages) perhaps as consumers but mainly as producers of other products. Strong firms may attract providers and customers and thus create locational conditions that are the cause of further growth.

Chains of argumentation along these lines are not very convincing as to tourism. Backward linkages do not strongly influence tourist offer. It does not matter, where the goods are produced which are used in a tourist resort besides, of course, the services that must be provided in the place. Even more obvious is the absence of relevant forward linkages. No other firm requires tourism as input. The location is given. It may be improved or may decline with no or little influence on the economy around. Customers, i.e. the guests must visit the place, and can consume tourist services only in the place. There may be – this is conceded - some influence on the spatial environment since tourists stay not strictly in their recreation resort but take part in excursions e.g. The economic impact of these activities, however, is not strong.

The power of backward and forward linkages is under debate even if manufacturing is concerned, where linkages are certainly more plausible. There are case studies that support the thesis others that throw doubt on it.

In case of tourism there is no empirical support of any linkages. Insofar we are skeptical as to the optimistic hopes of UNWTO. Tourism will help to develop a place but stay without substantial effect on the surrounding area.

We may raise the question whether there might be other effects that could cause self- sustaining growth above a certain minimum level of tourist infrastructure.

Tourist supply may be interpreted as a bundle of different services that make a resort attractive for guests, i.e. a variety of different hotels with different standards, different restaurants, and different amenities of various kinds. In history of economic thought many authors have mentioned the fact that services have to be made available as suitable compound offer. This is true for shopping malls, fairs, or a whole city but also for tourism. If the supply of services in a city or a holiday resort is sufficiently **diversified** then it will be successful: The location is considered a place where there is "something on". This basic fact seems to be self-evident; yet it has not become a fix part of economic teaching before Christaller and the subsequent discussion. ⁵²⁷

These observations contradict the above supposition that tourism may be developed with a low rate of investment. It takes much time to make a holiday resort out of an ordinary village. There are quite pitfalls on the way to success that cost time and money.

As a result of this discussion we keep in mind that tourism (like a shopping mall) requires bundles of services that cling together in one location (Christaller Effect). This requires a certain minimum size. To create a holiday place requires substantial investment. This can be done e.g. by a development company provided they have much experience. More likely is a long way with costly trials and errors. Linkage effects that make a resort the locomotive for a whole region do not exist or are at most very weak.

2.3 Economic Base Theory (EBT) applied to Tourism

Economic Base Theory was developed to help out of a serious lack of data in regional analysis. Whilst national data are readily available is it difficult to receive statistical information of an appropriate regional delimitation. Even if there are regionalized data they will usually be raised for political but not for relevant economic area units. The very simple conceptual framework of EBT is the point of criticism. The conception, however, shows very flexible, and allows the use of proxy-variables and a manifold of rough assessments even for small areas where only sparse data exist.

The basic thesis of EBT: The regional product Y is used for locally produced goods C_1 and imports C_m . Imports must equal exports C_x : $C_m = C_x$. Furthermore we have $Y = C_1 + C_m$. No region is independent of imports These must be "paid" by exports C_x . $C_m = C_x$ form the "economic base" of the region. Suppose there is a known relationship between C_x and Y, say Y = 3 C_x , then it is possible to estimate the effect e.g. of tourism which is by its very nature export though happening in the place

The EBT view again supports rather the capsulated economic effects of tourism: The imports come from the "rest of the world" without preference for the immediate environment. The imports are furthermore predominantly consumption goods (for tourists and the local population) with little linkage effects.

527Christaller, W., Die zentralen Orte in Süddeutschland, Gustav Fischer Verlag, Jena, 1933

_

This simple method described is often the only way to analyze the economic situation of a region especially a small region, e.g. a single place. The alternative may be no "statement at all". If more information is at hand it can, of course, be used for refinements.

Research workers will feel encouraged to break down national data according to population statistics that are usually available even for small areas.

A local expert will be able to give quite valid estimations of the role of tourism for a region and moreover make forecasts by comparison with already successful tourist areas.

Notwithstanding all sophisticated economic reasoning the idea of an economic base has a strong intuitive appeal. The share of imported goods will usually increase the smaller (measured in population) the area is. Small areas e.g. groups of villages or even single villages have highly specialized production, and must therefore import consumption goods. One might object that villages have agricultural production and can cover most needs of their inhabitants. Actually this was reality over long historical periods. This is the picture of a very backward society with a low standard of living which we want to change by introducing a new economic base, say tourism.

Efficient modern agriculture is specialized. Mountain areas provide only a narrow base for this. The question therefore is: What can be done to improve the economic base of mountain regions. How can these regions become guided to modern standards? The economic base conception is a practicable base for competent discussion. The locomotive view of the UNWTO, however, is not supported by EBT.

3. Final conclusions

We have shortly discussed two modern frameworks of regional science with respect to development of tourism in mountain regions. This may be considered as the starting point of specific empirical research.

Two main results:

- a) Tourism may well help a smaller region to develop; it will, however, not have a locomotive function for greater region or even a country.
- b) The EBT conception is a instrument to analyze a small region with respect to its economic base and the possible effects of tourism. Tourism often is the only chance a mountain area has.

Literature:

1.	Christaller, W.	Die zentralen Orte in Süddeutschland	Gustav Fischer Verlag, Jena	1933
2.	Jung, JS.	Die regionale Wirtschaftsentwicklung in Südkorea	Peter Lang Verlag	1994
3.	Klemmer, P. & Müller J.H.	Zusammenfassender Methodenüberblick in: Methoden der empirischen Regionalforschung (1. Teil)	Forschungs und Sitzungsberichteder Akademie für Raumforschung und Landesplanung, Bd. 87, Hannover	1973
4.	Nijkamp, P.	Handbook of Regional Economics*	North-Holland Publ. Co., Amsterdam	1986
5.	Nijkamp, P. & Coccossis, H.	Sustainable Tourism Development	Avebury, Aldershot	1995
6.	Perroux, F.	Economic Spaces: Theory and application	QJE	1950
7.	UNWTO		http://www.unwto.org/ media/news/en/press_det.php?id=2 462&idioma=E	

SPECIFICITY ELEMENTS CONCERNING AGRO-ALIMENTARY PRODUCT AT THE LEVEL OF EUROPEAN UNION

Ţimiraş Laura Cătălina

University from Bacau Faculty of Economics Spiru Haret, no. 8, Bacau tzimirash@yahoo.com 0234/516345, 0745/903414

Agricultural and alimentary products' marketing displays at the level of European Union a series of specificity elements resulted especially from the means of manifestation and environment variables. Among the external environment components the striking influence of legislative environment is highlighted, agro-alimentary sectors making the object of an impressive number of communitarian settlements, which regard not only the production manner, but the price stability, distribution and communication concerning the agro-alimentary products as well. In the present article there were reproduced some of the main specificity elements of agro-alimentary product at the level of communitarian market, an important part from these being the result of strict legislative measures that regard the insurance of consumers' protection, alimentary safety and security.

Keywords: quality, alimentary safety and security, alimentary additive, dietetic product, ecologic product, genetically modified product, standardization.

Code JEL: M31

Agro-alimentary products marketing displays a series of particularities that results mainly from the nature of the needs to which the agro-alimentary products address to, but also from the demand and offer characteristics for this category of products, particularities highlighted at the level of all components of marketing mix. Presenting implicitly agro-alimentary marketing specific particularities in general, at the level of European Union agricultural and alimentary products marketing displays a series of specificity elements resulted from the manner of manifestation of factors specific to different environment components. Among these the obvious influence of legislative environment is highlighted; the agricultural and alimentary sectors making the objective of an impressive number of communitarian settlements, that regard not only the production manner but the price establishing, distribution and communication concerning the agro-alimentary products.

In what the agro-alimentary product is concerned a defining element at the level of communitarian market is referred to **products' quality**, these should answer to some strict settlements that regard **the insurance of consumers' protection, alimentary safety and security**.

Therefore, at the level of communitarian market (with the purpose of insurance the consumers' alimentary safety and security, for their good information and for guarantying the transactions correctness) a special attention is paid to (official) control of alimentary products⁵²⁸, the control regarding, alike, alimentary products, alimentary additives, vitamins, mineral salts, oligoelements and other products added to aliments and sold in the same time with these, as well as the materials that have contact with alimentary products. There are submitted to control the raw materials and the ingredients used for aliments fabrication, finite and semi-finite elements, labeling and presenting manners for alimentary products and even the consumption manners and products used for cleaning and maintenance (inclusive pesticides), staff hygiene etc. All enterprises from agro-alimentary sectors have the obligation of respecting the hygiene rules during the whole route covered by alimentary product: processing, conditioning, distribution, sell.

In order to insure the population's protection on communitarian level the compulsoriness for aliments producers of specifying and sending towards analysis the chemical substances used in fabrication process⁵²⁹ is established. Also, the bottling methods and commercializing the sparkling water were settled, the producers having the obligation of insuring the chemical analysis for commercialized water's purity⁵³⁰.

On the 12th of January 2000 The White Book of Alimentary Safety was adopted, that foresees the establishing of an independent authority concerning the aliments safety – The European Authority for Aliments Safety531, whose purpose is the insuring of scientific control concerning the aliments production. This organism will elaborate scientific notices in which basis the minimum and maximum levels of vitamins and minerals in aliments will be established.

In what the **use of alimentary additives**⁵³² is concerned, the communitarian settlements⁵³³ establish that their use should answer to one of the following purposes: preserving or insuring the product's stability, the prolonging the

⁵²⁸ Directive nr. 89/397/CEE.

⁵²⁹ Commission Settlement 622/2002/CE.

⁵³⁰ Directive 80/777/CEE.

⁵³¹ Established by Commission's Settlement nr.178/2002. In Romania, the correspondent organism is Healthy Alimentation Foundation.

⁵³² Alimentary additives refer to the substances that are not consumed as aliments, do not constitute a characteristic ingredient for the alimentary product and are added in alimentary products in different stages of processing, conditioning, transport or storage, becoming therefore a compound of the products.

⁵³³ Directive nr. 1989/107/CEE, Directive nr. 2002/46/CE.

product's preservation or stability duration, the improvement of sensorial properties. The settlements regard the alimentary additive that are used or intended to use as ingredients during production or preparing of an aliment and remain present in the final product, even in the modified shape. The additives whose use is accepted make the object of a list, the specific use conditions being established. Therefore, the approval of alimentary additive is attended by an indication of products where it will be used as well as the used quantity, a minimum and maximum level of alimentary additive being established. The framing of a certain additive in a category does not exclude the possibility of its use authorization for another domain also. The additive use is allowed in the case when the technologic fabrication process of an aliment is imposed (not existing other solution) and only if does not constitute risk for humane healthiness.

In the case of **products designated to special alimentation**, respective the "dietetic" or "regime" products (designed to persons with digestive or metabolism disturbances, and to persons with special physiologically conditions) as well as the aliments designed to small age children (sucker and babies), communitarian rules⁵³⁴ that regard the exigencies concerning the products' nature and composition, raw materials quality, in the hygiene domain, a list with the substances that can be added in certain nutritional purposes whose use is allowed, labeling, presenting and publicity, such as their control manner are established. The qualifier of "dietetic" and "regime" can be attributed to current consumption products only if there can be adequate to a special alimentation and only if the proof of these properties is made.

Concerning the **genetically modified products** (that make the object of last minute vast debates on global level) the EC Council sent directives referring to the deliberate obtaining and use in environment, of genetically modified aliments and organisms. Due to humane diseases appearance, but also of animals and plants, as result of releasing in environment of genetically modified organisms, their introduction should be made progressive and permanently analyzing the long term effects⁵³⁵. The alimentary products that contain genetically modified organisms will be appropriate labeled, mentioning the possible effects that can have on the human organism⁵³⁶.

In what the agro-alimentary products' wrapping is concerned, the materials used in this purpose and that have direct contact with the product537 make the object of special settlements. These materials should be produced, in such manner that would not give to alimentary products ingredients in such a quantity that could affect peoples' safety or to lead to unacceptable changes in aliments composition, or to degradation their organoleptic characteristics. The directive is not applicable to wrapping materials that can be consumed in the same time with the product (for instance membranes used for meat rough-wrought - sausages and salamis etc.). Materials that are allowed to enter in contact with aliments are therefore established, the list of additive that can be used at materials and objects production that enter in contact with aliments, substances whose use is authorized, the purity criteria of these substances, their use conditions, migration limits of some ingredients in/on alimentary products etc. The list of the accepted materials-substances may suffer changes according to new information's existence, leading either authorization of new substances or to the prohibition of others. Special settlements regard "active" materials used for products' wrapping, respective the materials that lead to a prolonging of conservation period of alimentary products, to improving of their organoleptic proprieties⁵³⁸. Concerning the agro-alimentary products' wrapping the EU legislation regards the inscribing on the wrapping, in harmonized manner, of the contained mass and volume ⁵³⁹. In what the alimentary importation products are concerned the present settlements regard the realization of controls of products at the entrance in the communitarian space. The finding of a product (lot of products) by customs authorities that contains characteristics that may bring doubts concerning the alimentary safety, as well as the absence of a document (marker) that should accompany the product in order to respond to settlements concerning the alimentary safety, entails the right of stopping the commercialization of the respective product⁵⁴⁰. Also, in order to enter the European Union's market the agro-alimentary products should be fabricated in

Result of measures that regard the alimentary safety and security, as well as result of public opinion's awareness upon the importance of a healthy alimentation, in European Union a special importance is given to **ecological products**, increasing their average in the total of the offer of agro-alimentary products.

Actually, ecological agriculture appeared in Europe as a result of population lack of trust in measures of alimentary safety and as consequence of apparition of different diseases generated by products containing toxins. Therefore, in present we assist to a real movement on European level that militates for replacing the intensive, industrial technologies, based on the use of extra-fertilizers of agricultural terrain, hormones etc. in animals alimentation, with clean, not-pollutant technologies. Ecological agriculture places an important stress on products' natural quality

⁵³⁴ Board's Directive nr. 89/398/CEE, Directive nr. 2001/15/CE, Directive nr. 91/321/CEE, Directive 1999/39/CE.

⁵³⁵ Directive 18/01/CEE.

⁵³⁶ Board's settlement 1139/98.

⁵³⁷ Directive nr. 2002/16/CE.

⁵³⁸ Settlement 1935/2004/CE.

⁵³⁹ Directive nr. 76/211/CEE.

⁵⁴⁰ Settlement CEE nr. 339/1993.

⁵⁴¹ Settlement 852/2004/CE.

and not on obtaining of increased productivity, its cost being implicitly higher. In this frame, the evolution of ecological products consumption, in some countries from European Union registered spectacular increases; according to the available data was observed that in 1997 – 2006 period, in some countries (Belgium, Denmark, France, Holland) the consumption increasing more than 10 times.

The evolution of organic products' consumption in some of the European Unuion's countries in 1997-2006 period

<u> </u>										
Country	1997	1998	1999	2000	2001	2002	2003	2004	2005*	2006*
					Euro /	person				
Austria	24.6	32.1	40.6	53.5	68.4	92.2	122.6	163.0	205.5	244.6
Belgium	6.5	8.3	13.8	21.1	30.3	37.4	45.6	59.9	75.1	97.0
Denmark	59.0	85.1	97.2	122.3	161.9	218.6	293.0	394.0	513.1	636.0
Finland	m.d.	m.d.	m.d.	41.8	53.4	75.1	115.6	159.9	213.6	300.3
France	9.9	10.7	15.9	22.9	31.2	41.1	51.0	61.4	77.6	99.1
Germany	19.4	24.0	28.6	33.0	40.0	47.4	56.3	65.8	78.0	93.3
Greece	m.d.	m.d.	m.d.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ireland	m.d.	m.d.	m.d.	11.5	19.1	26.2	33.9	43.4	53.5	68.0
Italy	9.2	11.6	14.7	20.6	30.0	38.3	49.5	61.2	74.9	90.0
Holland	19.9	24.2	29.8	47.7	68.8	91.3	120.8	157.7	187.4	224.2
Portugal	m.d.	m.d.	m.d.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spain	m.d.	m.d.	m.d.	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Sweden	18.8	26.9	35.6	45.0	55.8	70.4	82.7	94.1	108.1	126.5

m.d. – missing data.

Source: data processing from Euromonitor, 2004

Referring to the **agro-alimentary products' standardization** – whose main purpose is, also, the one of assuring products' quality on one side and, in equal extend, it constitutes a recognition method for consumers for quality products – at the level of EU will be altogether applied, the international standards that, generally, have a recommendation character, allowing the national standards harmonization, but also a series of specific standards that are compulsory for EU countries. Among the organisms that elaborates standards at international level we remind: International Standardization Organization (I.S.O.) and Codex Alimentarius Commission (common organism for OMS and FAO), and at the level of European Union – European Standardization Committee (CEN).

Although it has international character, in European Union *the aliments safety systems' implementation HACCP* is compulsory ⁵⁴², aspect that constitutes actually the alimentary safety guaranty along the entire technologic flux. Respective, HACCP is a method for insuring the aliments product's security from the raw material until the product reaches the final consumers' table. The purpose of this method accepted by international organizations as the most efficient control method for diseases resulted from alimentary products, is the prevention in time of problems that may appear along the route by alimentary products from agrarian exploitation until the reaching of consumers.

The basic principles of HACCP are: "the potentially alimentary risks analysis for an operation from the activity of alimentary sector's unit; the identifying of the points from this operation where alimentary risks may appear; the establishing of the identified points as being critical for aliments safety, named critical points; the identification and implementation of effective control procedures and monitoring these points; the periodical revision and every time a change in the alimentary sector of alimentary risks analysis appears, of critical points and of monitoring procedures " ⁵⁴³. In the cases where, due to different reasons the control was lost, the products submitted to potential risk will not reach the consumer. HACCP follows the assuring of product's security by biologic, chemical and physical risk control analysis from the producing, procuring and handling the raw material, until the producing, distribution and consumption of the finite product. "Units from the alimentary sector have to identify the determinant activities for alimentary safety and have to guarantee that the corresponding security procedures are established, implemented, maintained and revised on the basis of principles used in *risk and critical points system analysis* - HACCP" HACCP" **

The realization of HACCP system supposes the adopting of certain standards, which have been elaborated by Codex Alimentarius Commissions, respective:

- Agro-alimentary hygiene. General principles – regards the necessary hygiene conditions for an aliment's production, during its entire production route;

^{*} estimated data.

⁵⁴² Directive 93/43/CEE.

⁵⁴³ Processing after H.G. 1198/2002 (harmonized to communitarian aquis) published in MO 866/2 December 2002 concerning the alimentary hygiene standards approval.

⁵⁴⁴ Article 4 from H .G. 1198/2002.

- Agro-alimentary hygiene. Risk analysis and critical points control analysis (HACCP) and their application guide the risk analysis principles are established, critical control points, risks identification methods and control measures;
- Agro-alimentary hygiene. Principles for establishing the microbiologic criteria for aliments at any point from the alimentary chain.

With the exception of HACCP system, a series of standards with international character are also used by economic agents from agro-alimentary domain at the level of communitarian market, their implementation being optional:

- Alimentary safety management system- ISO 22000, is an international standard, elaborated for assuring the alimentary chains safety on global level; it comprises the HACCP principles and integrates the requires of the key standards elaborated by different distributors' associations, on global level. ISO 22000 extends the quality management system approach;
- Quality management system ISO 9001:2000, is a standard that foresees the requires for quality management system, in such manner that the organizations will assure products and services according to consumer's requires;
- Environment management system ISO 14001, is an international standard that specifies the requires referring to an environment management system that allows an organization to formulate and implement its policies and objectives taking onto consideration the legal requires and the other requires that the organization subscribes, as well as the information referring to significant impact upon environment.

At the level of European Union there exist four categories of standards applicable to agro-alimentary products:

- specification standards, with reference to composition, physic-chemical and biologic characteristics and fabrication technologies;
- standards concerning the products' "environment", referring to the labeling, wrapping, storage and products' transport;
- standards concerning the products' analysis and testing methods, that regards the products' analysis manners;
- standards with the purpose of directive, that define the hygiene requires, as well as a series of prescriptions referring to the fabrication, stocking and distribution technology.

In conclusion, the specificity of agro-alimentary product at the level of European Union, also as the specificity of all marketing mix components, results in great extend from the nature of the settlements regarding the population's alimentary safety and security, but also from the necessity of adaptation to permanent change needs and increased exigencies of the European consumer.

Bibliography:

- 1. Diaconescu, Mihai (2003), Agro-alimentary Marketing, Second revised edition, Uranus Publish house, Bucharest.
- 2. Diaconescu, Mihai, Mirela Diaconescu (2000), Eurostrategies in Agro-alimentary Domain, Descartes Conseil Publish house, Bucharest.
- 3. Manole, Victor, Mirela Stoian, Raluca Andreea Ion (2003), Agro-marketing, Second edition, ASE, Publish house, Bucharest.
- 4. Rogoz, Maria Silvia (2005), Alimentary product's hygiene and safety in the context of Romania's adhesion to European Union, Standardization Review, June, 2005.

DETERMINING THE PROFILE OF TOURISTS IN BRAŞOV STARTING FROM THEIR CONSUMPTION AND BUYING BEHAVIOR TOWARDS PRODUCTS OFFERED BY TOURISM AGENCIES

Untaru Elena-Nicoleta

"Transilvania" University of Braşov Economic Sciences Faculty Colina Universității nr. 1 onut.elenanicoleta@unitbv.ro 0268411474

By studying consumer behavior, marketing specialists want to find out how consumers choose goods/services and what the factors that influence their choice are.

In tourism the analysis of the consumer behavior is more difficult because the structure of the product is totally different than the one of goods in general, and the decision of buying is supported mostly by subjective factors, emotional, and not necessarily on economic factors that are easier to be observed.

The present work aims to create a profile of Brasov people as tourist whose premises is set by a marketing research on observing the attitudes, opinions and behaviors of tourists towards choosing a holiday destination.

Keywords: tourist, consumption behavior, marketing research

Work JEL code: M

1. Introduction

By studying consumer behavior, marketing specialist want to find out how consumers choose products/services and what the factors that influence their choice are. The reasons for buying are less familiar to a company for which it is relatively easier to find out who, what, where from, when and how much they buy. Generally, products and services are bought in order to satisfy physical needs, but also social and psychological ones. Social environment of consumer, individual and psychological circumstances are combined to influence the decisions on what to buy.

Information concerning tourist's consumption motivation is important to marketers, along with the elements that put the basis of choosing a holiday destination, aspects regarding the usage of personal and previous experience, and other influences in choosing an attraction point.

In tourism, analyzing consumer behavior is more difficult because the structure of the product is totally different than the one of goods in general, and the decision of buying is supported, mostly, by subjective factors emotional and not necessarily economic ones, that are easier to observe.

The present work aims to create a profile of Brasov tourists whose premises is set by a marketing research on observing the attitudes, opinions and behaviors of tourists towards choosing a holiday destination.

2. Methodological considerations regarding the marketing research

In the marketing research, the population taken under consideration is formed by citizens of Brasov aged more than 18 years old. The interval of confidence is 95%. The pattern is composed by 385 subjects, and the error with which the results are guaranteed is $\pm 5\%$.

Neighborhoods in the pattern	No. of apartments in each neighborhood	The percentage of the selected apartments in the total no. of apartments (%)	The allocation of the pattern
Astra	28.019	60	363
Tractorul	9.650	21	125
Valea Cetății	8.707	19	113
TOTAL	46.376	100	600 (pattern size)

Table 1. The pattern used in the research

The reason for which the size of the pattern is 600 subjects and not 385 is that there usually is a high probability for not all subjects to answer the questions, and to assure the exactness of the pattern.

The methods used for sampling are: multistage sampling, proportional stratified sampling and systematic sampling.

3. Main results of question analysis

The statistics of the questions reveal a series of aspects regarding buying and consumption behavior of Brasov tourists. Further are presented the most important results of the questions' analysis that set the basis of the marketing research.

Most of Brasov tourists travel at least once per year in our country (see table 2) as follows: in vacations and holidays (86% of the subjects), for rest and relaxation (79% of the subjects) and for fun (44% of the subjects).

Table 2. Frequency of traveling of Brasov people during a year

Do you usually travel only once during the year?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no	84	21,8	21,8	21,8
Vallu	yes	301	78,2	78,2	100,0
	Total	385	100,0	100,0	

Brasov people prefer as destinations in our country: the mountains, at least twice per year, Black Sea shore, once per year (see table 3) and, few prefer Danube Delta, balneary and climatic resorts, tourist's circuits and other places.

Table 3. Frequency of Brasov people on the Black Sea Shore

Please tell us what is the frequency of your visits in our country (Black Sea Shore)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once per year	200	51,9	73,5	73,5
	2-3 times per year	17	4,4	6,3	79,8
	More times during the year	3	,8	1,1	80,9
	Never	52	13,5	19,1	100,0
	Total	272	70,6	100,0	
Missing	88,00	84	21,8		
	99,00	29	7,5		
	Total	113	29,4		
Total		385	100,0		

The best sources of information in choosing a holiday destination are, in the opinion of Brasov people: friends and acquaintances (63% of the subjects) and Internet (49% of the subjects).

Brasov people do not usually buy online holiday packs (89% of the subjects), they prefer to organize the trip by themselves (85%) and they like to travel along with the family (73%) or with friends and colleagues (41%).

Generally, when choosing a vacation destination Brasov people take under consideration the opinion of acquaintances who have visited that destination in the past (see table 4), they prefer to visit different destinations each time, which they haven't seen before, but they are indifferent towards choosing between circuits and plain vacations or buying a vacation package and buying each component separately.

Table 4. Expressing the opinion towards the following statement: "I take under consideration the opinion of the acquaintances who have already visited a holiday destination, when choosing a destination"

I take under consideration the opinion of the acquaintances who have already visited a holiday destination, when choosing a destination

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Total disagreement	13	3,4	4,3	4,3
	Disagreement	18	4,7	6,0	10,3
	Neither / nor	43	11,2	14,3	24,6
	Agreement	191	49,6	63,5	88,0
	Total agreement	36	9,4	12,0	100,0
	Total	301	78,2	100,0	
Missing	88,00	84	21,8		
Total		385	100,0		

When choosing a vacation destination, Brasov people are preoccupied mainly by attributes like: price (78% of the subjects), service quality (73% of the subjects), surroundings (66%), family or friends desires (55%), and safety or security (11%). The subjects placed last the possibility of traveling (19%) and the possibility of doing sports (11%). Brasov people take decisions on choosing a holiday destination with at most three months in advance, as seen in the following table.

Table 5. Periods of time required by Brasov travelers to take decisions in choosing a holiday destination

How long in advance do you decide on a holiday destination?

					Cumulative
		Frequency	Percent	Valid Percent	Percent
Valid	one year in advance	10	2,6	3,3	3,3
	6 months in advance	49	12,7	16,3	19,7
	2-3 months in advance	114	29,6	38,0	57,7
	tops 1 month in advance	115	29,9	38,3	96,0
	I'm waiting for price reductions on holiday packages	12	3,1	4,0	100,0
	Total	300	77,9	100,0	
Missing	88,00	84	21,8		
	99,00	1	,3		
	Total	85	22,1		
Total		385	100,0		

The main reasons of the last journey were rest, relaxation and fun (as seen in table 6), for which they spent up to 14 days and up to 2000 lei, money from economies, mostly, spent on transportation to the desired destination (81%), accommodation (60%), shopping (64%), food (57%) and gifts (41%).

Table 6. The main reason for taking their last journey

What was the reason of your last journey?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	rest and relaxation	175	45,5	58,5	58,5
	business	8	2,1	2,7	61,2
	fun	83	21,6	27,8	89,0
	treatment	20	5,2	6,7	95,7
	pilgrimage	9	2,3	3,0	98,7
	other reason	4	1,0	1,3	100,0
	Total	299	77,7	100,0	
Missing	88,00	84	21,8		
	99,00	2	,5		
	Total	86	22,3		
Total		385	100,0		

In order to get to the destination, Brasov people used in most cases their personal car (51% of the subjects) and got accommodation to friends, relatives, grandparents, pensions and three star hotels (as seen in table 7).

Table 7. Means of accommodation used by Brasov people in their last journey

What kind of accommodation did you use in your last journey?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 star hotel	29	7,5	9,6	9,6
	3 star hotel	56	14,5	18,6	28,2
	4-5 star hotel	20	5,2	6,6	34,9
	pension	66	17,1	21,9	56,8
	rented apartment	33	8,6	11,0	67,8
	friends, relatives	85	22,1	28,2	96,0
	other accommodation	12	3,1	4,0	100,0
	Total	301	78,2	100,0	
Missing	88,00	84	21,8		
Total		385	100,0		

Analyzing the responses of the subjects we may conclude that, generally, Brasov people manifest an economic behavior in taking decisions concerning vacation/holiday, mainly because of the importance given to the price in

buying decision, cheaper accommodation and transportation, holiday expenses (that cover transportation, accommodation, meals and shopping), etc.

4. Creating a profile of Brasov tourists

Based on the results of the marketing research, creating a profile of Brasov tourists is possible. This profile is presented in the following table:

Table 8. A profile of Brasov tourist

	Features of Brasov tourist						
1.	Economics type Price is the most important attribute in choosing a vaca destination; most subjects get accommodation at friends, relatives.						
2.	Family guy	The satisfaction during a holiday can be obtained only with family.					
3.	Sedentary guy	Most of the Brasov tourists travel during the summer in order to get relaxation and rest, prefer journeys instead of circuits, don't go on vacation for sports, and don't like trips (trips are the last choices for going on vacation).					
4.	Unconfident type ⁵⁴⁵	Don't go to traveling agencies for vacations (they organize the holidays by themselves), don't buy online products, they ask close people for advice, don't take bank credits to go on vacation.					
5.	"Moderated" type	"Are willing to travel, not interested in weekend vacations, or in sports."					
6.	Light type	They focus on physical recreation.					
7.	"Sea lovers"	Most of them choose the seaside for a summer vacation.					
8.	"Mountain lovers"	Most of them choose mountain for a vacation.					
9.	"Rest lovers"	They travel to rest and relax.					
10.	"Traditionalists" ⁵⁴⁶	Appreciate safety and security and wish to avoid surprises, therefore they are looking for familiar destinations and vacations.					

Supplementary marketing research is necessary in order to emphasize opinions and attitudes of Brasov travelers towards different parts of the vacation package, as well as other components of the marketing mix (and the list goes on). This could lead to drawing a more complex profile of the Brasov traveler concerning the consumption and buying behavior.

References

- 1. Balaure, Virgil; Cătoiu, Iacob; Vegheş, Călin, "Marketing turistic", Editura Uranus, București, 2005;
- 2. Constantin, Cristinel, "Sisteme informatice de marketing. Analiza şi prelucrarea datelor de marketing. Aplicaţii în SPSS", Editura Infomarket, Braşov, 2006;
- 3. Diaconu, Mihaela (coordonator), "Marketing în turism", Editura "Independența Economică", Pitești, 2003;
- 4. Ispas, Ana, Patriche, Dumitru, Brătucu, Gabriel, "Marketing turistic", Editura Infomarket, Braşov, 1999;
- 5. Kotler, Philip, Bowen, John T., Makens, James C., "Marketing for hospitality and tourism", Fourth Edition, Pearson Education International, 2006;
- 6. Lefter, Constantin, "Cercetarea de marketing. Teorie și practică", Editura Lux Libris, Brașov, 1998;
- 7. Lefter, Constantin, "Cercetarea de marketing. Teorie și aplicații", Editura Infomarket, Brașov, 2004;
- 8. Malhotra, Naresh K., "Marketing research. An applied orientation", Fourth Edition, Pearson Education International, 2004;
- 9. Nedelea, Alexandru, "Piața turistică", Editura Didactică și Pedagocică R.A., București, 2003;
- 10. Swarbrooke, John, Horner, Susan "Consumer behavior in tourism", Butter-Heinemann, Linacre House, Jordan Hill, Oxford, Marea Britanie, 1999;
- 11. "Comportamentul turiștilor și naționalitatea criterii de clasificare a turiștilor și de segmentare a pieței turistice", Coita, D., Nedelea, A., revista de Management & Marketing nr. 3/2006.

^{545 1-4} categories are based on the segmentations of Alexandru Nedelea, Piața turistică, Editura Didactică și Pedagocică R.A., București, 2003, p. 27-29.

^{546 5-10} categories are based on the segmentations of John Swarbrooke şi Susan Horner, Consumer behavior in tourism, Butter-Heinemann, Linacre House, Jordan Hill, Oxford, Marea Britanie, 1999, p. 88.

SOCIAL NETWORKING: REASONS TO JOIN AND THINGS DONE BY THE ROMANIAN CONSUMERS - AN EXPLORATORY ASSESSMENT

Veghes Călin

Academia de Studii Economice din București, Facultatea de Marketing, Bd. Dacia nr. 41, sector 1, cod 010404, București, c veghes@yahoo.com, 0744673862

Pantea Carmen

Academia de Studii Economice din Bucureşti, Facultatea de Administrarea Afacerilor (cu predare în limbi străine), Str. Mihail Moxa 5-7, sector 1, cod 010961, Bucureşti, pantea.carmen@gmail.com, 0729505705

Initially developed in order to allow human interactions in the virtual environment as online communities of people having common concerns and willing to share and exchange ideas, today social networks represent one of the online marketing tools with the highest potential employed aiming to maintain and enhance the relationships with the consumers having common interests and activities. Used daily by millions of consumers, the web-based social networks have provided an informal, personal and close to the consumer way of communication and sharing information.

The paper assesses in an exploratory manner the reasons determining the consumers to join and the activities conducted through the participation in a social network at a level of sample including respondents from what probably is the core segment of social networks users.

Keywords: social networks, online marketing, Romanian consumer

JEL Classification: M31

Introduction

Nowadays people's lives change very fast and the entire world seems to have a new shape from one day to another. That is the reason why the business environment and the companies need to be open minded in order not to lose ground in their competitors' favor. Each business person knows that it is important to adapt to the requirements of the changing market he operates in, if he wants to succeed. This is the reason why companies should adjust the instruments they use in order to attract new customers or to maintain the relationships with the existing ones.

It is known the fact that we live in a world where technology achieved a leading position, together with one of the most used devices, the computer, and in strong connection with the internet. This is the why companies have considered the online marketing and its tools as being very efficient in promoting their company and their products and services. They use all possible methods and instruments in order to communicate online: from email marketing, online advertising, search engine optimization, sponsored links or advergaming (which are intended to drive the user to the company's website) to e-newsletters, instant messaging, blogs and RSS feed, forums and online discussion groups and social networks (which are mostly used in order to maintain and develop relationships with the consumers).

The last ones mentioned are online marketing tools that can be used within the online communities. Those communities have appeared in order to allow human interactions in the virtual environment and proved to become important facilitators of social networking.

Literature review

Early in history there were attributed different definitions to the term of *community*; Hillery (1955) and Bell, Newby (1971) have given it a set of technical uses, while Willie (2000) emphasized the use of this concept in relation with social interactions, geographic areas and common bonding. Individuals and organizations acknowledged that the internet provides a low-cost environment and a place where they can meet and interact with each other and so, the phenomenon of online communities appeared and developed. They were defined as a collective group of entities, individuals or organizations that come together either temporarily or permanently through an electronic medium to interact in a common problem or interest space (Plant, 2004). Further in his paper, Plant (2004) identifies a three-dimensional model for the online community space: the degree of community regulation (unregulated and regulated communities), the degree of community openness to membership (open and private) and the degree to which a community is involved in profit activities (for-profit, not-for-profit and communities that overlap the for-profit or the not-for-profit regulated spaces).

The boost in the usage of the internet, the development of the online communities as well as the CGC (consumer generated content) are three of the main factors that influenced the launching and development of social networking. If is to consider that the online communities are the basis of social networking, since people can not network if they do not belong to a group, to a community, than the emergence of the social media, defined as a variety of new sources of online information that are created, initiated, circulated and used by consumers intent on educating each other about products, brands, services, personalities, and issues (Blackshaw and Nazzaro, 2006), has changed the way organizations communicate with customers and played a significant role in the development of the social networks.

It is to be mentioned the fact that in our research we have made a difference between the concepts of *social networks* and *social networking*. Social networking satisfies the need of the individuals to be connected in the online environment and it aims to facilitating information, knowledge, experience, opinions and documents sharing, as well as to serve entertainment or transactional purposes. Social networks (or social network sites), together with the blogs, RSS feeds, forums, discussion groups, podcasts and wikis are online marketing tools that the internet provides which have as main objective to ease social networking. Social networks have been defined by Boyd and Ellison (2007) as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site.

Compete.com has posted on the company's blog top 25 of the most accessed social networks in February 2008, by the US internet users, and the first positions were occupied by myspace.com (65.744.241 monthly visitors), facebook.com (28.563.983 monthly visitors) and classmates.com (11.978.068 monthly visitors); hi5.com, linkedin.com and tagged.com being ranked on the 8th,9th, respectively 10th position. In the following year, there were listed the most used social networks in terms of monthly visitors and visits, by the US internet users; facebook.com has taken the lead (68.557.534 monthly visitors and 1.191.373.339 monthly visits), being followed by myspace.com (58.555.800 monthly visitors) and it is surprising to find on the 3rd position twitter.com (5.979.052 monthly visitors), since in February 2008 it was situated only on the 22nd place (629.531 monthly visitors); hi5.com has lost ground, being situated on the 15th rank, while linkedin.com and tagged.com have achieved the 5th and respectively 6th position. According to comeScore.com, at the level of Europe, facebook.com has been accessed by about 99.776.000 unique visitors in February 2009, as compared with February 2008 when there were only approximately 24.110.000 unique visitors; facebook.com is the most preferred and accessed social network in most of the European countries.

Methodological Notes

The specific objectives to be reached through the present exploratory research approach referred to the main aspects concerning the social networks: the associated degree of awareness, participation within, reasons of participation and behavioral patterns related to the social networks. Questions concerning the social networks and networking had represented only a specialized part inside of a consistent questionnaire approaching all the tools consumers are exposed through the online marketing campaigns conducted in the market. Data have been collected online in March-April 2009. The sample has included 124 respondents (61 male and 63 females), aged 18 to 29, from Bucharest. Focus on this category, called in the marketing literature and better known as the Generation Y, is motivated by the significantly higher penetration and, respectively usage of the internet and, particularly of the social networks at the level of affiliated consumers.

Major Findings

Social networks seem to be characterized by an awareness of 100% as all the respondents have answered indicating that they know about at least one network. The best in terms of the awareness networks are Hi5 (mentioned by 119 respondents representing 96.0% of the investigated sample) and Facebook (102, respectively 82.3%). It is important to specify that the awareness of social networks, as it has been defined in the context of this research approach, refers to the assisted (and not spontaneous) awareness. MySpace has a relatively good awareness among the respondents being mentioned by two-thirds of the investigated sample while Netlog appears to be characterized through an average degree of awareness (with almost a half of the sample recognizing it).

Group of the less-known social networks includes LinkedIn, Noi2, Ringo, respectively Delicious and some other networks (Ce-faci.ro, Ingeri.ro, Last.fm, Neogen, Twitter). This situation can be explained due to the certain degree of specialization of the network (Neogen) or the fact that some of these networks are Romanian (Ce-faci.ro).

Table 1. Social networks awareness and participation at the level of the investigated sample

Social Networks	Awareness		Participation	
Social Networks	Frequency	Percentage	Frequency	Percentage
Delicious	9	7.3	2	1.6
Facebook	102	82.3	45	36.3
Hi5	119	96.0	102	82.3
LinkedIn	23	18.5	6	4.8
MySpace	84	67.7	20	16.1
Netlog	56	45.2	20	16.1
Noi2	22	17.7	4	3.2
Ringo	22	17.7	1	0.8
Other	5	4.0	4	3.2

Notes: "Other" includes Ce-faci.ro, Ingeri.ro, Last.fm, Neogen, Twitter (in the case of awareness), respectively DeviantArt, Ingeri.ro, Last.Fm, Twitter (in the case of participation); networks arranged alphabetically.

Participation in the social networks appears to be maybe too low if is to consider as reference the awareness of these networks. With the exception of Hi5, with an impressive weight of the respondents owing and using a profile (82.3%), all the other networks are less used at the level of the investigated sample.

Connecting the awareness and the participation in the social networks it can be determined an indicator of penetration of the social networks as a weight of the profile owners in the total number of respondents that have heard about a certain social network. The highest degree of awareness, as well as the highest weight of the respondents having a profile makes Hi5 the social network with the best penetration rate (85.7%) followed at a significant distance by Facebook (44.1%) and Netlog (35.7%).

LinkedIn (26.1%), MySpace (23.8%), Delicious (22.2%) and even Noi2 (18.2%) form a group characterized by a rather poor penetration while Ringo (4.5 %) appears to be the network with the poorest both awareness and participation.

Participation within a social network can be motivated by different factors. Probably, the most important one is that referring to the social aspects of the respondents' day-to-day life – communication with the friends and / or relatives, dating and / or flirting, making new friends, while the second in terms of importance refers to the entertainment and informational role associated to this online marketing tool – enjoying different things, online gaming, and getting interesting information about different products, services, brands, events, etc., see Table 2).

Table 2. Reasons for participating in the social networks at the level of the investigated sample

Reasons	Frequency	Percentage	
Communication with friends	81	65.3	
Dating / flirting	9	7.3	
Enjoying different things	56	45.2	
Getting interesting information	24	19.4	
Making new friends	43	34.7	
Online gaming	17	13.7	
Personal branding	19	15.3	
Relationship with business partners	5	4.0	
Supporting public persons	5	4.0	
Supporting products, organizations, campaigns	4	3.2	

Social networks seem to be very close in achieving their mission, at least at the level of the generation Y, as two-thirds of the respondents use them as a communication platform with friends. The *networking side* of the social networks employment appears to be illustrated by the respondents' desire to make new friends, which represents a reason to participate within a social network for one-third of the respondents, or even through using the connections in the more sensitive area of the personal relations for dating and flirting. The *social side* of the social networks employment is less visible as a determinant reason for participation in a network: the desire to support the public persons, products, organizations and campaigns is characteristic for a minority of the respondents.

Infotainment, a combination of spending the time in a pleasant and, in the same time, useful way, appears to provide a relatively strong motivation for accessing and participating the social networks: almost a half of the respondents seek to enjoy the content available within the network, one out of five search for interesting information and one out of seven play online network games.

Personal branding represents another interesting reason for participation in the social networks. The percentage of respondents that have mentioned the possibility to build or enhance their personal brand can be explained, on a hand, through the intrinsic opportunities offered by the social networks (from which the most important may be the access to a community of people sharing the same interests, beliefs, and lifestyle) and, on the other hand, a kind of replication of the businesslike behavior (participation in a social network may be of the same importance for an individual like having a website for an organization).

Relationships with business partners represent a reason for accessing and participating in the social network for a small minority of respondents. The results can be explained by the demographic profile of the respondents (that are, probably, too young to have business partners and to manage communication or other type of relationships with them) and by the relatively limited employment of the social networks for business-related purposes (and when happening, this is possible in specialized networks such as LinkedIn).

What are the respondents doing using social networks? Searching for old friends (and, probably, making new ones) represents the main type of activity conducted through the participation within a social network, as more than a half of the investigated sample does this (see Table 3). One-third of the respondents use the social networks to deliver the community their ideas, to discuss and exchange them even, for one out of ten respondents, inside more specialized networks (comparable with the special interest groups).

Table 3. Behavioral patterns within the social networks at the level of the investigated sample

Patterns	Frequency	Percentage		
Accessing commercial links	16	12.9		
Activating in thematic networks	12	9.7		
Delivering/exchanging ideas	41	33.1		
Searching for a job	14	11.3		
Searching old friends	68	54.8		
Self-promoting the profile	35	28.2		
Supporting a/an brand/person, event	6	4.8		

Self-promotion of the personal profile appears to be important for almost one out of three respondents and this may be seen in connection with the opportunities for personal branding as a reason for participating in a social network. Accessing the commercial links and searching for a job represent activities done by slightly more than one out of ten respondents suggesting that although there is an important potential in these directions, the social networks have, like the concept itself implies, a rather social and not a business and / or commercial dimension.

Conclusions and Future Directions of Research

Of course, it is difficult to draw conclusions about the social networks development and employment after an exploratory research approach conducted at the level of a rather specific group of consumers. The results of the study are significantly limited by the nature of the sample and this should be one of the further improvements to be made in terms of the research methodology. Another important limit of the study is represented by the orientation of the questions towards the obvious aspects of the existence and employment of the social networks.

Still, there are several facts that have been observed based on the results provided by this exploratory approach:

- awareness of the social networks seems to follow the same pattern at the level of the investigated sample with that registered worldwide: Hi5, Facebook and MySpace are the most well-known networks for the Bucharest, 18-29 years old respondents;
- there is a significant distance between being aware of a social network and owning an account and participating effectively within the network. Hi5 is the social network with the best penetration rate followed at a significant distance by Facebook and Netlog;
- social networks seem to be very close in accomplishing their mission being used mainly as a communication platform. The *networking side* of the networks employment is more visible while the *social side* appears less important as a determinant reason for participation in a network;
- communication with the friends and / or relatives, enjoying different things, and making new friends are the main reasons for accessing the social networks; while maintaining a relationship with business partners, and supporting public persons, products, organizations and campaigns represent peripheral motivators for joining and participating within the social networks;
- searching for old friends, delivering and exchanging ideas, and self-promotion of the personal profile represents the main type of activities while supporting brands, persons, and / or events is the least conducted one through the participation within a social network. The social networks have, like the concept itself implies, a rather social and not a business and / or commercial dimension.

Further directions of research to be considered refer to the:

- expanding the dimension of the investigated population through getting out from Bucharest and covering the whole country (including the urban and rural areas), respectively through extending the demographic profile of the sample covering not only the group aged 18-29, but also consumers from other categories (at least members of the active population):
- increasing the complexity of the information generated through the research by introducing supplementary questions about joining, participating and the experiences registered within the social networks and also through the analysis conducted at the level of sub-samples including users of the main social networks.

References

- 1. Bell, C., Newby, H., (1971), Community studies, Westport, CT, Praeger
- 2. Blackshaw, P., Nazzaro, M. (2006), Consumer-Generated Media (CGM) 101: Word-of-mouth in the age of the Webfortified consumer, Second edition, Spring 2006, http://www.nielsenonline.com/downloads/us/buzz/nbzm wp CGM101.pdf, retrieved May 2009
- 3. Boyd, D.M., Ellison, N.B., (2007). Social network sites: Definition, history, and scholarship, Journal of Computer-Mediated Communication, Vol. 13, No. 1, article 11
- 4. Hillery, G.A., (1955), Definitions of Community: areas of agreement, Rural Sociology, No. 2, pp.11-23
- 5. Plant, R., (2004), Online communities, Technology in Society, No. 26, pp.51-65

- 6. Willie, CV., (2000), The evolution of community education: content and mission, Harvard Education Review, Vol. 70, No. 2, pp.191-210
- 7. * * * http://blog.compete.com/2008/03/07/top-social-networks-traffic-feb-2008/, Compete Inc., retrieved April 2009
- $8.\ *\ *\ -\ http://blog.compete.com/2009/02/09/facebook-myspace-twitter-social-network/,\ Compete\ Inc.,\ retrieved\ April\ 2009$
- 9. * * * http://www.comscore.com/press/release.asp?press=2774, ComScore Inc., retrieved April 2009

CHALLENGES AND OPPORTUNITIES FACED BY ENTREPRENEURIAL UNIVERSITY. SOME LESSONS FROM ROMANIA AND LITHUANIA

Zaharia Razvan

Academia de Studii Economice din Bucuresti, Romania Facultatea de Marketing Piata Romana nr. 6, sector 1, Bucuresti razvan.zaharia@gmail.com Tel: +021.319.19.00

Grundev Dainora

Vilnius University, Kaunas Faculty of Humanities, Kaunas, Lithuania Muitines g.8, LT- 44 280 grundey@mikrovisata.net Tel: +370 37 425 462

The paper investigates the challenges and opportunities that entrepreneurial university faced in the present context, focusing on some characteristics of Romania and Lithuania. Emerged as a concept that is designated to enhance the university's competitiveness, by integrated more efficient the business environment requirements, with the particularities of the higher education process, entrepreneurial university concept still raise a lot of comments. A large literature has developed around the concept. However, countries from Eastern and Central Europe constitute a particular example, as long as their experience in a market economy is limited. It is in the intention of this paper to explain some of these characteristics and why this hybrid concept is fragile in demonstrating the efficiency of higher education.

Keywords: entrepreneurial university, higher education, competition

JEL classification: L26, L29, I23, A23

1. Towards an entrepreneurial university: some reasons

The concept of entrepreneurial university emerged as a response to a fast changing business environment and to the necessity to delivered graduates more capable to solve more and more complex problems that business face in the era of globalization.

Entrepreneurial university is, also, a mixture between a new form of management and the old style university, a combination of new and old practices in a revised, up-to-date form of organization. As Clark pointed out, "entrepreneurship, is not a management posture that serves only new ventures in science and technology; it operates throughout the university. Its remit includes the protection of traditional fields necessary for a high level of competence. Entrepreneurial transformation not only builds new foundations for collegiality and autonomy, but also new foundations for sustainable achievement across the many fields of research, teaching, and student learning that a particular university encompasses" (Clark, 2001:21).

A number of causes have determined changes in viewing universities as something else than an ivory tour in which some bizarre people is looking for the absolute true.

The society development induces major changes after the Second World War, especially starting with the '80. The crisis of that period determined new orientation through technology; new specialization emerged in the curricula of universities. Traditional areas of study entered in competition with new, attractive specialization that gave to the graduates a greater employability. Especially in the last two decades, the concepts like "knowledge based economy" imposed a strong relation between information technology and the society. Turning from fundamental research to the development of applied research and make available education in forms of delivery agreeable to companies and public sector organizations determined a new approach of the role of the universities (Gibbons, 1998). More than that, adopting "the entrepreneurial behavior", a university "...stresses a forward-looking orientation, a willingness to seek out the new frontiers of knowledge" (Clark, 2001:22). Stanford is typically featured as an example among universities generating innovations that lead to new technology-based firms; Stanford entrepreneurial activity is often treated as virtually synonymous with the birth of Silicon Valley (Lenoir et al. 2004).

A larger access to education, especially to higher education, induced a growing competition among universities, from how to attract more students to how to receive more funds. Globalization of higher education, via internet and modern technologies increased the competition.

Financing a larger number of higher education institutions started to become a real challenge for governments and private organization, imposing establishing performance criteria that should distribute limited resources to unlimited needs. The limitation of financial resources constituted an important factor that determined many universities to turn to entrepreneurial characteristics, in order to attract more funds from industry. As knowledge is becoming an increasingly important, crucial, part of innovation, the university, as an institution that produces and disseminates scientific and technological knowledge, is much more important to industrial innovation(Marquesa, Carac, Diz, 1998).

The changes that labor market has came across the last decades created new pressures on higher education activity. Graduates are asking not only for those knowledge, skill or capabilities necessary for a larger and longer employability. More than that, they are asking for those knowledge, skills or capabilities required for adapting to different jobs or for "a package" that permit to enter into the world of business. In this context, those universities

capable to demonstrate a strong cooperation with business environment are considered to be more connected to the real world, and are more attractive for students than traditional universities.

In the present context, the dynamism of the society constitutes opportunities for entrepreneurial universities. All the causes briefly examined above are, in fact, opportunities that determined universities to orient to a more entrepreneurial behavior.

Nevertheless, there are some challenges that entrepreneurial universities face, especial in the last two decades, characterized by tremendous transformations in the entire society.

One pressure is coming from the difference between the dynamic of this two domains: industry and higher education. Enterprises are more flexible that universities, and, more than that, universities are "producing for the future", as long as enterprises produce for the present. Entrepreneurial universities are more vulnerable than traditional ones, as long as the path of changes in a university curricula can't be done so easily as the environment dynamics is asking for Universities' capacity to adapt to the market requirements can imbalance its identity.

Another threat appears to come from the structure of the university. As Clark pointed out "...traditional or entrepreneurial, old or new, the university is thereby turned uniquely into a bottom heavy form of organization. The work does not get done unless the various local academic tribes do it" (Clark, 2001:22). The academics are those who have to transform the university into a functional entrepreneurial entity and they have to consider that this is in their interest, personal and professional. Without this believes, management is less power and the success of such venture is hazardous and less efficient.

Many times, entrepreneurial university concept induces the idea of profit. Seeking profit tend to be, in some cultures, less appropriate to education, that supposed to have more altruistic objectives. For the management of entrepreneurial universities, looking for profit can transform easily into a goal itself, forgetting the fact that entrepreneurial mean more an attitude, a culture than a set of indicators or abstract figures in the sheet balance. As Davies mention, "...the entrepreneurial culture is generally characterized [...] by the ability to evaluate those ventures, learn collectively from experience, and transfer the essence of experience across the university" (Davies, 2001: 27)

2. Some characteristic of the entrepreneurial behavior of the universities in Romania and Lithuania

Despite their differences in geographical characteristics, Romanian and Lithuanian higher education are not so different in their essence. Both countries are coming after 50 years of communist, a period that inhibited any form of autonomy. Starting with '90, higher education system suffers tremendous transformation. Private universities emerged, the number of students exploded and stakeholders become more interested about the performance that higher education institutions can guarantee.

Lithuania is a one of the Baltic countries, with a population of 3,369,600 inhabitants. There are 22 universities in Lithuania, and one third of them have been established after 1991, the year when Lithuania proclaims its independence after the collapse of the former Soviet Union.

With a population almost seven times larger than Lithuania, Romania's higher education system evaluated after 1990 in a similar way. Many private universities were established after the Revolution. According to official data, in Romania are 107 higher education institutions (universities): 54 state universities, 27 private universities accredited, 21 authorized private universities and 5 private universities in process of accreditation. There are around 738 000 students in Romania, comparing to 195 000 students in Lithuania. Even though there are a lot of comments⁵⁴⁷ which consider that there are too many students, it is interesting that in relative terms, Romania has significant fewer students per 1000 inhabitants (33) than Lithuania (60) and even less than the European average (38).

In both countries, the reform in the higher education introduced elements minted to develop entrepreneurial attitude for universities. Requirements established for promotion, accreditation and other assessments criteria for higher education institutions and for faculties, were choose in order to promote a vision capable to create synergy between research and learning, between industry and educational system. This synergy was consider to be powerful enough for creating a new class of graduates, more oriented to market economy principle, more competitive for the labor market, more independent for taking risks, and more willing to assume an entrepreneurial behavior.

However, many universities from both countries viewed this opportunity as a threat, as an abandonment of classical conception of what should be a university and as a threat to their job security. Fear from new, fear from competition was not only a feature of the beginning of the reform, unfortunately becomes a permanent condition that undermined the good aspects of establishing a real entrepreneurial attitude of universities.

It is not less true that for the management of some universities the concept of entrepreneurial university was misunderstand. It was considered to be similar with having a profitable activity, and gaining profits was the principal goal of their entities. Especially private universities, forced also by the legislation, transformed a qualitative concept into a quantitative goal.

⁵⁴⁷http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=e n&product=Yearlies_new_population&root=Yearlies_new_population/C/C1/C11/caa10000, view at 26/04/2008

It should be mention that it is very difficult to transform, even after 20 years of democracy, universities from Romania and Lithuania into entrepreneurial institution. Entrepreneurial behavior is not only the responsibility of universities; it should be a result of cooperation, at least between industry and higher education system. In both countries, industry itself face tremendous transformation, and business environment is still in its infancy, having problems in understanding the fact that universities can be a partner for them (Zaharia, Zaharia, Gardu 2008).

The demand for knowledge is still large in universities from Romania and Lithuania, and the research is still poor. Financing research in universities is one of the most dramatic and complex aspect in higher education, not only because the funds for research have been very small, or because the culture for research is still confuse. The private business environment is not interested in research that can be developed by universities and industry is still convinced that the main purpose of a university should be education, not research (Zaharia, Zaharia, Gardu, 2008).

3. Conclusions

Entrepreneurial university is a powerful concept that determines a symbiotic link between research in universities and industry, and emerged as a result of the growing role that higher education institutions play in social and economic development. Entrepreneurial university is, also, a mixture between a new form of management and the old style university, a combination of new and old practices in a revised, up-to-date form of organization.

A lot of reasons stayed at the foundation of turning universities to an entrepreneurial culture or attitude: the growing competition in a more globalize world, the shortage of governmental resources oriented to research university, an increasing demand coming from students not only for a longer employability, but rather for an attitude that permit to enter in the world of business.

However, entrepreneurial university is vulnerable, as long as there are important differences between the two systems and the dynamic of the business environment is much stronger then that of higher education institutions. Countries like Romania and Lithuania are at the beginning of transforming this concept into reality. The transformation is imposed by the dynamic of market forces and by the necessity of reform in higher education. Though, it seems that neither universities nor, most of all, industry is prepared to act in the spirit of a fruitful, long-term relationship. Economic difficulties, the immaturity of the market economy in these countries induce a high vulnerability in what should be a partnership.

Bibliography

- 1. Clark, B. (2001), The Entrepreneurial University: New Foundations for Collegiality, Autonomy, and Achievement, Journal of the Programme on Institutional Management in Higher Education, Higher Education Management, Volume 13, No. 2, p.9-24
- 2. Davies, J. (2001), The Emergence of Entrepreneurial Cultures in European Universities, Journal of the Programme on Institutional Management in Higher Education, Higher Education Management, Volume 13, No. 2, p.25-43
- 3. Gibb, A., Hannon, P. (2006), Towards the Entrepreneurial University?, available at https://webspace.utexas.edu/cherwitz/www/articles/gibb hannon.pdf, view at 12/03/2009
- 4. Grundey, D., Zaharia, R.M., Ilie, A.G., Colibaseanu, O.A. (2008), Academic Research and Ranking of Higher Education Institutions: a comparison between Romania and Lithuania, Theoretical and Applied Economics Supplement, p.74-81
- 5. Harvey, L. (1998), An Assessment of Past and Current Approaches to Quality in Higher Education, Australian Journal of Education, Vol. 42, available at
- http://www.questia.com/googleScholar.qst; jsessionid=LZ5LsnfvNG5XdxyLgG5Ljt9p9QSGJbKd82TQyWrlT3Gsv1S4hPJ9!1978021894? docId=5001403773, view at 06/04/2008
- 6. Lenoir, T., Rosenberg, N., Rowen, H., Lécuyer, C., Colyvas, J., Goldfarb, B. (2004), Inventing the Entrepreneurial University: Stanford and the Co-Evolution of Silicon Valley, available at http://siepr.stanford.edu/programs/SST Seminars/Lenoir.pdf, view at 15/03/2009
- 7. Marques J.P.C., Carac J.M.G, Diz H. (2006), How can university–industry–government interactions change the innovation scenario in Portugal?—the case of the University of Coimbra, Technovation 26, p. 534-543
- 8. Zaharia, R., Zaharia, R. M., Gardu, D. R. (2008), Cercetarea Academica si Mediul de Afaceri, Revista Romana de Marketing, nr. 2, p. 38-53
- 9. http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal& _schema=PORTAL&screen=detailref&language=en&product=Yearlies_new_population&root=Yearlies_new_population/C/C1/C11/caa10000, view at 26/04/2008

LES COURTIERS EN INFORMATION – UNE NOUVELLE TENDANCE DANS LA RESTRUCTURATION DES CHAÎNES DE DISTRIBUTION

Zait Luminita

Universitatea din Bacău Facultatea de Științe Economice Mărăsesti 156 zait.luminita@yahoo.com Tel.0747110154

The profound competitive modifications found on majority of markets, either developed or emerging, are a direct result of sectors globalization phenomena. This result is related to technological and communication progress. Restructuring of the distribution channels brings another modifications in typology and nature of specific distribution operations, one of this modification being the emerging of a new concept – informediars or information courtiers.

Mots clé : les courtiers en information, désintermédiation, le meta marche.

JEL M31

1. Les tendances actuelles - la croissance en pouvoir des distributeurs et l'impact de l'Internet au niveau des marches.

Les profonds changements compétitifs enregistrés sur la plupart des marchés, qu'ils soient développés ou en développement, représentent un résultat direct du phénomène de la mondialisation dans le cas d'un grand nombre de secteurs. Cette évolution a été alimentée par le progrès technique, mais aussi par celui de la communication qui a aussi une importante composante technologique.

En effet, le nouveau contexte a également généré, parmi d'autres conséquences, une croissance en importance des grands distributeurs au niveau des chaînes classiques. Par exemple, la distribution des produits alimentaires a connu des changements importants. Si antérieurement les stratégies de marque avaient des accents agressifs et étaient soutenus par des efforts importants de communication orientés vers le consommateur final, dans les années '90, aussi bien en Europe que dans les entreprises américaines, les intermédiaires ont commencé à devenir entrepreneurs, tout comme les fabricants, en se concentrant sur la marque drapeau, basée sur une combinaison de marques propres et de marques des producteurs.

Parmi les facteurs qui ont favorisé cette tendance, on retrouve: la concentration de la distribution qui contrôle une partie importante des revenus d'une famille; la création de véritables centrales d'achat au niveau européen qui offrent aux détaillants un pouvoir de négociation considérable; la mise en place de lecteurs optiques pour les codes de barres, l'enregistrement instantané du volume de ventes et d'autres informations qui offrent aux distributeurs un grand pouvoir; l'adoption, par les grandes surfaces de ventes, des stratégies visant à accroître la segmentation, souvent négligées par les fabricants ou trop coûteuses à mettre en œuvre; la réduction de la crédibilité des actions publicitaires grâce à la professionnalisation des acheteurs à ce stade.

Pour ce qui est du réseau de distribution, on a enregistré également à ce niveau d'importants changements. Même si maintenant, la plupart des biens et des services sont encore vendus par le biais des canaux de distribution classiques, l'Internet offre de réelles possibilités aux spécialistes du marketing d'atteindre directement les cibles visés, sans avoir à encourir les coûts élevés et les obstacles associés aux canaux de distribution classiques, phénomène appelé désintermédiation548. Par exemple, Stephen King, l'un des plus célèbres auteurs de «best-seller» en Amérique, a vendu son dernier ouvrage exclusivement par le Web, et les exemples peuvent continuer dans cette direction.

Dans ce contexte, la vente via le Web offre de nombreux avantages pour les auteurs qui recourent à cette nouvelle forme de distribution tels: le fait que les revenus obtenus ne sont plus divisés entre l'auteur et les éditeurs ou bien d'autres intermédiaires et que les clients bénéficient à tout moment et où que ce soit dans le monde, d'une livraison immédiate, étant prêts à payer les montants dérisoires afin de visualiser le contenu.

Concrètement, ce nouveau système de distribution fournit une plus grande disponibilité de l'offre, améliorant les utilités de temps et de lieu, comme composantes fondamentales de l'attitude de marketing, offrant évidemment une valeur plus élevée aux clients potentiels. Par exemple, dans le cas présenté ci-dessus, plus de 150 000 de lecteurs ont été enregistrés au moment du lancement du produit en juillet 2000. Il semble que cette nouvelle forme de distribution est utilisée avec prédilection pour la commercialisation des produits qui ont connu une forte diminution des ventes au niveau des chaînes classiques, tels les livres. Dans la même direction, un fournisseur de livres reconnu au niveau global - Random House Inc. a exprimé ses plans pour l'avenir, à savoir fournir les versions électroniques de plus de 100 œuvres pour le prix de 4,95 euros. En effet, à la vente directe, Random House a préféré sa commercialisation par l'intermédiaire des sites spéciaux tels Shakespeare.com et des détaillants ayant des affaires en ligne Ainsi, l'édition a restructuré sa chaîne de distribution bénéficiant des avantages offerts par le Web.

548 Ernst&Young, - Global on line retailing, an Ernst&Young Report, Stores, 2000.

_

Cependant, renoncer à la distribution classique ou restructurer certaines chaînes ne doit pas se faire de manière superficielle, les éléments du conflit étant inhérents au niveau des réseaux classiques. Par exemple, Levi Strauss s'est heurté à des conflits dans le canal conventionnel au moment où il a décidé de commercialiser ses produits directement aux consommateurs, via le web. En fin de compte, l'entreprise a été contrainte de retirer son offre en ligne, en grande partie à cause des protestations exprimées par les membres des canaux conventionnels.

Des préoccupations similaires ont été enregistrées dans l'industrie du tourisme, où les diverses compagnies aériennes ont essayé de renoncer aux intermédiaires classiques, en vendant directement ses billets et d'autres services aux clients, via le Web.

Toutefois, malgré ces tendances manifestées aussi bien au niveau mondial que national, il y a des partisans de la distribution classique, les arguments invoqués étant liés à la nécessité d'assurer les flux qui composent l'activité de distribution.

Les organisations qui souhaitent renoncer à la distribution des produits par le canal classique doivent identifier également la manière dont les fonctions exercées par les membres de la chaîne seront remplacées, à savoir: prospecter le marché, prendre des commandes, fournir des produits, assurer les flux financiers, etc. Dans ce cas, on devrait évidemment accorder une grande importance à la quantification en termes d'efficacité de l'entreprise, pour renforcer les arguments du choix de cette nouvelle forme de distribution.

2. Les courtiers en information

La restructuration des canaux de distribution a introduit un certain nombre de changements dans la nature et le type d'opérations effectuées, la littérature de spécialité mentionnant souvent pendant la dernière période un nouveau concept, à savoir celui **d'entremetteurs** ou de **courtiers en information**⁵⁴⁹.

Quel que soit l'objet de son activité, l'organisation moderne peut disposer de multiples façons d'aborder les cibles visés et d'atteindre les objectifs fixés, n'importe leur nature qualitative (la réputation de la marque, l'attachement des cibles visés à leur marque ou le fait d'obtenir une image favorable) ou quantitative (l'augmentation du chiffre d'affaires et du quota, l'efficacité de son activité, etc.). Les modèles d'affaires sont mis en œuvre afin de soutenir ces efforts, mais ils exigent un ajustement en fonction du secteur d'activité, le contexte dans lequel les organisations opèrent, la spécificité interne et les objectifs définis.

Un tel modèle a été proposé en 2000 par le célèbre site NetZero, comme une solution à la professionnalisation des informations sur le marché dans l'économie fondée sur la connaissance. Le modèle, connu comme le modèle des courtiers en information, a comme principe de base la capture des informations du marché et leur diffusion vers les parties intéressées, son utilisation exigeant, dans une première phase, le simple enregistrement sur un portail; plus précisément, les organismes intéressés sollicitent leur enregistrement dans le système, pour obtenir les informations qui présentent intérêt pour leur activité, ces données pouvant ensuite être utilisées pour la mise en oeuvre des démarches du marketing direct. La mise en œuvre de ce modèle a été réalisée par le même site, NetZero, qui, offrant 40 heures d'accès gratuit à l'Internet, a réussi à recueillir des informations provenant de plus de 8 millions de consommateurs.

Prenant des éléments de la pratique, la littérature de spécialité a essayé de définir ce nouveau concept. Ainsi, dans un ouvrage intitulé, The Network is the Infomediary. Shaping Markets When Customers Make de Rules, deux auteurs américains, John Hagel et Marc Singer, définissent le concept de courtiers en information comme étant "les organismes qui gèrent les informations obtenues auprès les clients pour le profit des clients' 1550. A la différence du niveau des connaissances offertes par la pratique, les deux auteurs soulignent un élément extrêmement important reposant sur la différence entre les courtiers en information et les entreprises de marketing direct: les courtiers en information sont des protecteurs de la vie privée des consommateurs.

Dans la même direction, Audrey Knauf, dans un article intitulé The Role of Infomediary in an economic intelligence process, mettait à la base de sa définition des courtiers en information la terminologie du concept. Selon cet auteur, le terme de courtier en information représente ,,un concept formé à partir du néologisme de la fusion de deux éléments – l'information et l'intermédiaire''. Le terme indique, dans l'opinion de l'auteur, "la source d'information ou de la communauté qui, à partir de l'information fournie par le client, génère des liens dans un système composé par des organisations intéressées à ce type de données',551.

Malgré le fait que la définition de la notion n'est pas stabilisée, comme démarche, au niveau de la communauté scientifique, existant de nombreuses critiques⁵⁵², relatives à la nature des courtiers en information⁵⁵⁴ - personne

⁵⁴⁹ Cutajar, M., - Les courtiers en information, these en Sciences SIC, Université de Lyon, 1997.

⁵⁵⁰ Hagel, J., Singer, M., - Net Worth: Shaping Markets when Customers Make the Rules, Harvard Business Press, 1999, 313 pg., ISBN 1578512352.

⁵⁵¹ Knauf, A., David, A., - The Role of infomediary in an economic intelligence process, disponibil la adresa http://hal.inria.fr/docs/00/05/22/13/DOC/SCI04-1.doc.

⁵⁵² McNaughton, K., - Pay per view ads get new twist, http://news.cnet.com/Pay-per-view-ads-get-new-twist/2100-1017_3-223715.html., ISSN on line 1999-03-30.

⁵⁵³ Sarkar, C., - Infomediation: Interview with John Hagel, www.onewwworld.com, 2002.

⁵⁵⁴ Berquier. V., - De l'infomediare au portail commaunautaire, http://asmp.fr. 2003.

physique, organisation ou portail, on peut dire qu'il y a les prémisses du développement de ce concept, à savoir le comportement des consommateurs par rapport aux activités actuelles de marketing.

En principe, les consommateurs n'ont ni le temps ni la patience ou la capacité de chercher toujours les meilleurs choix d'affaires en ce qui concerne l'offre existante au niveau du marché. Pour que le client potentiel bénéficie des meilleurs types de relations avec les fournisseurs, il faut un troisième type de structure, plus précisément de confiance, qui doit jouer le rôle de mandataire, d'intermédiaire ou de courtier en information. L'existence des courtiers en information au niveau du marché repose sur l'argument que, agrégeant les informations de la part des clients et utilisant le pouvoir de marché résulté, ils obtiennent des compétences dans la démarche de négociation avec les fournisseurs, au nom des acheteurs.

Les entreprises qui jouent le rôle d'intermédiaires en information sont, donc, des agents ou des courtiers en information spécifique du consommateur, la mettant à la disposition des entreprises sur le marché et protégeant à la fois son caractère privé. Ces nouvelles entités sont le fruit de la fusion des marques fortes et d'une cohérente gestion de relations avec la clientèle, tout cela ayant à la base de nouvelles stratégies de marketing. En outre, les mêmes entités sont des catalyseurs pour les consommateurs qui cherchent la valeur en échange des informations personnelles. En offrant une variété de services de marketing, associés à la position d'agent, les courtiers en information soutiennent les consommateurs dans leur démarche de réduire les coûts qui résultent de l'interaction de la recherche de produits à des prix favorables, dans le contexte de la prolifération des produits complexes.

Grâce à la valeur offerte aux consommateurs, en particulier sur la dimension financière, liée à la réduction des coûts d'interaction, les courtiers en information sont présents sur les marchés où, soit les lignes de produits sont rapidement modifiées et ont un caractère complexe, soit le prix est «opaque» et sa compréhension est problématique pour le consommateur.

Les produits présents sur ces marchés demandent, souvent, une activité consistante de recherche et d'évaluation de la part du consommateur, contexte auquel le prix des différents fournisseurs ne peut plus être considéré comme une norme de la qualité. En raison du fait que les individus interagiront, dans une première étape, avec les courtiers en information, sur Internet et parce que les services que ces derniers offrent sont caractérisés par un haut contenu d'information, les fournisseurs d'information trouveront un terrain fertile pour le développement de leurs activités sur les marchés où les produits et les services ont un haut contenu d'information et peuvent être livrés en format numérique.

En fait, le rôle des courtiers en information est un rôle traditionnel. Au fur et à mesure que les consommateurs prennent le contrôle sur leurs comportements et données transactionnelles, une nouvelle forme d'offre d'information apparaît. En connectant l'offre et la demande d'information, afin d'aider les deux parties dans la prise de conscience de la valeur des informations, les courtiers d'information construisent une nouvelle architecture de la chaîne de l'information, fournissant un pont de liaison qui a le rôle de réduire l'écart entre les consommateurs et les spécialistes du marketing.

Obtenir des informations sur les consommateurs et leur utilisation commerciale, ce n'est pas une idée nouvelle; de nombreuses industries, par exemple celle constituée des entreprises de marketing direct, ont eu à la base une telle idée. Mais les courtiers en information ne doivent pas être confondus avec ce type d'opérateurs ayant pour objet d'activité la commercialisation de données sur les consommateurs. Les listes et les bases de données, comme outils de la démarche de marketing direct, sont construites par des entreprises pour les vendre à des tiers, leur but principal étant celui d'aider les opérateurs à obtenir un volume élevé de ventes sur les marchés destinataires. Les risques d'abus dans ces cas, soit bénins sous la forme des junk-mails, soit sous des formes plus dangereuses, sont extrêmement élevés.

En revanche, les courtiers en information ne voient et parfois ne détiennent pas les profils de consommateurs qu'ils gèrent. Ils jouent seulement le rôle d'agents ou de dépositaires pour les consommateurs. Dans cette approche, les courtiers en information doivent agir agressivement afin de représenter les intérêts des clients par rapport aux fournisseurs, et de générer, dans les limites d'un commerce éthique, un niveau satisfaisant de la maximisation de la valeur pour les vendeurs. Pour offrir de nombreuses possibilités de choix aux clients potentiels, les courtiers en information cherchent à mobiliser le plus de fournisseurs de la catégorie de produits sollicités, ce qui donne pertinence a leur rôle d'intermédiaires.

Les courtiers en information ne détiennent pas de portefeuilles de produits, mais ils offrent des services liés à la transmission du message de marketing, afin de faciliter les transactions, recevrant en échange une remise pour mettre en contact l'acheteur et le vendeur.

C'est dans le but d'être incluses dans la catégorie des courtiers en information que les entreprises de profil devraient accomplir d'une manière cumulative les fonctions suivantes⁵⁵⁵:

- la réduction des coûts liés aux démarches d'identifier et de choisir les produits et les services qui répondent aux besoins, aux désirs et aux attentes des consommateurs;
- la détermination des meilleurs prix pour les biens et les services demandés;

55

⁵⁵⁵ Hagel, J., Singer, M., - Net Worth: Shaping Markets when Customers Make the Rules, Harvard Business Press, 1999, 313 pg., ISBN 1578512352.

- la protection des consommateurs contre les intrusions indésirables par les spécialistes du marketing et, en même temps, leur mise en garde contre les nouveaux produits et services vraiment nécessaires;
- la protection des renseignements personnels des consommateurs et, s'ils souhaitent, leur mise à la disposition des spécialistes du marketing.

Dans leur démarche de protéger les consommateurs et d'ajouter de la valeur aux fournisseurs, les courtiers en information assument trois tâches principales:

- la création d'un ensemble d'outils pour protéger la vie privée des consommateurs, ce qui permettra aux fournisseurs d'éviter l'obtention d'informations concernant les cibles visés, lors de l'exécution des transactions;
- la création d'un ensemble d'outils de profilage, afin de soutenir les efforts visant à obtenir des renseignements sur le consommateur:
- l'offre d'une grande variété de services afin de maximiser la valeur de ces profils pour le consommateur.

Les instruments destinés à protéger la vie privée des consommateurs et les instruments de profilage assurent une puissante plate-forme pour fournir de divers services. Cette boîte d'outils crée un capital unique, à savoir celui du profil détaillé et intégré du consommateur, disponible seulement pour les courtiers et leurs clients. En effet, la proposition des courtiers en information réside dans la maximisation de la valeur de ce capital pour ses propres clients, en concordance avec la nécessité de protéger leur vie privée.

Les services offerts par les courtiers en information à ses clients peuvent inclure⁵⁵⁶: le filtrage ou la sélection des produits et services offerts par les fournisseurs, services de type agent, services commerciaux d'acquisition et divers services de gestion et d'analyse des données.

Les services visant *la sélection* ou *le filtrage* se réfèrent à l'identification et à la sélection de produits et de services de marketing intrusifs ou non désirés, qui sont adressés aux consommateurs. Les courtiers en information développent un filtre à l'aide duquel ils peuvent évaluer les emails commerciaux et exclure automatiquement les spams, qui ne correspondent ni aux besoins ni aux préférences des consommateurs. Pour la mise en place de ces services, les clients doivent préciser, tout d'abord, quelles sont les catégories de produits ou de fournisseurs à inclure ou exclure au niveau des services de filtrage ou de sélection.

Si les services de filtrage s'adressent à la nécessité de protéger la vie privée des consommateurs, *les services de type agent* visent la nécessité de surmonter les difficultés résultant de l'exposition à une offre qui prolifère, de plus en plus, les produits complexes. La pratique nous a démontré que les consommateurs ont tendance à supporter des coûts de plus en plus élevés dans l'interaction générée par la recherche du produit convenable, à un prix optimal. Les services de type agent fournis par les courtiers en information visent justement la réduction des coûts de ces interactions, aidant ainsi les consommateurs dans leurs démarches à optimiser le processus d'identification et de sélection des produits. En outre, s'il est nécessaire, les courtiers en information peuvent aider à la création des opérations de type vente aux enchères, auxquelles les fournisseurs sélectionnés peuvent participer. Il faut mentionner un aspect important dans ce contexte, à savoir la possible réticence des fournisseurs à l'encontre de ces appels d'offres, mais la capacité des courtiers en information de fournir un nombre important de clients peut finalement conduire à l'élimination de ces hésitations.

Les courtiers en information peuvent également offrir des services *commerciaux de vente*; en d'autres termes, ils peuvent vendre, au niveau de ses clients, la disponibilité de recevoir des messages de marketing des fournisseurs. Les courtiers en information transmettent aux clients les messages de marketing qui correspondent au profil défini. Il este nécessaire de mentionner que l'opportunité d'adresser ces messages aux consommateurs est fondée sur leur confiance dans l'offre des vendeurs; la protection de la vie privée des consommateurs sollicite aux courtiers en information de ne pas fournir aux fournisseurs l'identité et le profil des consommateurs.

Grâce à l'ensemble des outils de protection de la vie privée, les consommateurs, qui sont les clients des courtiers, vont rester anonymes, même s'ils achètent en ligne. Les individus qui sont prêts à décliner leur identité pourront bénéficier des avantages financiers tels: ils recevront une rétribution modique du vendeur chaque fois qu'ils déclineront leur identité ou leurs emails. Ces services sont connus en tant que *services commerciaux d'acquisition*. La dernière catégorie de services offerts par les courtiers en information est celle de *la formation et de la diffusion des rapports périodiques*, qui résument les opérations et d'autres activités des consommateurs dans le réseau. Ces analyses aident les consommateurs à améliorer l'efficience et l'efficacité dans des domaines tels: le budget financier, la gestion du temps et la gestion des comptes de frais. La condition pour que ces services soient fournis, c'est de créer des profils profonds et complexes, même pour les fournisseurs.

Conclusions

_

A partir de tous ces aspects, on peut dire que les courtiers en information déclenchent un cycle fructueux: plus les vendeurs sont disposés à ajouter de la valeur aux consommateurs, plus ces derniers seront prêts à fournir l'accès aux renseignements personnels. Les courtiers en information s'adressent à des besoins non satisfaits des consommateurs, ajoutant aussi de la valeur aux différentes catégories de fournisseurs.

⁵⁵⁶ Knauf, A., David, A., - The Role of infomediary in an economic intelligence process, disponibil la adresa http://hal.inria.fr/docs/00/05/22/13/DOC/SCI04-1.doc.

En ce qui concerne les prévisions de développement au niveau mondial, européen, et pourquoi pas national, de ce type d'intermédiaires, l'obstacle sur la voie de la mondialisation sera, dans une première étape, la disponibilité différente à accepter le partage des informations, dans le contexte d'hétérogénéité au niveau global; certains marchés sont plus disposés à fournir un terrain fertile pour l'émergence et le développement des courtiers en information que d'autres.

Bibliographie

- 1. Berquier. V., De l'infomediare au portail communautaire, http://asmp.fr. 2003.
- 2. Cutajar, M., Les courtiers en information, thèse en Sciences SIC, Université de Lyon, 1997.
- 5. Ernst&Young, Global on line retailing, an Ernst&Young Report, Stores, 2000.
- 6. Hagel, J., Singer, M., *Net Worth: Shaping Markets when Customers Make the Rules*, Harvard Business Press, 1999, 313 pg., ISBN 1578512352.
- 7. Knauf, A., David, A., *The Role of infomediary in an economic intelligence process*, disponibil la adresa http://hal.inria.fr/docs/00/05/22/13/DOC/SCI04-1.doc.
- 8. McNaughton, K., Pay per view ads get new twist, http://news.cnet.com/Pay-per-view-ads-get-new-twist/2100-1017 3-223715.html., ISSN on line 1999-03-30.
- 9. Sarkar, C., Infomediation: Interview with John Hagel, www.onewwworld.com, 2002

ECONOMIC INFORMATICS

A COMPARATIVE STUDY OF THE EVOLUTION OF REAL INCOMES OF PENSIONERS AND UNEMPLOYED USING GENETIC ALGORITHMS

Balan Ionut

"Stefan cel Mare" University of Suceava, Faculty of Economic Science and Public Administration, Str. Universitatii nr. 13, ionutb@seap.usv.ro, 0743066521

Gradinaru Dorin

"Stefan cel Mare" University of Suceava, Faculty of Mechanical Engineering, Str. Universitatii nr. 13, gradinaru@fim.usv.ro

In a market economy we can have difficulties in real income measuring, due to changes in prices and wages that may be in short intervals of time. When we want to compare real income obtained in different periods of time it is used, most often, a "trash day", element that helps in purchasing power calculating for a population. In this paper we study the evolution of real incomes of two important social categories: the unemployed and pensioners, taking into account the evolution of some categories of prices and the evolution of peoples income.

Keywords: genetic algorithm, cross-over, mutation, unemployed, pensioners

JEL:C82

1. Introduction

A model is, simply, a simplified representation of a process or a system. Although it is not necessarily to be composed by equations (there is a ricardian model), is no less true that, at present, construction of models made frequent recourse to mathematical formalization: one model appears as a set of equations, being a simplified construction of an economic system which is used mainly to show the reciprocal action, chaining, the interdependence of certain phenomena [1].

The realization of experiments with computer, which involves the construction of mathematical models describing the behaviour of a real system, in this case economic, in a given period is called simulation. Most times it does not provide exact solutions, being close to optimal, but is considered an effective research technique for complex economic problems (which are impossible to study using mathematical-economic models for optimisation). The essence of modelling method consists of replacing the real system, perceived by human senses, through a model more accessible to study.

Processed data in this study are average net revenue from pension and unemployment pay and six categories of annual average prices. Prices have been chosen for the basic categories of products. These products are fuels, electricity, gas, vegetables-fruits, breading products, and milk. They occupy a significant percentage in the private consumption of people with incomes close to the average net revenue studied.

This paper is structured over four chapters: Introduction, Method used, Results obtained and Conclusions. The second chapter provides a description of genetic algorithms, the structure of such an algorithm, operators used. We also describe the operation executed by the proposed system to solve the problem. Here are presented the technical characteristics of the system, the input data necessary to obtain a corresponding result, as well as which of the individuals is the final result.

In third chapter are presented results obtained and interpretations necessary, this chapter being followed by conclusions of this study. All values obtained are compared with those of 1991. If this year has unitary value, then if the prices taken into account will increase regard to this year with a higher percentage than the growing of the revenue from pension and unemployment revenue then, for those years we have subunitary values and if the prices increase is less than the increase of the revenue we have values greater then 1. From the results of this study we observe in which period the studied category of population had higher real incomes than in the base year and in which period these revenues were much lower than in 1991. We will highlight the minimum and maximum values obtained for the revenues obtained in this period for the categories studied.

2. Method used

Artificial Intelligence (AI) may be considered the informatic domain which has the main goal to design certain systems whose features are assigned commonly to human intelligence: human language understanding, learning, reasoning, problem solving, theorem demonstrating, etc [2].

Genetic algorithms represent an important class of search and optimization method. A genetic algorithm represents a transposition in programming of biological's principles. This thing requires the processing of a significant set of data, which requires many resources.

The developed system requires some data on input and provide on output some coefficients used in the simulation of the relationship between revenue of certain category of people and the prices of certain categories of products and services with high significance level for those categories of people.

The first stage of the genetic algorithm consists in population initialization. This boot is made for a population consists of 120 chromosomes, each chromosome having 7 genes. The first 6 genes of each chromosome are generated randomly, while the seventh gene is obtained by calculation. The values used for calculation of the seventh gene of each chromosome are those 6 genes generated randomly, as well as the revenue and prices taken into account in a given period of time.

The following steps of the algorithm will be repeated for a number of times, until the results are considered satisfactory for the simulated problem. In our case there are used 500 generations, a value considered sufficient for this problem. After different tests has been noted that if it exceeds this number of generations, the differences between the fitness function for the two generations are very small.

Because we have a small number of genes in the composition of an individual I felt that we could renounce to crossover operator, the convergence of the algorithm being possible by application of mutations to the original chromosomes. Considering the population of a generation, 50% of its chromosomes will be taken into account for any genetic mutations. The mutations are applied only for first 6 components in each individual, the seventh being calculated according to the 6 obtained.

To ensure a rapid convergence of this algorithm and efficient individuals for genetic operations is recommended to order the population depending on the values of the seventh gene in each generation.

At each step the most effective chromosomes of the old population will be kept for regeneration, and the less efficient chromosomes will be replaced with efficient chromosomes derived from genetic processing.

The input data will be stored in a file with 12 lines and 7 columns. Those 12 lines represent the corresponding value for the months from a year, while the first 6 columns represent the prices taken into account, and the seventh column the considered revenue from pension or dole.

The best chromosome, in terms of the fitness function, will be considered final result, this value representing the absolute value obtained from the difference between the actual income and the amount estimated by the model developed.

3. Results obtained

To solve the problem proposed we considered a base to comparing the results obtained later. In our case, the base is the revenues recorded in 1991. With the proposed system it was made a model for this year with an error of about 6%. The values of real income, as well as the estimated values for the average revenue for population, calculated on the basis of prices are represented graphically in Figure 1.

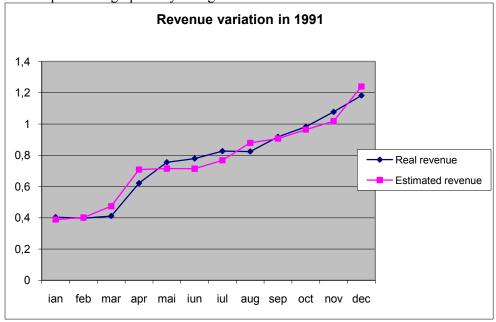


Fig.1. Real and estimated revenue variation in 1991

Because the error of the estimation of the revenue is quite small we used this model for the revenue estimation throughout the period considered (1992-2007).

In the present study, both prices and revenues use the same currency (RON). Figure 1 note that the average of the wages on the Romanian national economy was 0.4 RON in January, reaching a level of 1.2 RON in December of that year (1991). Also, the average of prices for the years studied were expressed in the same currency, prices calculated by using the price indices for the period.

Having on disposition the achieved model, considering 1991 like a base-year, the revenues calculated using the prices between 1991 and 2007 are presented in Table 1.

Table 1. The real, calculated and estimated revenue variation for pensioners and unemployed

1 4010 1. 111	c rear, carear	ated and estimated	i i c i ciiuc	variation for	pensioners and an	chipioy
Real pension	Calculated pension	Estimated pension (based on 1991)	Real pension	Calculated pension	Estimated pension (based on 1991)	Year
0,8759	5,931833	0,4666	0,596	5,931833	0,32108	1992
2,7079	20,72754	0,404742	1,673	20,72754	0,252387	1993
6,137	35,40379	0,564771	5,0834	35,40379	0,481936	1994
8,8108	43,4619	0,684841	6,375	43,4619	0,494116	1995
12,6842	67,39764	0,624397	9,5	67,39764	0,471664	1996
25,9947	170,4965	0,484511	24,8685	170,4965	0,490879	1997
40,0489	243,7258	0,529591	33,7228	243,7258	0,461602	1998
68,8789	390,0971	0,577534	49,5237	390,0971	0,417996	1999
93,717	601,6287	0,496961	68,0484	601,6287	0,366596	2000
104	803,3396	0,400532	97	803,3396	0,394755	2001
134	955,4174	0,439372	131	955,4174	0,456766	2002
156	1123,38	0,434329	171	1123,38	0,516125	2003
204	1358,13	0,476066	205	1358,13	0,511029	2004
246	1451,865	0,54945	236	1451,865	0,557951	2005
298	1522,41	0,655513	259	1522,41	0,589285	2006
395	1645,788	0,850561	321	1645,788	0,696512	2007

Source:[3]-[6]

The evolution of the estimated revenue may be highlighted graphically by Figure 2.

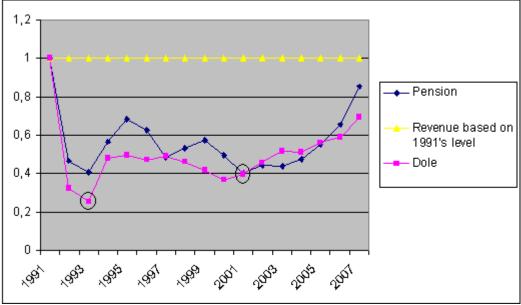


Fig.2. The estimated revenue evolution between 1991-2007

You can see that in the period between 1992 and 2006 the average of net revenue per resident was lower than the amount taken by him in 1991. Moreover, on this graphical representation we can see the crisis moments encountered at this indicator. Thus in 1993, we are dealing with a global minimum for the unemployed and in 2001 for the pensioners.

Unacceptable development during 1991-1993 is, primarily, due to low correlation between average level of income and the prices for categories studied. Thus, if revenues have increased approximately 8 times during this period, prices have a accelerated variation, with increases ranging between 24 and 68 times. All these crises were due, firstly, to the incompetence of political governance in the country and, secondly, political changes in that time. It notes that since 2000, the average of net incomes have begun to rise relative to prices, reaching in 2007 the highest levels from 1992.

4. Conclusions

The analysis of certain phenomena evolution is not doable, or even impossible using classical methods. That would be one of the reasons for the appeal to the artificial intelligence techniques to solve such problems. In addition to genetic algorithms, used in this study, other mechanisms of artificial intelligence are often used: neural networks,

intelligent agents, etc. These technologies do not always offer the best solutions, but a lot of them approximate this solution, being considered ideal in the simulation of certain phenomena whose evolution is too complex. In addition to describing the behaviour of certain indicators, these intelligent instruments can be used to forecast phenomena, based on the information from the past of that phenomenon and other phenomena that are related to the phenomenon studied.

In next work, using these artificial instruments, we will try to simulate the relationship between the different social categories incomes and market prices, in same time, trying to forecast the evolution of this relationship, taking into account the information available, the periods were achieved growth, recession and stagnation of this relation.

Bibliography

- 1. Abraham-Frois, G., *Economie Politique*, versiunea în limba română, Editura Humanitas, 1994
- 2. Dumitrescu, D., Principiile inteligenței artificiale, Ed. Albastră, 2002
- 3. http://www.financiarul.ro/2008/09/30/salariul-mediu-net-a-crescut-in-2007-cu-peste-20/
- 4. http://www.pensiiprahova.ro/print.php?pg=info-sal&id=54&culoare=print
- 5. http://www.prefecturacv.ro/sedinte/Materiale sedinta Colegiu Pref 26 09 2008.pdf
- 6. Statistical yearbook (1991-2008)

INFORMATION FLOW ASSURED BY IT&C CONTINUITY PLANNING

Băbeanu Delia

Academy of Economic Studies Faculty of Accounting and Management Information Systems Piata Romana nr 6 Bucharest delia.del@gmail.com tel:0726175137

Cozgarea Gabriel

Academy of Economic Studies Faculty of Accounting and Management Information Systems Piata Romana nr 6 Bucharest cozgarea@hotmail.com tel:0745928544

Pugna Irina Bogdana

Academy of Economic Studies Faculty of Accounting and Management Information Systems Piata Romana nr 6 Bucharest irina bogdana@yahoo.com tel: 0742483841

Gavrilă Alexandru Adrian

Academy of Economic Studies Faculty of Accounting and Management Information Systems Piata Romana nr 6 Bucharest alexgavrila@gmail.com tel:0721830787

Forwarding the frequent usage of complex processes and the big volume of information, it is imperative to manage the automatic circuit of the document flow in a company activity. The main advantage of such a system consist in document waiting to be process in a specific order and the evidence is more strict than the classic one, where loss of information or hard finding can lead to later reports of the processes results. On the other way, the big volume of information found on paper support lead of temporary or permanent work incapacity of activities department by activity blocking (lack of personnel, lack of automatic tools). A major advantage is the electronic information archives and type of restarting processes on another management system using these documents, by reducing dead time appeared in classic process.

Keywords: information flow, IT&C continuity, maturity model for IT&C continuity, IT rationalization

JEL Code: M15

Introduction

At the entity level, an important objective to apply is preparing, planning, implementing and maintenance providing continuous information systems and services in maximum security. One of the key components in maintaining continuous IT services is to identify weaknesses within the physical Information Technology and Communications (ITC) environment and infrastructure and managing these to an acceptable level of risk. Once the various threats to the service have been identified consideration can be given to any mitigation or improvements and organization may wish to implement. But, first of all, it must be define the information flow regarding business processes.

So, the research is oriented on two components such as: first part has the basic concepts in information flow conducting to a model and the second part is proposing the IT rationalization presenting the implications of services (by internet technology revolution) in economic growth through security conditions.

1. Information flow model

The benefits to build an information flow model are major. First is to understand an information flow which provides logical documentation for the business process and the second is to present perspective for adding value through the types of analytical processing. A third benefit of the business modeling process is approaching user requirements to the implementation team. If any framework is used to describe a process, it not only eases the translation of user needs into system requirements, but also provides the manager how control migrates throughout the system and how information flows through the system – both of which, in turn, help guide the dissection of the problem into implementable components.

The model will take on two aspects – the flow of information into the data mart from its suppliers and the flow of information from the data mart to its users. The first flow is an operational flow, where data sets may be extracted and moved into a staging area where those data sets move through different processing stages. Despite the business intelligence aspect of the users' interactions, the information flow between the data mart clients may likely resemble a transactional information flow, with multiple analysts executing sequences of queries.

An information flow, as part of a business process model, provides the next benefits:

Designing Road Map for internal basic functions of the business: As tracking development against the original requirements, it is identifying the useful information to development of interfacing between the executions components.

Operational flow: The model provides a description of how any analytical data sets are populated, as well as a launch point for isolating problems in operation. The model also allows for tracking and isolating data quality problems, mapping workflow and control back to information use, and exposing opportunities for optimization.

Management Control: It is the model that provides a way to see how information propagates across the organization, identify gaps in information use or update and expose the processes involved in information integration.

Return on Investment Calculation: Allows the manager to track use of information, the amount of value-adding processing required and the amount of error prevention and correction required adding value. In this case, the manager relates the eventual business value back to the costs associated with generating that business value⁵⁵⁷.

Information flow model is used when the organization need to know how information flows around, into and out of the business. This shows how information flows work between **business functions** (within the business) and between business and external functions (as entities like suppliers or customers).

The stages in information flow model are presented in Figure 1. Identifying the **business functions** must be done for which the flow of information needs to be modeled. All business functions will come from the **portfolio** function and should be elementary business functions.

Identifying and showing the information required by the function and where it comes from the source will be another business function or an external one. If the model must be enhancing, it is recommended to refine all the business functions, but in accordance with external functions, correlated by process type.

Feedback must reply the information flow model to the business to ensure that they are correct.

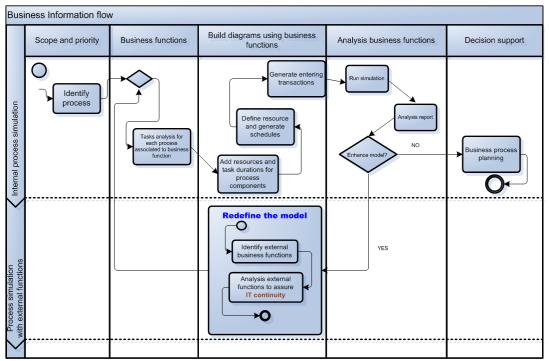


Figure 1 Information flow model example

(Update the source: http://www.onemindmanagement.com)

In case that the information is processing by distance through network technologies (internet/intranet by remote control, VPN, tunneling) the *information flow system automatically managed* must be compatible with network, by access levels, for specific user groups⁵⁵⁸. The system will contain workflow management and document management for an organization and offer solutions optimization for the next problems:

- Information report regarding to an activity in a user session work;
- Users e-mail announce, without creating spam's e-mail, regarding work execution terms;
- Procedures and methods to elaborate an electronic work for users' liability;
- Flexibility and easy usage;
- Documents sending to other departments or customers/suppliers;
- Recognizing information formats;
- Leading work process;
- Electronic signature acceptance;
- Individual or group warning for modifies work conditions.

Such a system must be adapted to business request for the company that is using it and it is very easy to integrate by tools choosing. An example is the documents "Portfolio" that has a very well establishes circuit for documents signing.

⁵⁵⁷ The Business Value of Information Flow Modeling, Knowledge Integrity, <u>David Loshin</u>, Information Management Magazine, May 1, 2003, http://www.information-management.com/issues/20030501/6630-1.html
558 www.siemens.co.uk

The information system must show quickly report for document flow journal which may be named "cover sheet for information flow" and sometimes is more efficient in solve particular cases, such as contract disputed issue, by finding information needed.

To assure the stability of the information system there must be implement a continuity model for IT&C. The methodology for the model is built around six key principles (Figure 2) and implement in a maturity model for information technology continuity:

- **Protecting** the ITC environment is critical to maintaining the desired levels of availability for an organization. The services are at threat from environmental failures, hardware failures, operational errors, and malicious attack.
- **Detecting** incidents at the earliest opportunity will minimize the impact to services, reduce the recovery effort, and preserve the quality of service.
- Reacting to an incident in the most appropriate manner will enable an efficient recovery and keep any
 downtime to a minimum. Reacting poorly may result in a minor incident escalating into something more
 serious.

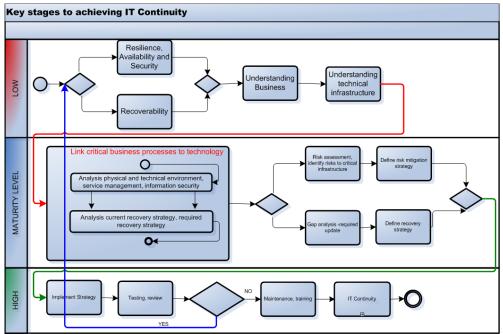


Figure 2 Maturity model for IT continuity (Update the source: www.siemens.co.uk)

- **Recovery** of services should be performed in a controlled and predetermined fashion. Identifying and implementing the appropriate recovery strategy will ensure the timely resumption of services and maintain the quality of data.
- **Resume.** Understanding the recovery priorities as well as the recovery point and recovery time objectives allows the most critical services to be reinstated first. Services of a less critical nature may be reinstated at a later time or in some circumstances not at all.
- **Return.** The process of returning from disaster mode to normal operations is often neglected by organizations. All IT Continuity plans should have an exit strategy that allows them to vacate their ITC disaster recovery centre when the time comes.

The maturity model must have six service elements that will assist an organization progress through the maturity model and achieve IT Continuity. These elements are shown in Figure 3.

		Principle				
Service Element	Protect	Detect	React	Recover	Resume	Return
Element 1 - IT Continuity Reviews, audits, and health checks	1	1	1	1	1	/
Element 2 - Recovery and resilience strategies	1	✓	1	1	1	✓
Element 3 - Solutions design and implementation	1	1	1	1	1	✓
Element 4 - Disaster recovery hosting	X	X	X	1	1	X
Element 5 - IT Continuity & recovery testing	X	X	1	/	1	✓
Element 6 - IT Continuity training	1	/	1	1	1	/

Figure 3 Services address by methodology principles

(Where: V = verify, X = not realized, source: www.siemens.co.uk)

2. Proposing the IT Rationalization

IT Rationalization focuses an organization on the services that produce the highest business value. Rationalization evaluates business needs, aligns IT services and reveals how to free valuable resources for business strategy and customer demands. From rationalization, it is introduced dynamically pooled resources that create flexibility, agility and the ability to respond to rapid change, eliminating everything that can stand between business and customer. Through rationalization there are:

- Increase service value by eliminating low value services and those that detract from the performance of higher value services.
- Improve operational flexibility by leveraging high value services in a shared environment to benefit other business areas.
- Simplify by eliminating one-off services and introducing common standards.
- IT Rationalization Services focus on the development that specifically addresses client's business challenges, including:
- Pressures to lower costs while improving service delivery through the introduction of standards;
- Adapting to changing business strategies and models;
- Adherence to regulatory obligations imposed on business;
- Incorporating innovative technologies in IT infrastructure to create business value;
- Focusing on competencies and positioning the enterprise for the future 559.

IT organizations have to optimize the business value of technology. Technology executives understand the need to standardize and rationalize disparate, redundant, or obsolete applications that are accumulated over the years through evolution, acquisition or business unit autonomy. However, rationalizing the portfolio without a clear framework can increase the risk of jeopardizing the current or future IT capabilities. By rationalization it will be dramatic cost savings through streamlined IT portfolio, optimized efficiencies by elimination of redundancy, waste, and clutter. Also, increased productivity through greater standardization and less complexity is a key component of the rationalization. Bottom line business impact by creating new "product lines" more effectively is the feedback for rationalization.

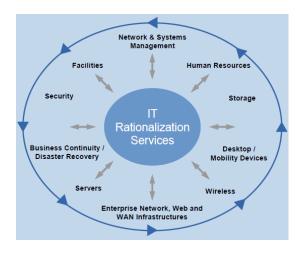


Figure 4 IT Rationalization

(source: http://www.itsolutions.siemens.com/b2b/it/en/us/Documents/publications/itr dco PDF e.pdf)

Rationalization sets the stage and virtualization ushers in the significant savings, sharing technology across business units and eliminating unnecessary or redundant hardware assets. Virtualization frees applications and data from specific hardware platforms, optimizing use of computing resources throughout the enterprise.

There are many virtualization technologies now able to dynamically provide resources in a matter of hours versus days or even weeks – reliably and with greater control. These technologies make infrastructure components more accessible to a broader set of applications. Resources are no longer dedicated to a single application, but become available based on utilization and capacity⁵⁶¹.

CONCLUSIONS

The maturity model for IT continuity must contain the information flow of the company to recover the data and information in disaster cases. Thus it must be prove experience in developing and implementing resilience, availability, security, and recovery strategies. Benchmarking is relying on IT Continuity Maturity against industry

⁵⁵⁹ https://www.it-solutions.siemens.com/b2b/it/en/us/Documents/publications/it-rationalization-transformation-services PDF e.pdf

⁵⁶⁰ Source: http://www.virtusa.com/services/portofolio-rationalization.asp

⁵⁶¹ Siemens IT Solutions and Services, Inc., www.usa.siemens.com/it-solutions

best practices and assurance that the strategy meets organizational needs. Modular approach allows selecting the service elements that match individual needs.

Confidence that organization can survive an incident or disaster must be implementing in information flow.

Comprehensive training is also imperative to assure IT continuity.

In addition, IT rationalization services meet unique business needs. IT Rationalization focuses on streamlining and optimizing processes, while reducing complexity across entire IT environment.

REFERENCES

1. http://www.enisa.europa.eu/rmra/rm_process_02.html#01

Enterprise architecture and integration, authors Wing Hong Lam, Venky Shankararaman, Idea Group Inc (IGI) Publishing House, 2007, ISBN 1591408873;

- 2. http://www.eastronsrl.com
- 3. Siemens IT Solutions and Services, Inc., www.usa.siemens.com/it-solutions
- 4. The Business Value of Information Flow Modeling, Knowledge Integrity, David Loshin,
- 5. Information Management Magazine, May 1, 2003,
- 6. http://www.information-management.com/issues/20030501/6630-1.html
- 7. www.itsolutions.siemens.cz/files/documents
- 8. http://www.da.ks.gov/search/default.asp
- 9. http://www.onemindmanagement.com/
- 10. Information Flow Modeling http://www.integrated-modeling-method.com/imm-bpm-business-process-modeling-method/information-flow-modeling

B2C E-COMMERCE WEBSITE

Boboila Cristea

 ${\it University of Craiova\ Faculty\ of\ Mathematics\ and\ Computer\ Science\ Email:\ boboila@central.ucv.ro}$

Savulea Dorel

University of Craiova Faculty of Mathematics and Computer Science Email: savulea@central.ucv.ro

The World Wide Web represents a new frontier towards a global industry, leading the way for new businesses. Commerce now deals with a whole different concept: electronic commerce (e-commerce). This kind of commerce provides new means for a large variety of products to reach different markets across the world. This application was designed and implemented for a hypothetical firm called Oxygen, in order to supply a manageable website for online selling, thus reaching new customers in a whole new target market. The website has an appealing interface and allows clients from across the globe to view the company's products and buy them using cash on delivery or a credit card. The application has an administration module, permitting the owner of the shop to easily add or delete items, and to review orders.

Keywords: E-Commerce, World Wide Web, Websites, Apache HTTP Server, Databases

JEL Classification: A12, F15, M21

1 Introduction

The application is intended to provide an online shop for a hypothetical firm Oxygen. However, there is no restriction regarding the products sold. The owner has the possibility of adding anything he wants, from small objects, like pens, to large ones, like a LCD TV. The app administrator can insert or remove item categories. Each category may have other subcategories, thus the task of grouping the items becomes easier and well-structured. For this application I have used the Apache HTTP Server, MySQL for working with the database and PHP as the server side script in order to provide dynamic content (Welling & Thomson, 2001). MySQL is currently the most used DMBS (Database Management System) online, being very simple to use in terms of manipulating information onto a relational schema (Timofte, 2002).

2 Website Database

2.1 Database Diagram

The database is called "magazin" and consists of eight tables. We can observe in the next figure the database diagram.

2.2 Tables Description

Table *users* - this table contains information regarding a client that has registered into the system. It stores a unique username, a password for the account, a unique e-mail address and also the address of the client. The client has the facility of paying for an order with a credit card. This sort of information is also stored in this table (Macklup, 1991).

Table *recuperari* - this table contains two fields. One field represents the e-mail address of a customer that had forgotten his/her password and the other a key generated by the application in order to check that the solicitant of the new password is indeed an actual client. This key will be sent to that e-mail address. If the client responds to the email with the key, the system will generate a password and send it to the user (Odlyzko, 2001).

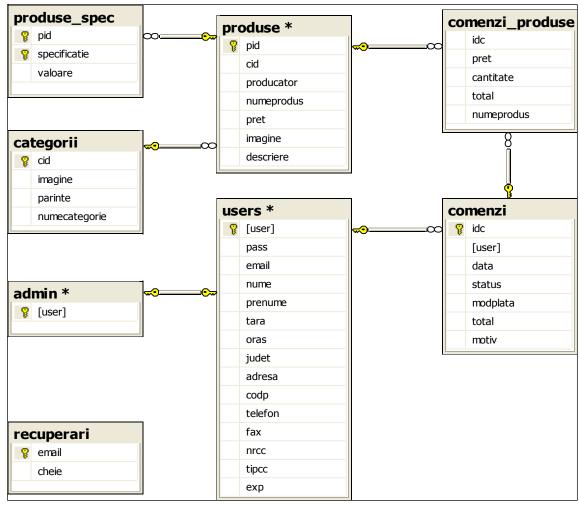


Figure 1: Database Diagram

Table *admin* - we can observe in Figure 1 that there is only one field. The purpose of this table is to indicate which of the users from the table users has administration rights .An administrator can add/delete new items or view/accept/reject orders made by users.

Table *produse_spec* - this table contains product specifications for a product. Every product can have none or many specs, which are stored in this table.

Table *comenzi* - a user can place as many orders as he likes. An order is stored here, with info like the user who made it, the date of the order, the total price and payment option. The order has a status. When placed, a new order has the status "pending". After it has been reviewed by the administrator it can have the status "approved" or "rejected" in which case we will store in this table the reason for the denial of the order, to later present it to the user.

Table *categorii* - in order for the shop to be well-structured, we have to organize the items into categories. Each category can have products or many subcategories with products.

Table *comenzi_produse* - this table stores information concerning to the product that correspond with a certain order (Rosu-Hamzescu, Mitu, 2001).

3 Structural Design

3.1 Website Module Interaction Diagram

The application has two main modules: the user interface module and the administration module. These modules depend on the existence of the database "magazin". In Figure 2 we can observe the interaction between the modules, regarding the DB (Loshin & Vacca, 2004).

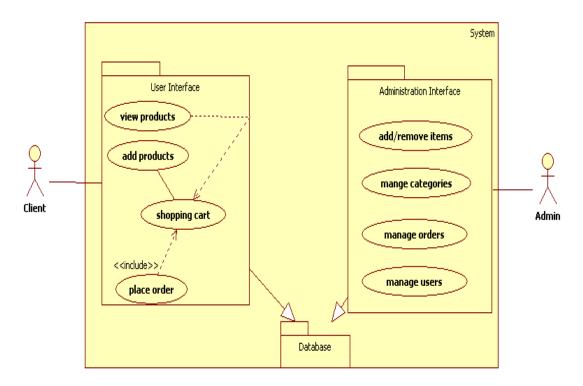


Figure 2: Module Interaction Diagram

3.2 User Interface Module Prospect

This module consists of many PHP modules (Năstase, Năstase, 2002). There are a few modules that are stored in a separate directory, INC. All off these are included in the rest of the interface. We will explain the modules first: Module *sus.php* - this module is responsible for supplying the header for the other modules in the user interface. It displays the Oxygen logo and links to the contact and how to buy page.

Module *jos.php* - this module simply displays in all the modules the footer (the copyright to be more specific).

Module *login.php* - if the user inputs in the login form a correct combination of username and password, the login form is substituted with account options links (logout, order history, account details and to change password). This operation logs in the user into the system.

Module *cosdecumparaturi.php* - I implemented here a class that symbolizes a shopping cart. This class will be used to store information on the products that the customer wants to buy. It provides methods for adding, deleting and manipulating the quantity of a product. It will store data like the products ids, their price and quantities.

Module *util.php* - this module is the most important module of the application. It contains definitions of functions that fully interact with the DB. Functions for logging in, checking if a user is logged and logging out are implemented here. There are also all the functions needed to manipulate information from the database, including functions that are needed by the administration module.

The modules that deal with the actual user interface are stored in the root directory. Their functionality is based on the *util.php* and *cosdecumparaturi.php* modules. We will explain them next:

Module *index.php* - this module displays shopping cart overview with two buttons that can redirect to the shopping cart manipulation module and one that can empty the cart, the catalog that contains the main categories, a login form or account options if the user is correctly logged into the system, and at last two buttons for creating a new user and for retrieving a forgotten password. These are present in the rest of the modules, though there are some exceptions. As we will present other modules it will be specified if any of these aren't the same.

Module *logout.php* - after a user is done with his actions, he can log out of the system using the logout link.

Module *catalog.php* - when a user clicks on a main category he will be redirected to this catalog module. The category's picture is shown. If the category contains products, they will be displayed along with a link to the *produs.php* module and add to cart button; if there are subcategories they will be displayed along with the picture and number of products contained. A subcategory becomes a category when it is clicked.

Module *produs.php* - When a product link is clicked, this module is responsible to output the product information stored in the database and a button for adding the product into the shopping cart.

Module *cosulmeu.php* - a user can modify the content of the basket. He can remove or change the quantities of a product. This page displays a schema for the operations needed to complete an order. The client can go back to shopping or he can continue the order process.

Module *comanda.php* - this is the second in the order process after viewing the cart items. This module is only accessible if the user has successfully logged in. If so, the shopping cart content is showed alongside with a button

that links to the cart manipulation module, the address of delivery with a button that links to the account details manipulation module and a form for choosing the payment option.

Module *plaseazacomanda.php* - accessible only from the *comanda.php* module, this is responsible for adding a new order into the database, in compliance with the shopping cart content.

Module *contulmeu.php* - a client can modify his details here, for example if he wants to change the delivery address or to add a credit card. This is accessible only if the client has successfully logged in.

Module *comenzi.php* - a client can view the details of his order here. He can see the actual orders or the ones he has completed in the past. If an order is denied, he can see the reason here and try to remedy the problem. Further he can reconfirm the order using the module *reconfirmare.php* or cancel it using *anuleaza.php*, both of these being available through links. This is accessible only if the client has successfully logged in.

Module *schimbaparola.php* - a client can change his account password if he wishes. This is accessible only if the client has successfully logged in.

Module *register.php* - a new client can browse the catalog and add products to the shopping basket. If he wants to place the order but he doesn't have an account he can click the link for creating one, thus leading to this module. There is a form that has to be completed with personal information, choosing a username and password and providing his email. Optionally he can add a credit card to his account for online purchasing.

3.3 Administration Module Prospect

The PHP modules needed for the administration are stored in a separate directory ADMIN. The administrator can reach this module simply by specifying the path to this directory in the URL (ex.: oxygen.ro/admin). Many of the modules just perform an action to update the database and then return to modules that also display information (Kleinberg & Lawrence, 2001).

Module *index.php* - this module displays a login form. If the user has successfully logged in and his username can be found in the "admin" table, then he is redirected to the *admin.php* module.

Module *admin.php* - this module outputs the number of products, categories, subcategories, users and orders. There is also a menu with links to the products, users and orders manipulation modules.

Module *produse.php* – the admin can see a list of the main categories alongside with the subcategories, that can be selected and deleted using the module *delc.php*. Here the administrator can specify a new category name and a picture for it, and using *addc.php* he can add the new category. Clicking on a category leads to the same module, but there are other options like adding a subcategory (*addc.php*) or adding/modifying/deleting (produs.php/addp.php/delp.php).

Module *produs.php* - a product can be modified. This module displays the product information which can be modified and updated using the PHP module *actualizeaza.php*. Specification can also be inserted here.

Module *users.php* - this module displays the list of users, and the possibility of deleting them using the module *delu.php*. Also, it is specified if the user has a credit card and if he has any orders.

Module *comenzi.php* - this module displays the orders grouped into "pending", "confirmed" and "denied". Clicking on the edit button will let the administrator use the detallicomanda.php module, responsible for outputting the order details.

Module *detaliicomanda.php* - an order is shown here. The administrator cans approve/deny//delete an order using *confirma.php/refuza.php/sterge.php*. When an order is denied the administrator can specify the reason why it was denied. When the user click on the order details in his account he can see the reason and try to remediate the problem if he wishes, or to cancel the order.

Module *logout.php* - this module logs out the administrator from the administration area, redirecting him to the *index.php* module located in the root directory.

3.4 Install Note

Copy the application files into the *htdcos* directory. Using the *phpMyAdmin* application, the database "magazine" must be created. In the SQL directory there can be found a text file containing the structure of the database in SQL language. Thus, the database can be up and running in no time (Timofte, 2002).

After the query, the administrator must visit the page and use the register.php module to create the administrator account. He must specify the username *admin*.

4 Conclusion

Computers, communication networks, and a wide variety of newer, rapidly developing technologies are increasingly important ways in which individuals, companies, and organizations of all kinds conduct business (Boboila, 2007). These technological changes present challenges that must be faced not only by technologists but also by lawyers, policy-makers, economists, entrepreneurs, ethicists, and other stakeholders. Potential topics to be addressed from both technical and non-technical points of view include but are not limited to: internet bussiness

management; web searching, as a technology and as a business; B2B, B2C, and C2C technology and business models (Camp, 2000).

5 References

- Boboila C.: "Medii de afaceri pe Internet", Ed. Sitech, Craiova, 2007.
- Camp J., "Trust and Risk in Internet Commerce", MIT Press, 2000.
- Kleinberg J. & Lawrence S., "The structure of the Web", Science magazine, Nov. 2001.
 Loshin, P. & Vacca, John R., "Electronic Commerce", 4th Ed., Charles River Media, Inc., 2004.
- Macklup, F., "International Payment", Ed. MacMillan Publishing, New-York, 1991.
- Năstase F., Năstase P., "Tehnologia aplicațiilor web", Editura Economică, 2002.
- Odlyzko A., "The Myth of Internet Time", New York Times, 2001.
- Roşu-Hamzescu I., Mitu A., "Comerțul electronic la sfârșit de secol și început de mileniu", Editura Mondo-Ec., Craiova, 2001.
- Timofte C., "Baze de date pentru comert electronic pe Internet", Ed. Oscar Print, 2002.
- Welling L. & Thomson L., "PHP and MySQL Web Development", Ed. Sams, 2001.

AN ADAPTATIVE EVOLUTIONARY MODEL OF FINANCIAL INVESTORS

Boldea Bogdan Ion

West University of Timişoara,

Faculty of Economy and Business Administration,

Str. J.H.Pestalozzi, no. 16, 300115, Timisoara,

E-mail: bbi77@yahoo.com

Boldea Costin-Radu

University of Craiova, Faculty of Mathematics and Computer Sciences, Str. A.I.Cuza, no. 13, cod. 200585, Craiova, E-mail: cboldea@inf.central.ucv.ro

Stanculescu Mircea

"Spiru Haret" University, Faculty of Management and Accounting, Str.Brazda lui Novac, no. 4, 200585, Craiova E-mail: mircea.stanculesscu@yahoo.com

The main purpose of the paper is to determine a general behavior of a multi-agent model capable of describing the process of deliberation of an investors group witch may repeatedly decide whether to buy or sell an asset. Each adaptive agent was modeled as a collection of strategies which is optimized by an evolutionary algorithm (EA). The paper investigates the implications and the effect of the learning process for the information strategies used by the agents in the process of deliberation of buy and sells order.

Key words: Programming Models, Genetic algorithms, Information efficiency JEL Classification: C61, G14

1.INTRODUCTION

Behavioral traits of market participants and their effects on the properties of markets have been under growing investigation in recent years. Much of this work (e.g. [3], [4], [5], [6] and [8]) which emphasizes deviations from efficient markets theory, tries to elicit an internal market dynamics via computational approaches, and is loosely linked to the subject known as behavioral finance. These interdisciplinary studies try to explain market phenomena by formalizing a diverse array of behavioral and psychological considerations. Shiller, [11], strongly argues against a priori excluding any behavioral information from the explanations of financial markets.

An agent-based approach contains a model for individual behavior combined with a price formation rule. Despite great emphasis on the characteristics of real market participants, however, models of individual behavior have remained rather simple. In an agent-based model, an agent's psychology as distinct from manifest behavior is often not separately represented. Further, an agent is often modeled as a unit capable of being in one of a small number of states.

We used a multi-agent model capable of describing the process of deliberation and how it leads to action. In our model, each agent is described by an internal state with an intrinsic dynamics and influenced by external events within or outside the population of agents. Actions result when the agent's state crosses a predetermined threshold in state space. Specifically, we consider a population consisting of investors repeatedly deciding whether to buy or sell an asset.

Each adaptive agent was modeled as an informational strategy which is optimized by an *evolutionary algorithm* (EA) ([1], [10]). EAs transfer the principles of natural evolution, first discovered by Darwin, to a computational setting. These algorithms have been used in the past, with considerable success, to solve difficult optimization problems (Bäck [1]). Adaptive agents learn in different ways in an evolutionary setting: by selection and reproduction of successful strategies, and by random experimentation (by "mutating" existing strategies) or by recombining or "crossing over" previously-tested strategies.

The main purpose of the paper is to determine a general behavior of the model system described before by evolutionary simulation. In the spirit of genetic algorithms methods, we classify the result of a simulation in group of strategies efficiency. A secondary important goal it will be to find some stable states of the system, states who generate a description of the wining strategies of the agents.

2.THE MODEL OF INVESTORS BEHAVIOR

2.1. Single investor mathematical model

Here we try to quantitatively capture a simple, perhaps superficial, part of a financial agent's psychology as well as its connection to actual behavior. This is kept to a bare minimum in order not to obscure our general approach. The model is based partly on results of so-called neural decision field theory (Ormutag, Knight and Sirovich [9]), adapted for financial investors.

We assume that the state of an agent at time t is fully determined by the value of a variable x(t). This is the agent's momentary internal condition. It may be viewed, in general, as the agent's disposition or tendency to behave in a number of specific ways. 'x' determines the coordinates of state (or phase) space where each agent is represented as a point. The agent acts only when its representative point crosses a predetermined boundary or threshold in state

space. More specifically we consider an investor repeatedly faced with the problem of deciding whether to buy or sell a particular asset. The agent's ongoing process of deliberation is described by the dynamical system

$$\frac{\Delta x}{\Delta t} = -\gamma x + I(t) \tag{1}$$

where γ is the personal decision reaction speed, supplemented by the condition that at |x| = 1 the state is reset to x = 0. The reset condition constrains the state to remain within a finite interval, $-1 \le x \le 1$. The function I(t) describes the effect of external influence on the agent. This may originate from all kinds of sources information such as the news media or personal contacts. Note that, despite appearances, (1) is non-linear, due to the reset condition. If we regard x as the fraction of certainty in buying/selling, then the choice of ± 1 as thresholds appears less arbitrary.

The effect of external information arrival was reprezented by a series of instantaneous jumps of size e(k) in the state received at arrival times t_k , k = 1, 2, ... This formulation is valid so long as the time scale of the impact of information is much shorter than that of other changes in x. The agent's state is therefore driven by a term

$$I(t) = \sum_{k} e(k)\delta(t - t_k)$$
(2)

where the sum is from the last moment of reset condition (the last buy or sell action) until the curent time t. It will be assumed the existence of a large number of uncorrelated sources of information and accordingly take arrivals as being Poisson distributed in time. For simplicity each jump will be taken as positive, \mathbf{e}_+ , or negative, \mathbf{e}_- . Following this formulation, we will refer below to positive and negative pieces of information. Generalizations to jumps with stochastic size or jump size which depends on the current state are straightforward. We take the magnitudes \mathbf{e}_+ as measures of *informational impact* on a typical agent. In the special case of \mathbf{e}_+ = $-\mathbf{e}_-$, one can speak of informational impact being symmetric. The informational impact magnitudes \mathbf{e}_+ describes the informational strategy of the agent and characterize it.

In this model the dynamics of the state leads to action in the following way: the agent places an order to buy (sell) when its state crosses the boundary at x=1 (respectively -1). Accordingly, when x(t) is in the positive (negative) half of the domain, the agent has a greater tendency to buy (sell) and may be viewed as being "optimistic" ("pessimistic").

2.2. Interactions

We next consider a large collection of N agents trading the same asset. Each agent is indexed by i = 1,...,N, and its state described by the equation (1). Market participants clearly do not collectively listen to the same news and are not exposed to the same channels of information, then inter-agent differences in exogenous information are to be expected. In our model we allow every agent i to be driven by its private stream of information $I_i(t)$. Informational heterogeneity along with nonlinear dynamical evolution and possibly different initial conditions, injects a great variety of individual behaviors into the population.

The average rate of arrival of exogenous information is the same for all agents. Every agent, in addition, is affected by the behavior of other agents in the population. We denote by n the average number of agents affecting any one agent. Hence mutual interactions in the population occur through the influence of the actions of agents on the states of other agents. Specifically, if an agent places i an order to buy (resp. sell) at the moment t_k , the state of another agent j is instantaneously incremented by eji+(-)(k) if that agent is affected by the action at that moment. The stream of information characterising the agent j at the time t will be

$$I_{j}(t) = \sum_{k} \left(\sum_{i=1}^{N} e_{ji}^{+(-)} \delta(t - t_{k}) \right)$$
 Note that the $\mathbf{e_{ji}}$ term mesure the influence of the actions of agent \mathbf{i} on the agent \mathbf{j} and was taken sub-unitary. This

Note that the e_{ji} term mesure the influence of the actions of agent i on the agent j and was taken sub-unitary. This formalizes the intuition that the more an investor sees others buying (selling) the more bullish (bearish) he or she will become.

3. GENETIC ALGORITHM: LEARNING AND SIMULATION

3.1. Evolutionary algorithms method

Genetic algorithms constitute a class of search, adaptation, and optimization techniques based on the principles of natural evolution. Genetic algorithms were developed by Holland ([7]). For an introduction to genetic algorithms, see Bäck, T. ([1]).

An evolutionary algorithm maintains a population of solution candidates and evaluates the quality of each solution candidate according to a problem-specific fitness function, which defines the environment for the evolution. New solution candidates are created by selecting relatively fit members of the population and recombining them through various operators. Specific evolutionary algorithms differ in the representation of solutions, the selection mechanism, and the details of the recombination operators.

Evolutionary algorithms offer a number of advantages over more traditional optimization methods. They can be applied to problems with a non-differentiable or discontinuous objective function, to which gradient-based methods such as Gauss–Newton would not be applicable. They are also useful when the objective function has several local optima.

More formally, the GA scheme can be summarized as follows. P denotes the current population (i.e., a set of individuals), and H is the set of children. Note g the current generation number. The Genetic Algorithm can be described by the pseudocode scheme:

```
g := 1; generate initial population \operatorname{Pop}; compute fitness for individuals i \in \operatorname{Pop}; WHILE g < G DO BEGIN g := g + 1; produce children H from \operatorname{Pop} by crossover; apply mutation to children I \in H; \operatorname{Pop} := \operatorname{Pop} \cup H; compute fitness for entire population I \in \operatorname{Pop}; reduce population \operatorname{Pop} by means of selection; \operatorname{END}.
```

3.2 Genetic Representation: coding the agents population and evaluating individuals by a 'fitness' function

For the multi-agent model described in the Section 2, a valid genetic representation is given by a vector of information's about the personal decision reaction speed γ_i and the coefficients describing the influence of the others agents e_{ij} (j=1..N):

$$(\gamma_i; e_{i1}, ..., e_{iN}) \tag{4}$$

At the start of the first generation of agents, each one of this is random generated between 0 and 1, with the supplementary condition that $e_{ij}=0$, with the probability \mathbf{p} (fixed from the beginning).

For evaluating the efficiency of individual agent information strategy, a simulation of the trade activity is necessary. We consider a trade game consisting in \mathbf{m} rounds of negotiation ($t=t_k$, k=1..m). Each agent \mathbf{i} start the simulation with a fixed capital $\mathbf{C_i(0)}=10000$ units. A buy/sell action of an agent modify his capital with a value equal with the price -/+ P_k of a market "action" at the time $\mathbf{t_k}$; alternatively, the price P_k is variable in time, according to the formula:

$$P_{k+1} = P_k(1 + n_1(k)/N - n_2(k)/N)$$
(5)

where $n_1(k)$ is the number of agents buying actions at the time $\mathbf{t_k}$, and $n_2(k)$ is the number of agents selling actions at the time $\mathbf{t_k}$. This condition simulates the variation of value of the price in condition of a free market. The *fitness* function associated to each agent is defined by the value of individual capital $C_i(m)$ at the time $\mathbf{t_m}$. At the tome t_0 =0, the price was P_0 =250 units.

3.3 Crossover, Mutation and Selection

Let us assume that two individuals of the current population have been selected for crossover. We have a mother individual $M = (L_M)$ and a father individual $F = (L_F)$. Now two child individuals have to be constructed, a daughter $D = (L_D)$ and a son $S = (L_S)$, each one by the <u>2-point crossover</u> procedure, choused to increment the speed of the algorithm.

For the crossover procedure we draw two random integers q_1 and q_2 with $1 \le q_1 < q_2 \le N$. Now the daughter's activity list L_D is determined by taking the coefficient $\mathbf{e_{ij}}$ list of the positions $i = 1, ..., q_1$ from the mother, the positions $i = q_1 + 1, ..., q_2$ are derived from the father and the remaining positions $i = q_2 + 1, ..., J$ are again taken from the mother. The son individual is computed analogously. For the son's activity list, the first and the third part are taken from the father and the second one is taken from the mother.

The following <u>mutation operator</u> is applied to each newly produced individual. The mutation operator modifies the all the genes (including the coefficient of decision speed γ) of the genotype with a probability of p_{mutation} . The mutation operator modifies the value of a coefficient by a fixed fraction +(-)f (considered in the author simulation =1/10) of his initial value. The choice of sign is randomized.

The <u>selection operator</u> act on the entire populations of agents, the parents and the new agents, selecting at each generation the first *N* best evaluated individuals, grouped by pairs (first with the second etc.) in order to produce a new generation. The evaluation use the *fitness* function, computed after a trade game simulation.

4. COMPUTATIONAL RESULTS

In this section we present the results of the computational studies. The self-adapting GA for the RCPSP has been coded in Dev C++, and tested under Windows XP. We considered an initial population formed by N=50 agents, generated with the conditions $0 < \gamma_i < 1$, $0 < e_{ij} < 1$ and p=3/4 (the probability that $e_{ij} = 0$ at the beginning). The genetic algorithm computed G=250 generations.

First observation is that the simulation of the trade, at each generation, gives the possibility to evaluate the evolution of the market price P_t of one action in time. The Figure 1 give the evolution in time of the P_t for the resulting populations of agents after 250 generations. The similarity with a real chaotic market variation has a test value for the proposed model.



Figure 1. The market simulated evolution of the price of actions

The results reported in the Figure 2 are obtained after a process of learning, when the strategies have converged. It is important to note that, during learning, the number of significatives influences for each agent of new generation (i.e. number of agents j that influence an agent i, expressed by the condition $e_{ij}\neq 0$) is increasing.

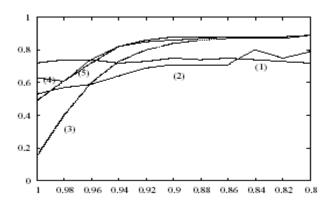


Figure 2. Statistical dependence of the information strategies efficiency of the relative number of sources Five strategies are statistically identifiable:

- first (1) is the strategy of stability of the sources (the values of the influence coefficients e_{ij} are quite stable in time);
- the second (2) is a periodic strategy (generated by a quasi-periodical rotation of the trusted sources);
- the third (3) can be called the "mimetic" strategy (the temporary tendence of the market is reproduced bu the agent);
- (4) is a combination of (1) and (3);
- -(5) is a combination of (2) and (3).

The Figure 2 show the statistical repartition of the 'fitness' for the final generation agent's strategies in dependence with the percent of the significative influence agents (reported at their total number). The 'fitness' value, measuring the efficiency of a information strategy, was reported to the best value obtained for all generations of agent's strategies.

5. CONCLUSION

In conclusion, the model described in this paper explicitly includes competition into a real options framework by using an agent-based approach of competing firms. The firms derive their investment triggers from a genetic algorithm which exploits the results of repeated stochastic simulations of the market. The best information strategies used by the learning trade agents under competition that we find are classifiable in five groups, and the mixed mimetic strategies are in top of efficiency. In other words, the combined strategy is very versatile.

REFERENCES

- 1. Bäck, T. (1996) Evolutionary Algorithms in Theory and Practice. Oxford University Press, Oxford.
- 2. Bouchaud, J.-P. (2002) "An introduction to statistical finance", Physica A, pp. 238-51.
- 3. Challet, D. and Zhang, Y-C. (1997) "Emergence of cooperation and organization in an evolutionary game", Physica A, VOL. 246, pp. 407.
- 4. Chan, N., LeBaron, B., Lo, A.W., and Poggio, T (1998) "Information dissemination and aggregation in asset markets with simple intelligent traders", MIT AI Lab Technical Memorandum 1646, M.I.T., Boston.
- 5. Farmer, J.D. (2001) Agent-based models for Investment, Association for Investment Management Resesarch.
- 6. Farmer, J.D. (2002) "Market Force", Ecology and Evolution, Industrial and Corporate Change, VOL. 11, issue 5, pp. 895-953.
- 7. Holland, J.H. (1975) Adaptation in Natural and Artificial Systems. University of Michigan Press, Ann Arbor.
- 8. Lux, T. and Marchesi, M. (1999) "Scaling and criticality in a stochastic multi-agent model of a financial market", Nature, VOL. 397, pp.498–500,
- 9. Omurtag, A., Knight, B.W. and Sirovich, L. (2000) "On the Simulation of Large Populations of Neurons", Journal of Computational Neuroscience, VOL. 8, Issue 1, pp. 51 63
- 10. Riechmann, T. (1998) "Genetic Algorithms and Economic Evolutions", Preprint Diskussion-papier Nr219, University Hannover.
- 11. Shiller, R.J. (1999) "Human Behavior and the Effciency of the Financial System", Handbook of Macroeconomics, VOL. 1, edited by J.B. Taylor and M. Woodford.

INFORMATION SYSTEM FOR MODELING ECONOMIC AND FINANCIAL PERFORMANCES⁵⁶²

Boldeanu Dana Maria

Academia de Studii Economice București Facultatea Contabilitate și Informatică de Gestiune Piața Romană nr. 6, sector 1, București, CP 010374 Email: danabolde@gmail.com Telefon: 0721803603

The analysis of the most important financial and economic indicators at the level of some organizations from the same sector of activity, the selection of performance ratios and generating a particular analysis model help companies to move from the desire to obtain performance to action through better and faster decisions. Using advanced technologies like Business Intelligence and new software applications can also bring added value to the multidimensional analysis of the financial indicators.

Starting with the multidimensional design of a data warehouse fated to the financial analysis of the performance indicators the level of an economic and financial entity and continuing with the implementation of this system will reflect once more the benefits of Business Intelligence components, the importance of the decision maker in the management activity and the necessity of making correct and pertinent decisions for the continuous improvement of the economic and financial performances.

Keywords: performance, financial ratios, Decision Support Systems (DSS), Business Intelligence (BI), econometric model, information system

The article's JEL code: C51, O12, L15

1. The performance as main objective within the framework of the economic and financial analysis

The analysis of the economic and financial performances is a frequently debated matter in the economic media from the last decades, covering a very large spectrum, comprising various meanings and tendencies which will continuously capture the interest of the economists, the accountants and the IT specialists 563.

The information rising from sources both internal and external to the company, the processing of this information, the obtaining of financial statements and determination of the representative indicators apt to illustrate the real status of the factors which influence the performance of the company and the wide range of potential users (investors, managers, employees, clients, banking institutions, state authorities etc.), all of these bring into light various systems for assisting the decision in an informational environment, with favorable results for all the actors involved in this project.

The process of decision making, regardless of the size of the company, is a rather complex one, implying data processing, information and knowledge. The data warehouse (DW) and business intelligence (BI) systems, as well as the Decisions Support Systems (DSS) are designed to help the companies to answer in real time to complex questions 564. There are more different techniques in this respect, and the choice of the right instrument leads to finding the relevant answers for a certain company. The process is a dynamic one, and these answers are changing along with the business strategy of the respective company.

The business environment of today's world is driven by new concepts like stakeholder value and service management, concept which have become extremely important to satisfy employees, customers and shareholders. The way in which a service company can use different performance measurements for management control purposes is very important as it should make possible the identification of the most appropriate measures applicable for strategy implementation.

Managers and stakeholders are in need for special tools for allowing them to analyze this amount of data in a quickly and accurately manner. For this matter data mining algorithms and techniques represent one class of such tools and they are used to automatically extract predictive hidden knowledge from the raw data.

2. Econometric Modeling of the economic and financial performances

Within the economic-financial analysis, there is a series of models, methods and procedures which are either specific or borrowed from other sciences. At present there are several basic methods and procedures designed for the diagnosis analysis of a company and for setting its financial-economic performances. Such methods help to set up a direct link between the identified economic performances and the overall strategy of the company 565.

⁵⁶² The paper represents a portion of the results provided by the ongoing research for the Grant 1805 under the IDEI Program PN. II 2009-2011 with the title: "Exploratory research concerning the development of an intelligent system meant to optimize financial decisions"

⁵⁶³ Boldeanu, D. "Information system for the analysis and assessment of the economic and financial performances at microeconomic level", PhD thesis, Bucharest Academy of Economic Studies, October 2008

⁵⁶⁴ Boldeanu, D., Gheorghe, M. "Performance indicators in multidimensional analysis", Journal of Accounting and Management Information Systems, Supplement/2007, pg. 733-747, 2007

⁵⁶⁵ Boldeanu, D. "Information system for the analysis and assessment of the economic and financial performances at microeconomic level", PhD thesis, Bucharest Academy of Economic Studies, October 2008

The mathematical-economic methods which use the various financial ratios proved their usefulness in the decision-making process of capital investors. Most of the time, these models involve linear relations between a set of financial ratios and the company return ratio.

Rees566 considers that in the financial analysis, the wide use of financial ratios is an answer to the high amount of data contained in a set of financial statements and to the issue of comparing companies of different sizes. Financial ratios may be used individually or in groups, in order to compare companies among themselves or against industry benchmarks. In most cases, the result of such analyses depends to a high extent on the financial analyst's skills and expertise.

A company performance measures in determining the financial state should not be sensitive to the choices of accounting methods and procedures, but must assess the current management decisions, the risks of investment decisions and not punish managers for circumstances that are beyond their control567. Under these circumstances a good better choice could be EVA (Economic Value Added) or any other performance measure that would consider "adding" value through previous investments. Nevertheless, ROE (Return on Equity) is often used in econometric analyses with financial data568. Due to the data accessibility and the ease in being understood, as well as to the interest granted to this ratio by capital investors, we decided to apply ROE instead of EVA in generating an econometric model to empirically investigate the relation between various ratios from the financial situation of a company and the performance thereof.

As a dependent variable used, we employed ROE, as we believed that it synthesizes best the concept of company performance if it is to synthesize it by means of one indicator only. Return on Equity is perhaps the most commonly used profitability measure 569.

The data set refers to the financial statements for the financial year 2007 and 2008. These are stock market companies having as main object of activity "pharmaceutical substance manufacturing". We considered the companies with activity in the same field, since there are factors specific to each industry and we wanted to avoid adding dummy variables for the industry. In fact, if we were to compare the rating models of various commercial banks, they would come up with quality criteria, including with respect to the industry category, in order to be able and grasp the specifics of the said field of activity.

Starting from these goals, the research carried out an analysis to identify possible connections between the data to analyze and result of an economic and financial performance characteristic to a number of 162 companies 570 from the pharmaceutical sector grouped on geographical regions, using an ordinary regression of the type of the least squares method (OLS).

The purpose of the model we want to develop is to empirically investigate the relation between various indicators resulting from the financial situation of a company and the performance thereof. Furthermore, besides the specific company factors, we also added effects related to the company country of origin (Inflation GDP deflator, GNI/capita, health expenses/GDP), as assessment through experimental analysis of their impact. We preferred this approach to adding dummy country variables.

The set of analyzed data contains a group of eight financial ratios which characterize the financial standing and performance of the companies. As to the company specific factors (included among independent variables), we decided to group them in 3 major categories:

- Risk factors (solvency):
 - -- Beta
 - -- Leverage
 - -- Cash flow/Liabilities
 - -- EBITDA/Interest cover
- Liquidity factors:
 - -- Quick Ratio
 - -- Current Ratio
- Growth dynamics factors:
 - -- ROA
 - -- EBITDA Margin
 - -- Assets Growth
 - -- Sales Growth
 - -- Value-to-Book ratio

⁵⁶⁶ Rees, B. Financial Analysis (second ed.), London: Prentice Hall, 1995

⁵⁶⁷ Damodaran, A. Investment valuation - tools and techniques for determining the value of any asset, 2nd Edition, John Wiley & Sons Inc., 2002

⁵⁶⁸ Han, K., Lee, S., Suk, D. "Ownership structure and firm performance: international evidence." Multinational Business Review 7, 1999, pp. 92-97

⁵⁶⁹ Bertoneche, M., Knight, R. "Financial Performance Butterworth- Heinemann", Oxford, 2001

⁵⁷⁰ Data sources from website http://www.onesource.com

-Company size factors:

- -- Market Capitalization
- -- Total Assets
- -- Operating income

In this case, the analysis performed focuses on the explanation or prediction of the Return on Equity (ROE), using all available data within the company. The most frequently used method for this type of analysis is multiple regression, a method we will also use but with a few elements, let's call them experimental, as a variation from the traditional regressions.

```
ROE = \beta_1 + \beta_2 Beta + \beta_3 Leverage + \beta_4 (Cashflow / Liabilities) + \beta_5 EBITDA / Interestcover + \beta_6 CurrentRatio + \beta_7 QuickRatio + \beta_8 ROA + \beta_9 EBITDA Margin + \beta_{10} AssetsGrowth + \beta_{11} SalesGrowth + \beta_{12} Value - to - Book ratio + \beta_{13} MarketCapitalization + \beta_{14} TotalAssets + \beta_{15} OperatingIncome + \beta_{16} (GNI / capita) + \beta_{17} GDP deflator + \beta_{18} (health expenses / GDP) + \varepsilon
```

We do not claim that the list of the variables above is exhaustive; the ROE indicator may also be influenced by other factors besides the ones already specified, which we will gather in a stochastic variable called error by obtaining a classic regression equation.

The econometric model is interesting through the large number of factors which contribute to the changes of the ROE indicators and helps us to identify and validate the main, essential factors, in our opinion and the one of other specialists mentioned all along the paperwork, factors which determine the financial and economic performances of the company.

The regression equation obtained in the end reflects the relationship between the return rate ROE and factors belonging to the efficiency and the growth dynamic, as well as factors related to liquidity.

$$\mathbf{ROE} = -239 - 0,00400 \text{ SalesGrowth} + 908 \text{ AssetsGrowth} - 0,0205 \text{ EBITDAMargin} - 1,99 \text{ ROA} - 241 \text{ LN}^2(\text{Quick Ratio})$$

From the model presented we can state that the main ROE factors are:

- the asset growth ratio, with the highest influence, which proves that the pharmaceutical industry is a place where large players enjoy success, since they have the resources to support significant expenses for research and development.
- ROA
- EBITDA Margin
- Immediate liquidity
- Sales increase ratio

There is no predefined solution to develop a good model. A satisfactory result comes more from the application of econometric rules and from the high number of trials and the analyst's intuition regarding the factors to be added, the relationship type (linear, quadratic), the effects of the combined factors type.

The model can help the decision maker to obtain a qualified answer to at least the following issues⁵⁷¹:

- What will be the ROE evolution in the next period and which are the factors that positively influence ROE and which is their degree of influence?
- Which are the factors that negatively influence ROE and which is their degree of influence?
- Which are the other factors that influence the company performance and that may be considered in order to improve the model?

A multidimensional analysis of the financial data provides a clearer image on the "business" of decision making factors in every company, as such data may be classified according to various criteria imposed by the decision maker, statistics and even forecasts may be issued.

⁵⁷¹ Boldeanu, D. "Information system for the analysis and assessment of the economic and financial performances at microeconomic level", PhD thesis, Bucharest Academy of Economic Studies, October 2008

3. Information system for the analysis of the economic and financial performances

The system is made for the decision maker, starting with the manager of a department to a general manager (CEO), to a shareholders or a financial institution. Particularly, the system may provide a number of situations and reports depending on the final decision and the power of intervention can be achieved by actions taken as a result of consulting important situations.

We propose the system to facilitate calculation and interpretation of a set of economic and financial indicators, comparative analysis of these indicators, from a current level to a budgeted one and a time analysis of these indicators to see their trend and to make predictions for the future. An experienced manager can act on some key factors of influence, identified during the activity, may adjust a forecast automatically generated by the essential and relevant changes and decisions that have beneficial effects and long-term.

Basic structure of the database contains items of the balance sheet and the profit and loss account from a period of two years (2007 and 2008) from which processed data can cause a range of indicators.

Range of indicators that can be compiled using synthetic situations and other situations such as those related to record data on employees' rights and wages, the distribution of expenditure, the situation on the movement of fixed assets and stocks, etc. can make the subject of a complex analysis beyond the limits of decision support system and the system aims at a more limited presentation and interpretation of indicators which we generically call "economic performance indicators – financial" that include both "the financial indicators" and "non-financial indicators" of an undertaking. Indicators of economic and financial analysis are those who compose the bulk of the outcome. They are found or may be calculated in the most part are in the balance sheet, the profit and loss data information, and the cash flow feature.

The model described previously may be the object of decision making support application, may allow for a complex analysis of the economic-financial indicators that might lead to making strategic decisions for the improvement of economic-financial performances. The data file (we used an Excel file) may be processed in a relational database (MS Access, SQL Server) and may further become the data source for a data storage or warehouse, basically for a multidimensional application which may also be processed to perform OLAP cubes or undirected analyses of the Data Mining type (figure 3.1.)

The implementation of a system for supporting decisions and identifying the economic and financial performances at the microeconomic level is aimed especially for the decision maker. The system comprises a data warehouse implemented in SQL Server 2008 based on which analyses of OLAP type can be run, as well as data mining, through Analysis Services Project, the component of Business Intelligence from Visual Studio 2005.

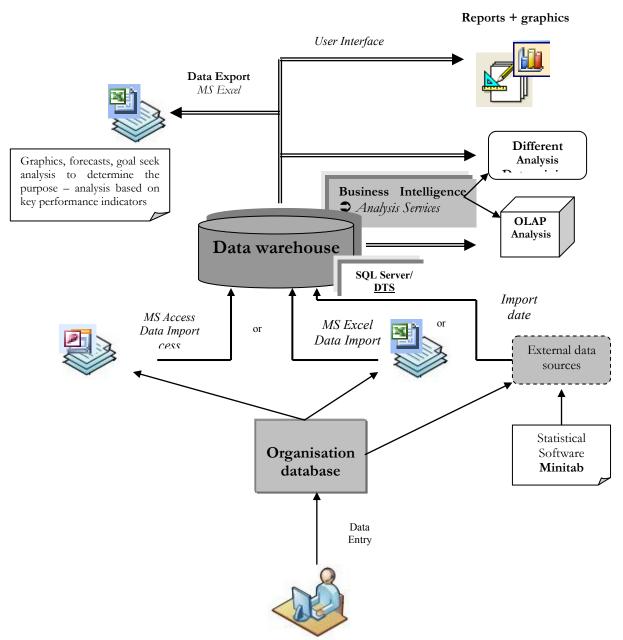


Figure 3.1. The decision support system application design structure for the analysis of the financial and economic performances⁵⁷²

Through an interface of type Visual Studio 2005 we develop the component of visualization of the final resulting data, through generation of complex reports regarding the financial statements and the performance indicators which are representative for the activity of an economic entity. One can make various comparisons between the actual and budgeted value of the selected performance indicators, interpretations of the profitability or liquidity ratios and their position within graphical limits (objects of gauge type), in order to ensure a better positioning and visualization of these indicators. Also, one can obtain graphs of comparative evolution in time between more categories of financial indicators.

⁵⁷² Boldeanu, D. "Information system for the analysis and assessment of the economic and financial performances at microeconomic level", PhD thesis, Bucharest Academy of Economic Studies, October 2008

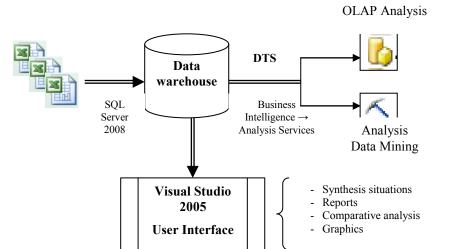


Figure 3.2. Proposed architecture for the implementation of the information system 573

4. Conclusions

The "performance" of an organization has a complex character and reflects a concrete image over the financial and economic situation of an analyzed company and the necessity of identification an intelligent and performing information systems which to support the decision makers in the strategic management process.

The information system proposed in this paper reflects once more the benefits of the components of Business Intelligence, the importance of the decision maker in the activity of management of an entity, his or hers specializations, and the necessity of making correct and pertinent decisions for the continuous improvement of the economic and financial performances.

The importance of analyzing performance ratios, to make comparisons with the companies from the same field of activity, to detect new tendencies and to make profitable changes require the use of advanced tools for multidimensional analysis, performance equipments, qualified personal for interpreting the analysis and the strengths to take important decisions for the prosperity of the company.

References

- 1. Bertoneche, M., Knight, R. "Financial Performance Butterworth- Heinemann", Oxford, 2001
- 2. Boldeanu, D. "Information system for the analysis and assessment of the economic and financial performances at microeconomic level", PhD thesis, Bucharest Academy of Economic Studies, October 2008
- 3. Boldeanu, D., Gheorghe, M. "Performance indicators in multidimensional analysis", Journal of Accounting and Management Information Systems, Supplement/2007, pg. 733-747, 2007
- 4. Damodaran, A. Investment valuation tools and techniques for determining the value of any asset, 2nd Edition, John Wiley & Sons Inc., 2002
- 5. Han, K., Lee, S., Suk, D. "Ownership structure and firm performance: international evidence." Multinational Business Review 7, 1999, pp. 92-97
- 6. Rees, B. Financial Analysis (second ed.), London: Prentice Hall, 1995
- 7. Available online at http://www.onesource.com

⁵⁷³ Boldeanu, D. "Information system for the analysis and assessment of the economic and financial performances at microeconomic level", PhD thesis, Bucharest Academy of Economic Studies, October 2008

NEW METHODS REGARDING THE ORGANISATION AND FUNCTIONALITY OF THE BUSINESS ENVIRONMENT IN THE VIRTUAL ECONOMY

Botezatu Cornelia Paulina

Romanian American University, Faculty of Computer Science for Business Management c2botezatu@yahoo.com, 00400723209088

Botezatu Cezar

Romanian American University, Faculty of Computer Science for Business Management cezarbotezatu@ymail.com, 00400744578575

Cărutasu George

Romanian American University, Faculty of Computer Science for Business Management georgecarutasu@yahoo.com, 00400721397676

Abstract: Globalization represents the destiny humankind is drawing near, everybody being affected to a larger or smaller extent by its irreversible mechanism. The business environment relies on the expansion of markets globally.

Therefore it is achieved the transition from the international economy to the global one, in which transnational corporations become the main actors.

In conclusion, we witness in this eraof globalization the appearance of new types of relations between the enterprise and its environment. The existence and development of the third millenium enterprise relies on the impact of the informational and telecommunicational technology, vesting specific aspects.

Key words: virtual enterprise, virtual society, mobile Web applications

The article's JEL code: M1

1. The virtual enterprise. Characteristics.

The globalization of economyrepresents the intersection even more accentuated of the national economies, reflected in the growth, within every country, of trading, investments and foreign capitals to make the gross domestic product (GDP). This means that even a slightest mistake in a country meaning the weakening of the economic interdependent chain , can lead to the blockage of the whole mechanism because the same actors are active on all the worldwide markets.

The globalization era means at the same time the emergence of the virtual economy. In this respect, the Internet triggers the growth of efficiency regarding the activities within the actual enterprise. The enterprise benefits, on the one hand, of the growth in productivity which involves the production factors used and, on the other hand, the cutting of the production costs, especially because of the lowered prices for the purchase of the needed equipment and machines. Therefore, the enterprise makes large investments, thus keeping a growing economic rhythm.

In the globalization era, the specialists in the field talk about the « digital enterprise », « the third millenium enterprise ». This new enterprise acts in a « new » economy, based on four leading pillars :

- -informational revolution;
- -technological changes;
- -globalization;
- -demographic changes;

Within web-enterprises the organizational structure is streamlined with less bureaucracy and as such is more flexible

With this new style of company there indubitably are extant certain characteristic features that serve to distinguish from the more "traditional" company, of which namely:

- That information is the most consequential resource of modern firms while at the same time their main source of competitive advantage. Information is a commodity like any other;
- Employees change how they work. Some no longer even have a job in the acknowledged sense of the word. They carry-out their activities at home while communicating with their managers through information and communication channels, leading to significant cost reductions;
- Workforce employment is conditional on possessing the necessary skills to routinely use computers with mundane effort;
- Ever more employees are contracted for defined, finite periods of time. Maintaining one's professional competence is of higher, long-term concern now for the individual employee than maintaining a stable job;
- It has the ability to act on global markets, possibly delocalizing to lower costs and directly engage in competition with companies in disparate geographical areas;
- Due to compounding inter-dependencies it establishes its locations with regards to economic partners;
- Markets the firm is intertwined are no longer of just a physical, corporeal dimension but also a virtual one. The Virtual Market is the child of the Internet;

- Competition is more fierce. On this "webbed" planet there is practically nothing that caters only locally making it such that at any time there is the possibility that the firm might be confronting unknown competitors;
- Products / services have a shorter life cycle than they used to, imposing of present companies to afford close scrutiny to research and development. The effect: numerous alliances between businesses in various forms;
- There is more and more externalising or outsourcing of less profitable operations.

Business over the Internet is still in its infancy but the future belongs to those companies which will use this tool avidly in competition.

A Virtual Enterprise (VE) / Organisation is a temporary alliance of companies, organizations for the course a joint project to solve a certain problem or to jointly commence of certain products and services.

The rapid evolution of communications and infrastructure enabling the establishment of connections between different units and organizations gave a new impetus to the development of virtual enterprises and organizations, because the new type of interaction between participants eliminates remotes in time and space between partners.

Grounds exist for which organizations and businesses are becoming virtual in a knowledge based society. Some of these reasons are:

- a) globalization, with escalating trends of occurrence of emerging markets and global consumers,
- b) ability to quickly focus, where necessity mandates, resources of knowledge,
- c) creation of communities par excellence between individuals and organizations disjoint by great distance,
- d) the swift changes in the requirements of consumers of assurgent markets,
- e) increasing the ponderance of demand for specialised and custom products and services,
- f) increased trust among partners and the need to shared use of specialized knowledge, etc.

Businesses and organizations, great and small, are all too often discovering for themselves the fact that they have more to gain by introducing collaborative networks and the principles of virtual organisation and thus overcoming the barriers of hierarchical and functional structures of organisations descended from the industrial society.

Cooperation is continuously being enhanced by use of collaborative methods founded on digital technology. Of course, such cooperation may better be construed as more of a strategic alliance, rather than a virtual organization. An alliance is often established over a certain duration and is based on firm contracts. A virtual organization is temporary or easily reformable. It is constituted of digital connection and often based on less formal methods as pertaining to the respective obligations of the parties involved than a strategic alliance.

Romanian specialists are less accustomed with this organizational model and afford business partners limited trust. The virtual organization model is based on trust and the sharing of knowledge and skills among partners. This organizational model also requires prevailing over current conceptions regarding the computerization of firms.

The emphasis should be put on the means necessary for building networks of companies (enterprise networking), on the cooperation, the collaboration and the negotiation aspects that require more of the specialists than good knowledge of software in the economy.

Therefore, modeling and simulation will arise to be the predominant activities in the specialists' regard, in accordance with the inherent shift of more and more enterprises in our national economy to to the new, virtual organizational model.

An important factor in assuring the success of virtual enterprise is the modern informational structure, which enables functional, timely links that span great distance.

All aspects related to manufacturing and services offerings of a virtual enterprise are now integrated with Webbased protocols.

Activities such as design, continuous bidding, delivery and inventory management or services monitoring is done through automated procedures. Virtual enterprise can better anticipate requests for products, services and labor and is concentrated more on achieving the benefits of market innovation.

Under these conditions, new business models, techniques and procedures specific to virtual organizations and which are consistent with those used by companies in other countries arise with regard to opening markets for all companies in the European area. But there is also fiercer competition in these markets.

Relations in the context of virtual enterprise is based in particular on mutual trust, because in this context the legal and physical cadres lose their importance. Trust plays an important role in the optimal functioning of relationships between network partners.

- The most important features of virtual enterprises, listed in the literature, refer to:
- The ability to use temporary opportunities in some markets;
- Limited cooperation timewise;
- Complementary elemental skills, virtuality, flexibility;
- Waiving the institutionalization of the functions of centralised management;
- Trust and common understanding of the business type;
- Customer oriented and mindful;
- Using new technologies and based on organizational networks.

2. Information technology for the virtual society

Several virtual means of manifestation of the social are noticeable at the analytical level: virtual communities, virtual groups, virtual organizations etc. as well as interactions specific to the nature of the interpersonal, societal, communicational, informational, economic, cultural, etc.

Sociologist Bogdan Nadolu identifies five fundamental traits specific to the virtual society:

- 1. virtual social space is extant and manifests only within the framework of networks of computers;
- 2. computer support is man made, placed under his effective and exclusive control;
- 3. the virtual society is not an independent alternative to actual one but merely one of its manifestation modalities;
- 4. social actors involved in virtual type interactions are engaged in relations of the type individual computer network computer individual where they may control their identity but may not control or be controlled by others.

Jan Foster, Carl Kesselman and Steve Tuecke in the paper "The Anatomy of the Grid" define "the problem of the Grid" as coordinated resource sharing between authorities, institutions and resources - namely what is meant by virtual organizations.

Within these conceptual bases one discovers unique authentication, authorization, access to resources, information dissemination, etc.

In the mid-90 the term 'grid' meant an infrastructure model for the distributed computing environment, appropriate to the science and engineering environment. In fact, the concept of grid pertains to the coordinated sharing of resources and problem solving.

In fact, the grid concept is referring to the coordinated sharing of resources and problem resolution. This sharing is not just file sharing, but direct access to the computing resources, data, software and other resources, as needed by the whole range of applications indispensable to the distributed environment. It's imperative to not only clearly define the data suppliers and consumers, the shared content and who can share the resources, but also the terms of the sharing.

After analyzing the communication media and the services suppliers in the information area we need to mention and emphasize some of the complementary grid technologies:

-THE INTERNET is generally directed to satisfying the need of communication and informational exchange between computers, but it is not supplying the integrated tools for the coordinated sharing of resources on many sites ready to be connected to an integrated environment;

-The B2B (business-to-business) exchanges are focused on the information exchange, usually through central servers;

The enterprise distributed computing technologies that are increasingly being used are:

- -CORBA and Enterprise JAVA, which enables the sharing within the same organization.
- -DCE (The Open Group's Distributed Computing Environment) which supports secured sharing between sites, but which is considered to be slow and inflexible.
- -The SSPs Storage Service Providers) and ASPs (Application Service Providers) enable the outsourcing to third parties, but these types of communications are usually connected to the client using a VPN (Virtual Private Network).

Therefore, we notice that the current services on the information distribution and management market are only partially covering the scalability needs in a dynamic environment. Because the grid technologies are directed to the dynamic inter organizational sharing, they can be considered as complementary to the existing technologies.

The Grid architecture identifies the essential components of the system, specifies the purpose and functions of these components and indicates the manner in which they interact among each other. The main problem which the applications offered by the grid technologies solve, is the interoperability, which in the networks environment means common protocols. The grid architecture is in fact a protocol architecture on which the virtual organizations negotiate, establish, manage and utilize sharing relationships.

3. Strategies for designing and implementing mobile Web applications

In the current business environment and the new information technologies, the informatics systems designers are searching for and are suggesting new informatics solutions for the most diverse demands. One of these demands is the designing and implementation of a Web application for mobile devices.

A web application is a communication act, or in common terms, the path of information between a sender and a receiver communicating through a medium. In this perspective the technology choices are left in the background. In the foreground there is the target user, who has certain needs of information and is accessing the web application using an access device. Therefore, before starting the development, the application designers have to evaluate in detail what are the "access conditions" of the application or the service provided.

In other words, it is necessary to understand if the application that needs to be created will be used mainly on mobile devices, because its content is interesting only for moving users, or these devices are just one of the access means (or channels) to the application contents.

There are two strategies that can be implemented:

- creating a single version of the web application and adapting the PC version, which results in a mobile application;
- creating a mobile version of the web application, meaning a separate mobile web application

For the first scenario it's required not only to take technical precautions so that the web application will be displayed correctly on the mobile devices, but also we must define information and content structure and a graphic design adequate to mobile access. A web application, not just for a traditional application, but also for a mobile web application, consists of two fundamental dimensions: programming and developing.

The former, if created carefully can be adapted with minimal effort to the mobile device: to its display capacities, lower screen resolution and data input type. The latter is in charge of managing contents, organizing information and the structure of the information units, system usage functionality or, in short, the communication part of the application.

The developing strategy for a derived application is attempting to develop a web application using code that can be adapted without many difficulties to mobile devices and maintaining as much as possible the contents and functions of the application. In a completely different way, the development strategy for a dedicated web application starts with the idea that this has a main role and apart from the technological aspect and that they must take on the design of the service in a thoroughly way.

A "derived application" is the result of taking the following approach:

- The user is accessing the same pages (the same web address) using not just a PC, but also a mobile phone or a PALM device. Although the page structure is different, all the information and functionality will be available on both channels.

Therefore the modification of the web page components, for creating an adapted transformation when this page is accessed through a different device than the one it was made for, is required. The web technologies need to be used so that these devices can offer the users access to contents and functions in the same way to those offered to PC users. No matter which device is used, the users need to be able to not just view the dialogue, but also to have the possibility to complete the interaction with the dialogue (for example: registering for a service).

The objective of creating a derived application is, in general, the optimization of the existing code used to create the PC version. If the main application is in a restructuring faze, the design team's activity will be to make sure that the new version is solving a range of needs, that will allow new interfacing, and to be accessible through alternative devices as well. This does not mean the restriction of the version for the Personal Computer, but the inclusion of usable criterions in the design and development. It is interesting to note that these criterions do not require in depth changes and, thus, are very easy to adopt. By following this type of approach the result will be that the application can be used by mobile devices, applying to the project a greater sensibility to the multichannel information, without distorting the characteristics of the main application.

The first thing that needs to be tackled is the description of the relationship existing between the client and the server in the view of multi channeling. An important role is given to the final distribution context, meaning the multitude of hardware and software characteristics of the web access mechanism, the user's preferences and the environment (physical, cultural, social) in which the user is active. Figure 1 is illustrating the diagram of the elements involved in an HTTP transaction, in the view of multi channeling and therefore the device independence.

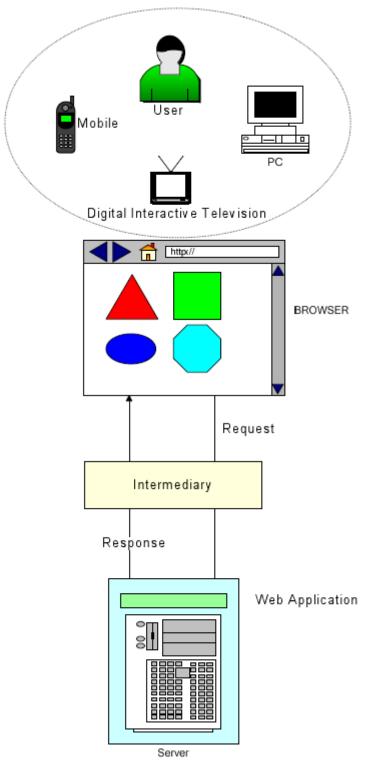


Figure 1: Elements involved in an HTTP transaction, in the view of multi channeling

4. Conclusions

The last 15 years have brought to the market a whole range of devices which, in a certain way, have similar approaches. Synthesizing, these devices can be split between the following categories:

-PDA (Personal Digital Assistant) devices – these are instruments designed to offer personal information management functionality, like agenda, text notes, meeting calendar;

-Smartphone devices – cellular phones that offer more functionality that just traditional voice and SMS messages communication. More and more individuals own mobile phones capable of working with images, managing complex data (addresses, meeting calendar) and especially can connect to a network of other similar devices;

-RIM Blackberry devices – similar to a PDA for the basic features, these devices stand out as out of office email management devices. For this purpose, even the first models included a QWERTY type keyboard and a larger horizontal display. Because of the GPRS and UMTS support, these devices can be used for internet access;

-Tablet PC devices – potential internet access devices, having the dimensions of a bloc-note. Usually they don't have a keyboard and instead include a touch screen display. These devices are very common in the business environment, although we can expect them to be used in the context of a personal user (for example to watch movies or pictures).

Generally these classes of devices have a range of common attributes:

- -The possibility to know the geographical position of the device;
- -Network connectivity (wired and/or wireless);
- -Limited processing power and memory (if compared to a desktop PC);
- -Battery power supply with the possibility of having a low autonomy;
- -Many types of platforms, hardware and software components, user interface (even for the case of the same device class)

All these issues will stimulate more and more the design of mobile Web applications, which will need to be integrated in complex and unified informatics systems. These are new challenges of out society and of the modern business environment for the developers of informatics systems.

5.Bibliography

- 1. Cornelia Botezatu, Cezar Botezatu and George Gh Carutasu, **Virtual Enterprise Information System Requirements,** International Conference "Competitiveness and Stability in the Knowledge-Based Economy", Craiova, October 20-21, 2006
- 2. George Gh Carutasu, Cezar Botezatu and Cornelia Botezatu, **Virtual Enterprise Past and Future**, The XII International Conference of Economics Cibernetics, November 2006
- 3. Dirk Krafzig, Karl Banke, Dirk Slama "Enterprise SOA: Service- Oriented Architecture Best Practices (Coad)", Prentice Hall PTR; 1st edition, 2004
- 4. Lungu I, Bologa R, Diaconita V, Bâra A, Botha I "Integrarea sistemelor informatice", Editura ASE, 2007
- 5. Cornelia Botezatu and Cezar Botezatu, **New Aspects of Software Development in Economy**, International Journal of Computers, Communications & Control (IJCCC), Supplementary issue Proceedings of ICCC, Vol. 1, pp. 100-104, 2006
- 6. http://en.wikipedia.org

DATA WAREHOUSES SECURITY IMPLEMENTATION

Burtescu Emil

University of Pitesti emil.burtescu@yahoo.com

Data warehouses were initially implemented and developed by the big firms and they were used for working out the managerial problems and for making decisions. Later on, because of the economic tendencies and of the technological progress, the data warehouses could also be set up by the medium and small companies. Setting up a data warehouse is a difficult and laborious operation and its security is even more difficult to achieve. The exaggerations concerning the security measures are not always beneficent to business. This is why the security measures projection for a data warehouse must be realized very carefully. The literature contains guides and lots of advice regarding data warehouse security. A substantial support can be offered by the specialized firms that are part of the present-day market.

Keywords: data warehouse, security, security architecture, performance, productivity.

JEL code: M15

Data warehouse

Data warehouse represents a collection of databases that come from different sources; they are integrated in the organization and they are used for working out certain problems and making decisions. Data warehouses contain a great variety of information which offers a coherent image of the company's economic conditions at a certain moment. Data warehouse refers to a combination of more different databases corresponding to the entire organization. This type of system is used for the supervision of the organization activity and supplies standard reports about it. It is also used for analyzing certain aspects regarding the organization's activity and some managerial decisions can be made on this analysis basis.

The data warehouse initiation was possible owing to the economic tendencies and to the technological progress. Nowadays, the new economic tendencies involve: trade globalization, the intensification of the competition, the spectacular shortening of the duration of products because of the technological evolution and also the imposing of high quality standards. The technological progress has allowed the increase of the calculation capacity and the prices reduction. We should also take into account the operating systems, the free-access to the data, the need for information that is acute, the storage capacity which is great and cheap and the software implements that are accessible. Considering all these, we can say that it's time to set up a data warehouse.

The main characteristics of a data warehouse:

- It is not focused on daily operations and transactions. Its focus is on the data that are used for analysis and making decisions.
- The main operation is data adding. Data are neither cleared nor overwritten. A data archive is maintained.
- The system is integrated. Data are collected from different sources (operating systems, databases, files etc.) and by the data warehouse they are transformed into standard reports of representation and they are centralized in the system. Data integration represents the most important problem when setting up a data warehouse.

Data warehouse costs

In most cases, the costs for setting up a data warehouse can be prohibitive and because of this aspect, many firms can't afford it. If we also consider the subsequent costs, then its image will seem apocalyptic for a medium company. On the other hand, the one who wants security for his business will allocate financial resources for the setting up and for the maintenance of a data warehouse. A data warehouse is composed of databases that contain from 1 to 10 Terabytes, in quite many cases values can reach tens Terabytes. The setting up of a data warehouse costs about 3 million dollars. The costs for its initiation and maintenance are divided into costs necessary to hardware systems (equipments and high storage media), professional services and software for the data extraction, processing, storing and analysis.

Data warehouse structure

Concerning its structure, a data warehouse has the following levels: data source, transformation, data warehouse, reporting, metadata and operations (Figure 1).

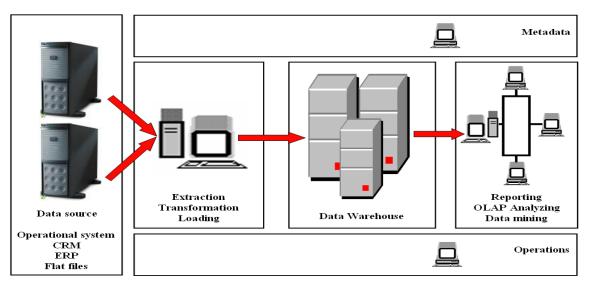


Figure 1. Data warehouse structure

Data source. Data source level refers to any information, usually in electronic format, that must be collected and stored in the data warehouse. Sources: mainframe databases (DB2, IBMS, VSAM, ISAM, Ababas etc.); client-server databases (Oracle, Informix); databases coming from personal computers (MS Access), spreadsheets and other types of files.

Transformation. This level deals with the standard transformation of the data collected at the Data Source Level. Data transformation consists in bringing them to the standard format of the data warehouse. To perform this level, one can either write special applications or use ETL implements (Extract, Transform and Load).

Data transformation may also involve data "cleaning" operations (correctness, consistence, totals, subtotals etc.).

Data warehouse. It deals in fact with data storing. For storing one can use relational databases. Data are stored for a fixed period.

Reporting. This level does the analysis and generates reports used for the supervision of the company activity. For this purpose one can use specific implementations:

- Business Intelligence Tools applications that simplify the generating reports process from the data warehouse;
- Executive Information Systems software applications created to generate complex reports for the company top level management;
- Enterprise Information Systems, similar to Executive Information Systems, the difference is that the first is more simplified for the company departments.
- OLAP (On Line Analytical Processing) allows multi-dimensional representations (cubes, hypercubes) and also allows fast and interactive analyses basing on different types of operations such as roll up, drill down, drill up, slice, dice etc., Data Mining, KDD (Knowledge Discovery in Databases), that use statistics analysis techniques and "forms" recognition in order to find correlations, rules, knowledge etc.

Metadata. This level includes data warehouse management information (the latest update, the number of the users connected to the system etc.).

Operations. The main purposes of this level are data loading in the data warehouse and also data processing and extraction. Another purpose is represented by the users management, the security, the capacity and other management functions.

Data warehouse security

Securing a data warehouse is an operation that requires much care and the concentration of the efforts because there are a few particular aspects that may appear.

The first aspect refers to a direct approaching of the security because in a data warehouse the information is stored in one location. This aspect involves multiple risks for the company. Focusing on the data warehouse is enough for an intruder and he doesn't need to waiste his time to attack the operating system because he can extract any data he wants from the data warehouse.

The second aspect refers to the fact that the access to data warehouse must be facile. The implementation of the security solutions may lead to the reduction of the data warehouse performance. According to recent studies, the period of interrogation has increased from 20% to 500% because of the security measures. The point from which the use of a data warehouse proves to be unprofitable must be established.

The experts agree with the fact that a standard method for setting up a data warehouse doesn't exist. We can conclude that a standard method for a data warehouse security doesn't exist either.

However, a few principles should be taken into consideration:

- Data warehouse team must contain a "security architect".

- The specific security politics for departments and/or users must be defined.
- One security politics for data that belong to the same category.

Security architect must establish the following aspects concerning security:

- Security roles. Data that can be accessed and modified and the type of users that can do this must be defined.
- **Security technology.** The following aspects are established: how is the access path from the user to the data warehouse server protected against address spoofing, masquerading, eavesdropping and any other threat as replay attack.
- **Security administration.** The one who administrates passwords and security roles must be established. It is also established the security mode in order to assure the copies security. The employees are communicated the new security implemented measures.

In order to ensure the security in any domain, technology and the mode of its implementation have the most important role. Security architecture for a company is exemplified in the figure below (Figure 2):

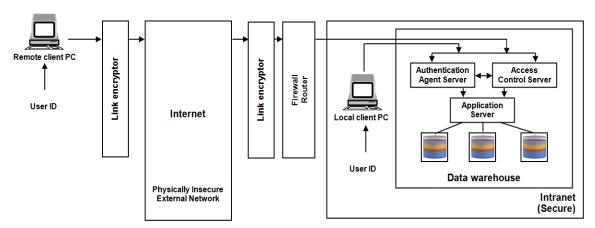


Figure 2. Security architecture for enterprise data warehouse

Another aspect that must be considered refers to the implementation security mode: whether it's done for the application which has access to the data warehouse or not. In the first case the security is integrated in the application and is specific to the data accessed by it and to the functions that operate with the respective data. The second case is when 5 points are accumulated after answering the following questions from the table (Table 1

Table 1. Security implementation table

Questions	Answer (0-No, 1-Yes)
There are more applications that access the data warehouse?	0/1
Is the data warehouse approachable by standard methods such as ODBC?	0/1
There are more than 100 users?	0/1
There are more than 4 dimensions?	0/1
There are more than 4 hierarchies in the structure of the same dimension?	0/1
Sum	05

If five points are accumulated then an internal security may be applied. In this case the security addresses to all applications and has a single checking point.

The literature are indicated seven stages for the implementation of a secured data warehouse:

- 1. **Data Identification.** The identification of all the data that are stored by the company. A total data is realized. It is absolutely necessary to take a rigorous inventory of all data to be available to users of the data store. Data warehouse has a component of its minitoring software that can provide information about data.
- 2. **Data Classification.** The classification is done considering the security. For example: Strict Secret Data, Confidential Data, Special Data, Public Data. Operation of the classification of data into different categories of data an operation is not easy sometimes. In quite many cases the data are a combination of several categories.
- 3. Quantifyind the Value of Data. It involves the evaluation of the costs caused by the data loss. Depending on the type of the incident, we can estimate the replacement (substitution) cost the cost for the replacement of the equipment that is unavailable or destroyed, or we can estimate the recovery cost the costs necessary to the recovery of the information that has been lost. Companies use both quantitative analysis and qualitative analysis to calculate the Annulized Loss Expectancy (ALE).
- 4. **Vulnerabilities Identification.** It represents the identification and the documentation of the vulnerabilities. Among the types of attacks we can mention: **Inference Attacks** involves the deduction of confidential data using

information which apparently seems public. Attacks specific to data warehouse; **Internal Attacks** – these attacks have great success because the intruders may have certain rights and knowledge regarding security architecture; **External Attacks** – Hackers, crackers, industrial spying; **Natural Factors/defects** – earthquakes, flooding, interruptions and variations of the current etc. In most cases data warehouse bases on the security based on views (VIEW based). Dump data can avoid this method. Another types is: In-built DBMS security, DBMS limitations, dual security engines, availability factor, human factors.

- 5. The identification of the protection means against the vulnerabilities and the costs evaluation. It represents the identification of the protection methods against the vulnerabilities. We must identify the vulnerabilities. As principal methods we mention: Users classification and the access control implementation, Data partition, Data cryptography, control of the software development process, the executive communication, informing and training. All these have one purpose: to ensure the security and to prevent the clearing and the modification of the information from the data warehouse. Finally, the costs necessary to the security measures implementation are estimated.
- 6. The selection of efficient protection measures that are to be implemented. It involves the selection of measures that represent the security implementation, generally speaking, basing on the implementation costs. In quite many cases the criterion of cost should not be the main criterion for selection. May be taken account of the compatibility and adaptability to new controls adopted by the old. It is well known that can achieve substantial cost reductions if they choose a control to cover more vulnerabilities not control for each vulnerability.
- 7. The evaluation of the implementation efficiency. It involves a continuous verification and auditing of the security solutions that have been implemented. A communications executive to data warehouse users of new security measures will be adopted as to increase their effectiveness and productivity of the initial losses to reduce. Before creating a data warehouse, we must know firstly very well if the data warehouse is absolutely necessary to the company. If we need a data warehouse then we must select the data we want to be stored and processed. The system will generate reports containing results that help me to make the proper managerial decisions. Storing "all that can be stored" involves supplementary costs and may lead to the reduction of the performance. On the other hand, if the stored data is insufficient, the results may be uncertain.

From the data which are supplied by the operating system, I select the data which are essential for making decisions. We have to take into account the possibility of a posterior development – we may need the data which were omitted at the beginning and later on they prove to be necessary to making decisions.

Although the initial implementation plan is well defined, during the implementation it may be modified because of the difficulties that may appear. Another reason of this decision is caused by the fact that the company which hasn't experts in security implementation wants the implementation of a paranoid security system. You should try to create a product for a certain company without referring to security. At the end, if you bring in to dicussion the security you will notice that all the attention and the efforts will be focused on security, although this can lead to the reduction of the performance application.

Conclusions

Data warehouse is a system created in order to offer an immediate access to important and reliable data which are used for decisions analysis, planning and evaluation. A data warehouse can facilitate very much the work but at the same time it can make it more difficult. An under-evaluation of the threats leads to an under-protection level for data warehouse security and business and creates possibilities of access for the intruders. An overestimation of the threats, sometimes reaching paranoid values, leads to an overprotection level that ensures an excessive security but will be as harmful as the under-protection level. In this case, the security means can be annoying and unbeneficial to the company production. It would be ideal to find out an optimal way for a data warehouse security. In quite many cases, because of the lack of funds, the companies can adopt a minimal measures level which will not be enough for attaining our supposed purpose.

REFFERENCE:

- 1. L. McCarthy, IT Security: Risking the Corporation, Prentice Hall PTR, 2003.
- 2. Security Complete, Second Edition, SYBEX Inc., 2002.
- 3. http://all.net/books/audit/kits/dw.html
- 4. http://www.information-management.com/infodirect/19990601/780-1.html
- 5. http://www.dbmsmag.com/9704d05.html

ASPECTS ABOUT SIMULATED MODEL TRUSTINESS

Coculescu Cristina

Romanian-American University, Bucharest, Romania, Faculty of Computer Science for Business Management, Street Durău, no. 47, district 1, Bucharest, Romania E-mail: cristina_coculescu@yahoo.com, Phone: +40740975358

Crişan Daniela Alexandra

Romanian-American University, Bucharest, Romania, Faculty of Computer Science for Business Management, 1B Expozitiei Blvd., district 1, Bucharest E-mail: dacrisan@yahoo.com, Phone: +40721264908

Stănică Justina Lavinia

Romanian-American University, Bucharest, Romania, Faculty of Computer Science for Business Management, 1B Expozitiei Blvd., district 1, Bucharest E-mail: lavinia.stanica@cheyenne.ro, Phone: +40721.708.580

Despa Radu

Romanian-American University, Bucharest, Romania, Faculty of Internal and International Commercial and Financial-Banking Relations Street Istru, no. 1, bl. P2, sc. A, etj. 2, ap.5, district 6, Bucharest E-mail: radudespa@yahoo.com, Phone: +40744270089

Nowadays, grace of computing possibilities that electronic computers offer and namely, big memory volume and computing speed, there is the improving of modeling methods, an important role having complex system modeling using simulation techniques. These offer us information about the system before it to be correctly realized through building of mathematical and logical models which describe real system behavior or the behavior of some parts of it during long time.

In this work we purpose to analyze the main kinds of testing and validation of simulation model, starting from that to a simulation program it can assign the character of model only when its trustiness is checked and practically proved because only relying on the results of such models, decisions can be taken, these results being those which correctly represent studied system.

Key words: simulation model, validation, sensitivity analysis

JEL code: C61

1.PROCESS OF PASSING FROM REAL SYSTEM TO THE MODEL OF SIMULATION

The knowledge of evolution rules of complex systems, making a link between quantity-quality analysis and formalized representation of processes and phenomena demand application of modeling method for decision act.

The model made basing on the checking of available information about feature, behavior and functionality of a system is an active part of information resource for optimize the activity.

On the base of making every model, is mainly the exigency of its conception so to reflect simply and clearer and clearer the reality that it follow to show

Nowadays, grace of computing possibilities that electronic computers offer and namely, big memory volume and computing speed, there is the improving of modeling methods, an important role having complex system modeling using simulation techniques.

These offer us information about the system before it to be correctly realized through building of mathematical and logical models which describe real system behavior or the behavior of some parts of it during long time.

By the means of simulation, 'inputs' are generated and considering system internal states, through right algorithms, the "outputs" are established and there is shown the evolution in time of the system [1].

However simulation gives under-optimal solutions, it is an efficient technique for studying complex problems at firm level.

In simulation activity, three important elements are implied and namely: real system, the model, the computer and two relations: modeling and simulation relations. It needs the following considerations:

"real system" is the system observed using human feelings;

"real model" is the replaced real system and that generally correspond to the demands of initial real system;

"abstract model" makes the passing from "real system" to "real model". It remakes real system through system decomposition in basic parts and establishes the links between them [9].

Validation of results is made through a checking of the correspondence between the data from real system and those given by model.

Simulation allows the description of complex system behavior and makes possible experimentation of a system without expose the organization to the dangers of real world.

Simulation model, with its many characteristics, is the link between economic-mathematic model that has the possibility of modeling and reality. Searching thoroughly possible changes in real world through simulation model, we can often learn how to improve existing behavior without applying in fact the good or bad ideas about the system. In a simulation model it is possible the compression of long whiles in seconds at computer [3].

Simulation models are in most cases parts of informatic systems relied on solving system problems based on solving conversational system problems. They are used together with informational management and decision system.

2.DIFFICULTIES AND TYPES OF VALIDATION

It should be ideal that simulation model to be compared directly to the system which represents but this thing is not always possibly because the comparison is made between two "sets" of observations.

In the best case, the analysis put in evidence features equal to those of "real" system and can be considered correct if it is not negated by certain hypotheses.

In consequence, a simulation model has no universal validity but can be valid for reaching a certain target and within certain hypothesis.

Black Box Validation

For analyze the kind of model operating compared to real system these are supposed to be 'black boxes'. In consequence, operating data are unknown.

Test method of the kind 'black box" is simply. The behavior of real system is viewed in certain conditions and after that, the model is put in operation in similar conditions. If the model is valid, observations about it wouldn't have to differ from those of "real" system.

The comparison of the two sets of observations is made by the means of statistic methods, there are called checking tests for some hypotheses and test trustiness is explained through likelihood index.

Validation errors which can occur are errors of level 1, when a correct hypothesis is wrongly rejected. II-level errors appear when false hypothesis is accepted as true. Zero-type errors are very severe because who makes the test follows a series of useless aspects – it results a wrong model, ultra-sophisticated [7].

The model is statistically considered as valid but it proves to be useless because it responds to not important problems. This approaching can be made for the whole model or for a part of it.

White Box Validation

In this case, it is supposed that simulation model and "real" system are transparent. Internal features are very well known and understood. Validation of this kind is useful in model building process, nowise in final phase.

While in validation case of type "black box" prediction power of model is stressed, in "white box" validation, the accent is on internal activities of the model.

The most of simulation include a static logic which shapes system behavior. In a discrete simulation these are rules of the kind if (conditions) – then (action). Thus, real system can be controlled. In a continuous simulation, there is more probably to be rules which control system behavior in extreme conditions. If simulation has been base on statistical rule of system behavior it wouldn't be longer useful because simulation is used to mirror the system's dynamic behavior. In fact, dynamic performance (of action) of the model during running must be validated [8].

The materials (support), the animation (dynamic exposure of model features) are integrated in simulation program. System variables and states can be observed while the programs run, so the errors in action logic can be found.

As how it is possible, ultra-sophistication of the model which harms in a dynamic approaching must be avoided because a lot of changes appear in system wherefore the model must answer favorably.

Ultra-simplification is another extreme case that must be avoided, because it doesn't pass to surprise important aspects, useful details.

Zero errors avoidance can be realized either through the fast establishing of the target purposed through the model or through the adoption of a kind of approaching explicit and evolutive for the model.

3.SIMULATION MODEL TESTING AND CHECKING

We assign to simulation program the character of model only when its trustiness is validated and practically proved. Because only relying on the results of such models it can take decisions, they are those which correctly represent studied system.

In the case of a wrong structured problem, a wrong computer program can be made or baffling results can be reached. Hence there is useful model checking through testing step by step.

There are two components and namely: checking (refers to the rightness of process building, of model programming) and validation itself (refers to concept checking, there are checked the component parts and the relations between them).

Narrow linked to model validity is its sensitivity to outside influences. From the study it results the way of configuration the same time with the ease of model feature.

For checking right making of model, there were developed a series of software-engineering methods that find and remove programming mistakes (structured programming, top-down programming, Program-design).

Relevant especially for simulation programs, "trace" method is known which consists of the showing of event effects over corresponding status changes. Presentation of key-messages and message of pointing error causes in

the case of some procedures or methods "a structured walk through" used in team working case (every command is jointly explained and checked).

Generally, it considers that in every growth of complexity, the model is tested again. For program codes checking there are recommended methods of viewing them. Because the importance of validation, in the followings we'll show some characteristics of it.

The validation is characteristic to every model. Depending on the problematic of each studied model, there are established the specific validation criteria for deliver a real results. Validation is a gradual category. In the case of a decision of the kind "either-or", the model is considered valid only how it reaches real problem core. In certain cases, the growth of model validity can be realized only using very big costs. In these sense there was established a function of the relation between edge value of information and edge cost in the case of the increasing of model validity degree. [9]

Validation is the result of a negotiation process. A model is useful when beneficiary believes in its validity. As negotiation process, validity can be viewed considering used validation criteria and methods.

Practically, this thing is realized as collaboration between implied parts filled in by analytical and methodological competencies of expert consultants and with beneficiary's experience.

Validation acts during running of the whole project. It is considered even in the phase of element definition till model concept framing and model experimentation. Project phases occur interactively.

In dedicated literature [6] evaluation methods are grouped according to certain criteria. For user there are important: functional validity (checks model acceptability, reaction degree of simulated model, model behavior), result validation (gained results are compared and there is analyzed how they are near to reality and/or they improve real system) and theoretical validation (validation of simulation results through comparison to theoretical results computed using other methods).

4.SENSITIVITY ANALYSIS FOR A SIMULATION MODEL

Sensitivity analysis allows experimentation of models for follow system reaction under conditions of controlled variation of external parameters or of internal processes from system.

There is not the subject of simulated system validation but of generation scenarios of results running and evolution. There are established possible limits of overrunning results and also of deviation and dispersion of these results. For this reason, sensitivity analysis is considered to be an analysis of kind "what-if", "what happens if...". For this, there is built a system of values intervals relied on forecasting efficiency computes [10].

Sensitivity analysis is used especially when input data are not valid, when repartition of input data is subjectively established, when information about inputs are related, when they can be given only fuzzy hypotheses about system relations especially in cause-effect relation.

In all these cases there are so-called "critical points" which strongly lead to the emission of alternative premises and the result is got as scenario [11].

The scenario will be so built that to be also considered occasional influences wherewith the system could fight in the future.

The capacity to fast and efficiently test the most interesting combinations offered by this scenario, also supposes real collaboration with system beneficiary.

CONCLUSIONS

Validation process and sensitivity analysis have an important role in the foundation of easing a simulation model. It can be cancelled a series of features and relations that have minor influences over the model and also the description of the states of the system having too big number of variables.

As a consequence of complexity reduction, the effects are turned into simulation costs decreasing, a smaller volume of input data, decreasing of the expenses of model implementation, easy interpretation.

Complexity decreasing for a model is possibly only as how the reality allows this thing. But there are a series of simplification principles of a model possibly to be applied and namely:

When input values repartition is a repartition function of empirical values, there is checked the existence of a family of repartition functions that could lead to a better approximation (thing possible to be realized through a sensitivity analysis);

The parameters which have small variations during simulation can be considered as constants;

The size which equally troubles all the alternatives can be cancelled.

All the relation that can be represented through mathematical functions will be included into the model;

Sensitivity analysis can be used for building the possible combinations between input and output values of for evaluation the consequences of doubt premises;

For models having hierarchy structure, there are especially validated the models having easier feature, then it also follows an extension over those more sophisticated.

It results that the heaviness of testing process refers to the model wherein we understand and dimension the reality, because economic-mathematic model or simulation one, is the creation of an analyst by whose means it represents in a kind or other, a certain system.

BIBLIOGRAPHY

- 1. ANDREICA, M., STOICA, M., LUBAN, F., Metode cantitative în management, Editura Economică, ISBN 973-590-027-0, București, 1998;
- 2. BOLDUR-LĂŢESCU, Gh., Logica decizională și conducerea sistemelor, Editura Academiei Române, București 1992:
- 3. CHARRETON, R., BOURDAIRE, J.M., La decision economique, Presses Universitaires de France, 1985;
- 4. COCULESCU, C., CĂRUȚAȘU, G., DESPA, R., Information essential element in decision process modeling, in "Annals of the Oradea University, Fascicle of Management and Technological Engineering", CD-ROM Edition, Volume VII (XVII) 2008, pp. 2016 2021, Oradea, 2008;
- 5. DOBRE, I, BĂDESCU, A., IRIMIEA C., Teoria deciziei studii de caz, Editura Scripta, ISBN 973-9161-97-9, București 2000;
- 6. GOODWIN, P., RIGHT, G., Decision Analysis for Management Judgement, John Wiley & Sons, Chichester, 1991;
- 7. LANGE, O., Decizii optime, Editura Științifică, București 1970;
- 8. MĂRĂCINE, V., Decizii manageriale, Editura Economică, ISBN 973-590-044-0, București 1998;
- 9. RAŢIU-SUCIU, C., Modelarea & simularea proceselor economice. Teorie şi practică, Editura Economică, ISBN 973-590-448-9, Bucureşti, 2001;
- 10. RĂDULESCU, D., GHEORGHIU, O., Optimizarea flexibilă și decizii asistate de calculator, Editura Științifică, București, 1992;
- 11. VROOM, V., YETTON, P.W., Leadership and Decision Making, University of Pittsburgh Press, 1973.

TOWARD A DISTRIBUTED DATA MINING SYSTEM FOR TOURISM INDUSTRY

Danubianu Mirela

Stefan cel Mare University of Suceava Faculty of Electrical Engineering and Computer Science 13 Universitatii Street, Suceava mdanub@eed.usv.ro mobile: +40744.547164

Socaciu Tiberiu

Stefan cel Mare University of Suceava Faculty of Economic Science and Public Administration 13 Universitatii Street, Suceava socaciu@seap.usv.ro

Bărâlă Adina

Stefan cel Mare University of Suceava Faculty of Electrical Engineering and Computer Science 13 Universitatii Street, Suceava adina@eed.usv.ro

Romania has a huge tourist's potential, but currently it is too little valued and exploited. As a result, one of the strategic developments of the economy aimed the tourism industry. The strategic decisions are based on different trends obtained from sophisticated analysis of data. Data mining helps businesses sift through layers of seemingly unrelated data for meaningful relationships, where they can anticipate, rather than simply react to, environment challenges. The aim of this paper is to present two models of data mining systems, considering that the data is processed from a distributed database.

Keywords: tourism industry, data mining techniques, distributed databases

JEL code : C89, D89

Introduction

Tourism is a great income generator due to an increased demand for its services. Their components range from quality and wide range of transportation to infrastructure, accommodation, food and beverage, support services and travel distribution services.

Romania has a huge tourist's potential, unfortunately, too little valued and exploited. As a result, one of the strategic developments of the economy aimed the tourism industry. But strategies are based on different trends obtained from sophisticated analysis of data. Providing the managers in the tourism industry with information about and insight into the existing data is the key function of the data warehouse systems [1].

Data mining - techniques for exploration and analysis of large quantities of data in order to discover meaningful patterns and rules - helps businesses sift through layers of seemingly unrelated data for meaningful relationships, where they can anticipate, rather than simply react to, environment challenges.

A system which enables the use of data mining techniques on data stored in a data warehouse is ideal for high quality analyzes to support strategic decision. But designing and implementing a Data Warehouse is a complex and expansive process [2], so we can apply the data mining algorithms on large volumes of data from relational databases.

The aim of this paper is to present the opportunity to use data mining methods on data from tourism and also to present two models of data mining systems, considering that the data is processed from a distributed database.

Data mining

Data mining is the exploration and analysis, by automatic or semiautomatic means, of large quantities of data in order to discover meaningful patterns and rules. So, data mining is defined as the process of extracting interesting and previously unknown information from data, and it is widely accepted to be a single phase in a complex process known as Knowledge Discovery in Databases (KDD).

This process consists of a sequence of the following steps [3]:

data cleaning – to remove noise and irrelevant data

data integration – where multiple data sources are combined

data selection – for retrieve from the database only the relevant data for the analyze

data transformation – where data are transformed or consolidated into forms appropriate for mining

data mining – the phase where the algorithms are applied in order to extract data patterns

pattern evaluation – to find the interesting patterns who representing new knowledge

knowledge presentation – when the visualization techniques are used to present the mined knowledge to the user

In order to ensure that the extracted information generated by the data mining algorithms is useful, additional activities are required, like incorporating appropriate prior knowledge and proper interpretation of the data mining results.

Figure 1 presents these phases and the most important interdepencies between them.

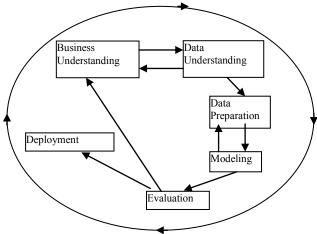


Figure 1. The steps of the CRISP-DM process (adapted from Wirth and Hipp)

Information Systems Used in Tourism Industry

Information technology was initially viewed by the tourism industry as a back-office function that supports the finance and accounting areas. The industry has advanced far beyond this view during the past decade. As information is vital for tourism industry, effective use of Information Technology is necessary.

An Information System regarding tourism activity should have some characteristics. It should collect, select and process information that is internal to the tourism activity coming from entities related to this sector such as National Tourism Agency and it should have subsystems that receive data from other business sectors, such as passengers landed from regular and nonregular flights, passengers flying with low-cost. It should support the decision-making process via integration of data from various sources, integrating them in a manner that permits analyses and comparisons between tourism indicators for the different regions of the countries and for different time periods. Also it should include historic information, such as the amounts of overnight stays per country of residence and for all types of hotel establishments throughout the 12 months of the year for every region [4]. It should also support the specialists who process and use tourism demand forecasts. As such, it detects the 10 countries with the highest tourism demand in the previous year. Taking into account the 10 countries listed and the forecasting methods suited to the specificity and nature of the data, the system prepares the necessary data to be processed by the specialists who create forecasts for tourism demand. [5]

Currently, the most used information systems in Romanian tourism industry are the *front-office systems and the reservation systems*.

Front-office information systems are those data processing systems that provide reports in visual or written form. They are used mainly in the management of tourist accommodation (hotels, motels, hostels or cruise ships) or in the travel agencies activities. These systems may be used for: tourists registration when the personal data about tourists are collected; marketing of various tourism products, such as rental cars; rooms management, when are collected and processed data regarding the rooms status, (allows instant viewing of room availability for all room types, indicates whether rooms are dirty or clean, allows rooms to be placed out of inventory or out of order to restrict rental) and tracks of revenues, providing transaction processing and obtain information about any debts and credits in relation to customers

Information Systems Used for Reservations provide rapid access to information and ensures the accuracy of this information. They bring information services, booking and selling and are used both by individual tourists and travel agents or commissioners. Most often this type of systems uses Web technologies. These systems use hardware and software specific to conduct them activities. Although providers of tourist services in Romania currently use such systems for ticketing most, is well to remember that these systems can be used for marketing or management activities.

In the tourism industry knowing the guests - where they are from, how much they spend, and when and on what they spend it- can help a company to formulate marketing strategies and maximize profits. Due to technological development touristic companies have accumulated large amounts of customer data, which can be organized and integrated in databases that can be used to guide marketing decision [6]. Since identification of important variables and relationships located in these consumer-information systems can be a difficult task, some companies have attempted to raise the power of information by using *data mining technologies*.

How can use Data Mining Technologies in Hospitality

Hospitality is used to describe hotels and similar accommodations as well as restaurants and catering organizations (Holloway, 2006) and represent a very important aspect of the tourist industry.

If hospitality organizations want to compete successfully, they must do so by using technology to drive value to both the customer and to the firm."[]

In this area Information Systems have been used to assist the delivery of hospitality services. Some of the key ways are (Buhalis, 2003): improved capacity management and operations efficiency; central room inventory control; last room availability information; yield management capability; marketing, sales and operational reports; tracking frequency flyers and repeat hotel guests; internal management of operations from transactions to human resources.

Most of the items on the above list apply only to hotels and accommodation providers

In order to make high quality marketing research and planning data-mining technology allows hotel companies to predict consumer-behavior trends, which are potentially useful for marketing applications.

The tasks performed by data mining can be grouped into the following five categories.

Classification arranges customers into pre-defined segments that allow the size and structure of market groups to be monitored. Also, predictive models can be built to classify activities. Classification uses the information contained in sets of predictor variables, such as demographic and lifestyle data, to assign customers to segments.

Clustering group customers based on domain knowledge and the database, but does not rely on predetermined group definitions. This function is beneficial because it aids hoteliers in understanding who their customers are. For example, clustering may reveal a subgroup within a predetermined segment with homogenous purchasing behavior (a subgroup of holiday shoppers within the transient segment) that can be targeted effectively through a specific ad campaign with the scope that the members of the subgroup will increase their number of stays or become more loyal. On the other hand, clustering may indicate that previously determined segments are not parsimonious and should be consolidated to increase advertising efficiency. Information such as demographic characteristics, lifestyle descriptors, and actual product purchases are typically used in clustering.

Deviation detection uncovers data anomalies, such as a sudden increase in purchases by a customer. Information of this type can prove useful if a hotel corporation wants to thank a guest for her or his recent increase in spending or offer a promotion in appreciation. Marketing managers may also attempt to draw correlations between surges in deviations with uncontrollable business-environment factors that are not represented in the database.

Association entails the detection of connections between records, driven by association and sequence discovery. For example, a possible detected association may be that a particular segment's average length of stay increases after a specific advertising campaign. Another association task could be employed in an effort to determine why a specific promotion was successful in one market, but ineffective elsewhere. Specific information regarding customer-purchase histories is necessary to formulate probabilistic rules pertaining to subsequent purchases.

Forecasting predicts the future value of continuous variables based on patterns and trends within the data. For instance, the forecasting function can be used to predict the future size of market segments. With forecasting one can also use data trends to project which hotel amenities are of growing importance to consumers and will be key drivers of the future perception of value of consumers.

Distributed Model for a Data Mining System

Data Mining systems have the following characteristics: they must not limit the size of data sets, the performances are optimized for large data sets and they are enough flexible to use various techniques of data mining. Also they offer support for multi-user access and requires a total control over data access. Finally they provide management and maintenance at a distance.

The basic elements of a data mining system of data are: user interface, the specific data mining services, data access and data itself.

Usually, Data Mining systems are built using client-server architecture, with different distribution on the two components of the items listed above.

In order to achieve a prototype of a data mining system for hotel industry of Bucovina, we proposed two models of system architecture and we have studied some of their advantages and disadvantages.

We started from the reality that each accommodation establishment manages its own data. Passing over specific needs all these work with databases containing data on customers, on services requested, on the amount spent, so on... If these systems allow a part of their data, in terms of ensuring data privacy, to be used for analysis, then it is possible that projections by necessary attributes of the tables to be available for sharing. If individual systems are connected through a communications network can assume that we are dealing with a heterogeneous distributed database, as shown in Figure 2.

In order to study the two models we chose ten accommodation establishments that have agreed to share the data available for this purpose.

The first stage was a selection of required data. For that we have applied a projection by a list of fields with the same meanings of the tables, corresponding to the following model:

$$\prod_{c_{1k}} {}_{c_{2k}} {}_{c_{nk}} \left(T_k \right) \tag{1}$$

Where $(c_{1k}, c_{2k}...c_{nk})$ represent the list of n atributes required from table T_k .

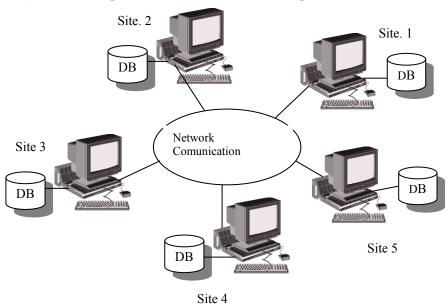


Figure 2. Distributed Database Architecture

The set of all these projections in a site form a fragment of the distributed database. Starting from this condition were analyzed the following situations.

In the first case, were installed in each site user interfaces and services suitable for data mining. Thus it was possible to apply local data mining methods (e.g. discovery of association rules). Local results were replicated in a single node and were combined to obtain the global solution. It is obvious that in the site where data were replicated were required additional operations in order to verify and validate the final results.

For example, for association rules was necessary to calculate the global support and confidence. In this case there are two major disadvantages. The first is related to the small volume of data processed on the local sites, which may lead to partial results inconclusive. The second disadvantage is the need to conduct further operations in the site where the results are collected.

The other option is a replication of all fragments in a single site where the specific components for data mining systems are installed. On these aggregated data we apply different methods of data mining.

The advantage of this approach lies in that additional operations for further validation of the global results are eliminated. However, there is a drawback related to large volume of data transferred on the network.

Conclusion and Future Work

In this paper we have shown that data mining techniques can be applied successfully in the field of tourism, especially in connection with strategic marketing. We also kept in mind that these techniques can be applied to data sets from various sources, which can be successfully treated as fragments of a distributed database. In this context we have examined two models of distribution of components of a data mining system and how we can apply specific methods and we have underline their advantages and disadvantages.

References

- 1. M. Danubianu, T. Socaciu, A. Barila Some Aspects Of Data Warehousing In Tourism Industry, accepted for publishing in The Annals of the "Stefan cel Mare" University Suceava. Fascicle of The Faculty of Economics and Public Administration, 2009
- 2. M. Danubianu, Advanced Information Technology Support of Strategic Decision in Romanian Tourism Industry , in Proceedings of IECS 2009, Sibiu , Romania
- 3. R. Wirth and Hipp, (2000) J. CRISP-DM: Towards a standard process model for data mining. In Proceedings of the 4th International Conference on the Practical Applications of Knowledge Discovery and Data Mining, pages 29-39, Manchester, UK
- 4. A. Poon Tourism, Technology and Competitive Strategies. Wallingford: CAB International, 1993
- 5. C. Ramos, F. Perna, Information system for Tourism Activity Monitoring and Forecasting Indicators as an experience for Portugal, Tourism and Hospitality Research, February, 2009

6. M. Danubianu, V. Hapenciuc Improving Customer Relationship Management In hotel industry by Data Mining Techniques, Proceeding of "Competitiveness and Stability in the Knowledge-Based Economy", Vol. CD, 30-31 Mai, 2008, Craiova, Romania, ISSN/ISBN: 978-606-510-162-3, Pagini: 2444-2452

TRACEABILITY IN STOCK MANAGEMENT SYSTEMS

Demian Horia

Str. Universitatii nr 1 Faculty of Economics University of Oradea

Abstract. This paper presents traceability of a product if we are using a stock management system which uses FIFO or LIFO discharging methods. In the first part there is a little presentation regarding the four types of inputs and outputs and the side effect to the system. In the second part I present an example of traceability.

Keywords: traceability, stock, management

In stock management systems, we need the calculation of the stock value for any product, at any particular moment in time. This means that we have to calculate the value of input and the value of the output based on FIFO or LIFO methods. Because we can have for a product a few inputs at different acquisition prices and quantity, and a few outputs, we need to create links between the outputs and inputs, to know for a specific output which is the specific inputs. This links are very important in traceability to find for a specific product, the raw materials which have participated.

1.Inputs and outputs registration

In any stock management systems inputs and outputs will be stored inside a database, in my case a relational database. We have four types of movements from suppliers and to customers: Acquisitions, Buy Back, Sales and Sales Back.

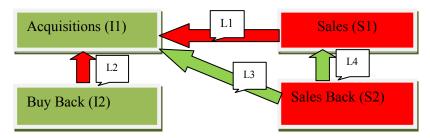


Figure 1. Schema of discharges inside a stock management unit

In figure 1, acquisitions are identified by I1 and means inputs to the system, sales are identified by S1 and means outputs from the system, buy back are identified by I2 and means returning of inputs, and sales back are identified by S2 meanings returning of outputs. Links between different types of inputs and outputs are identified by LN, where N is a number from 1 to 4.

Input and outputs							
ID	Туре	Quantity	Product	<i>IDPrec</i>	Discharged		
					Quantity		
1	<i>I1</i>	5	Product 1				
2	<i>I1</i>	5	Product 1				
3	SI	6	Product 1	1	5		
				2	1		
4	S2	-1	Product 1	3	1		
5	<i>12</i>	-1	Product 1	2			

When we record an output of 6 items of Product 1, this items comes according to FIFO method, 5 item from input with ID=1 and 1 item from input with ID=2.

When we need products from one stock management unit in another stock management unit, we need to transfer the products from one to another. In figure 2 I present the schema for transferring products.



Figure 2. Schema for transferring products from one stock management unit to other

ID	Туре	Unit	Product	Quantity	idPrec	Discharged	Price
						Quantity	
1	<i>I1</i>	First unit	Product 1	5			1
2	II	First unit	Product 1	5			2
3	<i>T1</i>	First unit	Product 1	6	1	5	1
					2	1	2
4	<i>I2</i>	Second unit	Product 1	5	3	5	1
5	12	Second unit	Product 1	1	3	1	2

In the preceding example we have one input with ID=1 for 5 items and another input with ID=2 for another 5 items of the same product named **Product 1**, in the first stock management unit. Because we need 6 items of Product 1 in the second stock management unit, we need to transfer this quantity of Product 1. This transfer will discharge according to FIFO methods 5 items from input with ID=1 and 1 item from input with ID=2. Based on this transfer an input will be made in the second stock management unit. The value discharged from the first stock management unit is 5*1+2=7, and the value of input in the second stock management unit is 5*1+2=7. We can observe that this movements move not only the same quantity of product but also the same value.

Another situation is when we produce some goods. For goods production according to a receipt we have to consume one or many types of materials in different proportion. In figure 3 I will present the schema used for goods production.



Figure 3. Schema for goods production

ID	Туре	Product	Quantity	Discharged	<i>IdPrec</i>	IdNext		Price
				Quantity				
1	<i>I1</i>	Material l	5				In	1
2	<i>I1</i>	Material l	6					2
3	<i>I1</i>	Material 2	5				In	3
4	CI	Material 1	2	2	1	6	Out	1
5	CI	Material 2	4	4	3	6	Out	3
6	12	Product 1	2				In	7

In this example we have an input of two different materials Material 1 and Material 2. For producing one product named Product 1, according to its receipt we will need 1 piece of Material 1 and two pieces of Material2. In our case for two items of Product 1, we have consumed 2 items of Material 1 and 4 items of Material 2. In this example because I used FIFO method for stock discharging, that two items of Material1 which I used in production, came from first input of Material 1 identified with ID=1. The four items of Material 2 came from first input of Material 2 identified with ID=3. This materials participated in production for Product 1 identified by ID=6.

The value of raw materials = 2(items of Material 1) * 1(Price of Material 1) + 4(items of Material 2) * 3 (Price of Material 2) = <math>2+12=14.

Because we produce 2 items of Product 1, the value of raw materials will be divided by 2, to obtain the value of 1 item of Product 1. This means that the value of 1 item of product 1 is 7.

2. Traceability

Traceability is the procedure which discover for a specific product, which are the raw materials and from where did they come. Also traceability can be the process which discover for a specific raw material which are the products which used that material, and where did they go.

The production process may include one or more technological phases, which may be inside one or more stock management unit, which means that our traceability can be like a graph in which inputs and outputs are represented like nodes, and the discharging links are represented like links between nodes. In this graph we can find all types of inputs and outputs.

One to many links problem.

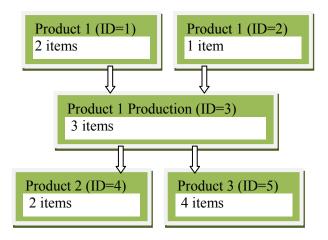


Figure 4. Breaking links problem

In figure 4, we have a production of 3 items of **Product 1**. We consume 2 items of **Product 2** and 4 items of **Product 3**. If we are interested to see the traceability for Product 1 (ID=2), we have to receive 1 item of Product 1 (ID=3), and 1/3*2 of **Product 2** (ID=4) and 1/3*4 of **Product 3** (ID=5). 1/3 means 0.(3) which cannot be represented by a computer with a finite number of decimal. To solve this problem we can apply n-1+1 method which means in our case that ID=2 uses 0.33 percent of ID=3 and ID=1 uses 1-0.33 which means 0.64 percent of ID=3. According to this procedure we have a side effect, the same type of products, in our case Product 1, can have different production cost. In our example we have a deviation of 0.005 percent for cost calculation. Level problem

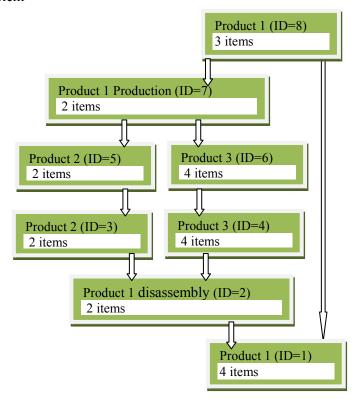


Figure 5. Level problem

In figure 5, is presented a possible situation, when at beginning (ID=1) I have 4 items of product 1. Because 2 of this items are not in the proper situation we need to disassembly, then to repair, and then to reassembly these products (ID=7). Also we send to a client 3 items of Product1 (ID=8), which came 2 from ID=7 (Level 2) and 1 from (ID=1) (Level 6). According to this example, one node can have links to nodes situated on different level. To calculate the percent of participation for each node first we have to put each nodes of the graph on level, to order them level by level and then to calculate the percent.

							_		$\overline{}$	
NrCrt	Nivel	Anterior	Umnator	Tip	Gestiune	LunaAnul	Intrines	Cantitate	%	
1	1	1	0	start	Produse finite	5/2009	lesire	6337.44 / 6337.44	.0000	366 GOL
2	37	0	0	stop	Gestiune Materii	3/2009	Intrare	47240.00 / 2498.10	.0000	TAV9T18
3	37	0	0	stop	Gestiune Materii	12/2008	Intrare	7230.00 / 308.78	.0000	LEGAV30
4	37	0	0	stop	Gestiune Materii	2/2009	Intrare	504.00 / 26.10	.0000	FOLSCM.
5	37	0	0	stop	Gestiune Materii	4/2009	Intrare	1000.00 / 368.36	.0000	LEGCEA
6	37	0	0	stop	Gestiune Materii	2/2009	Intrare	4900.00 / 271.02	.0000	CUT2M
7	37	0	0	stop	Gestiune Materii	3/2009	Intrare	1800.00 / 50.00	.0000	CUT2N
8	37	0	0	stop	Gestiune Materii	4/2009	Intrare	10000.00 / 4423.74	.0000	GOLF
9	37	0	0	stop	Gestiune Materii	3/2009	Intrare	1600000.00 / 68598.87	.0000	BAT
10	37	0	0	stop	Gestiune Materii	10/2008	Intrare	144.00 / 2.78	.0000	FOL.
11	37	0	0	stop	Gestiune Materii	8/2008	Intrare	2200000.00 / 1029.20	.0000	BAT10
12	37	0	0	stop	Gestiune Materii	12/2008	Intrare	9520.00 / 741.35	.0000	LEGA
13	37	0	0	stop	Gestiune Materii	4/2009	Intrare	37790.00 / 5324.01	.0000	TAV91
14	37	0	0	stop	Gestiune Materii	2/2008	Intrare	5360.00 / 21.48	.0000	LEGA'
15	37	0	0	stop	Gestiune Materii	5/2008	Intrare	144000.00 / 1962.99	.0000	ETC'
16	37	0	0	stop	Gestiune Materii	5/2009	Intrare	800000.00 / 770.87	.0000	ВА
17	37	0	0	stop	Gestiune Materii	3/2009	Intrare	4500.00 / 1635.00	.0000	сит.
18	37	0	0	stop	Gestiune Materii	4/2009	Intrare	4120.00 / 412.88	.0000	GOLF
19	37	0	0	stop	Gestiune Materii	4/2009	Intrare	1000.00 / 343.24	.0000	LEGCE.

Figure 6. Example of traceability

Conclusion

Traceability is very necessary in the food industry to identify for a batch of finished products, the source of raw materials

One to many type of links can cause cost calculations errors.

The entire process of traceability needs to reorder nodes and links to be displayed correctly inside a table.

References

- 1. Sql Server Books online
- 2. Carl Rabeler Microsoft SQL Server 2000 System administration, Microsoft Press 2001, Redmond

LE DIGIPASS: UNE TECHNOLOGIE BREVETÉE PAR VASCO

El Baaboua Florentina

Adresa: Str 9 Mai, Nr 49, Sector 6, București Universitatea Româno – Americană Facultatea de Management – Marketing Email: pav florentina@yahoo.com Telefon: 0766 301 547

Titrade Cristina

Adresa:Bld Lacul Tei, Nr 71, Bl 18, Sc B, Et 2, Ap 55, Sector 2, Bucureşti Universitatea Româno –Americană Facultatea de Informatică Managerială Email: cristina_titrade@yahoo.com Telefon: 0740 043 030

Sion Beatrice

Adresa:Str Aghireş, Nr 4, Sc B, Ap 17, Sector 2, Bucureşti Universitatea Româno —Americană Facultatea Economia Turismului Intern și Internațional Email: beatrice sion@yahoo.com Telefon:0767 345 394

Mihalcescu Cezar

Adresa: Calea 13 Septembrie, Nr 104, Bl 48, Et 7, Ap 21, Sector 5, Bucureşti Universitatea Româno Americană Facultatea Economia Turismului Intern și Internațional Email: cezar_mihalcescu@hotmail.com Telefon:0722 387 162

VASCO Data Security lancement du Digipass un lecteur de cartes à puce offrant des fonctions d'authentification multiples en combinant la fonction "ce que vous voyez est ce que vous signez". Le DIGIPASS peut être utilisé pour de l'authentification, la signature digitale, et l'accès au réseau de l'entreprise. Il offre une authentification forte pour la banque en ligne, la banque par téléphone et les environnements de e-commerce. Le DIGIPASS peut être utilise tant en mode connecté que non connecté. En mode non connecté, le lecteur devient EMV-CAP et offre les fonctionnalités de mot de passe dynamique et de signature électronique du DIGIPASS.

Mots clée: accès sécurisé, authentification, signature digitale, crypté.

Présentation

VASCO Data Security International Inc., la société leader mondial en programmes de sécurisation spécialisé en produits d'authentification fait partie des leaders mondiaux de l'authentification forte avec plus de 10 millions de Digipass vendus.

VASCO conçoit, développe et commercialise des solutions « d'authentification de l'identité des personnes » basées sur l'utilisation de mots de passe dynamiques, à usage unique, générés par un token toutes les 36 secondes et modifiés à chaque utilisation, donc virtuellement impossible à pirater ou à forcer.

VASCO sécurise les réseaux d'entreprises et permet l'authentification forte DIGIPASS pour l'accès à distance (firewall, protocole Radius et serveurs d'accès) et aux utilisateurs de réseaux VPN ainsi qu'aux applications Web et personnalisées.

Le logiciel d'authentification de VASCO est intégré sur la "calculette" DIGIPASS de l'utilisateur final, ou sur son PC, son GSM ou d'autres appareils portables.

Côté serveur, les produits VACMAN de VASCO limitent l'accès de l'application à l'utilisateur DIGIPASS désigné. Le marché cible de VASCO couvre les applications –et leurs centaines de millions d'utilisateurs- ayant recours aux mots de passe statiques.

Avec plus de 3.65 milliards d'utilisateurs de téléphones mobiles au niveau mondial, ces petits appareils sont devenus omniprésents dans la vie quotidienne. Les banques sont également conscientes de l'étendue de l'impact qu'a le téléphone mobile au niveau mondial et veulent tirer avantage de cette situation pour offrir de nouveaux services à leurs consommateurs. En conséquence, les applications de banque mobile sont devenues des solutions de plus en plus souvent mises en avant pour le retail banking. Avec le déploiement d'applications pour la banque mobile, un certain nombre de challenges sont mis en places. Parmi ces challenges, la sécurisation de l'application ou la facilité d'utilisation, permettant d'obtenir à la fois un niveau élevé d'acceptation auprès du consommateur et en même temps, générer un revenu suffisant pour la banque.

Avec le Digipass pour Mobile et le Digipass pour Java C API, VASCO offre une réponse aux questions de la sécurité d'acceptation par l'utilisateur des opérations de banque mobile. Le Digipass pour Mobile offre deux applications d'authentification. Le première est le code d'authentification «response only», la seconde application peut être un code d'authentification «Challenge/response» ou la signature électronique. VASCO est la première société qui offre une gestion du temps complète et automatique dans un système d'authentification mobile. Le Digipass pour Mobile se synchronise avec le server sur base de l'horloge, offrant ainsi une authentification encore plus sécurisée que les solutions d'authentification basées uniquement sur l'évènement. Le Digipass pour Mobile offre également une fonction d'adaptation automatique aux changements d'heures et une synchronisation automatique, facilitant l'utilisation de l'authentification forte pour les voyageurs chevronnés.

La facilité d'utilisation est un élément clef pour l'acceptation par l'utilisateur de l'application de banque mobile. A travers les années, VASCO a développé une large expérience en déploiements de grandes quantités pour les utilisateurs finaux. Cette expérience se traduit par les meilleures solutions disponibles. L'installation (disponibilité)

est rapide (moins de 2 minutes), sécurisée (totalement crypté) et peut être fait dans un univers en ligne (utilisant le HTTP ou SMS) ou en mode non connecté (manuel).

Les banques peuvent customiser le Digipass pour Mobile et le Digipass pour Java & C API à leurs propres couleurs. Les logos, couleurs, icônes, caractéristiques, et menu peuvent être facilement adaptés afin d'augmenter la reconnaissance de la marque aux yeux de l'utilisateur final. De plus, le Digipass pour Mobile et le Digipass pour Java & C API supportent toutes les langues ? La customisation offerte offre à l'utilisateur final une expérience mobile riche et facile d'utilisation.

Le Digipass pour Mobile permet l'authentification à deux facteurs et les fonctions de signatures électroniques pour les combinés Java, Palm et Blackberry et supporte plus de 400 types différents de téléphones mobiles. L'utilisation du Digipass pour Mobile ne requiert aucun déploiement ou programme additionnel côté utilisateur final et peut être utilisé en combinaison avec d'autres solutions Digipass afin de mieux servir les besoins et désirs des clients.

Le Digipass pour Java & C API a été développé pour les banques et intégrateurs. Il offre la possibilité d'intégrer la technologie bien connue du Digipass dans quasi tout environnement. Le Digipass pour Java & C API intègre de manière totalement transparente les fonctions d'authentification forte et de signature électronique dans les applications de banque mobile tout en se basant sur l'infrastructure «backend» existante et en la maintenant.

Le Digipass pour Mobile et le Digipass pour Java &C API sont des produits qui se basent sur la technologie côté server qui a déjà fait ses preuves de VASCO, le VACMAN Controller. L'utilisation du Digipass pour Mobile ne requiert que peu ou prou de mise à jour du server.

Grâce au VACMAN et au DIGIPASS, vous bénéficiez d'un accès sécurisé à diverses applications Internet, de l'entreprise et du VPN (Virtual Private Network).

Le VACMAN Middleware est une gamme de programmes qui rendent l'authentification possible. L'utilisateur s'enregistre avec son nom d'utilisateur et le mot de passe généré par le DIGIPASS. Le VACMAN vérifie la requête d'authentification de l'utilisateur avant de lui accorder l'accès. Avec le VACMAN vous pouvez également gérer l'administration centrale des différents utilisateurs. Simple et facile d'utilisation donc!

Le VACMAN Middleware: une plateforme, plusieurs applications différentes

- Une authentification sans histoire;
- Un développement tenant compte des demandes des petites, moyennes et grandes enterprises;
- Une integration, une maintenance et un contrôle facile;
- Pas d'installation de programme nécessaire sur le PC des utilisateurs;
- Des coûts extrêmement bas pour l'intégration et l'utilisation;
- Une seule plateforme d'au thentification pour différentes applications;

Le principe du DIGIPASS: un mot de passe dynamique unique

Presque la totalité des applications dans l'environnement professionnel quotidien exigent une authentification. La plupart de ces applications utilisent encore toujours un mot de passe statique simple (p.ex.: le nom de votre animal familier préféré). Ce type de mot de passe peut être facilement cracké par des hackers et rendent donc votre information non sécurisée.

Le DIGIPASS en fini totalement avec ce problème. Il calcule pour vous un mot de passe dynamique qui ne peut être utilisé qu'une seule fois. Vous utilisez le mot de passe pour vous enregistrer. Votre nom d'utilisateur et votre mot de passe sont ensuite vérifiés par le programme placé sur le server, le VACMAN. Si les données sont correctes, vous pourrez accéder à vos applications sécurisées.

Le DIGIPASS fonctionne sur le principe du temps. Toutes les 36 secondes, un nouveau mot de passe est généré. Cette combinaison entre le principe du temps, le mot de passe dynamique utilisable une seule fois et la vérification par le server des codes générés par le DIGIPASS, rendent l'accès à vos informations confidentielles, aussi vrai qu'impossible.

Jeton de l'authentification basée sur la plate-forme

DIGIPASS est une authentification à deux facteurs plate-forme qui permet aux utilisateurs de s'authentifier euxmêmes à des systèmes (tels que les permis DIGIPASS-bancaires sur Internet ou E-commerce sites) en utilisant les identifiants générés par les appareils de poche. Le système est basé sur la combinaison de matériel jetons possédés par l'utilisateur et des outils logiciels d'authentification sur le serveur du côté de reconnaître que la génération des clés d'identification généré par l'utilisateur jetons.

En bref: un utilisateur d'authentifier un DIGIPASS-système de permis en fournissant leur nom d'utilisateur, en combinaison avec une seule fois le mot de passe qui est généré à la volée par le matériel qu'ils possèdent symbolique.

Autre identification comprennent défi / les mécanismes de réponse, lorsque le serveur génère un code qui est inscrit sur le matériel, avec un code de réponse a ensuite présenté sur l'appareil que l'utilisateur retourne à la salle d'attente du serveur, ou une signature numérique dans lequel le processus de utilisateur entre de multiples pièces

d'informations sur les transactions relatives à la tâche qu'ils exécutent (tels que le numéro de pièce, la quantité et le montant en dollars dans une transaction de commerce électronique) et du matériel périphérique génère un code unique qui peut être confirmé par le serveur.

Dans tous les cas, le logiciel serveur est capable de reconnaître que la condition ID généré par le matériel périphérique comme faux ou authentiques, permettant l'identification basée sur l'ID utilisateur est connu et le matériel qu'ils possèdent. Acès par l'utilisateur de l'appareil lui-même peuvent aussi être protégés par un utilisateur PIN

Les jetons eux-mêmes - appelés jetons Digipass - sont offertes par le vendeur dans une variété de saveurs, de petits seule touche keychain dispositifs qui génèrent une seule fois les mots de passe, à la pleine taille de poche avec clavier alphanumérique complet et un soutien pour les cartes à puce. En outre, le vendeur propose un Pocket PC, Palm, JavaPhone, Windows et des logiciels basés sur les implémentations de logiciels permettant la génération d'un temps de clés d'identification sur les PC ou ordinateurs de poche, un "Virtual Digipass" processus dans lequel le composant serveur envoie les identifiants de l'utilisateur via SMS et le Digipass pour WEB (DP4WEB), dans lequel l'utilisateur registres en ligne et reçoit un login sécurisé applet (Java-based) et un cookie qui stocke leur DIGIPASS secret sur leur PC lui-même.

Qu'est ce qu'un eID?

Votre eID est votre carte d'identité téléphonique. Cette carte contient les mêmes informations que celles qui se trouvent sur votre ancienne carte d'identité. Mais l'eID est bien plus que ça!

Que fait l'eID?

La carte d'identité électronique à 2 grandes applications:

L'Authentification: vérifier que la personne qui s'annonce est bien celle qu'elle prétend être. L'eID vous permet donc de vous identifier (à distance) et vous donne accès à différentes applications à l'intérieur de votre entreprise, organisation ou commune.

La signature digitale: grâce aux certificats présents sur votre eID, vous pouvez signer de manière électronique des documents électroniques sans vous déplacer physiquement. Cette signature digitale a le même poids légal que la signature traditionnelle écrite.

Le processus suivi lors du passage des transactions: a chaque fois que vous effectuez une transaction, vous devez passer par plusieurs étapes qui représentent autant de contrôles :

- -tout d'abord, vous devez remplir le premier écran qui est un **écran de saisie**. Après l'avoir complété, vous avez le choix : soit vous annulez l'opération, soit vous envoyez vos données;
- -vous vous trouvez maintenant devant un **écran de confirmation** qui vous offre le choix entre trois options : annuler, modifier et confirmer
- -si vous confirmez, le système vous demandera de valider votre opération en encodant le ID. A ce stade, vous pouvez soit encore annuler l'opération, soit l'envoyer pour qu'elle soit exécutée.

Après envoi, vous recevrez un **écran de notification** reprenant la référence sous laquelle la transaction a été enregistrée. (Si la communication a été interrompue avant l'apparition de ce dernier écran, votre transaction n'a peut-être pas été enregistrée. Pour vous assurer si votre transaction a été enregistrée ou non, contrôlez votre Order Book (en cours) pour voir si votre transaction a été enregistré ou non.

Les avantages du Digipass:

Une sécurité accrue: le Digipass offre une solution d'authentification forte, d'accès et de transactions sécurisées. Il est parfaitement adapté pour protéger l'accès aux ordinateurs de bureaux et pour sécuriser les données par le biais de la signature digitale. Chaque opération de signature demande un code PIN. Ce petit appareil personnel génère pour vous une signature électronique qui vous permet de vous connecter, de signer vos opérations. Il calcule une nouvelle signature à chaque utilisation, ce qui vous garantit une sécurité optimale.

Réduire les coûts: le Digipass offre les mêmes capacités qu'une carte à puce avec l'avantage de ne pas avoir à investir dans un lecteur de cartes à puce. De plus, il a été développé pour les déploiements de masse. Il suit les standards en matière d'envois postaux ce qui rend les envois postaux plus faciles dans les cas de déploiements de masse.

Facilité: le Digipass a été développé pour simplifier les opérations dans la complexité des environnements PKI; le Digipass est facile d'utilisation. C'est un Digipass de petite taille et léger ce qui le rend ultra-portable, et ainsi, améliore la mobilité de l'utilisateur. Il peut également être utilisé par des utilisateurs sur différents postes de travail.

- Bibliographie
 1.www.vasco.com
 2. http://fr.wikipedia.org/wiki/Accueil
 3.www.toolinux.com
- 4. www.mag-securs.com

THE NORMALIZATION OF FINANCIAL DATA EXCHANGE OVER THE INTERNET: ADOPTING INTERNATIONAL STANDARD XBRL

Florescu Vasile

Academy of Economic Studies Faculty of Accounting and Management Information Systems Bucharest, Romana str., No. 5, Sector 1 vasile,florescu@gmail.com Tel. No. 021.319.19.00/382

Amza Cosmin Petronel

University "Nicolae Titlulescu" Faculty of Economic Sciences Bucharest, Calea Văcăreşti, No. 185, Sector 4 cosmin.amza@gmail.com Tel. No. 021.330.90.32

Tudor Cătălin Georgel

Academy of Economic Studies Faculty of Accounting and Management Information Systems Bucharest, Romana str., No. 5, Sector 1 catalin.tudor@ase.ro Tel. No. 021.319.19.00/382

The development of a common syntax for EDI (Electronic Data Interchange), XML (eXtensible Markup Language), opened new formalization perspectives for interorganizational data exchanges over the Internet. Many of the organizations involved in the normalization of EDI are now concerned with the reporting of financial data over the Internet proposing an open and free standard called XBRL (eXtensible Business Reporting Language), based on XML and focused on the financial reporting in accordance to IAS/IFRS norms and Basel II directions. The use of a unique reporting format over the Internet namely XBRL, allows the optimization for financial communication and superior data exploitation within financial reports, consolidation, analysis, control and regulation processes. The present paper enrolls on the research line regarding the adoption of XBRL in the financial reporting processes (both internally and externally) within the european and international convergence context, and proposes an architectural framework for a XBRL platform at the national level.

Keywords: EDI, IAS/IFRS norms, financial reporting, XBRL, taxonomies specifications, document instance, strategic alignment, XBRL platform.

JEL Code: M15

Introduction

The evolution of information technology and communication (IT&C) has created opportunities for optimization of interorganizational information flows using e-business processes and generating activities in the regulation area for EDI standardization. Web and EDI synergy allowed to the SME's users to choose for the EDI using the universality of Web and to develop interorganizational information systems within an extended enterprise context (Amza 2006; Florescu & Tamaş 2006). Accounting normalization was the base for elaborating XBRL (eXtensible Business Reporting Language) as an open and free standard for financial reporting over the Internet. The XBRL is based on a common conceptual foundation being in accordance to the IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) simplifying communication, analysis and financial information exchanges (internal and external reporting) and recently banking supervision regulations. The adoption of XBRL as generalized standard for financial reporting answers to the transparence, fluency, reactivity and convergence exigencies at an international level. A global XBRL standard would impose an important rethinking of information systems on the organizational and interorganizational dimensions.

Our paper (1) introduces fundamentals of XBRL, (2) systematizes the advantages of XBRL adoption for different user's types and (3) analyzes the issues and evolutions of XBRL projects.

1. XBRL Fundamentals

1.1. What is XBRL?

XBRL is an international open international standard based on XML (Extensible Markup Language) and used especially for reporting financial data and defining financial reports in order to transmit them over the Internet. The XBRL allows organizations to structure and encode their financial information by the use of XML labels. According to the XBRL standard, financial reports (internal or external) are made in accordance of the IAS/IFRS regulations (see the image below) and are presented into a structured manner into an uniform electronic data format namely XBRL and is transmitted over the Internet toward interested organizations (Figure 1).

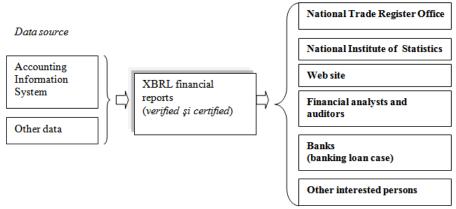


Figure 1. XBRL pilot format *Source*: adapted from Hamon (2007)

The mechanisms for exchange, integrity, confidentiality and non-repudiation can be assured through techniques defined and accepted for XML. XBRL allows taking into account of the new regulations and norms of Basel II. Any organization, especially those that are listed, could use XBRL in order to reduce costs and improve the efficiency of financial and business information processing conditioned by the existence of an information communication infrastructure that implements XBRL standard (Richards, 2002). Because it is open, XBRL could adapt to any context of use. The development of XBRL contributes to the emergence of a new web services generation specialized in processing financial data.

1.2. What are the concepts used by the XBRL?

The XBRL standard allows organizations to structure and qualify information by using tags. It uses a specific set of concepts the most important of them being: document, taxonomies, XML schema, linkbases, and discovery taxonomy set (DTS), instance document and XBRL document.

The taxonomy document defines the elements that are to be reported according to the IAS/IFRS norms. The term of element defines any basically piece of information that must be included in a report. The taxonomy includes the definitions of elements and the relationships between those elements. Besides elements, a taxonomy document could include tuples. A tuple represents a special type of element that includes other elements. For example if we want to store an address this would be stored in the taxonomy document as follows:

```
<element name="Adresa" substitutionGroup="xbrli:tuple" type="xbrli:tupleType">
<element name="Strada" substitutionGroup="xbrli:item" type="xbrli:stringItemType">
<element name="Nr" substitutionGroup="xbrli:item" type="xbrli:integerItemType">
<element name="Localitate" substitutionGroup="xbrli:item" type="xbrli:stringItemType">
<element name="Judet" substitutionGroup="xbrli:item" type="xbrli:stringItemType">
```

The taxonomy document does not contain any value of those elements (the values of the elements specified by the taxonomies are contained in the instance document and are called facts). The taxonomy document allows the classification of the elements usually specifying hierarchies established among those concepts. In the case of XBRL, taxonomy consists of an XML schema and linkbases contained or directly referred by that schema. From a technical perspective, an XBRL schema is actually an XML schema modified in order to serve to the specific requirements of reporting for a certain area of activity. The role of taxonomies is to provide information to the applications regarding the way that financial and accounting terms should be interpreted. An XBRL taxonomy document uses the namespaces technique in order to identify different XML technologies that should be used in the final report. Among the XML namespace tags used we could enumerate:

- **Schema XML** namespace tag used in all XML schema documents specifying the syntax in which the standard is expressed. The xs or xsd sequences are mostly used as prefixes in those documents;
- **XBRL** (*xmlns:xbrli*) namespace tag that specifies the instance of an XBRL schema that defines a vocabulary that would be used in taxonomies;
- XLink (xmlns:xlink) namespace tag that offers a complex framework for specifying references in an XML document;
- XBRL linkbase (xmlns:link) namespace tag that specifies the linkbase as an document that contains links among the concepts of an taxonomy and inter-taxonomies, as well as external references. This namespace is a subset of the XLink specification that allows XBRL documents to be built from a taxonomies collection, specialized as Presentation linkbase, Calculation linkbase, Definitions linkbase, References linkbase, Footnotes linkbase).

The links between the elements of a schema, known also as linkbases, are the elements of a taxonomy that offers information regarding the existing relationships among concepts of an taxonomy putting them into correspondence with external resources. Mainly, linkbases have the following goals:

- Elements labeling in order to make those elements intelligible for humans;
- Making references toward detailed resources related to a certain concept;
- Defining relationships among elements according to certain criteria.

The extension of taxonomy must be realized in the case that the local regulations of a specific geographical area do not have a correspondent within public taxonomies as IAS or IFRS for example. One of the main characteristics of XBRL is extensibility. The addition of a new element can be only done through the mean of a new taxonomy.

Discoverable Taxonomy Set (DTS) is a grouping way of the taxonomies of an XBRL document in a structure also known as set in order to be possibly used for data presentation in a report. The DTS is directly involved in the possible extension of taxonomies representing an instrument to be used by any XBRL documents processor for accessing taxonomies.

An **instance document** is an XML document that contains the values of an organization for the elements defined in the taxonomy that is referred. It is actually an electronically report created accordingly to the XBRL rules. Instance documents contain only data that will be included in the report. The data from these documents are arranged in a predefined order, their retrieval and arrangement in the final document being made exclusively by interpreting the content of the instance document from the perspective of the attached taxonomies. An instance document could contain elements or tuples. An element is the correspondent for a single concept while a tuple could represent a bidimensional table with a predefined number of columns and rows within taxonomy. The instance document defines a lot of the parameters that describes characteristics of the document as period of time for which are the data reported, the organization that emits the report, currency and so on. An XBRL document is obtained by combined processing of data and information contained in the taxonomy and instance documents.

What are the information technology solutions for migrating to XBRL?

The use of XBRL involves mainly a rigorously taxonomy to be defined and secondly an information system that allows the communication of financial data in XBRL format. The producer of the financial reports should ensure:

- In order to organize and store XBRL documents, it is necessary to have a solution that should be able to convert financial data from the information system into the XBRL format and eventually into an internal reporting form (this is the case of multinational companies that have branches and subsidiaries geographically dispersed);
 - External communication of financial reports in XBRL format over the Internet in a secured manner.
- The receiver of the financial reports should have an XBRL platform that should mainly ensure next functionalities:
 - Taxonomies reading;
 - Management of XBRL reports repository;
 - Conversion of reports received in XBRL format in different data formats;
 - On-line feeding of reports elaborated XBRL format;
 - Manual operation from the financial reports received in the classical form of papers;
 - Comparisons among the different published data;
 - Technical and financial validation of XBRL reports.

In the figure 2, we propose an architectural framework for an XBRL platform at the national level.

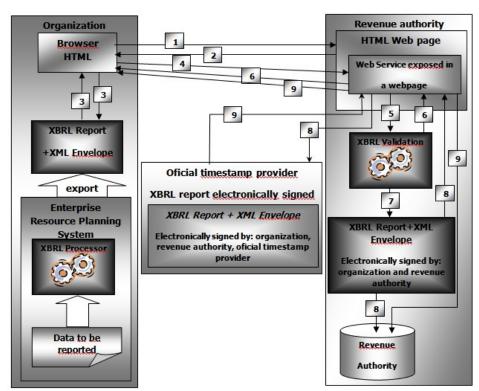


Figure 2. Proposed architecture for XBRL implementation

The sequence for semi-automated transmission of a financial statement in XBRL format (automation involves the use of web services both sides). The numbers of the actions figured in the above mention are explained as follows: (1) The assignee person of the organization connects to the webpage exposed, in order to collect XBRL reports by the revenue authority; (2) The web server of the revenue authority answers to the client request; (3) The assignee person of the organization specifies by using the browser the exported report in XBRL format; (4) The browser of the assignee of the organization uploads the XBRL formatted report onto the web page of the revenue authority. If there are sensitive data to be transmitted over the Internet could be used encryption with the public key of the financial authority; (5) The web service validates the received document (in the case that this is encrypted it is firstly decrypted); (6) The report does not respect the XBRL specifications and an error answer is sent back to the assignee of the organization; (7) The report respects XBRL specifications and is electronically signed by the revenue authority in the form that it was received; (8) and (9) A synopsis of the signed report by both organization and revenue authority is sent for time stamping by the official timestamp provider (both ends should have web services so the entire process could be automated). The report electronically signed both by the organization and revenue authority is stored in the revenue authority database.

The official timestamp provider issues a digital receipt that includes, besides the XBRL report synopsis, the moment when it was received. All those data are signed with the electronic signature of the timestamp provider. The receipt is stored together with the report that was saved in the step 8. A copy of the digital receipt will be sent to the assignee person of the organization as a proof of the accepting and transmitting of the financial statement. The digital receipt will be opposable to the third parties.

2. The advantages of XBRL

The adoption of a common financial reporting taxonomy based on the accounting standards and XBRL format offers many advantages both for the "producer" companies of the financial reports as for the "consumers" of those reports. The XBRL labeling offers the opportunity for rapid assembly of the information without needing to manually reenter the data. At the same time, it is easy to verify and certify those reports by the information systems. The "consumer" organizations of these reports in XBRL format get a greatly improvement of the receiving, comparison, analysis and decision processes regarding the financial state of health of the producer. Within the XBRL reporting context, the reported data become "intelligent" allowing rapid identification and exploration by the specific needs under different processing models. XBRL improves the analysis process of the reports and facilitates consolidation of data gathered from different data sources. The advantages offered by the XBRL are systematized by the different user types according to Johnson (2006): enterprises that produce financial reports, regulators organizations, stock exchange market, analysts, banking, financial information, auditors, experts and accountants. From the Teller (2008) point of view, the improvements brought by XBRL could be analyzed by the measure that this offers answers to the financial reporting: getting and publishing information, sharing comparing financial information, verifying financial information, analysis of financial information. It's obvious that the emergence of XBRL constitutes an important factor for making researches that should address on one hand abstraction the accounting concepts and on the other hand abstraction of the accounting norms that should equally take into account syntax elements (base concepts, actions that could be performed over the base concepts) and semantic elements (concepts and concepts dependencies) that gives sense to the syntax elements. Semantic abstraction could form the base for building semantic search engines of de financial information stored in financial reports Data Warehouses.

As a response to the necessity of alignment to the international or regional general accepted accounting standards, and to assure the compliance with the adopted practices in enterprises, XBRL standard is periodically supplemented with new taxonomies that can be regarded as language extensions for better responding to particular situations. Among the most popular, and, therefore, the most common taxonomies, four of them are distinctive: XBRL – GL (General Ledger), used, especially, for internal or group financial reporting information modeling; XBRL - IFRS, for preparing, structuring, and presenting the financial information together with its context, in compliance with the most common IFRS standards; XBRL - COREP, in respect to the Basel II reporting norms for financial reporting; XBRL – GAAP, addressing financial statements reporting, complying with USA GAAP rules. While all aforementioned taxonomies are important, XBRL – GL benefits, lately, from increased attention both in the research area, and practitioners and financial accounting information systems developer's circles. The latter perceive the opportunity of integrating the XBRL standard into their systems, as a formal support for the financialaccounting information transfer, not only for external destinations, but also at intra-organizational level. XBRL – GL standardizes the presentation of internal financial statements based on the periodic accounting journals, in order to improve information communication and transparency between different reporting entities. The GL extension provides the ability of accounting consolidation that can be detailed to the lowest level, because of the XML format hierarchical structure, thus, permitting, equally, the preservation of information context before consolidation. The proliferation of integrated financial-accounting information systems based on an open, service-oriented architecture (Tudor, 2006), may constitute, in our opinion, an important premise for the adoption of XBRL technology, which can better answer to the conditions of such architecture. Thanks to the open standard, generally accepted language, platform-independent or report-independent characteristics, XBRL may constitute a distinctive business service for any accounting information system. The integration of such a standard in the financial-accounting information system architecture, acting in collaboration with bugetting, forecasting, reporting or analytical analysis, may open, from our point of view, new valences in the field of the corporative performance management.

3. The XBRL projects

The success that XBRL encounters in financial reporting makes that XBRL (closely related to the IFRS) projects to be of strategic importance for all the involved parties. Depending on the established goals, we'd like to distinguish among the next types of XBRL projects:

- -Projects of establishing an XBRL committee or organization at national, regional or international level that aim to adapt, develop, encourage and promote the use of XBRL;
- -Projects for XBRL taxonomies that aim for a rigorously classification of financial reporting concepts so that the same data to be used for printing and publishing or on-line publishing (both internally and externally), including here the data warehouses for XBRL reports managed by the revenue authorities;
 - -Projects for adopting XBRL standard by the companies and organizations that "produce" financial reports;
- -Management and exploitation of data warehouses that stores data in XBRL format within the "consumer" organizations of financial reports in XBRL format.

The projects of establishing the XBRL national entities (maybe soon XBRL Romania) are the correspondent for an explicit will of partnership in order to create an representative entity for promotion of the national projects, (projects for taxonomies creation/development; XBRL accommodating projects and so on) and to stimulate the dialogue with other regional entities (XBRL International for example).

Conclusions

The migration to the financial reporting over the Internet using the XBRL format it's a strategic decision within the global context and in accordance with accounting and financial reporting norms (IAS/IFRS, BASEL II, etc.). The use of financial and business reports in a XBRL format offer to the interested parties an important advantage but could also involve specific issues related to the training of users and securing the information exchange. The XBRL is about to become the universal language for financial reporting and a core component of the information systems that deals with automated information exchange between systems according to a taxonomy that answers both internal and external reporting requirements. XBRL takes part to the nucleus of ESG reporting (Environment, Social, and Governance) within a lasting development context. Publishing data in XBRL format on a website opens opportunities for use of search engines for financial information and clever use of the found information.

References

Amza Cosmin - Sisteme informatice interorganizaționale, Ed. Carol Davila, București, 2006, ISBN:978-973-708-150-6 (2006)

Florescu Vasile, Tamaş Ilie - *Entreprise étendue et systèmes d'information inter-organisationnels*, Published in: Accounting and Managemetn Information Systems Review, ISSN 1583-4387, Suplement 2006

Hamon, Pierre - Comprendre XBRL et la taxonomie Comptes annuels. Edition BoD, ISBN 978-2-8106-0747-1 (2007)

Johnson, David - XBRL La SOLUTION au SERVICE de la COMMUNICATION FINANCIÈRE, http://johnsondavid.hautetfort.com/files/xbrl pr d.a.johnson.2.pdf (2005)

Richards Jim - An introduction to XML/XBRL et The anatomy of XBRL instance documents, Murdoch University (2002)

Teller, Pierre - Formalisation des normes comptables: vers une ontologie des notions de comptabilité, INFORSID (2006)

Tudor, Cătălin - Case study: Using .NET technologies in developing components of the enterprise integrated information systems, Accounting and Management Information Systems Conference, Bucharest (2006)

XBRL France - XBRL: Introduction a la technologie XML des rapports financierers, Livre Blanc, Revision 1.0, http://www.nbb.be/DOC/BA/XBRL/Pub/Livre%20blanc%20XBRL%20France.pdf (2006)

THE ELECTRONIC SIGNATURE

Gramada Dragu Argentina

University "Titu Maiorescu" Senior Lect. Voiculescu Madalina Irena Phd. University "Titu Maiorescu" Faculty of Economics

Cuvinte cheie: digital signatures, electronic commerce, secured devices to generate electronic signatures

Article refers to significance and the digital signature in electronic commerce. Internet and electronic commerce open up many new opportunities for the consumer, yet, the security (or perceived lack of security) of exchanging personal and financial data is still a major concern amongst all kinds of users. We believe that only digital signature technologies based on public-key cryptography can guarantee the necessary security and consumer confidence.

The exigency in the conclusion of a written legal document, ad validitatem or ad probationem, is satisfied by the electronic document with an incorporated electronic signature, based on the acknowledged certificate and generated with a signature creation device.

The Internet has become a commercial means, with its own legal regulations. The new technologies allow for more widely spread and cheaper access, storage and transmission of *information*. The current economy is built around the information, and especially around the information on the internet, and the promotion of **electronic commerce** is connected to an appropriate legal approach.

The <u>digital information</u> can be transformed into new social and economic value, creating immense opportunities for the development of new products and services. The information becomes thus a **key-resource** for the <u>digital economy</u>.

The electronic signature is a new challenge, given the EU integration aspirations. It comprises electronic data which are attached to or logically associated to other electronic formatted data, and serves as an identification method

Digital signatures — a message signed with a sender's private key can be verified by anyone who has access to the sender's public key, thereby proving that the sender had access to the private key (and therefore is likely to be the person associated with the public key used), and the part of the message that has not been tampered with. On the question of authenticity, see also message digest. ⁵⁷⁴

The international practice and the attempts to regulate the issues related to the yet fragile security of the electronic documents have found a remedy: the Certification Authority. Mainly this body should be a public service (the city hall, the government) or a private service (company).

The American Bar Association ABA has described the in "Guidelines for Digital Signatures", the *conditions* an electronic signature should comply with so as to be accepted legally, the technical means to implement the electronic signatures as well as the imposed requirements of the Certification Authority (to be in the possession of the financial resources to maintain the operations as per the declared obligations, to have the capacity, within reasonable limits, to take the risk of the responsibility towards the subscribers, to the individuals and companies that rely on the certificates it issues)⁵⁷⁵.

The International Chamber of Commerce has recommended the use of a cyber notary as an important element, also called trusted third party, in the safe management of the electronic documents. Recently, the CyberNotarySM project, supported by Scrivener Notaries, Notaries Society, The Union of International Latin Notary and ABA considered the trusted third party as well as the authentification, encryption and the digital signatures in detail. 576

The legal value o the electronic signature

The electronically written document that comprises the extended electronic signature has the judicial value of a privately signed written document. If the document is acknowledged by the opposing party, (the party with whom the contract has been concluded with), in the event of litigation, the document will be given the status of an authentic judicial document. The legal regulation applicable to the electronic signature is treated under Law 455/2001 and the Technical and methodological regulations regarding its execution.

The exigency in the conclusion of a written legal document, ad validitatem or ad probationem, is satisfied by <u>the electronic document with an incorporated electronic signature</u>, based on the acknowledged certificate and generated with a signature creation device.

The lack of acknowledgement of any of the parties of the written document or of the signature will force the court to which the litigation has been submitted to instruct for the verification of the contested facts, by means of the

⁵⁷⁴ http://en.wikipedia.org/wiki/Public-key cryptography

⁵⁷⁵ Digital Signature GuidelinesTutorial-American Bar Association Section of Science and Technology Information Security Committee-www.abanet.org/scitech/ec/isc/dsg-tutorial.html

⁵⁷⁶ National Conference Of Lawyers & Scientists- www.aaas.org/spp/sfrl/committees/ncls/

specialized technical appraisal. The expert will request the qualified certificates, documents that identify the author of the documents, the signatory or the owner of the certificate.

The party who will call to its defense an extended electronic signature must make proof that the signature:

Is connected only to one sole signatory;

Provides for and is sufficient for the identification of the signatory;

Is created through means controlled solely by the signatory;

Is connected to the electronic data that it relates to, so that any ulterior modification of the former is identifiable.

Technical aspects

<u>The private key</u> is a unique digital code, generated by a hardware and/or special software device, with whose support the electronic signature is created. <u>The public key</u> is the pair of the private key, indispensable to the verification of the electronic signature. <u>The document print</u> is obtained with the hash-code function. The electronic signature is configured through an algorithm by overlaying the private key and the document print.

How to electronically sign a contract?

The party who initiates the endeavor uses his/her *private key* to sign the contract and sends it, and the addressee of the offer decrypts the transmitted document with the *public key of the addressor*. The acceptance of the sent offer is made if the contract is signed by the addressee with his/her private key and sent to the addressor, who will be informed of the acceptance through the public key of the addressee.⁵⁷⁷

Certification services

Providing electronic certification services consists of issuing a certificate or furnishing ancillary services to the electronic signature. Making such services available to customers is not conditioned by a previous authorization, as it takes place in a free and loyal competitive environment. The future supplier of certification services will inform the Authority for the Regulation and Supervision of the Certification Services Providers (ARSCSP), in writing, of the intention to act as an electronic signature certifier 30 days prior to the inception of such activities. All the information related to the security and certification procedures in use will also be transmitted.

Voluntary accreditation

The certification services suppliers who wish to be accredited suppliers can apply for an accreditation from the ARSCSP. Acquiring the voluntary accreditation implies complying with the conditions required for the issuing of qualified certificates and the use of the secured devices to generate electronic signatures, accredited by an accreditation agency agreed by the authority. The validity of the accreditation is 3 years and can be renewed.

The qualified certificate mentions

That the certificate has been issued as a qualified certificate;

The identification data of the supplier, its citizenship (individuals) or nationality (juridical bodies);

Name of signatory or the pseudonym, as well as other relevant attributes;

The personal identification code of the signatory;

The verification data of the signature;

The exact indication of the validity of the qualified certificate;

The identification code of the qualified certificate;

The extended electronic signature of the supplier that issues the qualified certificate;

The limits to the use of the qualified certificate of the value limits of the operations it can be used for.

Certificate suspendibility:

At the request of the signatory, after checking his/her identity;

At the final court request;

The information in the certificate no longer coincides with the reality.

Certificate cancellation:

At the request of the signatory, after checking his/her identity;

At the death or when an interdiction has come into effect on the signatory;

At the final and irrefutable court request;

The essential information in the certificate no longer coincides with the reality.

The encroachment upon the confidentiality of the signature creation data;

⁵⁷⁷ Atreya, Mohan; Hammond, Benjamin - Digital signatures - McGraw-Hill - New York, 2002

The fraudulent use of the certificate;

Upon the proof that the certificate has been issued based on false or erroneous data.

The obligations of the certificate supplier:

To comply with the declared security and certification procedures;

To provide the access to all the necessary information for the correct and safe use of its services (the steps to take for the creation and the validation of the electronic signature, the prices charged, the ways and concrete conditions to use the certificates, the obligations for the owner of the certificate and for the supplier, the existence of an accreditation, the contractual conditions to issue the certificate, the ways to solve litigation, other information required by the authority);

To keep an electronic register of the issued certificates accessible on-line as well (date and time of the issuing/expiry of the certificate, suspension and cancellation policy mentions, as well as their potential causes);

To keep the secret of the information given in relation with their professional activity and not to disclose it unless the owner of the certificate accepts to have them published to third parties; as per art. 196 Penal Code, lack of compliance with this obligation has penal consequences for the disclosure of a professional secret, unless the information is transmitted to a public authority when the latter acts to perform its public and legal competencies;

Not to collect personal data from other persons than the one who requested the certificate and only in the measure that the information is useful for the issuing and preservation of the certificate; the use of a pseudonym does not allow the supplier to disclose the real identity of the owner, unless agreed so for reasons related to the public interest.

The supplier of qualified certification services should possess the financial means to cover legal damages that may arise in the course of its activity. The insurance is made either through an insurance contract with an agent or through a letter of credit from the specialized financial institution.

Conclusions

Implementing the technologies, as with any new technologies, is a step towards their security. The option to wreact win the information domain is justified by the existing risks to the security.

Law 455/2001 translated the Directive norm no. 99/93/EC of the European Union Council and the European Parliament into the Romanian legal system. 578 It is a step forward. May it be fruitful!!

BIBLIOGRAFIE

- 1. Arias Martha-INTERNET LAW The EU Law on Electronic Signatures and its Recent Report-www.ibls.com/internet law news portal view.aspx?id=1920&s=latestnews
- 2. Atreya, Mohan; Hammond, Benjamin "Digital signatures" McGraw-Hill New York, 2002
- 3. Digital Signature Guidelines Tutorial- American Bar Association Section of Science and Technology Information Security Committee- www.abanet.org/scitech/ec/isc/dsg-tutorial.html
- 4. http://en.wikipedia.org/wiki/Public-key cryptography
- 5. Gramada Argentina-"Tehnologia informațiilor și comunicării în România si locul ei în lumea "societăților informaționale" a UE"-AnaleleUniv Titu Maiorescu-Ed Titu Maiorescu-2006
- 6. Mihai NADIN- "Noua ordine computerizată "

www.comunic.ro/article.php/Noua ordine computerizat%C4%83 - Interviu cu Mihai NADIN/438/

- 7. Roger.Clarke -Requirements for Message Transmission Security
- www.anu.edu.au/people/Roger.Clarke/II/CryptoSecy.html Privacy Implications of Digital Signatures
- 8. National Conference Of Lawyers & Scientists- www.aaas.org/spp/sfrl/committees/ncls/
- 9. www.webopedia.com/TERM/E/encryption.html
- 10. www.anu.edu.au/people/Roger.Clarke/DV/DigSig.html

⁵⁷⁸ Communication From The Commission To The Council, The European Parliament, The European Economic And Social Committee And The Committee Of The Regions- Brussels-

THE EXPERT SYSTEMS – INSTRUMENT FOR OBTAINING ACCEPTABLE SOLUTIONS IN BUSINESS

Iancu Eugenia

"Stefan cel Mare" University of Suceava, Universitatii Street, Nr.13, tel. 0230-520263, eiancu@seap.usv.ro
Morariu Nicolae

"Stefan cel Mare" University of Suceava, Universitatii Street, Nr.13, tel. 0230-520263, nicolaem@seap.usv.ro Gradinaru Dorin

"Stefan cel Mare" University of Suceava, Universitatii Street, Nr.13, tel. 0230-216147, gradinaru@fim.usv.ro

The attention of economists, managers and other professions is retained by a newly emerged domain, called artificial intelligence. The systems based on knowledge, the expert systems, the systems based on genetic algorithms, the fuzzy systems, the hybrid systems and the neuronal systems are systems of artificial intelligence which are on their way to occupy a more and more important place in the professional life. The expert systems constitute one of the most important areas of the artificial intelligence.

Keywords: artificial intelligence, expert systems, business administration, intelligent systems, knowledge base

Cod JEL:M2

Introduction

In the Romanian scientific literature there are some works which offer a great number of pertinent information in the expert systems domain – a particular category of intelligent systems with a great sphere of applications in management, accounting, finance-banks, insurances etc.

P.G. Pigford and G. Baur show that "the expert system is a program product which emulate the human experts' behaviour who solve problems from the real world, associated to a particular domain of the knowledge"[5].

The expert systems (ES) are systems of programs based on the artificial intelligence techniques (IA), which register the human experts' knowledge in a well defined domain and then they use them for solving the problems from this domain.

In a detailed analysis of the expert systems we can identify the following [9]:

- from a conceptual point of view, the expert systems aim to reconstitute the human reasoning on the basis of the examinations obtained from the experts
 - The expert systems dispose of knowledge and of the capacity of carrying on human intellectual activities
- They dispose of methods of investigating the knowledge and the expressing of the expertise, behaving like an "intelligent system"
- they are able to memorize the knowledge, to establish links between knowledge and to infer conclusions, solutions, recommendations, advices on the basis of the facts and of the processing of uncertain knowledge
- As for the level of informational realization, the expert systems are based on the principle of separating the knowledge (knowledge basis) of the program which treats it (inference engine).

In all the cases, the researchers agree on the fact that under the title of expert systems there are the programs of artificial intelligence or machines based on the high level knowledge, comparable with those of the more competent specialists from an applicative domain and in which these programs can realise performances of thought and intuition similar to the human experts.

Methods of research

The central element of the intelligent processing is constituted by the artificial reasoning, able to imitate the human reasoning. The expert systems reproduce the human experts' reasoning on the knowledge put at their disposal in a certain manner, possibly multiply this knowledge and explain their own lines of reasoning.

However we may call them, cognitive or intelligent systems, the expert systems constitute a domain of the artificial intelligence technology and many applications have already become remarkable. The expert systems, the expert systems generators and even the neuronal systems generators are already available on the market and contribute to the full to modelling the enterprise of the future.

So the expert systems are a modern instrument in the businessmen' hands for obtaining acceptable solutions, which bring profit to the problems with which they confront daily.

From the implemented expert systems, over 60% are business oriented for enterprises and their administration, and the rest cover the utilitarian, medical and educative domains.

The expert systems integrated in the multimedia applications constitute the most spectacular realization for businesses because they allow the watching of videoconferences from the specialized networks, very useful for managers who can address to their subordinates, they can evaluate their answers, following their mimic with the aim to establish the most adequate persons for certain tasks.

The industrial expert systems can offer process diagnostic services for maintaining and repairing the robotized production lines or just-in-time instructions for the security and safety of the industrial installations.

The business administration is a very important domain for the expert systems, because the policies, the procedures and the techniques used in tackling the current matters are favoured by these intelligent instruments.

For the accounting, as well as for the administration domain in general, the expert systems present interest due to the performances in processing the knowledge – data and information – especially in quality, correctness and efficiency, better accomplishing its objectives. There are already viable implementations in the managerial accounting as well as in the financial accounting.

The financial-banking domain is, at present, the best covered with expert systems in exploiting for placing the credits, administrating the portfolios, detecting the frauds, planning the taxes, the financial diagnosis, the banking planning.

The insurance and investment companies already use expert systems with the aim to improve the services compared to the concurrent companies.

The management domain is the most receptive and the best equipped with expert systems in current usage, because all the technological, economic and social conditions necessary to their introduction were already created. The expert systems develop with the help of an information technology which follows main objectives as well as derived objectives. Among the main objectives we can enumerate [3]:

- The easy acquisition of the knowledge by expressing as directly as possible the expertise obtained by the human experts
- The efficient exploiting of the knowledge collection through: combining and linking the knowledge for inferring new knowledge by judgements, plans, demonstrations, decisions and predictions; considering the manner in which new knowledge is inferred
- The easy support of the whole game of operations on the knowledge (their adding, modification and elimination). From the derived objectives we can mention:
- reducing the risks
- increasing the productivity
- learning.

The expert systems do not act independently of the other components of the exterior environment in which it is installed. It can be appealed by other external programs or it can send results by other programs. The majority of expert systems are interactive in the sense that their interface offers means of communicating with the human users, ensures the obtaining of data and information from the special sensors, from systems of administrating the database, from systems of tabular calculation or even from the program which administrates the classic files. The expert systems can also create and update databases, can imprint reports or can control the most diverse devices and instruments.

The development of the interface and of the integration with their action environment is not the same for all the expert systems. That's because we need different interfaces according to the inputs and the outputs necessary to the environment in which they operate.

The main characteristic of an expert system is to dispose of expertise, which is in fact the ability to execute at least at the level of the human expert a well determined work. This includes not only the capacity to solve a problem, but also to make this in a time as short as possible (shorter than the human expert would do it). The expertise means at the same time that the thesaurus of knowledge about the domain of the problem which is owed by the expert system has to be all-embracing and profound. Comprising the knowledge refers to the competence which it has to owe in the domain. An expert in a certain domain has always a great competence as regards its knowledge compared to a beginner in this domain. The past experience is probably an important factor which contributes to the increase of the competence.

In the case of the economic agents the expert systems, as intelligent systems, present the following attributes:

- the ability to assist experts to the projection of their own expert systems, and the users to the developing of the specific activities
- the ability to render sensitive the management on changing the operations and the relationships between the functions of the different departments
- the auto-organization and the restructuration of the knowledge base by the automatic activation in the conditions of the critical factors and the generation of signals on the operations provoked by changes in the direction of the reequilibration
- the integration between the system of collecting the data with the operational modules and procedures with intelligent specific for the economical-financial analysis and the audit activities.

All the characteristics make from the technology of the expert systems a new source of increasing the productivity due to the fact that it is able to offer security and the necessary experience with their intelligent usage in making the decisions.

Table no. 1. The comparison between the human expert and the expert system

The factor	The human expert	The expert system
Time	Working days	Any time
Localization	Local	Anywhere
Information security	Irreplaceable	Replaceable
Perishableness	Yes	No
Performance	Variable	Permanent
Work speed	Variable	Rapid
Cost	Big	Acceptable

Undoubtedly, the experts are the most valuable resource of a company. They can offer creative ideas, they can solve difficult problems or they can execute in a very efficient manner routine activities. Their contribution can increase the productivity of the enterprise, in the sense of improving the competitive position on the market.

There are two reasons for which the construction of an expert system is decided, following the comparison of the table from above:

- 1. replacing an expert system
- 2. assisting an expert in his activity

The main reasons for replacing a human expert are:

- making the expertise available also after the schedule and in any of the point of work of the enterprise
- automatizing a routine task which needs an expert
- the expert retires or deceased
- the expert is very expensive
- the expertise needed in dangerous environments for the man's health or in periods of prolonged strike

The most actual opinion is that of P.C. Trealeven, who shows that the intelligent systems software has reached the maturity and it is represented by three categories:

- oriented on application (dedicated to a certain applicative domain)
- oriented on algorithm (it supports one or several important algorithms in the inference engines)
- with general task

The development environments oriented on application are destined to domains with economic specific or for administrating the enterprises, which the professionals can successfully use because they offer a large scale of possibilities; they have excellent interfaces with databases, with tabular calculation programs, with other external programs for statistic or for analysing the data.

The development environments oriented on algorithms support one or several algorithms, fact which offers a very good flexibility or easiness in their usage. The algorithms are offered in libraries of parameterized code, fact which allows the integration with the users' applications. The majority of algorithms are among those which are specific to the neuronal networks.

The environments with general task are mere kits which contain simulator libraries of algorithms, interfaces and other instruments of programming. They are destined to the experienced programmers and they are famous for the flexibility of the interfaces and of the control mechanisms. Some of them need even specialized equipment by the parallel computers type.

In all the cases, when we decide the usage of a developing environment must be carefully controlled and all the possibilities offered. So, we must have in view the following:

- a) the hardware compatibility (for what type of station of labour it is available);
- b) the software compatibility (for what operation systems it functions);
- c) the inference engine characteristics (where we must take into account the allowed searches type, the control strategies type, the limits regarding the rules, strategies of solving the problems);
- d) formalities used to the knowledge representation;
- e) the knowledge administration (models of calculating the certitude factors);
- f) mechanisms of applying the reasoning's:
- g) the characteristics of the variables (types of variables: entire, real, range, number of variables);
- h) possibilities of calculation with predefines functions;
- i) number of commands and their power;
- j) interferences of dialogue (easiness in usage, presence of menus, windows, icons);
- k) helps to development (instruments of tracing, trouble-shooters', instruments of verifying the database coherence):
- 1) documentation and assistance ensured by the company.

Automatizing and improving the decisions is the natural vocation of the IT in general. When this processing aim to obtain information, advices and recommendations or notices, aiming even to improve the decisions, the expert

systems already constitute the most efficient solution. There are appreciations according to which 80% from a human expert's work can be automatized. We talk about the simple, repetitive, procedural operations, in which the expert system behaves like a normal computer, but also about the more complex operations, great consumers of time and energy, specific to the deductive, inductive or mixed reasoning's which the expert systems produce easily, rapidly and effectively. Foe example, the BEST system (Baking Expert System Tool) implies a certain expertise which is automatically made, gaining time in the most difficult cases of according the credits.

For example, an expert system is specialized in selecting a method of calculating the costs in direct correlation with the peculiarities of an economic agent.

The selection of the method will take into account the following peculiarities:

- the dimensions of the society;
- the process of production;
- the type of method (total or partial);
- the classification of expenses in fixed and variables, direct and indirect;
- the type of production;
- the determination of certain deviations from the standard;
- the domain of activity;
- the interest of the leadership in certain aspects.

The pieces of knowledge acquired from the experts will be taken over in the knowledge of the system with the help of a generator of expert systems. We will effectuate a correlated synthesis of the main characteristics specific to each calculation method. The generator used in this case in EXSYS Professional which allows the representation of the knowledge with the help of the rule production method.

After the transposition through program of all the conditions using the relationships IF...THEN the advices given by the expert system with the aim to choose the method of calculating the costs will be displayed.

Conclusions

But what the future has in store for us in the expert systems domain? In this sense we foresee the following directions of development:

- the massive developing of expert systems and neuronal systems generators, through which the experts themselves will be able to conceive new applications in the most different domains. The cognoticians will have them too an important role because they will concentrate less on the editions of developing the expert type applications and more on the applicative domains;
- the developing of some new methods, more performing of acquisition and representing the knowledge, which will become more and more available and accessible. This is the most interesting sector for the cognotician of the future;
- the most promising future belongs to the neuronal systems, which inspires from the structures of the human brain and the originality of which takes into account the distribution of the knowledge. The neuronal systems will not be dissociated by the expert systems, these ones implying one another.

We already have on the market generators of expert systems which use the description of objects, which make integrant part of the knowledge base, but these are only precursors because we will reach the intelligent systems which surpass many generators of expert current systems in the sense that the software integral in the neuronal systems will be available in a near future as hybrid instrument of conceiving the systems associate techniques oriented to the objects from the classic programming, fuzzy techniques.

In synthesis, if there is a modern and motivated management, when there are the possibilities of realising an operational expert system, and a team of experimented projectors, to which we add competent and motivated users, then the problem of realising an expert system becomes similar to that of realising an investment which must be conduced by inspiration and by the desire that the expert system which will be projected and useful for the economic operator.

In conclusion, an expert system can be created for simple problems, by little dimensions, as well as for complex problems. The problems of little dimensions solicit less the human expert, the construction of the knowledge base is made quickly enough. For the complex problems the human expert is solicited a greater period of time and for elaborating the knowledge base we need more time. From here we can get the idea of elaborating an expert system for problems of little and medium dimensions.

References:

1. Cosserat G.W., 2000 - Modern auditing, Ed. John Wiley & Sons, New York

2.Han J., Kamber M.Data Mining – Concepts and Techniques (www.cs.sfu.ca)

3.Mateş D., Turcanu V., Grosu V., Iancu E., 2008 - *Methods of analyzing companies' performance in accounting using expert systems*, Journal of Applied Computer Science, Ed. Universității, Suceava

4.Nigrini M. - Digital Analysis: a computer-assisted data analysis technology for internal auditors (www.theiia.org/itaudit)

- 5.Pigford D.V. Expert systems for Business citat de I. Andone; Sisteme expert. Principii și dezvoltarea aplicațiilor de gestiune, vol.I, Ed. A92, Iași, 1995, p.32
- 6.Raffegeun J., A. Ritz Audit et informatique, Presses Universitaires de France, Paris, 1986, p.42
- 7.Rosca I., Zaharie D., 2002 Proiectarea obiectuală a sistemelor informatice, Ed. Dual Tech
- 8. Will Ozier Introduction to information security and risk management (www.theiia.org/itaudit)
- 9, Zaharie D. și colectiv, 2001 Sisteme informatice pentru asistarea deciziei, Ed. Dual Tech, București

«E-SCIENTROCHAIR»- ONLINE DATABASE FOR MANAGEMENT AND ASSESSMENT OF THE RESEARCH RESOURCES OF THE UNIVERSITY BASIS UNIT – THE CHAIR

Ionescu Bogdan Stefan

The Bucharest Academy of Economic Studies, Faculty of Accounting and Management Information Systems Address: Str Valea Lungă nr. 38J, sector 6, București, tel 0722 593695, e-mail ionescub@gmail.com

Ionescu Iuliana Mariana

The Bucharest Academy of Economic Studies, Faculty of Accounting and Management Information Systems Address: Str Valea Lungă nr. 38J, sector 6, București, tel 0723 376232, e-mail ionescu.iuliana@gmail.com

Mihai Florin

The Bucharest Academy of Economic Studies, Faculty of Accounting and Management Information Systems Address: Str Vintila Mihailescu 16, Bloc 70, ap 11, sector 6, Bucuresti, tel 0724189269, email fmihai@gmail.com

Stanciu Andrei

The Bucharest Academy of Economic Studies, Faculty of Accounting and Management Information Systems Address: Str Babesti nr. 14, sector 6, Bucureşti, tel 0722 725667, e-mail andrei75@gmail.com

The concept named e-ScientRoChair proposes searching for new informing and documentation opportunities, on fundamental structure in academic scientific research, meaning the chair or the research team, anabling the possibility to publish and as well as to disseminate some related information, research grant competitions, conferences, symposiums, workshops, various scientific publications. By summarizing and by pondering all the research activity components one can obtain the scientific profile of a researcher who activates in the academic environment. This concept tries to approach the university research as market whose participants are members of academic community.

Keywords: Online Database, Chair, Scientific Exchange, Scientific Research Components

Jel Classification: O32

Introduction

In a knowledge based society, where the information and communication technology evolution is a continuous dynamic process, fast finding of information has become a fundamental criterion for users of scientific information. One of the fundamental human rights concerns the right of being informed which become operational through unlimited individual access to information. The information seen in the completeness of denotation and concept is one of the major trends in modern society. Today, in the era of information technology, virtual information spaces are the most complete, efficient, fast, diversified and easy to access ways to get informed. Ideas on developing such virtual information spaces are one of the most stable pursuits for today modern society, in its way towards an information society. One of the aimed fields, challenging a growing interest is the educational and research field. The interaction of the two fields leads to fundamental and applied research development, which in turn become more visible by using virtual information spaces.

In a world governed by knowledge, the science is universal. In this context, the main goal of scientific research is that starting from data towards information to reason out knowledge in the informational pyramid of knowledge (Mihai, 2005). Without disseminate the research results to further use them, this role played by science in contemporary society is annihilated.

Moving to a knowledge based economy is a fundamental strategic option and this will have a high impact on human durable development. Universities play a primary role in knowledge based society development by their contribution to information creation, release and use, in the process of transforming data into information and knowledge. The main role of the university consist in training highly qualified human resource, which is a process that implies the symbiosis of education and research, the educational system performance making its contribution to a great extent to society development. University scientific research is an inseparable part of an efficient education system and it is imperative for higher education development. In this way the higher education system can accomplish its role requested by economic and social development at a national, regional and local level.

In this context, the researcher's profile must be defined as good as possible in order to make the research visible, efficient, specialized but also interdisciplinary.

The Chair is seen not only as the primary provider of scientific resources gained by research but also as the final consumer of the research results which feed the scientific appetency demonstrated by research through new subjects and research themes. The primary expression of scientific research at a chair level means revealing of scientific skills of its members and this occur in the context of Romanian universities aiming to become research centers

If this segment was valued from an informational point of view, by increasing visibility through attributes defined for researchers, teams, chairs or departments, it would bring great benefits in terms of increasing research efficiency. This would be done not only on the vertical axis of knowledge, by identifying similar preoccupations of

the researchers which could define the current stage of the research on a certain field, but also on the horizontal stage (in the final part of the segment), by corroborating dissemination sources of scientific preoccupations.

1. Analysis of the available information on the degree informing as concerns the research which are promoted by the entities making the science policy in romania

The analysis of current stage of research in the field of promoting science policy and scientometry concerns the identification of the main entities visible at a local, national or international level and requires the analysis of the way in which they can offer descriptive information about these research project, white papers, conferences, books, etc., and how can one obtain the profile of a researcher and the scientific potential of chairs or departments whose members are involved in research.

Romania, the entities that perform the research and development activities are included in a national system (Dumitrache, 2006). The research national programs launch research topics, offers research grants by competition considering the science policy in each country.

The research activity approached by competition is functionally made up of two informational flows, at the borderline between information demand and supply. Thus, ANCS (The National Agency for Scientific Research), CNMP (The National Center for Management Programs), CNCSIS (The National Council for Scientific Research in the Academic Educational System), or other national entities involved in the science policy publish periodically information on launching of research competitions. This approach represents the demand of the academic scientific community interested in research work and, at the same time, the supply of the national entities that draw up, launch, apply, monitor and assess the policies in the research, development, innovation and science fields, according to the national strategy. This data flow comes from the entities that dictate the science policy, and goes to research suppliers – "the makers of knowledge". At this level one can know data about the scope of the topic, the research fields, subfields, themes and topics.

Once the competition is launched, the flow is reversed, the researcher thus becoming bidders of projects, while the entities involved in science national policy change into representatives of the demand. At this level there are three types of information, as follows: those referring to an accurate description of the research projects and their inclusion in the scope of the topic, those referring to the human resources de involved in research work (the university, the faculty, the chair, the research institute) and those which would describe the competences outlining the profile of the researchers or of the research team. Juxtaposition of the three types of available information is poorly turned to account from the informational standpoint.

One may say that the national entities involved in the science policy don't have in view the connections existing between the research resources at different level stages of the research resource suppliers (along the informational line - researcher - research team - academic chair - faculty - university), as against the respective fields, subfields, scope of the topic. At a higher level, governed by the scientific research management principles there are three coordinates to be used: the interrelated use of the project information; framing-in of the project according to the scope of the topics; use the information describing the team members.

The break through channel identified at this level might informationally distribute all the eligible projects or the projects declared winners in the grant competition based on other criteria than those based on the activity fields, the universities or the research institutes. The mix-up of the complex information that describe the research through grants and competitions, stored at this level, might be recursively drive in to the constitution of a profile of the researcher participating in the research competition, supported by grants. It also may lead to the connection of this profile to the chair they depend on. From its level, it may produce some other information as well (articles, books and manuals) that meant to fully describe the researcher's profile.

This information corroborated with the purpose of dissemination, nationally and internationally, of the research results might become the object of a database, as a solution of unifying the informational resources, determined by a heterogeneous participation in competitions and research grants. From the latter one can draw out data which would outline both the scientific profile of the researchers, their field of concerns, their competences, and information describing and quantifying the institution involved in the research activity (at the level of different organizational stages including chair and department).

Equally database might contain information on the research projects submitted for certifying purposes to the authorities that perform the science policy at a national level, but declared ineligibles or even non-winner. This information is useful to the university researcher community in order to further resuming the competition and recalibration of the informational contents of the suggested topic, depending on the remarks of the assessment commission.

On using efficiently the information stored in the database, one can carry out statistics according to certain scope of topics or scientific fields of interest that aroused the interest of the scientific community and represented a national priority promoted by the entities that determine the science policy in Romania.

2. Analysis of scientific research activities involving the academic entities stages

Universities in Romania promote the science policy at an academic level. The components of the research activity in academic institutes, as research entity, can be found in multiple organizational forms: articles published in scientific journals, articles indexed in scientific databases, treaties, specialized literature, applications and case studies, inventions and innovations, student research.

In most cases, the Chair, the primary storage of the scientific potential in a university doesn't provide significant elements from the stand point of the scientific research activity transparency. The chair is presented only historically as a component from the administrative standpoint (subordination) or from the didactic point of view. Some chair publish their research themes depending on the scope of the topic or on the field the respective topic is part of, without leaving aside the human resource under research. There are also cases in which one can see the scientific concerns, materialized from the quantitative: books published (authors, publishing houses, publishing date, date of issue), articles, scientific contributions etc.

Even if the chair research activities are becoming transparent in faculties or universities, there is no possibility at present to include this information in national database, which is indexed on a multicriterial bases. This database should include the research resources provided by each chair, research team or individual. The concept called **e-ScientRoChair** suggests the interconnection of these research resources (by Web services, under all possible ways) for each chair.

All the chairs should be transparent in all research components: national or international competition, supported by research grants, articles published in scientific journals, participation in conferences, symposiums, workshops, participation in devising bibliographic material (books, compendiums, case studies, printed course stuff), invention and innovations, doctoral research, student research, didactic activities adjacent to research work.

The above components are elements defining, both the profile of each researcher, and the potential of the chair or of the department they are part of. All of them can be found distributed to the entities that organize actions and scientific events - research projects of the national entities responsible for the science policy, scientific articles published in scientific journals or in scientific databases; symposiums and conferences published in tomes or scientific annals, supplements of journals or of scientific activities, editorial publications, in libraries, on the Internet or the book network; inventions and innovations published in OSIM.

The concept e-ScientRoChair unifies these scientific activities provided by each researcher and it circumscribes them to the chair. By combining the components that provide potential to the research work one can develop a break through channel project in the science policy, so that it may intersect the scope of topics, fields, subfields, subjects matter and research themes, to add a value to the development, turning to account and use of the scientific information.

3. Designing an online database with the purpose to interconnect all components of research from a scientific portofolio.

The concept e-ScientRoChair purposed is intended to create a database that should interconnect the specialized chairs of the universities to the convergence of the interests of the creators and users of scientific information. The database will contain all the descriptive information about the research concerns of the chair members. The information will be labeled and indexed according to various criteria from which different components can be extracted. These components describe the research activity of each individual, research team or specialized chair.

Practically, any researcher in Romania or elsewhere will be able to have access to this portal and obtain information concerning the scientific activities from the portfolio of the academic chairs. They also can have information about the scientific profile of the researchers, depending on the scientometric quantification criteria. The database will be loaded by the system's users.

Thus, each academic chair wishing to promote the ideas of their researchers for the purpose of their scientific participation in research projects, articles published in scientific journals, conferences, symposiums, etc. or for the purpose of distributing the results, can do this by providing descriptive information about the potential or their own research portfolio. In order to be registered in the database the researchers should publish their scientific concerns according to categories (books, articles, research contracts, etc.). They receive from the system registering time delay. Until the potential users are given access to the online program they will be checked by a scientific committee regarding their scientific works. After being checked, depending on the result and the degree in which the works declared are identified they will be given a score of authenticity. If a minimum number of points is achieved the user is allowed to access the program.

In parallel with the facilities of consulting the research concerns of the academic scientific community the references to the paper sources will become available as a full-text or abstract.

The database of the system e-ScientRoChair should reunite all research components (articles, books, contracts, etc.) issued by the entities concerned to make visible the undertaken efforts to conduct research activities and the dissemination, analysis and quantifying the effects arising there from. The system will frequently update the database through decentralized level by approaches taken by researchers or by departments or academic departments.

The exhaustive transpose of the disseminating demands of research results for individuals or groups, in a relational model that would provide the completeness for an on-line database is centered on a table with the results of research, with relationship to all the components of a portfolio research provided by scientific papers.

Scientific papers are included on the model of relational database as components of research portfolios (books, articles published after participation in conferences, articles published in scientific journals, books, patents of inventions, products made after research thesis of PhD, etc.). The flexibility of adopted the model consists in the possibility of adding any components of research, in relation to a scientific work, as a result of scientific research. Thus, the model can be extended by defining other activities related to teaching or research: Symposium, workshops, participation to bibliographic material (books, collections, case studies, and media training), Doctoral Research (doctoral essays), student research, etc.

Conferences are part of the model of relational database, classified as national or international, with the date on which they are scheduled, the university where are organized and usually associated with magazines or publications identified by ISSN or ISBN codes).

Scientific articles published in magazines are associated with the research results. Considering the fact that magazines are evaluated periodically by the forums that implement science policy at national and international level, qualifications fluctuates in time, the same magazine can be quoted differently in time. Therefore, the relational model contains a special designed relation that specifies the magazine's quotation for each occurrence.

The association of scientific papers with scientific research grants has a reverse sense to the articles and conferences, considering that a research grant may have more results disseminated in the form of scientific papers. Very important for the e-ScientRoChair concept are the teams or groups of researchers. The teams bring together several competitor researchers participating to a research project. The efforts of the researchers who participate are evaluated as results of research and become visible in scientific papers that have full connections with all components of a research portfolio.

The model design is influenced by the concept of unification of research components and by the need to disseminate the portfolio of these components and reveals the hierarchic structure of research domains. The main areas of scientific research in the database are those stated by the organizations involved in science policy. Each field can be divided into several domains (eg in the area economy, there may be sub-domains as accounting, management, finance, management, etc. Also, within these sub domains, there can designed several classifications in the form of research themes, and the sub-classifications can drill down on topics.

Based on the association made between the research subject - as a primary classification (which follow the theme, the sub domain and the domain of the research) and the "Scientific Papers", all the research results can be spread according to classification and hierarchy of science domains. In this way, the concept of e-ScientRoChair, implemented as an online database allows the assignation of each researcher or group to any component of a result of research, on the main categories of science domains. In fact, this concept allows developing a social infrastructure for researchers.

The human element in the concept of e-ScientRoChair is materialized in tables describing the researchers as individual subjects and as subjects of interest in which they manifest their skills. The relationship between scientific work carried out as results of individual research and researchers is done through a connection tables. The database e-ScientRoChair unifies the scientific interests of each researcher or group and assigns them to the institutional hierarchy. The institutional component defined by the concept e-ScientRoChair is materialized in tables which refer the researchers belonging to different faculties, departments or chairs

The relation between the institutional and the human element is realized by a table that stores the association between the researchers and departments.

The implementation of the scholarship concept in the e-ScientRoChair database is the result of the association of research results (as implemented by all the scientific works) with the human element, institutions and table describing the subjects of scientific interests that assign a researcher associated to a classification domain of science (domain, sub domain, theme or subject). According to this association between the each researcher and scientific topics in which he describes his research skills, could be designed a market research which can reveal a hierarchy of the most wanted researchers, themes, contracts, scientific publications on various fields and scientific domains.

The concept e-ScientRoChair, which can be seen in all its forms of manifestation, propagation and implementation, determines the fact that the scientific research should be considered as a market ruled by the scientific demand and supply.

According to the portfolio principles, the supply of information may include the entities that provide the research contracts (national, international or even business environment), as well as, individual researcher or research teams who wish to attract collaborators concerning their scope of topics in their scientific concerns. The demand of information may come from any member of the scientific community (if a minimum guaranty is assured from the point of view of their scientific concerns). At the borderline between demand and supply, the research project may solve some interdisciplinary problems, identified in the scientific concerns of the research teams, namely finding competent person from the scientific standpoint working at chairs having other profiles than that of the research team.

The concept e-ScientRoChair presumes the integration of the research team concerns from the chairs into a unitary and coherent information system. Initiation of such an approach leads to the harmonization of the interests shown by the creators and the consumers of scientific information who can communicate directly concerning topics of common interest.

The importance for the area regarding the way the scientific research is treated, as a portfolio of resources is located in the following coordinates:

- One can identify ideas and connecting scientific concerns of other research teams or other academic chairs (these elements may represent strong points of eligibility in national or international grant competition);
- One can identify problems complementary to the research topics outlined by the research team in order for them to participate in research consortiums. The research ideas which are complementary can be placed on a horizontal line (e.g.: between the close fields of the same scientific field) or on a vertical line (between sciences belonging to different fields):
- One can identify the potential users of research work (e.g.: the members of the business community can show their interest in some research topics, or on the bases of the analysis of the research market: the symposium and conference organizers who have the possibility to become more selective when they send the invitations.

By the e-ScientRoChair database one can make a list containing the most wanted researchers, topics, contracts, scientific publications of various subjects and subfield. The scientific community can have such information concerning certain fields of interest.

Implementation of the stock exchange principle in the database e-ScientRoChair is the result of the combination of research results (as implemented by all the scientific works) with the human, institutional component and with table describing the subjects of scientific interest that a researcher associated with each field classification of science (domain, subdomain, theme or research subject). According to the association between the presence of each researcher and scientific topics that he describes his research skills one can stand out a market research which can be a hierarchy of most researchers looking for, research themes, contracts, scientific publications on various fields and scientific domains.

Another consequence derived from the concept e-ScientRoChair is the informational building of an academic researcher profile through the analysis of their scientific research portfolio. The research activity has become the main component of the assessment system of the teaching stuff activity according to Bologna guideline. The academic assessment system for the teaching stuff is ruled by the well-determined norms. It would be interesting to know if those norms defining the teaching stuff research portfolio are unanimously accepted by the entire academic scientific community.

The original elements of the concept e-ScientRoChair derive from the parallel development of the assessment criteria excepted by the academic scientific community as against the normative approach and as well as from the description of the scientific profile of an academic researcher, according to their scientific portfolio.

By exploiting and query the online database can bring the research results to individual, team or chair level with a system containing the individual and collective reports concerning their research work. The starting point of this system is the Chair. The database manages all the research components, made by individuals, research teams and chair/department according to various normative criteria of assessing the science of quality. These criteria being flexible, the system will be able to adapt quickly to any normative changes which contribute to the qualification of a scientific researcher. This approach can facilitate the adaptation of the academic assessment norms to the requirement and to the research potential of the academic scientific community.

A final element regarding the impact of the e-ScientRoChair concept is studying, designing, developing of a scientometric reporting system for the members of the scientific university community of the research activity at an institutional level.

According to the requests of Bologna process (1999), research activities have become basic components of professors' evaluation systems. The research evaluation and audit system of universities describe only a part of the activity research. When they manage to obtain the whole activity this is describe only at the university or faculty level and information are not related to the components of other research entities (nationals and academics).

Starting from the online database that preserves the research resources disposed by category and entities involved in research, data aggregation can be done from individual researcher towards chairs and also towards superior university structures (faculty, university).

This uphill approach concerning research information aggregation can offer to every academic entity a score for each of its components using various criteria (ISI papers; B or C category; grants; etc). Likewise, the results of this project can offer to academic managerial staff from every university that wish to implement it reports that will allow the research quality assessment not only at the individual level but also at a chair and faculty level.

Conclusions

The **e-ScientRoChair** concept proposes to search new opportunities of information and documentation by exploiting the scientific potential offered at the basis unit of scientific university research - the chair (in fact, the individual researcher, the chair itself or the research team), offering this way the possibility of identifying,

publishing and disseminating of information that concerns the scientific research, in all its forms and components (research grants, conferences, journals, and so on).

Turning to account of the online database e-ScientRoChair will arise a major interest from the part of the young researchers, editors, as well as, from the part of scientific information users who in their turn are researcher, practitioners, representatives of the business environment, etc. Such a database will underline the transparency of the universities on a national or international plane, bringing about quantifiable benefits concerning image. This may influence the research results in this academic institution. The impulse given to the scientific activity through the database, as well as, the exchange of ideas promoted by the scientific community, developed by the chair will stimulate the scientific research and document work for all structures.

Bibliografy

- 1. Arsanjani, A. (2004) "Service-oriented modeling and architecture: How to identify, specify and realize your services", http://www.ibm.com/developerworks/webservices/library/ws-soa-design1/
- 2. Cerami, E. (2002) Web Services Essentials, O'Reilly Media, Inc.
- 3. Dumitrache, I., Curaj, A., Filip, F.G., Popa, G., Stanciulescu, I., Szabolcs, L., (2006) Sistemul Național de CDI în contextul integrării în Aria Europeană a Cercetării, Bucuresti:Ed. Academiei Romane
- 4. Feuerlicht, J.G. & Meesathit, S. (2004) "Design Method for Interoperable Web Services", Proceedings of ACM-ICSOC, November 2004, New York: 299-307
- 5. Kevin, A. (2008) WSDL 100 Success Secrets, Emereo Pty Ltd
- 6. Kimball, R., Reeves, L., Ross, M., Thornthwaite, W. (1998) The Data Warehouse Lifecycle Toolkit: Expert Methods for Designing, Developing, and Deploying Data Warehouses, Willey
- 7. Mihai, F. (2004) Sisteme informaționale financiar-contabile, București: InfoMega
- 8. Mihai, F. (2005) "Servicii WEB.NET: implementarea unui serviciu WEB pentru preluarea automată a informațiilor dintr-o revistă online, de către abonații și partenerii virtuali" Contabilitate și Informatică de Gestiune, no. 11-12/2005
- 9. Mihai, F., Stanciu, A., Aleca, O. (2006) "Proiectarea unei baze pentru consultarea online a resurselor documentare", Simpozion International Abordari moderne în managementul și economia organizatiei, Bucuresti:ASE
- 10. Moise, M. (2006) "Conducerea proceselor de business intre institutiile din administratia publica, folosind aplicatii orientate pe servicii" Revista Romana de Informatica si Automatica, Vol.16, Nr.3
- 11. Nadhan, E.G. (2004) "Seven Steps to a Service-Oriented Evolution", Business Integration Journal, January 2004: 41-44
- 12. Timofte, C. (2007) "E-Business Technologies", Informatica Economica, no. 4 (44)
- (1999) "The Bologna Declaration of 19 June 1999", at http://www.bologna-bergen2005.no/Docs/00-Main_doc/990719BOLOGNA_DECLARATION.PDF

THE SHIFT TO IT GOVERNANCE - A GLOBAL APPROACH

Ioniță Florin

ASE București, Fac. Management, Piața Romană 6 sect.1, ionitaf@hotmail.com, tel. 021-3191969

Ursăcescu Minodora

ASE București, Fac. Management, Piața Romană 6 sect.1, minoursa@ase.ro, tel. 021-3191969

Statistics show that the IT expenditures recorded a constant growth during the last 20 years, which shows a continuous growth of the effort of the companies or states dedicated to the extension of the IT sector. Unfortunately, these efforts have not always resulted in a similar growth of the competitiveness and performance of the organizations. In the the authors' opinion, in the large IT projects (more than $1,000,000~\epsilon$) the success rate does not exceed 1/7 in Romania and $\frac{1}{4}$ - $\frac{1}{5}$ at the world level. The causes should not only be searched in the way these systems are designed and implemented, but also inside the beneficiary organizations, where the information systems subject to updating cannot always successfully adapt themselves to the level of performance of an IT solution. This paper tries to prove that the management of IT activities in a company is not only a problem of the IT department, but one of the top management, and its ampleness justifies the usage of the term "governance" instead of "management".

Keywords: IT Governance, Maturity model, Maturity levels

GOVERNANCE VS. MANAGEMENT

Taken over from politics, where its common meaning is "capacity (art, from some points of view) of ruling a state, a province, or a geographic region which has a certain degree of autonomy", the word "governance" still causes disputes when it is used in different fields of knowledge. It seems that the first step in extending the meaning of this term was taken by the specialists in the field of organizational management, who considered that other terms, as "piloting" or, simply, "management", are not comprehensive enough for describing the ruling act of such an organization⁵⁷⁹, because of the complexity and multitude of the processes performed in a company, and because of the strong interaction between these processes and the economic, social and political environment they belong to. The term *Corporate Governance* appeared at the beginning of the 1990's and, shortly after, it was extended downwards to the components of the management system, whose greater and greater complexity demanded, in the opinion of some specialists, management techniques similar to those used in ruling of states or regions.

Probably one of the most used terms of this family is *IT governance*. There are, in our opinion, four major attributes of this notion which distinguish it from "management of IT activities" or "management of the IT Department" in an organization:

- -holistic and integrated
- -synergic
- -strategic
- -sliding

The *holistic feature*, defining for this collocation, refers to the subsidiary of the IT system to the institution's management and to the fact that the main goals of the IT system must represent a subset of the secondary goals of the whole organization's strategy. The goals of IT governance are often found among the strategic options of the company board. For example, implementing the specific Business Intelligence technologies inside the Management Information System of the firm and integration of the existing applications and data in the new information system as a goal of IT governance represents a way to achieve a management-specific goal, which increases the quality level of the decision making process by a more rigorous substantiation.

The *synergic feature* regards the unitary coordination, at the level of the IT system, of all its components and the orientation of each of the components and of the relations between them to achieving the common goals, established at the system level. Excessive focusing inside the management processes of the IT activities on the development of one of the system components can only be accepted in some support activities as, for example, the management of the local network, but not at the top level. At this level we speak about IT governance as a management philosophy according to which each of the component entities exists and develops only to support the synergic activity of achieving a unique goal of the whole set of components.

In our opinion the leading *strategic feature* of IT governance is also defining. Practicing the prevision function of management on long periods of time (3 to 5 years), dramatically distinguishes, with regards to managing IT activities, "management" from "governance" and so does the way the objectives of the company's strategy generate average and long term objectives for the IT system. Even if, during the dispute between the French-speaking and the Anglo-Saxon specialists on the paternity of the term "governance", an "equal" sign was sometimes drawn between the terms "governance" and "management", we believe that the difference between the two refers both to

579 BURLAUD, A.; GERMAK, P.; MARCA, J.P. – Management des systemes d'information, Editions Foucher, 2007. ISBN 978-2-216-10575-5 pag.34-35

the ampleness of the managed system, to its complexity and the time scale of the decisions made, and the approach in correlation with other systems with which it interacts in a synergic manner.

Another typical element of *IT governance* is the fast development of IT specific tools and concepts. So, when it is about designing wide systems, or when strategic objectives for the IT system are established, it can happen that, not long after these objectives were stated, they become obsolete or, by emerging of new instruments and concepts, to lose their character of major and long term demands. Under these circumstances these goals and objectives must slide on the vertical axis of the technological progress, being always subdued to the global mission of the organization.

THE NECESSITY OF IT GOVERNANCE

If, until not very long ago, the expenses with development and maintaining the automated information systems of a company usually represented a relatively low quote of the total costs of that institution, once these systems started to migrate fast from the automatization of execution processes to the management ones, a great demand for complex information system implementations occurred, first from the managers of the most important companies and afterwards from the management of medium and even small firms. The costs of design, implementation, running and maintaining of these systems became comparable with the budgets of large departments, as marketing, or even production.

Emerging of new integrating technologies, which started from the premise that the value of an IT integrated system is normally greater than the sum of the component subsystems' values, while the relation between their costs is inverted, led to a massive orientation of IT investment to achieving turn-key systems. Specific to these systems, usually built on a multilevel philosophy, was that, starting from the top management requirements, functional specification and interface levels were developed vertically in a top-to-bottom manner, on a common data and business process backbone, rendered by a content management system. Subsequently other groups of interrelated applications were developed horrizontally for each level so that, based on the initial specifications, they met the requirements of their level and also synchronized one another with modules belonging to other levels by means of the two basic elements: the data deposit and the business flow.

Besides the increase in performance and productivity of the system developers and the impact of these features on the company management, this approach also created two big groups of problems whose solution is the key to IT systems' success: organizing the company and even some processes and major business rules, as well as organizing and management of all IT structure development and running activities, which have meanwhile grown extremely complex.

A study⁵⁸⁰ developed by the well known consultancy company Gartner shows that during the last few years, we have witnessed an unprecedented growth of the companies' expenditures for re-engineering and maintaining of their own IT systems, with a rate of 5-8%. Only in 2007 these expenditures exceeded \$3 trillion. Under these circumstances, the design errors, budget overflows, security breeches and incoherence caused losses of more than \$600 million⁵⁸¹ in 2006. An even clearer image of the disaster is given to us by Rubenstein, in "Standish Group Report" ⁵⁸².

Consequently, the lack of a high performance control exerted at all levels and coordinated by the top management of the company, the lack of a coherent ruling of the whole range of IT activities, the lack of coordination between these activities and the other categories of activities run in the company and especially the lack of an intelligent strategy of the firm, containing elements of the IT strategy in all its components, can turn the IT investment into a huge loss of resources, trust, performance and competitiveness.

In the above statements we identify the features of IT governance as they were described at the beginning of this paper. As shown in 583 we can briefly emphasize the main classes of needs which determine the IT governance processes:

-need of increasing the company's efficiency or, as stated in the above mentioned article, the need of getting more by paying less;

-need of innovation and completing several initiatives in parallel, which is a common IT governance problem, given that requests for system modification exceed the IT response capacity, causing dissatisfaction;

-need to keep large projects on track, which normally occurs at non-experienced companies which try to develop ambitious IT projects (as, for example, ERP's) without having the expertise in avoiding or recovering after major failures;

⁵⁸¹ HUBER N. (Gartner) - Firms Waste £351bn Each Year on Ill-Concieved IT Projects." ComputerWeekly.com, March 21, 2007.

⁵⁸⁰ GARTNER. "Gartner Says World-Wide IT Spending to Surpass \$3 Trillion in 2007." Business Wire, October 8, 2007.

⁵⁸² RUBENSTEIN. D. - "Standish Group Report: There's Less Development Chaos Today." *Software Development Times*, March 1, 2007.

⁵⁸³ HAINAUT, J.; WALKER, P. - Getting Serious About IT Governance; Can You Afford to Put it Off? DM Direct, February 8, 2008

-need to avoid recurring of data security incidents;

-need to meet compliance deadlines, taking into account that compliance initiatives can result in overlapping or conflicting demands, which can sometimes make the use of multiple drivers necessary.

From another point of view, the role of IT governance is to balance the requirements of the investors and of the rest of the stakeholders, by focusing the efforts of the organization on adding value, under an adequate control and with high accountability.

Regarded as a system by which the IT resource is controlled and driven, IT governance must first consider the roles and accountability of each person or group in the firm as, for example, the board or second level managers. In order to adopt the fundamental decisions concerning the IT system, it also has to take into account the set of all the business rules and processes. Finally, IT governance must build and consolidate an effective structure and use it to establish the IT goals, to carry them out and to monitor their development, starting from the company's general objectives.

In our opinion, in order to reveal all the senses and meanings of the term "IT Governance", we must simultaneously consider the following two dual aspects of this item:

- -using IT as the main governance tool of the enterprise;
- -managing the entire IT system in the same manner and using the same methods and techniques as in ruling the company.

This point of view also gives a helping hand in answering the question "what training, what knowledge and what skills must an IT manager have, and in what proportion?". The answer is obviously not simple, and in our opinion it depends both on the level of management/governance techniques used in managing the IT system and the IT structure complexity, as shown in Figure nr. 1.

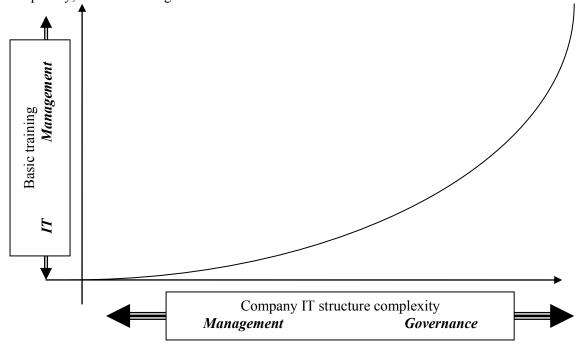


Figure nr.1 Basic training and the level of knowledge necessary for the IT manager of an organization

According to the above diagram, for a low complexity IT system, with an infrastructure of low extension and complexity and within an approach which considers IT as a support activity for other departments, the IT manager must mainly have an IT training, with some entry level knowledge of management. As opposed to this, in a larger IT structure with the extension of specific functions of the IT system to the top management level and implemented IT governance concepts, the leading person or group in charge of coordinating this activity must mainly have manager skills.

IMPLEMENTATION OF IT GOVERNANCE TECHNIQUES AND METHODS

Specialists consider that an IT solution, whether it is a simple application or a complex system, has as much strength as it has the capability to satisfy the needs of its beneficiaries. Speaking about the implementation of IT governance as the main management system of the IT resource, the success of this enterprise is given by the coherence between the solution itself, the implementing manner, the level of the IT and management culture of the organization and its close environment and the extent of performance-focusing of the company management.

In other words, the balance between the technological and performance level of the solution and the level of organizational, management and technical knowledge and culture of the personnel of the firm and of the companies

and organizations with which the firm communicates regularly is the key factor which makes the difference between really successful solutions and costly (often resounding) failures.

As a consequence, when we look for the best and most efficient solution for IT Governance, we must consider two important aspects: one is the level of the organizational culture, the capability level of the IT and management system and the maturity and performance of the entire company, and the other one is the range of appropriate solutions offered by the market for the given situation. For a correct valuation of the existing solutions, there are a lot of instruments and information sources available (both scientific and commercial) which can perform a very refined analysis. For the estimation of the general level of the organization, an adequate and as objective diagnose as possible is necessary.

For this diagnose we recommend a method known as Capability Maturity Model⁵⁸⁴ - CMM, which, based on identification of some features of management, respectively IT governance, and on their comparison to a series of preset levels, shows the maturity degree of the IT system.

In a nutshell, CMM tackles five different aspects which can determine one of the five possible levels of the model where the IT structure can be situated.

- 1. Maturity Levels (ML). They consist of a layered framework which gives the steps to be followed by the organization to the stage needed to engage in continuous improvement.
- 2.Key Process Areas (KPA). These are groups of related activities which lead to achieving a set of objectives of utmost importance, when performed collectively.
- 3.Goals (G). The goals of a key process area are regarded as a sum of conditions to be fulfilled in order to state that the group of activities was implemented in an effective, long lasting way.
- 4.Common Features (CF). They refer to the practical ways of implementing the key process area. They include: Commitment to Perform, Ability to Perform, Activities Performed, Measurement and Analysis, and Verifying Implementation.
- 5.Key Practices (KP). They describe those infrastructure elements or processes which significantly contributed to implementing and institutionalization of the key processes.

When we wish to identify the state of the organization and the most suitable approach in order to implement IT Governance, the five levels we can refer to are as follows:

Level 1 – Initial. At this level the processes are usually not documented and their modification is based on the user or event It is assumed that, at this level, the organization does not have a steady environment and it may not know all the environmental elements or their interactions.

Level 2 – Repeatable. A series of application development processes are repeatable and generate positive results. Yet, they are not used in all projects running in the organization. In some cases, low complexity project management techniques are used. Level 3 – Defined. The set of standard processes within the company, which is the basis of the 3rd level, is established and improved every now and then. The organization's management establishes process objectives for its set of standard processes, and monitors the proper addressing of these objectives.

Level 4 – Managed. By using process indicators, the board of managers in the company can actually control the running processes and, when applicable, they can find means of adjustment of processes to certain projects, without recording significant drops in quality or deviations from specifications. At this level, the firms set quantitative quality goals for the design and maintenance of IT programs⁵⁸⁵.

Level 5 – Optimized. This maturity level focuses on achieving continuous improvement of the process performance both in "steps" (incremental improvement of technology) and in innovative leaps. The organization sets quantitative goals for process perfecting, which are permanently adjusted to the changes in its objectives and used as criteria for the managing action improvement.

As described above, one of the first activities to be done with a view to implementing the new methods of IT Governance is estimating the company situation at the beginning of the reorganization process. Identification of the typical elements of the company and its level is also necessary within the Maturity Model. On this purpose specialists recommend a systematic approach based on examining a few distinct stages, such as:

- Identification of the range of operation of the existing IT system
- Localization of the critical spots for the business development, which are to be tackled priory. The validity of the Paretto principle is also proven in this case, namely in order to eliminate or diminish 80% of dysfunctions, one must take action over the main 20% of the causes to the weak points inside the system. The five levels of the Maturity Model are schematically described in Figure nr.2.

-

⁵⁸⁴ HUMPHREY, W.,S.; - Managing the software processes. Addison Wesley Professional, Massachusets, 1989.

⁵⁸⁵ http://wikipedia.org

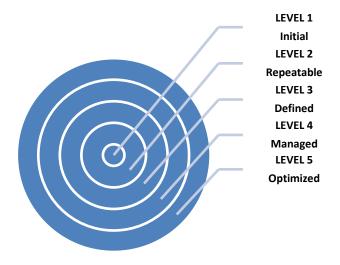


Figure 2. The levels of the Maturity Model

situated and how high it should be? How helpful is it for the business and what is wanted?

After this preliminary analysis, due to the Maturity Model, it is necessary to determine the key process areas. For this, one normally develops a simple framework that focuses on high-level factors covering the IT performance areas that are of critical concern to the business. The maturity of critical performance areas will help diagnose where governance improvement efforts could help the most.

Determination of the actual maturity level of the company can be done by taking into account all the key performance areas and their individual estimated levels. It is very important at this stage to set up in a professional manner the maturity level which is optimal for the business. Higher-level stakeholders need to identify which performance areas are important to rate and where they should be on the maturity model — not in theory, but in practical terms. It may also be a good idea to qualify the rating by a planning horizon such as one to three years.

Finally, the strategy of implementation of a new model of IT governance is a result of comparing the desired level of maturity to the perceived level of maturity, the business and IT should be able to agree on an acceptable set of required improvements. Setting up the goals and developing an action plan that addresses the largest gaps prioritized by business must be followed by planning periodic reassessment, recommended for helping the organization measure improvement or refocus efforts based on changing needs.

Bibliography

1.BURLAUD, A.; GERMAK, P.; MARCA, J.P. – Management des systemes d'information, Editions Foucher, 2007. ISBN 978-2-216-10575-5 pag.34-35

2.GARTNER. "Gartner Says World-Wide IT Spending to Surpass \$3 Trillion in 2007." Business Wire, October 8, 2007.

3.HAINAUT, J.; WALKER, P. - Getting Serious About IT Governance; Can You Afford to Put it Off? DM Direct, February 8, 2008

4.HUBER N. (Gartner) - Firms Waste £351bn Each Year on Ill-Concieved IT Projects." ComputerWeekly.com, March 21, 2007.

5. HUMPHREY, W., S.; - Managing the software processes. Addison Wesley Professional, Massachusets, 1989.

6.RUBENSTEIN. D. - Standish Group Report: There's Less Development Chaos Today. *Software Development Times*, March 1, 2007.

7.http://europa.eu.int/comm/governance/white paper

8.http://wikipedia.org

WEB MINING IN E-COMMERCE

Istrate Mihai

University of Pitești Faculty of Mathematics and Informatics No.1, Stadionului, Țicleni, Gorj, 215600, Romania mihaifrance@yahoo.com +40 745 775 935

Recently, the web is becoming an important part of people's life. The web is a very good place to run successful businesses. Selling products or services online plays an important role in the success of businesses that have a physical presence, like a retail business. Therefore, it is important to have a successful website to serve as a sales and marketing tool. One of the effective used technologies for that purpose is data mining. Data mining is the process of extracting interesting patterns from large databases. Web mining is the usage of data mining techniques to extract interesting information from web data. This paper presents the three components of web mining: web usage mining, web structure mining and web content mining and the main data preprocessing tasks for web usage mining.

Keywords: E-Commerce, Data mining, Web mining

JEL M

1. E-Commerce and Retail websites

In e-commerce instead of having your business in a limited physical place and a limited sector of customers who are usually near to your store or business, you have it in the web. In e-commerce websites you have the ability to sell, advertise, and introduce different kinds of services and products in the web. E-commerce websites have the advantage of reaching a large number of customers regardless of distance and time limitations. Furthermore, an advantage of e-commerce over traditional businesses is the faster speed and the lower expenses for both e-commerce website owners and customers in completing customers transactions and orders.

Because of the above advantages of e-commerce over traditional businesses, a lot of industries in different fields such as retailing, banking, medical services, transportation, communication, and education are establishing their business in the web. But creating a successful online business can be a very difficult and costly task if not taking into account e-commerce website design principles, web engineering techniques, and what e-commerce is supposed to do for the online business. Understanding the requirements of both e-commerce website owner and customer is an important aspect in building a successful e-commerce website. There is a lot of information need to be defined before starting building the e-commerce website such as identifying business goals and how the website will target those goals, if the website supposed to attract new customers or increase the sales of current customers, identify if the proposed website will increase the business overall profit, and identify the most suitable tools and techniques need to be used/followed in order to target those requirements.

Retail websites aim to inspire, reflect a good image about the business and improve it online. An important factor in having a successful retail website is to know your competitors. On one hand, by identifying their points of strongness and trying to get benefit of them by improving those strongness points and adopting powerful strategies. On the other hand, identifying weakness points of your competitors and avoid them is a good practice in having a successful retail website.

2. Web mining

The usage of data mining to maintain websites and improve their functionality is an important field of study. Patterns extracted from applying data mining techniques on web data can be used to maintain websites by improving their usability through simplifying user navigation and information accessibility and improving the content and the structure of the website in a way that meets the requirements of both website owner and user which will consequently increase the overall profit of the business.

Web mining is the use of data mining techniques to extract useful patterns from the web. Those extracted patterns are used to improve the structure of websites, improve the availability of the information in the websites and the way those

pieces of information are introduced to the website user, and to improve data retrieval and the quality of automatic search of information resources available in the web. Web mining can be divided into three major categories: web usage mining, web content mining, and web structure mining.

2.1 Web Usage Mining

Web usage mining or web log mining is the process of applying data mining techniques to web log data in order to extract useful information from user access patterns. Web usage mining tries to make sense of the data generated by the web user's sessions or behaviors. The web usage data includes data from web server access log, proxy server logs, browser logs, user profiles, registration data, cookies, and user queries. Web usage mining tries to predict user behavior while user interacts with the web and learns user navigation patterns. The learned knowledge could then be used for different applications such as website personalization, business intelligence, usage characterization and adaptive websites. There are two approaches for web usage mining process:

- Mapping the log data into relational tables before an adopted data mining techniques is performed.
- Using the log data directly by utilizing special preprocessing techniques.

The Web usage mining process consists of three phases: data preprocessing, pattern discovery, and pattern analysis. Pattern discovery is that set of methods, algorithms, and techniques used to extract patterns from web log file. Several

techniques are used for pattern discovery such as statistical analysis, clustering, classification, and sequential pattern mining. After patterns are discovered they need to be analyzed in order to determine interesting and important patterns, besides the removal of redundant patterns. Pattern analysis has several different forms such as knowledge query mechanism, visualization techniques, and loading usage data into a data cube in order to perform Online Analytical Processing OLAP operations.

A web server log file records users transactions in the web. Usually, the web log file contains information about the user IP address, the requested page, time of request, the volume of the requested page, its referrer, and other useful information. The web log file can have different format, but there is a common log file format that is mostly used. The common log file has the following format:

remotehost rfc931 authuser [date] "request" status bytes

where *remotehost* represents remote hostname (or IP number if DNS hostname is not available), *rfc931* represents the remote logname of the user, *authuser* represents the username as which the user has authenticated himself, [date] represents dateand time of the request, "request" represents the request line exactly as it came from the client, *status* represents the HTTP status code returned to the client, and finally *bytes* represents the content-length of the document transferred. The WWW Consortium (W3C) presented an extended format for web server log file that is able to record a wide range of data to make an advanced analysis of the web log file. Web log file is the main source of data analysis in web mining but a lot of preprocessing efforts need to be performed in order to prepare the web log file to be mined.

2.2 Web Content Mining

Web content mining is mining the data that a web page contains. The contents of most of the web pages are texts, graphics, tables, data blocks, and data records. A lot of research has been done to cover different web content mining issues for the purpose of improving the contents of the web pages, improving the way they are introduced to the website user, improving the quality of search results, and extracting interesting web page contents.

Web content mining is still a large field. It constains:

- structured data extraction;
- sentiment classification, analysis and summarization of consumer reviews;
- information integration and schema matching;
- knowledge synthesis;
- template detection and page segmentation;

A large amount of information on the Web is contained in regularly structured data objects which are data records retrieved from databases. Such Web data records are important because they often present the essential information of their host pages, lists of products and services.

Two of the most used methods for extracting structured data are *wrapper induction* (given a set of manually labeled pages, a machine learning method is applied to learn extraction rules or patterns) and *automatic extraction* (given a set of positive pages or given only a single page with multiple data records, generate extraction patterns).

2.3 Web Structure Mining

Links pointing to a document indicate the popularity of the document, whereas links coming out of a document indicate the richness or the variety of topics covered in the document. Web structure mining describes the organization of the content of the web where structure is defined by "hyperlinks between pages and HTML formatting commands within a page".

Understanding the relationship between contents and the structure of the website is useful to keep an overview about websites. One of the approach allows the comparison of web page contents with the information implicitly defined by the structure of the website. In this way, it can be indicated whether a page fits in the content of its link structure, and identify topics which span over several connected web pages. Thus supporting web designers by comparing their intentions with the actual structure and content of the web page. Other studies deal with the web page as a collection of blocks or segments. By partition the web page into blocks and by extracting the page-to-block, block-to-page relationship from link structure and page layout analysis, a semantic graph can be constructed over the WWW such that each node exactly represents a single semantic topic, this graph can better describe the semantic structure of the web. Structure within a web page can be used to help machines understand pages.

3. Web Usage Mining Techniques

In this section, we discuss data mining techniques that are mostly used in web usage mining such as statistical analysis techniques, clustering, classification, association rule mining, and sequential pattern mining.

Statistical analysis is the process of applying statistical techniques on web log file to describe sessions, and user navigation such as viewing the time and length of a navigational path. Statistical prediction can also be used to predict when some page or document would be accessed from now. It makes use of the N-grammer model which assumes that when a user is browsing a given page, the last N pages browsed affect the probability of the next page to be visited.

Clustering is the process of partitioning a given population of events or items into sets of similar elements. In web usage mining there are two main interesting clusters to be discovered: usage clusters, and pages clusters. An approach is to cluster web pages to have a high quality clusters of web pages and use that clusters to produce index pages, where index pages are web pages that have direct links to pages that may be of interest of some group of website navigators.

Classification is dividing an existing set of events or transactions into another predefined sets or classes based on some characteristics. In web usage mining, classification is used to group users into predefined groups with respect to their

navigation patterns in order to develop profiles of users belonging to a particular class or category.

Association rule mining is the discovery of attribute values that occur frequently together in a given set of data. Association rules mining techniques are used in web usage mining to find pages that are often viewed together, or to show which pages tend to be visited within the same user session. A re-ranking method with the help of website taxonomy is to mine for generalized association rules and abstract access patterns of different levels to improve the performance of site search. Another approach for predicting web log accesses is based on association rule mining. Association rule mining facilitates the identification of related pages or navigation patterns which can be used in web personalization.

In sequential pattern mining a sequence of actions or events is determined with respect to time or other sequences. In web usage mining, sequential pattern mining could be used to predict user's future visit behaviors. Some web usage

mining and analysis tools use sequential pattern mining to extract interesting patterns such as SpeedTracer and Webminer.

4. Data Preprocessing for Web Usage Mining

Before data mining techniques are applied to web log file data, several preprocessing steps should be done in order to make web log file data ready to be mined. Web log file contains data about requested URL, time and date of request, method used, etc. The main data preprocessing tasks are data cleaning and *filtering, path completion, user identification, session identification,* and *session formatting*.

Data cleaning is the first preprocessing task. It involves the removal or elimination of irrelevant items that are not important for any type of web log analysis. Elimination of irrelevant items can be accomplished by checking the suffix of the URL name to filter out requests for graphics, sound, and video hits in order to concentrate on data representing actual page hits. For example, all log entries with filename suffixes such as gif, jpeg, and jpg can be removed. Another cleaning process is removing log entries generated by web agents like web spiders, indexers, or link checkers. Filtering out failed server requests, or transforming server error code is also done. Merging logs from multiple servers and parsing the log into data fields is also considered a data cleaning step.

Path completion preprocessing task fills in page references that are missing due to local browsing caching such as using the back button available in the browser to go back to previously visited page.

User identification is a complex step due to the existence of local caches, corporate firewalls, and proxy servers. If the agent log shows a change in browser software, or operating system, a reasonable assumption to make is that each different IP address in the log file represent a different user. If a page is requested that is not directly reachable by a hyperlink from any of the pages visited by the user, a heuristic assume that there is another user with the same IP address. Another assumption can be made is that consecutive accesses from the same host during a certain time interval come from the same user. In some cases it is difficult to identify users, for example, when two users use the same machine and the same browser with the same IP address and look at the same set of pages.

Session identification. A user session is defined as "the set of pages visited by the same user within the duration of one particular visit to a website". Session identification is dividing the page accesses of each user into individual sessions. One approach to identify user sessions, is by using a timeout threshold that is if the time between pages requests exceeds a certain limit, then the user is starting a new session. Another approach assumes that consecutive accesses within the same time period belong to the same session.

Session Formatting. A final preprocessing step could be formatting the sessions or transactions for the type of the data mining technique, or algorithm to be applied. The Webminer, for example, formats the cleaned web server log data in order to apply either association rule mining or sequential pattern mining.

5. Discussion

From previous, it is clear that making changes and adaptations to websites with the help of extracted patterns using different data mining techniques is very effective, but doing that in the maintenance phase can be costly and time consuming and suffers from different drawbacks. In commercial companies which are companies that sell different kinds of products on the web, in order to make an effective maintenance to their websites, the companies have to wait some period of time, for example one year, in order to have a representative log file that reflects customers transactions in their website and can give a clear image about their behavior. This amount of time is considered very big especially for the companies in which the time factor plays an important role in their success strategy, and have many competitors who can attract their customers if they have no solid marketing strategies in order to keep their customers as loyal as possible.

On the other hand, most businesses gather information about internet customers through online questionnaires. But, many customers choose not to complete these questionnaires because of the amount of time required to complete them as well as a lack of a clear motivation to complete them. Several companies use cookies to follow customers through the WWW, but cookies are sometimes detected and disabled by web browsers and do not provide much insight into customer preferences. This is because customers are feeling that their profiles are not secure so a number of customers choose to give incorrect information about themselfs.

Furthermore, in web mining different strategies are implemented to identify sessions such as defining a time threshold that a session should not exceed or assuming that consecutive accesses within the same time period belong to the same session. In some cases, it is difficult to identify users, for example, when two users use the same machine and the same browser with the same IP address and look at the same set of pages. We can conclude from that, that those session and user identification strategies can not give a guarantee that those identified users and sessions represent the actual users and sessions.

The problem of building an ill-structured website for some company/business can be solved by applying data mining techniques such as clustering, classification, and association rule mining on the contents of the information system of the company/business. Then, from the extracted patterns, the information needs to be considered in the website building process is gained and invested during the design phase in the process of website design which yields to a better designed retail website. The main advantage of this method is that it reduces maintenance time and budgetary costs for websites if they are built taking into account the extracted interesting patterns from the transactions database of the company/business. This approach also permits the sales manager to focus on the core business and gives him a better view about his products and customers which is very helpful in designing retail websites.

In conclusion, patterns extracted from applying web mining techniques on web data can be used to maintain websites by improving their usability through simplifying user navigation and information accessibility and improving the content and the structure of the website in a way that meets the requirements of both website owner and user which will consequently increase the overall profit of the business.

References

- 1. S. Ananyan, M. Kiselev, Automated Analysis of Unstructured Texts
- 2. Michael Goebel, Le Gruenwald, A Survey of Data Mining and Knowledge
- 3. Stefan Conrad, Martin Mauve, Data Mining for Retail Website Design and Enhanced Marketing
- 4. Bing Liu, Web Content Mining
- 5. Christopher J. Hazard, Data Mining and Web Logs
- 6. Asem Omari and Stefan Conrad, Web Usage Mining for Adaptive and Personalized Websites
- 7. Margaret H. Dunham, Data Mining Introductory and Advanved Topics
- 8. Ruey-Shun Chen, Ruey-Chyi Wu, and J. Y. Chen, Data Mining Application in Customer Relationship Management of Credit Card Business.
- 9. A. McDonald and R. Welland, Web Engineering in Practice
- 10. Martin Ester, Hans-Peter Kriegel, and Matthias Schubert, Web Site Mining a New Way To Spot Competitors, Customers and Suppliers in The World Wide Web.
- 11. M. Istrate, Web Content Mining.

MODERN APPROACES IN THE CONTEXT OF AMBIENT INTELLIGENCE

Ivancenco Constanța Veronica

Academia de Studii Economice București Facultatea Contabilitate și Informatică de Gestiune Piața Romană nr. 6, sector 1, București, CP 010374 Email: vivancenco@yahoo.de Telefon: 0723587743

Gheorghe Mirela

Academia de Studii Economice București Facultatea Contabilitate și Informatică de Gestiune Piața Romană nr. 6, sector 1, București, CP 010374 Email: mirelaghe@gmail.com Telefon: 0723858611

Boldeanu Dana Maria

Academia de Studii Economice București Facultatea Contabilitate și Informatică de Gestiune Piața Romană nr. 6, sector 1, București, CP 010374 Email: danabolde@gmail.com Telefon: 0721803603

Ambient Intelligence (AmI), as a new vision and concept of the tomorrow, gathers a few features regarding both the integration of technology in the environment and the capacity technology has to recognize the user and its context, the system capacity to intelligently answer users' requests.

The purpose of the present paper is to describe this emerging field of research and development which is rapidly gaining wide attention in that last few years, from an increasing number of researchers worldwide, especially from Europe.

Ambient Intelligence is considered the next step for Artificial Intelligence, in the context of supporting people in having a better access to the essential knowledge for taking better decisions when interacting with modern environments.

Keywords: Ambient Intelligence (Aml), ubiquitous computing, scenario, artificial intelligence (Al)

The article's JEL code: O14, O33

1. Conceptual framework of Ambient Intelligence

Ambient intelligence (Ambient Intelligence - AmI) is a basic concept for normative visions for information technology development in the European Union, a general framework for the future European information society. The European Commission's Information Society Technologies Advisory Group (ISTAG) ⁵⁸⁶ worked since 1999 on the vision of IST development in the 5th and 6th Framework Programme ⁵⁸⁷. These visions and ideas are summarized by the concept of AmI.

During the last few years, AmI has been present in almost all discussions on the future of communication, a fact which is proven by the over 15 international conferences organized only within European frontiers: European Symposium on AmI - Eidhoven; Smart Objects Conference – Grenoble; International Conference on Concurrent Enterprising – Leiden (Netherlands); International Conference on Pervasive Computing - Linz and Vienna, to mention just a few of the most relevant.

The ambient intelligence expression is only on European version. Big companies like IBM are talking about "Pervasive Computing", HP about "cooltown", MIT about 'Things that Think" and Xerox about "ubiquitous computing". The giant Dutch electronics company Royal Philips opened in 2002 the doors of a HomeLab, an ambitious experiment in developing ultra-modern living systems and consider that what's driving the research: "Ambient Intelligence," is a 21st century cousin of artificial intelligence.

The ISTAG reports define AmI at a conceptual level and identify important technologies for achieving it. In the paper called "Ambient Intelligence: From Vision to Reality", ISTAG refers to the specific AmI components: smart materials, micro-electromechanical systems and sensor technologies, embedded systems, ubiquitous communications, I/O device technology, and adaptive software. 589

Regardless of the term used, the competition is strong when it comes to defining a brand that will rule over anything that is related to communication and lifestyle in the decade that follows.

Ambient Intelligence brings a special perspective to the on-going research associated with technical fields like ubiquitous computing, pervasive and proactive computing, ambient computing, embedded computing and smart objects.

Ambient Intelligence has become well-focused by putting people and social contexts at the centre, while at the same time aiming to distribute, embed, coordinate and interactively deliver computing intelligence within the surrounding environment. The notion of Ambient Intelligence, as described above, is becoming a de facto key

586 ISTAG, "Scenarios for Ambient Intelligence", European Commission, 2001, available online at www.cordis.lu/ist/istag.html 587Wierzbicki, Andrzej P. "The concept of ambient intelligence and decision support for telecommunications", Journal of Telecommunications and Information Technology, no. 3/2002

588Peterson, Karen "Home Sweet Ambient Home, from Philips", May 8, 2002, available online at http://www.10meters.com/homelab1.html 589 ISTAG, "Ambient Intelligence: From Vision to Reality", European Commission, 2003, available online at ftp://ftp.cordis.europa.eu/pub/ist/docs/istag-ist2003_consolidated_report.pdf

dimension of the emerging Information Society, since many of the new generation industrial digital products and services are clearly shifted towards an overall intelligent computing environment. 590

Ambient Intelligence without invasion of privacy represents a long-term vision for the EU Information Society Technologies Research program, with the aim of bringing together researchers across multiple disciplines: computer science, social sciences, physics, biology, engineering, design, architecture & philosophy to name a few⁵⁹¹.

Shortly, ambient intelligence is a future information society environment with intelligence embedded anywhere but in an unobtrusive fashion, with the emphasis on 592:

greater user-friendliness; more efficient services support; user empowerment; support for human interactions.

2. ISTAG Scenarios for Ambient intelligence

As a result of a European program the aim of ambient intelligence involves the convergence of several computing areas and is meant to describe in different scenarios what living with AmI might be for the ordinary citizens in the year of 2010. In order to answer to an important question bounded of critical aspects of AmI, meaning "What aspects of AmI would people soonest buy?" ISTAG asked the Institute for Prospective Technology Studies (IPTS) from Seville to develop a series of "scenarios for ambient intelligence".

There are four principal scenarios described in details in the ISTAG Report are referring to the relationships between humans and personal communication devices in a business environment, the necessary technological requirements and technologies to use for travel and commerce and global resources for social learning, group dynamics and so others. The suggestive names of these scenarios are the following:

Scenario "Maria" – road warrior

Scenario "Dymitrios" – digital Me (DMe)

Scenario "Carmen" – traffic, sustainability, commerce

Scenario "Annette and Solomon" - an ambient for social learning

The AmI scenarios are not predictions. They describe plausible present and future and do not forecast specific trends in technologies. The aim of the scenarios is to improve the people general understanding and vision of the development of AmI and its possible future impact.

The main structuring differentials between the scenarios are⁵⁹³:

- Economic and personal efficiency versus sociability/humanistic drivers (goals)
- Communal versus individual as the user orientation driver (actors).

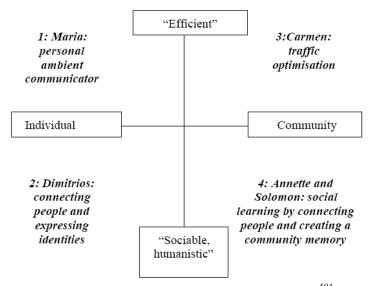


Figure 1. Paths and alternative developments of AmI⁵⁹⁴

⁵⁹⁰ Stephanidis, Constantine "A European Ambient Intelligence Research Facility at ICS-FORTH", Oct. 2006

⁵⁹¹ G. Riva & et.al. "Ambient Intelligence The evolution of technology, communication and cognition towards the future of humancomputer interaction", IOS Press, 2001, available online at http://www.ambientintelligence.org

⁵⁹² Wierzbicki, Andrzej P. "The concept of ambient intelligence and decision support for telecommunications", Journal of Telecommunications and Information Technology, no. 3/2002

⁵⁹³ ISTAG, "Scenarios for Ambient Intelligence", European Commission, 2001, available online at www.cordis.lu/ist/istag.html 594 ISTAG, "Scenarios for Ambient Intelligence", European Commission, 2001, available online at www.cordis.lu/ist/istag.html

The Figure 1 shows a cross of two axes which delimit the AmI scenarios and provides a structure that isolates some of the main features and alternative development paths for Ambient Intelligence. Very interesting are the critical factors for the implementation of the above scenarios, specified in the IPTS-ISTAG report. These factors are sociopolitical, business-economic, technological and others. The main technological factors are listed as following:

very unobtrusive hardware (miniaturisation, Nanotechnology, smart devices, sensors etc.)

seamless mobile-fixed communication infrastructure (interoperability, wired and wireless networks, service-oriented architecture, semantic web etc)

dynamic and massively distributed device networks (e.g. service discovery, auto-configuration, end-user programmable devices and systems etc.)

natural feeling human interfaces (intelligent agents, multimodal interaction, context awareness etc.)

dependability and security systems (self-testing and self repairing software, privacy ensuring technology etc.)

3. Ambient Intelligence versus Artificial Intelligence

The two terms, "intelligence" and "ambient" suggest a change of perspective: if the technology goes to the background, the user gets to occupy the forefront; in the user-system interaction, the system is the one that must adjust to the user's peculiarities and not the other way around. This new vision provides interfaces with "intelligence".

The intelligence contained in the information components is expressed via:

- the social nature of the user interface expresses the degree in which the system behavior is appropriate for the user's customs, knowledge, intuition and situations;
- the system's adjusting capacity with respect to the user and the environment is done by understanding the context and learning as a result of interactions with the user.

The main target of the interfaces of the future is multimodal communication (sometimes called "multi-sensor"), a communication that effectively combines the adjusting capacities of ambient intelligence systems and the natural perception and expression possibilities of the individual (speaking, handwriting, gestures).

The concept of ambient intelligence gathers a few features regarding both the integration of technology in the environment and the capacity technology has to recognize the user and his/her context, the system capacity to intelligently answer users' requests⁵⁹⁵.

Ambient Intelligence technologies integrate sensing capabilities, processing power, reasoning mechanisms, networking facilities, applications and services, digital content and actuating capabilities distributed in the surrounding environment. While a wide variety of different technologies is involved, the goal of Ambient Intelligence is to either entirely hide their presence from users or to smoothly integrate them in their surroundings as enhanced environment artifacts rather than technological gadgets. This way, the computing-oriented connotation of technology essentially fades out or even disappears in the environment, providing seamless and unobtrusive interaction paradigms. Therefore, people and their social situation, ranging from individuals to groups, be they work groups, families or friends and their corresponding environments (office buildings, homes, public spaces, etc) are at the centre of the design considerations as we can see in Figure 2.

⁵⁹⁵ Aarts, Emile, Marzano, Stefano (editors) The New Everyday: Vision on Ambient Intelligence, 010 Publishers, Rotterdam, The Netherlands, 2003

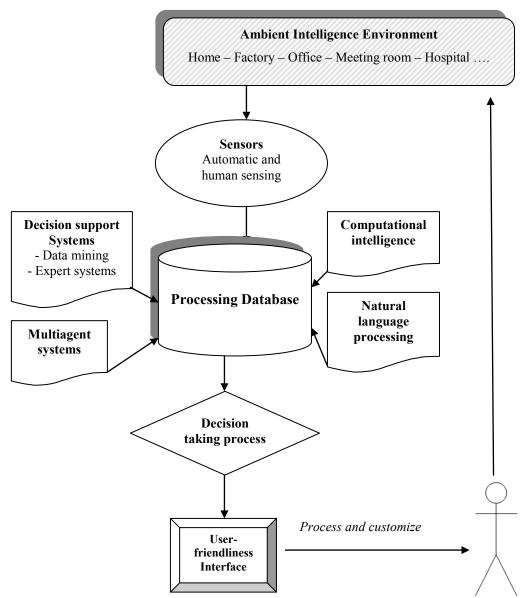


Figure 2. The structure of Ambient Intelligence system

Figure 2 shows the importance of Artificial Intelligent (AI) component within an AmI system. AmI environment is seen and sent through different sensors (human, net sensors like GPS for example, raw sensors, audio and speech image, etc.). To offer decision maker models of action and pertinent decisions, AmI system includes both an operational, technical component (hardware, operating systems, communications, databases, computer graphics, etc) and an intelligent one which includes methods and techniques of AI (processing language natural, text mining, expert systems, machine learning, etc). Human component plays an important part next to the previous components, both decision taking and perceptions sent will interact with the AmI environment.

According to Ramos and his colleagues in 2008 AmI systems should be able to interact intelligently with humans and this interaction requires context awareness. In AmI systems, context awareness will involve such factors as mixed-initiative interfaces, adapting to users and situations, learning by observing users, consciousness of the current situation, and scalable intelligence⁵⁹⁶.

The system capacity to intelligently answer users' requests gathers three defining features of ambient intelligence, namely:

customization (to the perceived specific needs of the user); adjustment (in order to consider the time modification of the user's knowledge and behavior); anticipation of the user's desires.

4. Conclusions

The present development of the informational environment is a natural one in which business environment has to adapt, to integrate the best techniques and tools (Data Mining techniques, statistics algorithms, artificial

596 Ramos, Carlos, Augusto, Juan Carlos, Shapiro, Daniel "Ambient Intelligence - the Next Step for Artificial Intelligence", IEEE Computer Society, Volume 23, Issue 2, March-April 2008, Page(s):15 - 18

intelligence, neural networks, fuzzy logics, genetic algorithms, etc.) that will allow a data analyze in real time. Also, it will be the foundation for multidimensional analysis of financial data to provide pertinent answers to relevant decision makers within a specific organization. Moreover, centralized and synthetic information which provide the best decisional support is a *sine qua non* condition for an efficient management system.

The research underlines the necessity of using methods and techniques like multiagent systems, fuzzy systems, logic programming and other tools to develop an AmI system. AmI can't be completely achieved without AI. The structure of system activities through particularizing of actors (users) rolls which will diversify the variety of AmI systems.

References

- 1. Aarts, Emile, Marzano, Stefano (editors) *The New Everyday: Vision on Ambient Intelligence*, 010 Publishers, Rotterdam, The Netherlands, 2003
- 2. Ramos, Carlos, Augusto, Juan Carlos, Shapiro, Daniel "Ambient Intelligence the Next Step for Artificial Intelligence, IEEE Computer Society, Volume 23, Issue 2, March-April 2008 Page(s):15 18
- 3. Wierzbicki, Andrzej P. "The concept of ambient intelligence and decision support for telecommunications", Journal of Telecommunications and Information Technology, no. 3/2002
- 4. IST Advisory Group, "Scenarios for Ambient Intelligence", European Commission, 2001, available online at www.cordis.lu/ist/istag.html.
- 5. IST Advisory Group, "Ambient Intelligence: From Vision to Reality", European Commission, 2003, available online at ftp://ftp.cordis.europa.eu/pub/ist/docs/istag-ist2003 consolidated report.pdf
- 6. Peterson, Karen E. "Home Sweet Ambient Home, from Philips", May 8, 2002, http://www.10meters.com/homelab1.html
- 7. Riva, G., Vatalaro, F., Davide F., Alcaniz, M. "Ambient Intelligence The evolution of technology, communication and cognition towards the future of human-computer interaction", IOS Press, 2001, available online at http://www.ambientintelligence.org
- 8. Stephanidis, Constantine "A European Ambient Intelligence Research Facility at ICS-FORTH", oct 2006 available online at http://www.ics.forth.gr/ami

USERS' EVALUATION OF TOURISM SITES

Lacurezeanu Ramona

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Buusiness Administration ramona.lacurezeanu@econ.ubbcluj.ro, 0264418654

Coros Robert

Babes-Bolyai University Cluj-Napoca Faculty of Economics and Buusiness Administration robert.coros@econ.ubbcluj.ro, 0264418654

Tourism is adapted field of information technologies since the first tourist product is the product that requires more and involve many risks

Tourist behaviour is considered as one of the reasons that led to the development and spread theory usability sites. The paper set out the title track is a first of a comparative radiography related to the ratio between the degree of user satisfaction and technologies used in a tourist site, in particular, tourist portal, in general In this first study have undergone some review sites on the tourism market in Romania online.

Keywords:e-tourism, usability,Internet, web sites

Cod JEL: M, M15, L, L86

1. Introduction

Because of the continuous increase in the number of the Internet users, as well as because of the increase in the value of the transactions made online, the electronic businesses are present today in various fields of activity and divided into various categories, of which, the most important are: E-auctioning ,E-banking; E-commerce (one category is e-Tourism), E-directories; E-ingineering E-gambling E-learning, E-mailing, E-marketing; E-supply; E-trading (e-brokering) E-service,; e-procurement,e-leasing, e-government, e-working, e-health.

Paraphrasing [15], we may say that the introduction of "e" in tourism "is like a conceptual and instrumental revolution. As any revolution, it is characterized by a strong discrepancy between promise and hope, between plan and achievement, between theoretical and real situations".

Tourism is known as the largest industry and because the trip is simple to match the expectations of tourists with different range and variety of options provided by millions of tourism providers.

Because millions of tourists travel each day, communications accurate, current and relevant information are essential for effective operations in the tourism industry. [17].

One can appreciate that the exchange of information is very important in every stage of the cycle of the product sales touristy. Information must be able to move quickly and securely between clients, brokers and suppliers of each travel involved in meeting customer needs.[17]

Passengers can receive information from a variety of sources. In recent years more and more used for information and to "purchase" various sites of tourism business.

We can say that a user who uses the site for a reservation is an "evolving consumer needs, tastes, preferences and predispositions marked by a pronounced dynamism" [7].

Because globalization increases competition. Companies need to encourage tourism for the consumer and create a tourist product on the Internet to buy and use the same distribution channel.

So, tourist behaviour's and tourist need's are considered as one of the reasons that led to the development and spread theory usability sites. The paper set out the title track is a first of a comparative radiography related to the ratio between the degree of user satisfaction and technologies used in a tourist site, in particular, tourist portal, in general.

In this first study have undergone some review sites on the tourism market in Romania online.

2. Related Work

The testing of the usability offers the chance of a clear image of the visitors' behaviour on a website and of correcting the possible infrastructure errors in order to obtain a maximum profit for each visit.

The specialists say that term itself is a usability lesson. As in the case of other concepts of data processing, as it comes from the English term "usability", there are disputes related to its translation. There are authors who recognize it in the term "uzabilitate", others in the term "usabilitate" and other translate it with "accessibility".

A short definition recognises by usability the efficiency of and ease with which people may use an Internet page, to the users' satisfaction. [16]

A broader definition accepts that usability is the efficiency of and ease with which people may use a webpage or an electronic interface (sometimes, the purpose for which the webpage is accessed is different from the purpose for which it has been created) – definition taken from Wikipedia and processed. [3]

3. Work methodology and some results

We have used 45 websites of tourism, from Romania, according to the criteria mentioned in [11]. These criteria have been divided into three categories:

A. - standard criteria

Navigability

- ease in the user authentication;
- visibility of the menus and ease in the access of menu items;
- identification of the positions in the site and access of each page, irrespective of the position.

Design

- first page visibility of the authentication area;
- layout colours;
- methods to catch the attention;

Information

- number of information levels;
- support area;
- contact data.

B Personalized criteria

- ease in the achievement of a transfer / payment;
- joining of security and anti-fishing elements, being easy to use;
- ease in the access of the "demo accounts" and other helping elements for the user;
- contact data in the case of loss / theft the authentication data;
- transparency of costs covered by the client.

C Criteria for HOME PAGE

identity and mission of the organization;

- logical and hierarchical access to the information;
- possibility to search the information;
- "teasing" elements;
- special offers, novelties;
- shortcuts to the most visited areas of a site;
- users' registration module.

Of the sites of our study we mention following (18): www.iloveromania.ro, www.promoturism.ro, www.veltravel.ro, www.calibratravel.ro, www.kartagotours.ro, www.pantravel.ro, www.eximtur.ro, www.tunisiana-travel.ro, www.atlassib.ro, www.normandiatransport.com, www.filadelfia-group.ro, www.blueairweb.com, www.infoturism.ro, www.marshal.ro, www.paralela45.ro, www.aerotravel.ro, www.perfect-tour.ro, www.christiantour.ro.

Ten persons on all websites have made the analysis. After the centralization of the individual observations, we have obtained the following results:

Services offered by these websites we can summarize:

counselling related to holiday plans;

reservation of hotel rooms or boarding houses in Romania;

reservation of hotel rooms or boarding houses abroad;

tourism packages that include the charter air transportation or bus transportation to Antalya, Kusadasi, Istanbul, Hurghada, Sharm el Sheick, Barcelona (for Barcelona, Costa Brava and Costa Dorada), Tenerife, Ibiza, Corfu, Crete, Salonic (for Paralia-Katerini and Halkidiki), etc.;

tourism packages without transportation – hotel rooms and meals, visa, trips, medical insurances;

special offers related to certain events as Christmas, New Year, Easter, sports competitions, folkloric festivals, etc.;

tourist circuits abroad, both by plane and by bus;

plane tickets for any destination with traditional companies, with low cost companies (cheap tickets) and also charters.

Other services:

organization of conferences, symposia, team-buildings, special meetings, company party;

organization of training camps or recovery holidays for sports teams;

organization of personal events, as weddings, baptisms, anniversaries, name days parties, family parties.

Standard criterion:

Criterion				
Navigability	- horizontal menu, for the ease in the navigation by accessing a destination; they maybe arranged on the whole page; references to a new page with more details only for the selected destination (service) or			
	- vertical menu, which includes all the destinations (service and the horizontal menu, with general – informative character			
	- with / without authentication area			
	- with / without site map or map for destinations.			
Design	- on some websites there are predominant foundation colours (as white and blue, yellow and pale orange, etc.) – there are no two websites of the analysed ones that have the same foundation colour; of the colour analysis we may say that some transmit the atmosphere that persists in the destination countries.			
	- we may say that other sites are "without colour", as there is no dominant colour, the foundation is formed of images.			
Informational	- organization from two up to nine informational levels			
content	(services / categories / subcategories).			

Home Page Criterion

erion	
Criteria	
Identity and mission of the organization	- is specified very clearly for all websites.
information	- presentation of the website purpose, contact data, authentication area, support area for users, possible search area and even shortcuts for the most accessed information (a kind of top).
module	 creation of an account for the completion of certain compulsory fields, respectively optional fields, or introduction of the e-mail address for subscription to the newsletter; it needs the creation of an account only in the case of concrete service requirement (tourist destination, ticket reservation)
"Teasing" elements	- it does not present any teasing element at the moment of analysis
Special offers, novelties	 the menus present columns as "special offers" or "discounts of X% for Easter (New Year)"; some do not stand out among the other columns, as they have the same colours and size; they stand out by being placed on the page and capturing the attention by animations and colours.

4. Conclusions

As we are aware of the limits of this article (the number of persons who have tested the websites, the test used), we think that it is needed to extend the study by using the split a/b tests, proposed by [14].

The A/B split-testing is an advanced marketing principle; more exactly the webmasters use it to test various versions of a webpage or website, to determine which of them would be sold better, which colours would lead to a better promotion of the site from the user's point of view.

The success of a website is connected to the observance of the usability criteria – navigability, design, informational content.

The purpose of an on-line tourism business should be that of attracting clients who are offered quality services. In this regard, we have noticed that those websites that offer many destinations and many services are not very easily used, and their quality is very low. It is recommended that they should choose a strong point that they may use and specialize in. the specificity of each tourism agency may be adapted for all categories of tourists, without needing the offer for all destinations.

In conclusion, the tourism portals should focus on originality, specificity and should regain their credibility related to the price – quality relationship.

Up to a certain level, the usability degree also depends on the purpose and target public of the site. There is a general agreement related to the web usability, which takes into consideration that the site should be accessible, attractive, consistent, clear, simple, navigable and tolerant to errors.

For the best results, it is recommended to use a variety of methodologies in order to create websites and to treat the design as a repetitive and active process.[14]

A site as much taste should be the user should answer the criteria of usability, not alone to raise the value of services a company's e-tourism

References:

- 1. www.dailybusiness.ro/tipareste-stire/teasing-in-campaniile-de-pr-cum-sa-nu-bati-la-cap
- 2. Rusu L. si colab., Modele de afaceri pe Internet, Ed. Risoprint, Cluj-Napoca, 2007
- 3. http://www.siteaudit.ro/consultanta/cat-de-important-este-studiul-de-usability-la-un-site-de-comert-electronic.html#more-27
- 4. http://www.jurnalismonline.ro/?p=267
- 5. http://www.underclick.ro/Uzabilitate/Websituri-pentru-adolescenti.htm
- 6. ARIADNE Ghid pentru orientarea prin web,

http://www.ariadneproject.org/fileadmin/ariadne/dokument/Guideline Ro.doc

http://www.tree.ro/ro/strategie-white-papers/probleme-de-uzabilitate-in-crearea-siturilor-si-a-aplicatiilor.pdf

- 7. Diaconu M., Turism prin Internet, Ed. Tribuna Economica, Bucuresti, 2004
- 8. http://www.buildwebsite4u.com/
- 9. http://www.asiostudio.com/
- 10. Software Usability Research Laboratory http://www.usabilitynews.org
- 11. Ad Mission România: "Raport de uzabilitate a serviciilor de internet banking" Mai 2007 http://www.ghiseulbancar.ro/files/news/49/5705/Uzabilitate_e-banking_mai_2007.pdf
- 12. http://www.studiidecaz.ro
- $13. \qquad http://www.liviutaloi.ro/2008/09/01/de-ce-ar-trebui-si-magazinele-online-sa-faca-teste-de-tipul-split-ab-in-cautarea-solutiei-ideale-la-o-problema-de-uzabilitate/$
- 14. www.tree.ro/ro/strategie-white-papers/probleme-de-uzabilitate-in-crearea siturilor -si -a- aplicatiilor.pdf
- 15. Buchmann R.A., Conceperea, proiectarea si realizarea afacerilor pe Internet, Ed. Risoprint, Cluj-Napoca, 2004
- 16. http://www.admission.ro/uzabilitate/Definitie.html
- 17. http://www.ecursuri.ro/referate/referate.php?report=distributia-produselor-turistice-pe-internet

THE OUALITY ASSURANCE FOR THE OPEN SOURCE E-BUSINESS SOLUTIONS

Lazarica Marinela

Constantin Brancoveanu University Faculty of Business Management Marketing Str. Rubinelor 16-18, Braila, Romania mlazarica@yahoo.com, 0744330616

Surcel Traian

Academy of Economic Studies Faculty of Economic Cybernetics, Statistics and Informatics Piata Romana 6, Bucharest, Romania tsurcel@ase.ro, 0728884615

Conversion of ordinary business into e-business has forced organizations to be redesigned and reshaped Today's business owners are more dependent on applications than ever before. Application software automates key business processes - from payments, funds transfers, and order placement and fulfillment to customer service inquiries. It is challenging and costly to integrate systems between business units or trading partners and to orchestrate business operations between entities. Open Source Software is for many small and medium companies, an opportunity to develop efficient e-Business IT systems. In this paper we try to survey the advantages and risks of this solution and the way to achieve an acceptable level for the quality of the IT free solutions by using the IT system audit process.

Keywords: e-business, open source software, IT quality, IT audit

JEL classification: M15

Introduction

Today's business owners are more dependent on applications than ever before. Application software automates key business processes - from payments, funds transfers, and order placement and fulfillment to customer service inquiries. Because application downtime and performance problems can have serious business impacts, line-of-business owners are demanding that IT deliver greater application service levels and faster problem resolution when problems do occur. Application owners are responsible for making sure that applications do everything line-of-business owners need. Business requirements for applications typically include availability, performance and data accuracy.

Beyond e-Business, enterprise borders will change, or even disappear. Leading organizations will provide open access to infrastructure services, data and applications. Partners, suppliers, customers and, in some cases, even the competition, or "coopetition", will be able to peer into corporate nervous system' firm, including traditional systems— not just the ones with an "e" in front of them.

Moving to next generation application development solutions help organizations reduce or eliminate application backlog while aligning business and IT units and reducing the strain on their IT resources.

Although technology continues to advance, business innovation and application needs far outpace advances in technology. In fact, in the past few years, the gap between business and technology has lead to enormous application backlogs, increased dependence on time and resources and outsourcing.

Enterprise Software faces a set of challenges in meeting the needs of today's enterprises. Some of the challenges have always existed, some are very new. They include ⁵⁹⁷:

- Most existing technology assets are not modular, reusable or easy to integrate.
- Many useful applications of business technology are not available to an increasingly mobile work force.
- It is challenging and costly to integrate systems between business units or trading partners and to orchestrate business operations between entities.
- Changes in implementation technologies often force very costly migrations that offer no specific business benefit other than moving from one technology stack to another.
- Business software is implemented with technologies that are too fine grained in control for the level of granularity needed to implement business solutions.

This causes long and unpredictable release cycles and expensive and inflexible application maintenance.

- Companies are forced to build and manage their own technology platform that sits between the software they license and the software they build
- Software development as a whole has suffered from an inability to respond to requirements changes without significant budgetary impact because the implementation and deployment strategy is brittle.

Evolving business needs and technology innovations are driving continued changes in every aspect of the software delivery industry as a whole. We think that are four areas of innovation strategic areas of IT innovation: methodology, architecture, interface, and implementation.

⁵⁹⁷ Skyway Software – NextGen Whitepaper, Next Generation Application Development, The Rise of the Business Application Platform, 2006,p.6.

Methodologies are becoming more iterative, software architectures are becoming more modular, software interfaces are becoming richer and more flexible, and software implementation is becoming more adaptive and productive.

Open Source Software – advantages and risks

Not long ago, open source software in the enterprise was a contentious topic. Conference panels and industry experts questioned the integrity of mixing open source with commercial and proprietary code. Would it unlock a Pandora's box of developer pain and sub-par software? Last year, a Forrester study showed 75% of large enterprises surveyed were either using or planning to use open source software. That was up from 60% the year before. In a study from InfoWorld magazine, 87% of respondents said their companies were already using open source in several projects—even for mission-critical applications. In 2007, The451 Group confirmed it: open source software is gaining worldwide adoption in commercial software companies. Organizations' need for greater agility and flexibility, and more control over their software costs, coupled with their fear of technology obsolescence, is driving them to loosen the ties to individual software vendors and traditional software licensing models.

Open source has proven that it can often more efficiently deliver high-quality software, throwing down the gauntlet to old models of software development and maintenance. As a result, use of OSS has now spread from infrastructure and middleware to business-critical applications, including business intelligence, enterprise content management and customer relationship management. Against this backdrop, the third Annual Actuate Open Source Survey⁵⁹⁸ confirms that Europe in particular is forging ahead in widespread adoption of OSS, having recognized early on the lower cost of ownership and the flexibility it offers for future application expansion and development. An in depth exploration of organizations' use of and attitudes towards open source, across four important territories – North America, the UK, Germany and now France - the report confirms once and for all that OSS is no flash in the pan, but has been broadly recognized and embraced as offering organizations sustained competitive advantage. The survey findings support Gartner's projections that, by 2012, at least 80% of commercial software solutions will include substantive open source components⁵⁹⁹.

The following figure shows Europe forges ahead of North America in its preference for open source platforms, particularly in the deployment of new applications, and replacement of outdated systems, with France and Germany at the forefront.

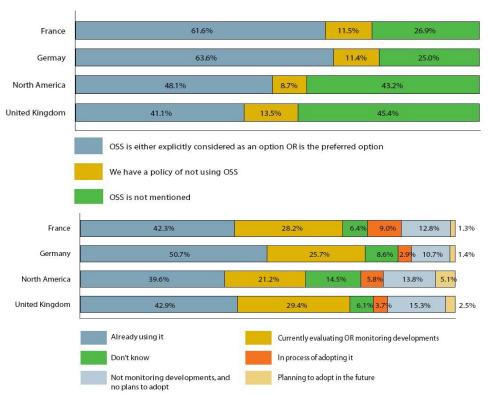


Fig.1. (Source: ACTUATE: ANNUALOPENSOURCESURVEY, 2008, Conducted on behalf of Actuate by Survey Interactiv.p.4)

_

⁵⁹⁸ Actuate: Annual Opensource Survey, 2008, Conducted on behalf of Actuate by Survey Interactive

⁵⁹⁹ Gartner Highlights Key Predictions for IT Organizations and Users in 2008 and Beyond', January 31, 2008.http://www.gartner.com/it/page.jsp?id=593207

However, just because open source is ubiquitous doesn't mean it's risk-free. Many businesses widely use open source in commercial projects, but are blind to what's at stake when they distribute software that includes open source code.

Some of the biggest names in software development and manufacturing use open source software in their projects—Microsoft, Toshiba, even the U.S. Navy. There are many good reasons to do so such as:

-open source languages decrease the expense of software development considerably;

-the ever-improving, extensible nature of open source languages appeals to developers;

They know the code is constantly adapting, evolving and stabilizing.

-another advantage of open source is being able to tap into the global open source community when things go sour. When problems arise— as they often do—enthusiastic members of the open source community see your headache as a riveting weekend project. They love the code; they fix the code; they are the code.

Despite all the benefits, any development team using open source for enterprise software development projects knows it's not perfect⁶⁰⁰:

- -Programmers in their basements can't fix your problem fast enough. The community of open source coders isn't on the clock, or your company's payroll. That means free 24/7 support doesn't exist for open source projects. When you are on a tight development schedule, a lack of formal support or training can jeopardize a development project.
- -As a commercial software vendor, you must stand behind your product. That gets tricky if your software uses open source, because you don't have complete control over the entire code base. Yet, your company becomes accountable for the total quality of your product.
- -If the open source software you're using is not top quality, it can cause a ripple effect that destabilizes your product and reflects poorly on your business.
- Most companies don't have policies in place to address administrative complexities that go along with using open source languages—like how to license your product. InfoWorld's⁶⁰¹ survey indicates that only 41% of respondents had a policy in place for deploying and managing open source in their companies.

The confusion begins with terminology. When developers call software "free," they mean users are free to run it, change it and redistribute copies with or without changes. As Richard Stallman—author of the first GPL open-source license—puts it, when you think of open source languages, "think of 'free speech,' not 'free beer 602.""

Sounds like free software, but it's not. Open source code must be licensed. Although open-source licensing terms may have nothing to do with money, they will put restrictions on how you can distribute your product.

The theory behind open-source licensing is a good one. It ensures that open source languages are not exploited by organizations that use them in their projects, but otherwise would not give anything back to the community.

Today, nearly every sort of business software product, from e-mail servers to ERP tools to voice over IP, are available as open source. But many companies begin using open source on the Web side of their business, where a number of industrial-strength, long-used applications exist. These tools are commonly referred to as the LAMP stack (standing for Linux, Apache, MySQL and PHP—or Perl or Python, depending on the situation.) Linux is a well-regarded, widely used Unix-like operating system. Apache is the most popular Web server in use today. MySQL is a database product that competes favorably with expensive commercial tools. And PHP, Perl and Python are programming or scripting languages commonly used for open-source Web development. Java-based open-source websites also often use the JBoss Java application server. Once you become familiar with using open-source tools and the differences—and similarities—between them and commercial products, you'll likely find other opportunities. You may also be surprised to find that your developers have been using open source under the radar for some time.

The IT System Quality Ensuring through the Audit Process

In the Knowledge Society, the organizations use Information Technology to process their information in order to accomplish better their mission. The audit process development plays a critical role to assure a high level of information system quality. The organizations want to carry out audit processes because they need to assure a high level of the information systems, to know what and where are their vulnerabilities, to develop security policies and risk management plans and to implement measures with positive effects on their information systems. The audit results must correct some aspects concerning the information systems security.

Detection of the security vulnerabilities in an information system based on web application is a critical activity to give the confidence in that system and, also, to assure a high-level quality of the system to prevent the system crashes and sensitive data theft. If the vulnerabilities are exploited by external users, this thing may cause big loses for all partners that use the information system.

⁶⁰⁰ http://www.cio.com/article/40364/ABC An Introduction to Open Source?page=1.

⁶⁰¹Survey: Open source is entering the enterprise mainstream, may 30, 2008 (http://www.infoworld.com/t/applications/survey-open-source-entering-enterprise-mainstream-943).

⁶⁰² Stallman, Richard. "Why "Open Source" misses the point of Free Software" (http://www.gnu.org/philosophy/open-source-misses-the-point.html).

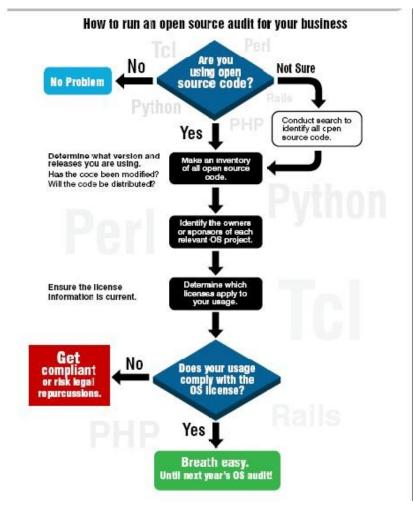


Fig.2. (Source: License to Code: Indemnifying Your Business Against Open Source Licensing Liabilities, white paper, January 2008, p.7)

Typically, an audit (fig.2) follows these steps⁶⁰³:

- 1. Evaluate the scope and nature of how your organization uses open source software. Where and how are you using it? Are you using it internally, or will it be distributed? Is it modified or unmodified? Has it interacted with other code—proprietary or open source?
- 2. Make a detailed inventory of which open source languages you're using.
- 3. Research and learn about the licenses for all the open source projects your organization is using. Make a library of the names of all the licenses, and get copies of all these licenses

Conclusions

Enterprise Software faces a set of challenges in meeting the needs of today's enterprises. Some of the challenges have always existed, some are very new.

Evolving business needs and technology innovations are driving continued changes in every aspect of the software delivery industry as a whole.

Methodologies are becoming more iterative, software architectures are becoming more modular, software interfaces are becoming richer and more flexible, and software implementation is becoming more adaptive and productive.

In these trends, open-source software fits

very well with its advantages and disadvantages. Developing of an e-Business IT System based on the open source software is a costless recommended solution in the actual context of the global financial crises. To be sure about the quality level of the solutions we must understand and use the operational procedures to run the IT System audit for our business.

References

Keierences

- 1. Lazarica Marinela, Negrea Gina, Sistemul informational al firmei cerinte europene, Ed. Tribuna Economică, 2008
- 2. Skyway Software NextGen Whitepaper, Next Generation Application Development, The Rise of the Business Application Platform, 2006.
- 3. Stallman, Richard. "Why "Open Source" misses the point of Free Software" (http://www.gnu.org/philosophy/open-source-misses-the-point.html).
- 4. Traian Surcel, Cristian Amancei, The IT Audit Major Concerns inside the Information System Analyse and Design, the Buletin of The Gas-Petroleum University, Ploiesti, Economic Science series, Vol. IX Nr.58/2008
- 5. ***License to Code: Indemnifying Your Business Against Open Source Licensing Liabilities, white paper, January 2008 (http://www.infoworld.com/d/developer-world/best-open-source-software-awards-2008-785).
- 6. ***Gartner Highlights Key Predictions for IT Organizations and Users in 2008 and Beyond', January 31, 2008.http://www.gartner.com/it/page.jsp?id=593207
- 7. ***ACTUATE: ANNUAL OPENSOURCE SURVEY, 2008, Conducted on behalf of Actuate by Survey Interactive
- 8. ***Survey: Open source is entering the enterprise mainstream, may 30, 2008 (http://www.infoworld.com/t/applications/survey-open-source-entering-enterprise-mainstream-943).
- 9. *** http://www.cio.com/article/40364/ABC An Introduction to Open Source?page=1.

_

⁶⁰³ License to Code: Indemnifying Your Business Against Open Source Licensing Liabilities, white paper, January 2008 (http://www.infoworld.com/d/developer-world/best-open-source-software-awards-2008-785).

ONTOLOGIES REPRESENTATION AND MANAGEMENT, AS A SEMANTIC TOOL FOR ORGANIZATIONAL MEMORY CONSOLIDATION

Mangiuc Dragos Marian

The Academy of Economic Studies in Bucharest Faculty of Accounting and Management Information Systems Bozieni 8, Bl. 831, Sc. A, Et.9, Ap.906, Sector 6, București mangiuc@gmail.com Tel. 0723 – 22 78 76

The present paper is a component of an exploratory research project focused on discovering new ways to build, organize and consolidate organizational memory for an economic entity by means of the new "Semantic Web" technologies and also encloses some of the results of a previous doctoral research in the field of information technology assistance for the financial audit. The paper is an attempt to synthesize the ways "Semantic Web" ontologies definition, description and representation may be improved by the use of the Unified Modeling Language (or UML). The use of a modeling tool for ontologies description and representation is, in the author's opinion, a way to further interconnect human-level knowledge and machine-level data in order to "get the best of both worlds", which is the final objective of the Semantic Web.

Keywords: organizational memory, unified modeling language, semantic web, ontologies

JEL code: M15

Introduction

The essence of an ontology (at least, according to the interpretation the new "wave" of the Semantic Web imposed) is tightly related to vocabularies (as collections of terms) and the completion of the terms' significance by means of expressive, explicit and well-defined semantics. The involved semantics should provide enough structure and contents so as interpretation of an ontology by an information system (a machine) should be regarded as a tangible goal for the very near future (Davies *et al.*, 2006). In order to get a realistic and quite complete view of the ontologies' place and role in the wider landscape of the Semantic Web, one should be familiar with quite a comprehensive set of concepts (including semantics, knowledge representation, truth function, intension, extension, axiom, theorem, theory etc.). In the absence of these concepts, the actual tendencies and trends of semantic technologies are extremely difficult (if not impossible) to understand.

Research Methodology

The paper is a component of a wider research project called "Research in the Field of Modeling And Building Organizational Memory. *OMCAAF* – A New Methodological Framework for Financial and Accounting Cognitive *Acquis* Capitalization", and also continues a previous doctoral research in the field of computer-assisted financial audit tools and techniques, whose final results were publicly defended in order to be validated by the scientific and academic community. The main goal of the aforementioned research was the identification of some new areas of applicability for the modern knowledge-based information technologies in the field of financial audit.

In order to provide a set of valid and well-documented opinions about the realistic ways of augmenting the use of organizational memory by means of the modern information technologies, the author's proposals were preceded by an ample process of documentation and analysis of the field literature, allowing to get into terms with the main schools and opinion trends in the area, as well as the actual level of interconnection among the disciplines contributing to the present content of the "organizational memory" and "Semantic Web" concepts. When possible, practitioners' expectations identification was attempted, both by means of questionnaires and direct interviews. In case some other author's opinion was enclosed, whether in exact quotation or synthetic form, a complete mention of the source identification information was made.

In the author's opinion, the main limitations of this research work may be synthesized as follows:

- Some of the technologies taken into account for both design and implementation of financial and accounting organizational memory management systems are still in some early development or adoption phases, as others are in the specifications refinement phase, and, as a result, their current versions may have a set of serious limitations as opposed to the users' expectations.
- Due to the special status and confidential or "classified" contents of the detailed and complete financial and accounting data, the author was not able to access an exhaustive set of real-world data, most of the design and implementation iterations being performed on a set of test computer-generated data.

By defending the research results at the proceedings of such a scientific conference, attended by both scholars and practitioners bearing some interest in the research area, the author attempts to get further validation of his opinions, both confirmation and rejection of the aforementioned opinions' scientific and practical importance being welcome.

Ontologies Representation and Management, As a Semantic Tool for Organizational Memory Consolidation According to its common definition, an *ontology* defines terms and concepts (or meanings) employed to describe and depict an area (or domain) of knowledge. In order to get a first idea about the meaning of the term *ontology*, an explicative dictionary may be consulted. This attempt usually leads to one of the two related definitions: "a branch

of philosophy studying the most general attributes of *existence*" or, "the theory of *existence*" (www.dexonline.ro, 2009). The two definitions place the term in the field of philosophy, as a branch oriented towards the study of the principles underlying an object of thought. The term was also employed in the field of information technology, in order to describe the field of knowledge design, description and organization outlined during the last decade. Even if the relevant literature has not yet provided a unanimously accepted definition, in the author's opinion there are at least three definitions which need to be taken into account:

- "An ontology defines the language elements, along with the underlying concepts (or meanings) used to describe a domain of knowledge" (Hendler, 2001).
- "An ontology is an information systems design product, enclosing a specialized vocabulary employed to describe an aspect of the reality, together with a set of explicitly assumed premises (explicit assumptions) regarding the aforementioned vocabulary's purpose and goal" (Guarino, 1998).
- "An ontology is a way to exhaustively and rigorously organize knowledge form inside a domain. Organization is usually performed in an hierarchical manner and encloses all the relevant entities pertaining to the modeled domain, along with the relationships arising among the entities themselves" (WordNet, 2009).

A comparative analysis of the three aforementioned definitions emphasizes the terms "description", "organization" and "knowledge". Any description of a knowledge domain assumes that sufficient explanations are provided, concerning both the entities inside the domain and relationships arising among the entities. The domain description may also include a set of domain rules that may be employed as a basis for new knowledge generation. As a consequence, we may be able to conclude that any complete and rigorous description may represent an ontology. The following table (Table 1) provides a comparative presentation of the elements considered (according to the author's opinion) to be of main importance for the content of an ontology, along with proposals concerning the Unified Modeling Language (or UML) elements which optimally comply with each item's representation needs.

ELEMENT NAME		DESCRIPTION	UML DIAGRAMS PROPOSED
ONTOLOGY	UML	DESCRIPTION	FOR PRESENTATION
Class	Class	A general element pertaining to the modeled domain.	 Class diagram Component diagram Object diagram Package diagram Composite structure diagram
Instance	Object	A particular element pertaining to the modeled domain.	Class diagramComponent diagramObject diagramAny interaction diagram
Relationship	Dependency, Association, Aggregation, Composition, Generalization, Participation, Message (Call)	A semantic relationship among two or more (general or particular) elements.	- Class diagram - Package diagram
Propriety	Attribute	A characteristic of a general element able to receive a value for each of the pertaining particular elements.	- Class diagram
Function	Method	A behavioral item or a phase of a process involving general or particular elements.	- Class diagram - Activity diagram - Statechart diagram
Process	Process	A collection of interconnected treatments designed to fulfill a single goal.	- Activity diagram (for the business process level) - Use case diagram
Constraint	Guard, Condition	A condition that needs to be satisfied by an element or a behavior.	- Object constraint language (or OCL)
Rule	Restriction Table 2. O	A principle governing a behavior or a part of a behavior.	- Object constraint language (or OCL)

Table 3 - Ontology versus UML elements comparison

In order for the *description* of a knowledge domain to be complete, the description should also be *represented*. The *representation* involves structuring the description in a manner which renders it usable bay all the stakeholders (both humans and information systems or computers). In its broadest sense, *representation* involves the *definition* of terms, followed by an *integration* of the terms defined, so as a larger part of the modeled knowledge domain is rendered accessible for the user (Barry and Welty, 2001). Although, in the field of information technology, *representation* has a more complex meaning: it involves building a model which is complete and rigorous enough to be used not only by a human being, but also by a machine or an information system (Rodriguez *et al.*, 2004). In the author's opinion, the Unified Modeling Language optimally complies with the aforementioned requests and, by consequence, may be used on a wide scale to represent the content of any ontology from within the Semantic Web, becoming an important tool for the organizational memory building and configuration.

UML models may enclose both information and decision elements regarding the semantics of the modeled domain and, as a consequence, they may be employed for the understanding, browsing, configuration, maintenance and control of the described domain (Evans *et al.*, 2000). The Unified Modeling Language is the quintessence of all the previous experience in the field of modeling techniques, an attempt to integrate all the best practices in the field into a unique standard and set of specifications. The UML has quasi-unanimous support from the visual modeling tools nowadays, mainly because it does not define a particular process, but is rendered compatible with any of the modern development processes, particularly with the iterative and incremental object-oriented ones. According to the author's opinion, the unified modeling language suits well the purpose of the present research and, as a consequence, may be successfully employed for an ontology's content representation and description.

The Unified Modeling Language specifications allow the modeler to collect data concerning the static structure and also the behavior related to a knowledge domain which is modeled in the form of a collection of interconnected objects able to interact in order to fulfill the needs and requests of an external user. The UML static structure defines the object types required for the description of an ontology, along with the attached relationships, while the behavior (the knowledge domain dynamic) defines the timeline evolution of the elements and also the communication network the elements employ in order to fulfill the system's goals. Modeling and presenting an ontology from different, but interconnected perspectives allows for a deeper understanding of the way the ontology addresses the functional requests of the underlying domain. Moreover, the UML provides a universal tool for grouping elements in the form of packages, allowing for the division of large-scale ontologies into manageable components and also for the control of inter-package dependencies and components versions management inside a complex development environment. And, in order to complete the picture, a set of comprehensive implementation decisions description and executable elements or components organization tools is provided.

The Unified Modeling Language is by no means a programming language, but a large set of software applications provide the tools needed to translate UML visual representations into modern logical or object-oriented programming languages source code (*direct engineering*) and also to automatically construct UML models based on the source code analysis (*reverse engineering*).

In order to provide an example for the representation of an ontology by means of the Unified Modeling Language formalism the author has chosen a section of a human resources related ontology (applicable for any economic entity or, at a more general level, for any organization). The example depicts the basic concepts (like *person*, *employee* and *organization*), their derivatives or subclasses (like *management employee*, *company*, *group*, *division* and *department*), along with the relationships arising among the aforementioned elements, represented by means of the UML inter-class relationship types (dependency, association, aggregation, composition, inheritance). The result is presented in Figure 1.

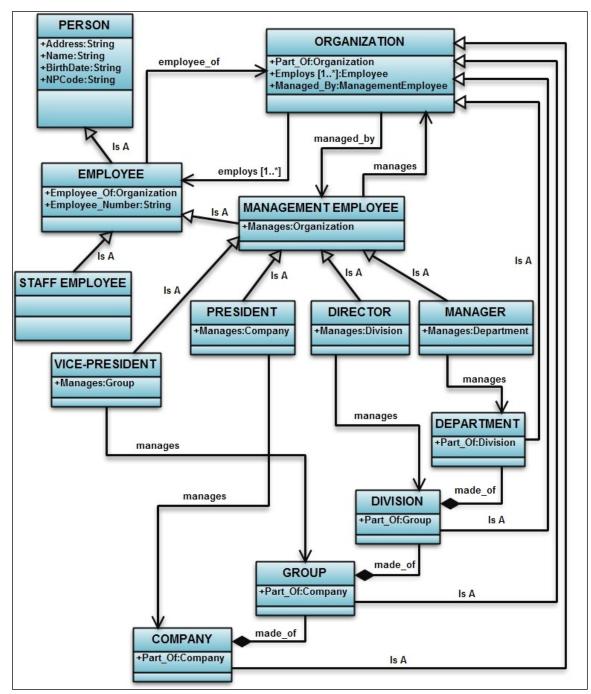


Figure 5 - A fragment of an ontology described by means of the Unified Modeling Language

The wide spread and adoption of the ontologies depicting both domain knowledge and inter-domain knowledge, as well as the improved of such ontologies with UML-based representations constitutes, according to the author's opinion, an important step forward in the development of information technologies, as they allow computer systems to interact with the users more at a human knowledge level and less at a machine-specific non-semantic data level. The ability to perform an significance exchange (not only a data exchange) with a machine may represent a revolutionary concept whose effects are already beginning to appear and are able to develop exponentially in a (very) near future.

Conclusions

The present research is an attempt to identify the ways that the Unified Modeling Language may be used to represent (define and describe) ontologies, which are looked at as a fundamental element of the new semantic-content technologies and, by consequence, as the basis for organizational memory design and management at the organization level. In the author's opinion, the Unified Modeling Language may be an appropriate tool for the representation of ontologies, as its specifications already enclose elements able to represent the mandatory concepts in the field of ontologies: syntax, structure, semantics, definition and use. By a set of complex elements (like visibility) the UML allows for the representation of some essential elements, like the distinction between labels (or terms) and the concepts (or meanings) underlying those terms. The multi-level structure of the UML specifications

also fits the multi-level structure of an ontology, as both have a meta-language level, a language level and also a specifications (domain) level.

Above all the resemblance and differences, the final goal has to be taken into account, and an answer should be provided to a legitimate question: "Which is the real advantage in using ontologies?". In the author's opinion, the real advantage in using ontologies is that for the first time in the history of information technology designers and users are able to describe the meaning of their data collections, document collections and information systems, based on a single mechanism, which is understandable both for humans and machines. As a consequence, the recourse to the Unified Modeling Language may offer another major advantage: the ability to reuse the own ontologies and also the ontologies created by others, to extend them and to implement them in related domains of knowledge, and, as a consequence, in related areas of an economic entity's activity. Setting a common semantic at the organization level may be regarded as a solid foundation and a first important step for the building and consolidation of the organizational memory.

Bibliography

- 1. Davies, J., Studer, R., Warren, P. Semantic Web Technologies: Trends and Research in Ontology-based Systems, John Wiley & Sons, July 2006, ISBN-10: 0470025964, ISBN-13: 978-0470025963
- 2. Evans, Andy, Kent, Stuart, Selic, Bran The Unified Modeling Language: Advancing the Standard, 3rd International Conference on UML, Springer Publishing, 2000, ISBN 354041133X, 9783540411338, pag. 486
- 3. Guarino, Nicola Formal ontology in information systems, IOS press, Amsterdam, 1998
- 4. Hendler, J. Agents and the Semantic Web, IEEE Intelligent Systems, Vol. 16, 2001, pp. 30
- 5. Rodríguez-Martínez, A., López-Arévalo, I., Bañares-Alcántara, R., Aldea, A. A hierarchical approach for the redesign of chemical processes, Computers & Chemical Engineering, Volume 28, Issue 5, 15 May 2004, Pages 781-788
- 6. Smith, Barry, Welty, Chris Ontology: Towards a new synthesis, Formal Ontology in Information Systems, Maine: ACM Press, 2001
- 7. WWW.DEXONLINE.RO The Internet version of a set of prominent Romanian dictionaries
- 8. WORDNET.PRINCETON.EDU The most important English lexical database

THE ROLE OF THE SEMANTIC WEB IN STRUCTURING ORGANIZATIONAL KNOWLEDGE

Mangiuc Dragoş Marian

The Academy of Economic Studies in Bucharest Faculty of Accounting and Management Information Systems Bozieni 8, Bl. 831, Sc. A, Et.9, Ap.906, Sector 6, București mangiuc@gmail.com Tel. 0723 – 22 78 76

The present paper is a component of an exploratory research project focused on discovering new ways to build, organize and consolidate organizational memory for an economic entity by means of the new "Semantic Web" technologies and also encloses some of the results of a previous doctoral research in the field of information technology assistance for the financial audit. The paper is an attempt to synthesize the ways organizational memory and organizational knowledge management may be optimized by means of the new "Semantic Web" philosophy. This paper offers a picture of where the typical organization is, and where it needs to be, in order to become a knowledge-aware organization and leverage the technologies of the "Semantic Web". As a consequence, a knowledge-centric process was defined, along with a "how-to" roadmap for crafting a company's way to the Semantic Web.

Keywords: organizational memory, organizational knowledge, semantic web, knowledge management

JEL code: M15

Introduction

In order to benefit from the "new wave" of semantic technologies, any modern organization must have a strategic view and also a reasonable understanding of the Semantic Web, XML, Web services, RDF, taxonomies, and ontologies. Each of these technologies has its distinct role in the build of organizational memory and the structure of organizational knowledge. It is the purpose of this paper to provide an opinion on how a company could be driven to take advantage of these technologies now so that it could start gather the rewards of the Semantic Web and prepare for the future. The paper focuses on three areas: diagnosing the problems of information management, providing an architectural vision for a modern organization, and providing some hints of how that vision may come true.

Research Methodology

The paper is a component of a wider research project called "Research in the Field of Modeling And Building Organizational Memory. *OMCAAF* – A New Methodological Framework for Financial and Accounting Cognitive *Acquis* Capitalization", and also continues a previous doctoral research in the field of computer-assisted financial audit tools and techniques, whose final results were publicly defended in order to be validated by the scientific and academic community. The main goal of the aforementioned research was the identification of some new areas of applicability for the modern knowledge-based information technologies in the field of financial audit.

In order to provide a set of valid and well-documented opinions about the realistic ways of augmenting the use of organizational memory by means of the modern information technologies, the author's proposals were preceded by an ample process of documentation and analysis of the field literature, allowing to get into terms with the main schools and opinion trends in the area, as well as the actual level of interconnection among the disciplines contributing to the present content of the "organizational memory", "organizational knowledge" and "Semantic Web" concepts. When possible, practitioners' expectations identification was attempted, both by means of questionnaires and direct interviews. In case some other author's opinion was enclosed, whether in exact quotation or synthetic form, a complete mention of the source identification information was made.

By defending the research results at the proceedings of such a scientific conference, attended by both scholars and practitioners bearing some interest in the research area, the author attempts to get further validation of his opinions, both confirmation and rejection of the aforementioned opinions' scientific and practical importance being welcome.

The usual organizational issue: too much information, too little knowledge

The most significant issue today for a typical organization is that information management is mostly chaotic. One important cause for the *status quo* is the huge amount of information coming in—from a wide variety of information sources (Berners-Lee, 1991). Making matters worse are the various formats of the data (paper, email, along with a wide variety of electronic media formats). Due to the amount of information coming in from various sources, its management gets more and more difficult. The "standard" organization is usually enclosing a lot of people getting overwhelmed with information (Fensel, 2007). Along with a missing cohesive information management vision, the typical organization has lots of information, but very little knowledge. The typical knowledge management process in an organization is depicted in the following figure (Figure 1).

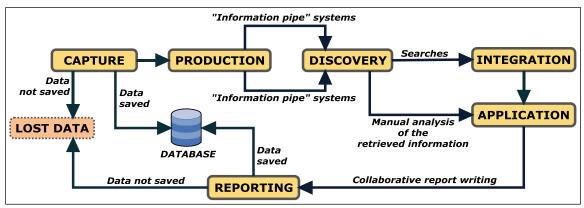


Figure 6 – The typical knowledge management process

The stages of this process usually are:

- The information capture is the first stage in information management. Usually, an employee of the organization takes information from somewhere (newspaper, radio, Internet, database, phone call, customer contact, email) and brings it to the organization in some way. Many times, this is where the process stops (Ewalt, 2002). The employee may send it via email to someone, where it is lost in the "constellation" of emails that overwhelm the organization. If the data isn't lost in this way, a paper, a presentation, or a status report is usually written.
- The information production is the second stage, (if information gets that far), where the data is put into a database, recorded to a digital file, or indexed into a search engine. Entering information is always the first step, but the problem is that each division, group, or project in the company enters the information into different systems. But a large-scale organization may enclose tens or even hundreds of different software systems dealing with information. Moreover, a financial database with the company's invoices, bills, and collections may add information to that total. Finally, the corporate human resources database must be taken into account. All the aforementioned software systems work like "information pipe" systems, able to perform a specific task, at the expense of "trapping" the data and reducing the organization's business agility and the capacity to adapt to new situations (Heflin et al., 2002).
- The information integration is the third stage, but it can also be missed, depending on the complexity of the organization's information architecture. Because of all the "information pipe" systems, there is usually no good way to gather all the information providers into a coherent picture. That is, any attempt to combine information in any way is a tiresome process, involving data conversions, incompatible software systems, and frustrated systems integrators (Patel-Schneider *et al.*, 2006). There is no repeatable process for integrating the systems, because each database and software system is designed differently and has different interfaces for communication purposes. As a result, there is usually little or no integration of the databases, because it is both prohibitively difficult and expensive. When there an integration solution arises, organizations usually pay a (very expensive) systems integrator to create a new and expensive "information pipe" system that integrates with the existing systems (Biezunski, 2003).
- The information search is the fourth stage, depicting the process of "discovery" of the corporation's internal resources. This is usually random and time-consuming, involving many different systems. The user may have to log in to multiple databases and search engines, and manually compare and distinguish the information to get a big picture or coherent answer (Obrst and Liu, 2007). Even the results from search engines are usually based on keywords and Boolean logic, so they may or may not be relevant.
- The application of the search results is the final stage of the process. After the tiresome search process, the result is usually a presentation or paper report. Many times, this process of creating the report involves several employees. The approval process is done by manual reviews and is slow. After the new product is created, the information may or may not be filed somewhere; it may be sent to a wrong or non-existent destination. If the report is filed, perhaps it is filed onto a Web server that may or may not be indexed by all (or even one) of the corporate search engines. If the new document is integrated into one of the corporate databases, there is no way to tell if the information has been superseded or is obsolete, which parts of the document are authoritative, and if the current version of the document has been approved by the organization. Lastly, there is information reuse the ability to discover months or years later, and to refine, annotate, and incorporate past knowledge (Baader and Hollunder, 2001).

If any of these challenges are every day phenomena for an organization, then the organization may be in need of the Semantic Web. A well driven and well managed company will leverage the Semantic Web technologies to craft an information architecture vision, effective over every part of the organization life cycle.

The Knowledge-Centric Organization – A Big Step Ahead

A knowledge-centric organization will incorporate Semantic Web technologies into every part of the work life cycle, including production, presentation, analysis, dissemination, archiving, reuse, annotation, searches, and versioning. This section is a hint on how the semantic-oriented knowledge management process should be (see Figure 2):

Discovery and Production

The discovery and production phase is where an individual receives information and intends to translate it into organizational knowledge. The process should be an integral part of the corporate workflow process. This is an area where organizations should be aggressive an greedy in capturing information, because the effectiveness of reuse will be directly proportional to the quantity and quality of information captured. It is important that any new piece of information is marked up with XML, using a relevant corporate schema. Moreover, the individual should digitally sign the XML document using the XML Signature specification to provide strong assurance that the validity of the information has been verified. The annotation process may further arise, the employee may want to use RDF to annotate the new information with own notes or comments, adding to the XML document, but without breaking the digital signature seal of the original material. Finally, the author should digitally sign the annotation with XML signature. It is of main importance that before the information is integrated, its contents to be mapped to topics in the taxonomy and entities in the corporate ontology so that pieces of the information can be compared to other pieces of information in the corporate knowledge base. Once this is done, it is time to store the information in an application with a Web service interface, and any new Web service should be registered in the corporate registry, along with its taxonomic classifications.

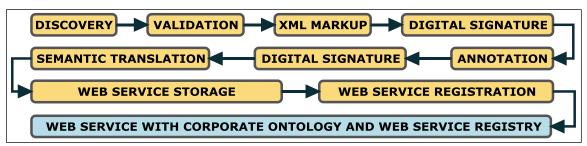


Figure 7 – The semantic-oriented knowledge management process

Search and Retrieval

As data is stored in an easily accessible format (Web services) and is associated with an ontology and a taxonomy, retrieval of information is much easier than the random process described in the previous section. Integration of all the Web services is not difficult because they all have a SOAP interface, and are registered in a corporate Web service registry; it is easy for an application to find what it is looking for (Berners-Lee *et al.*, 2001). Because of the hard work performed during the discovery and production process, the search and retrieval process is simpler and provides important functionality:

- Discovery of knowledge via taxonomies this is the newfound power and possibly the killer app of the Semantic Web the mining associations. In the field of electronic commerce, associations offer additional buying opportunities to customers.
- *Pattern-based searches* all data can be semantically linked by relationships in the ontology, so patterns that would only be seen in the past by old data mining techniques that did not directly utilize meaning, can now be dynamically found with semantic searches.
- *Manual and agent-based searches* although all of the searches can be manual, software agents can be endowed with rules to continually search the knowledge base and provide users with up-to-the-second results and alerts.
- *Rule-based orchestration queries* Web services can be combined to provide modular functionality, so rules may be used to merge various searches from different Web services.
- Automated inference support the corporate ontology explicitly represents concepts and their relationships in a logical and machine-interpretable form, so automated inference over the ontology and its knowledge bases becomes possible. Given a specific query, an ontology-based inference engine can perform deduction and other forms of automated reasoning to generate the possible implications of the query, thus returning much more meaningful results. The inference engine may discover inconsistencies or even contradictions in the ontology or knowledge bases (Wreder and Deng, 2007).

Application of Results

The final information production stage of the knowledge-centric organization's knowledge process is the application of results. If a new report has been created the responsible person should use the production process, depicted earlier in the "Discovery and Production" section. Another application in the last stage of the knowledge

process may be simple data annotation, requiring that the author of the annotation should digitally sign the annotation. Before the new annotation items are added, version control should be added to the document, and finally the document should be stored in the corporate information base. If an organization has a content management and workflow process that includes version control, annotation, and trust assertions, it will be easier to find information and apply the conclusions that were made earlier.

How could the "semantic" vision come true?

Most companies need to change their business process in order to take advantage of Semantic Web technologies. Luckily, these changes can be gradually implemented, and the organization can easily evolve into a knowledge-centric organization. The most challenging aspect may not be the technology; it may be changing the mind-set of the employees. Changing behavior and the ways that all levels think about accessing, integrating, and leveraging knowledge is critical:

How to Prepare for Change

The organization needs to be prepared. The stakeholders impacted by the change must be identified and led through the change process. A clear purpose and some clear goals and milestones are needed:

- A clear purpose for changing your information management process needs to be developed.
- Clear goals must be set.
- Stakeholders must be identified and a change plan must be developed.
- A core team that will help communicate the vision must be picked.

How to Begin Learning

In the author's opinion, a major time investment should be made in understanding the ideas and technologies behind the knowledge-centric process and all the implied technical staff must get to a reasonable level of knowledge. The following actions should be taken:

- The management staff must understand the main concept of the Semantic Web and the benefits of its adoption for the organization
- The technical staff to should be able to master the details of the soon-to-be-adopted technologies.

How to Create an Organization's Strategy

Now that management and the technical staff are "on board", it is time to design an organizational knowledge management strategy:

- Detailed technical goals must be set. For example:
- Corporate documents must be marked-up in XML.
- Applications should be exposed as Web services.
- Web services orchestration tools should be built.
- A corporate Web services registry should be established.
- Ontologies should be built.
- Tools that will help the production process should be used.
- Search tools should be integrated
- An enterprise portal should be used as a catalyst for knowledge engineering.
- A plan with a workflow change strategy must be developed.
- Appropriate staff must be set in place.
- A schedule must be set.

Conclusions

The present research is an attempt to identify the role of the Semantic Web in structuring knowledge at the organization level. The paper is an attempt to present an accurate view of the place where most of the typical large-scale organizations are today, and also the author's opinion on the place they need to be in order to become knowledge-centric organizations and leverage the technologies of the Semantic Web. As a consequence, a knowledge-centric process was defined and a "how-to" roadmap for crafting an organization's path to the Semantic Web was proposed.

Bibliography

- 1. Baader, F., Hollunder, B. KRIS: Knowledge Representation and Inference System, Implemented Knowledge Representation and Reasoning Systems Journal, SIGART Bulletin 2, no. 3, June 2001
- 2. Berners-Lee, T. What the Semantic Web Can Represent, September 1991, Available on-line at http://www.w3.org/DesignIssues/RDFnot.html
- 3. Berners-Lee, T., Hendler, J., Lassila, O. The Semantic Web, The Scientific American, May 2001
- 4. Biezunski, M. XML Topic Maps: Creating and Using Topic Maps for the Web, Addison-Wesley Publishing, 2003
- 5. Ewalt, D. The Next Web, Information Week, October, 2002
- 6. Fensel, D. Semantic Enabled Web Services, XML-Web Services ONE Conference, June 7, 2007
- 7. Heflin, J., Volz, R., Dale, J. Requirements for a Web Ontology Language, W3C Working Draft, July 8, 2002
- 8. Obrst, L., Liu, H. Knowledge Representation, Ontological Engineering, and Topic Maps, Addison-Wesley Publishing, 2007
- 9. Patel-Schneider, P. F., McGuinness, D. L., Brachman, R., Resnick, L. A., Borgida, A The CLASSIC Knowledge Representation System: Guiding Principles and Implementation Rationale, Implemented Knowledge Representation and Reasoning Systems, SIGART Bulletin 5, no. 3, June 2006
- 10. Wreder, K., Deng, Y. Architecture-Centered Enterprise System Development and Integration Based on Distributed Object Technology Standard, Institute of Electrical and Electronics Engineers, Inc., 2007

IT SOLUTIONS FOR THE MANAGEMENT OF GEO-BUSINESS

Mareş Marius Daniel

SPIRU HARET University Faculty of Management, Finance and Accounting str. Ion Ghica, nr 13, sector 3, Bucharest, Romania maresmariusdaniel@yahoo.com 0722704696

Mares Valerica

Economic Studies Academy of Bucharest Faculty of Accounting and Management Information Systems Piaţa Romană nr.6, sector 1, Bucharest, Romania maresvalerica@yahoo.com 0721906108

Ilincută Lucian - Dorel

SPIRU HARET University Faculty of Management, Finance and Accounting str. Ion Ghica, nr 13, sector 3, Bucharest, Romania lucian ilincuta@yahoo.co.uk 0745552551

In the current economic and socio-demographic context, the pressure exerted over the informatic departments by the top management in order to have them offer a high volume of information in a short time, efficient for maintaining and developing the business, can lead to migrations to geo-business informatic systems through which to adopt the indicators that would justify the costs. European integration demands that societies access performant informatic and telecommunications solutions for modernizing the economic and ecologic environment which supposes a rapid assimilation of geo-informatic technologies specialized on the management of geo-spatial data. The concept of high quality real time spatial data reprezents key theory for minimizing the risk of busing data in a certain context during the process of decision taking. Geoinformatics is more and more incorporated in the business community, reprezenting a ey aspect in the development of the business, in the management of distributed equipments, in geomarketing and also in organizing the web space.

Keywords: geo-business informatic systems, indicators cost, european integration, management of geo-spatial data, geomarketing.

Jel classification: D80, D87, M31,Q55

Introduction:

The multitude of new concepts that appeared in recent years (e-management, neuro-management, neuro-marketing, neuroeconomics, e-business, e-commerce, e-marketing, geomreting etc) have generated, on their turn, more and more complex informational technologies as a result of the necesity of finding solutions so that the comercial message could get to the new type of consumer.

The Geographical Informatic Systems(GIS) are software solutions for presenting data with a spatial component. The GIS transpose data referring to clients, market and corporate data in informative maps that are easy to understand and use.

Starting from the real world of business and IT, *Geo-business* shows how should a business develop spatially with the aid of IT solutions that offer a unique advantage for fighting the competition on the market, for wining and eeping clients, for developing the business and for taing good decisions, for developing new products and services and for optimizing the work space. The IT solutions use databases on the basis of which are made two types of analysis:

public statistical data and proprietary data of the companies about the clients and the distribution network.

In general, the IT solutions offered to the Geo-business provide answers to questions like: Where are the clients located? How large is the are covered by the company? Where should a new shop, branch be opened? Where should the advertising campaign be directed in order to obtain the highest efficiency? Such informatic applications for selling and marketing use information about clients from databases, but there are also functions that are specific to this system:

- -establishing a list of potential clients;
- -eliminating overlapping and verifying the addresses;
- -modeling motivation and behavioral propensities;
- -market segmenting;
- -the complete history of the clients;
- -reporting offering information about clients, sales, marketing activities and the market.

Geoinformatic analysis based on statistical data, maps and didgital databases help monitoring the spacial development in time of the clients, and the coverage area of the company.

1. Geomarketing through geoinformatic solutions

Geomarketing is a new technique for identifying where are the points where a company will have the maximum impact, representing a spacial segmenting of a market based on studying the characteristics of the comercial areas and of the population that lives in a certain area of the market, in order to ajust the asortment and the mechandising of the points of sales corresponding to the needs of the clients. This technique is based on processing information offered by classical management system based on databases of the companies and their marets, as well as the

systems of geographic informing that have data for characterizinf in details the studied areas. The geomarketing envisages three components: software, data and digital maps.



GISs refer to collecting, extracting all data in the territory and grouping them in models that describe the way the market works, representing an important resource for an efficient marketing and business and a basis for the further strategic targeting.

Approaphing a strategic global marketing which executes at the locl level creates new challanges in the analysis and the maketing decisions that the management has to take. Besides, the available resources, which are always limited and in many cases almost insufficient, require decisions of identification of the best opportunities, such as: How can be identified the areas that deserve a significant investment effort and those that have to be avoided? The demographical information often helps, but in many situations these are hard to access and moreover hard to corelate and process. The geo-informatic solutions for geomarketing focus on the following aspects:



The marketing on the Internet and the geo-marketing emphasise on the marketing that appeals to specific behaviors and interests, rather than an undefined marketing from geographical point of view. The online marketing as well as the classic one segment the targets function of age, sex, geopraphical location and other general factors, including the activity and the geolocation of the websites. (eg. a company that sells bicycles can display of the websites having as topic motocycles and light motocycles, so that the audience of these websites becomes interested in the products of the company).

2. Geomarketing budgets management

The geomarketing budget management is usualy the most unpleasant activity for the marketing people, because creativity and the capacity of quantitative and qualitative analysis are key points, very demanded and a must.

The necesities of business require keeping under control the most concrete aspect of the correct way, that is the quantitative aspect of the budget. At the intersection of these two qualitative and quantitative needs stays a *business intelligence* solution that allows a rapid access to structured financial information on a project basis and other relevalt dimensions such as:

- a) **Product position** compared to the competitors which means a good visibility ensured by a good position in the way of the potential clients.
- b) *Following advertising* campaigns (the TV audience levels) in detail, but also in a multi-year perspective. The management og advertising campaigns supposed correlating some activities that depend on more departments, among which can be found the Information technologies(IT) department. Marketing is the one that manages the concept and then the advertising campaign, the press releases, broadcasting the TV spots, the location of advertising. Next in line come the sales and merchandising that execute the campaign at the points of sales level, with a certain logistic that ensure dsitributing the products in the promotion to the points of sale.
- c) *Following the relationship* with the media, the articles that appeared supposes using multidimensional analysis instruments, because monitoring the press releases is for many agencies that offer PR services the biggest consumer of its main resource: the time of the PR team. The monitoring solutions, for the employees as well as for the company are represented by the instanteneous and in detail analysis possibilities (up to article and/or keyword level) or by searching and measuring on random criteria.
- d) *The instanteneous access* to the current sales results of the company (achieved versus budgeted and/or planned) as well as coordinating the sales activity supposes IT capabilities for sales directors. Spread-sheet applications (MS Excel) represent a convenient solution for many of the necesities of a sales coordinator, but as the number and structural variety of the sales team increases, these analysis become more and more bulky.

3. The comparative management of budgets

The structural variety, the internal and external manipulation stimuli for large volumes of information come from various sources, internal and external, with the purpose of elaborating models of the market segments or of the

comercial behavior, often suppose comparative approaches and analysis for following the rapid expansion that rises problems such as:

- a) **Simulation and forseeing** is ensures through IT for extrapolating and predicting results before the currently planed period is over, ensuring the sales management with additional means, of great value, for obtaining and overtaking planned results.
- b) *Complex analysis* based on answers to quantitative market researches, including following the evolution in time. The results of the market analysis, especially the quantitative ones, can bring information of a new quality, besides the expertise of the research agents, if the structured information obtained are re-analysed by the client with Business Intelligence(BI) tools.
- c) *Following a comparative analysis* of competitors, their adevertising movements on a daily basis, given that there is a strong correlation betwee the allocated budgets and the obtained results, and the careful monitoring of the activities of the competition is mandatory for BI solutions especially for ready-to-run applications.
- d) *Monitoring market prices*. The price is a key factor in any buying decision and the politics and te success can depend on the dynamics of the prices of an entity compared to those of the competitors. To achieve this a collecting and market prices analysis instrument is used, that can be in the same time flexible and intuitive, as for example diagrams based on tables.

4. Informatic solutions for e-management

Identifying development opportunities for businesses has moved in the virtual world. The management and marketing priciples in the real world find correspondent in *Cyberspace*. Thus the optimal sales locations suppose a good visibility. For achieving this goal one of the options is *localizing/hosting* on a proprietary server or using a service provider for hosting. For using service providers that host on a e-commerce platform, the interested companies in implementing a virtual shop can choose one of the following options:

- -Availability of a unique Web site, when the client owns a site and can have a unique Uniform Resource Location (URL). In this case, the transactions are off-line, but there is also the possibility of using the electronic email (email).
- -The existence of a unique page for presenting the virtual shop, when the client holds a single virtual shop on a single server of the host. The presentation page of the virtual shop has a unique URL and databases.
- -Mall, is the option corresponding to which the client has a couple of pages for presenting the virtual shops in a mall environment at the same URL address and databases.
- -Multihome, localizes several presentation pages for virtual shops on a server, each having its own URL address, databases and forms necessary for transactions etc.
- -On-site and server *product presentations* is characterized by the fact that the presentation pages for the virtual shops without databases are hosted in a multihome configuration with the transactions made on the host server of the trader. For transmitting information necessary for transactions in the same environment, but to separate servers of the host, creating these sites is achieved through a buy button.
- -Presenting off-site and server products for on-site transactions which hosts presentation pages for virtual shops without databases, which are outside the service provider, the transactions being done by a remote server of the host. These sites have a buy button that allows the product and the transaction information to be sent to the remote server of the host.

The actual management is confronted with a consumer that is more and more demanding and better informed (in this respect the forums, blogs, Linked-In networks etc, become to be more and more influent) which prefer communicating through a keyboard to other ways of interraction and which has developed a behavior of ignoring the huge number of new marketing messages with which he is daily bombarded and that is why the creation of new strategies for multiplying the interaction channels is required, that would include a complete solution of Customer Relationship management (CRM) type, with a strong means of Marketing Automation. Finding the "right channel", the one through which maximum results can be obtained from a certain category of potential clients, is very important. Identifying the optimal interaction means is a continuous "fine tunning" process, achieved on the basis of the colected feedback. The cost of using different communication channels (telephone calls, e-mails, promotional offers, SMSs, agencies, direct email etc) and the way in which the current or potential client is answering, are important parameters of the efficiency of the management activity.

These needs are usually transposed over the requirements and objectives of the informatics systems that traditionally can be divided in two categories: *functional requirements*, that describe what should the system do, and *non-functional requirements*, that describe the restrictions, the constraints to which the system is subjected. For example, a functional requirement for a website is the fact that it has to have a well defined virtual identity. A non-functional requirement could be the fact that any visitor in the pages of the website should be capable of answering quickly to a couple of question, such as: Where should be the pages of the site? What information is on this page? How did I get here? Where can I go from here? How can I come back where I was a few minutes ago? How can I

give up? What is new or specific? The correct answers to these questions lead to a return to the website and to transforming the simple visitor in a client.

In the modern informational society, the marketing activities are strongly connected to the computing power, starting from the simple activity of communicating through e-mail, of research of the seondary resources of the market (electronic journals, reports of the marketing research companies etc) of consulting the practices specific to current activities documented in the Intranet or the Extranet of the organization (for example the advertising through Internet, promoting the sites of the organization through search engines, filling the reports about the daily activities, auditing the sales, etc). Thus for the target user that navigates on Internet the marketing messages get to him directly, and this approach is used for the marketing of searches, where the advertisings are adapted to the keywords introduced by the user for searching.

5. The characteristics of the e-location in the e-commerce

Studying the location of the comerce companies can be achieved also by adapting the principles of location of the traditional commerce units to the specificty of the electronic commerce.

The *principle of interceptation* refers to the potential of a location to attract users that move from one site to another. This process supposes locating on a frequently visited domain, popular for Internet surfers (for example yahoo.com). Intercepting is based on two distinct elements, a "source" zone, from which the consumers are coming and a "destination" zone to which they move, any point between these two elements having the potential of becoming an intercepting point. In this respect promotional techniques are used that are specific to the electronic commerce by publishing the web address on printed promotional materials (id cards, papers with header), subscribing to search engines, using afiliated programs, banner comapnies etc.

The *principle of accesibility* in the traditional commerce looks for eliminating from the way of the consumers of any obstacle that could limit the traffic and the sales in the shop. The accesibility on e-commerce refers exclusively to technical aspects related to navigation possibilities of any user no matter what browser it employs, the resolution or the dimensions of the screen, the settings and capacities of the computer and eye troubles.

The *principle of cumulative attraction* refers to attracting consumers as a consequence of influences exerted by oher commercial units located nearby the sales point. In the case of electronic commerce, the cumulative attraction can be done by grouping in a common site of a couple of sales points and using the variants of Mall and Multihome for implanting shops. The cumulative attraction is tightly connected to the principles of interceptation, a virtual shop benefiting from the attraction created by other shops, as a result of hiperlins from zones with intense traffic.

The *principle of compatibility* refers to the degree in which two entities can interchange clients, as a result of common factors such as the complementarity of the traded idems or of the prices practiced and of the competitivity of the points of sale of the same type. In the electronic commerce the principle has in mind the compatibility of the suports and the technical systems used by the partnets at virtual transactions (seller – buyer).

Localized targeting (in the Internet marketing) and the geomarketing are methods for determining a geolocation (physical location) of visitors of a webside with the aid of the software for geolocation, and providing the content to visitors depending of their geographical location (country, region, state, city, postal code, organization, IP address, ISP, other criteria, as is done for example by the site FedEx.com). In the e-commerce the layout refers to design, to the formating of the web page, a process that unifies elements of content, graphic, links, navigation system and media elements, in whose design it is recommended to focus on the following principles:

- -establishing the *theme* of the site and designing the entry page;
- -conveying marketing messages representative for the company, products and their image, with an emphasis on professionalism, ethics, credibility, quality, emphasizing the advantages of the offer saving time, money and getting bonuses etc.
- *-personalizing* the site with *logos* and *graphical* elements specific to the choose theme, keeping in mind not to overload the site, which could annoy the user and stress his eyes;
- -maintaining the same style of presentation in all pages of the site, of a representative color for the traded brand or a color that would be considered pleasant by the user;
- -avoidance overloading with promotional messages, the optimum ratio between information content and advertising being 75/25;
- *-emphasizing* the site, together with the hyperlinks with *words* written in small letters that provide information for facilitating the navigation;
- -using a *pyramidal structure* of the contents: providing the principal aspects at the beginning and developing them; -organizing the contents in well delimited sections.

Taking into account the formatting of the web page, there is a strong relation of interdependence in the electronic commerce between design and layout.

One can choose from the following types of design: *simple design*, not personalized, consisting in free graphical elements; *classical design* – personalized, specific to the beneficiary image and for whose design it is necessary to use specific technologies; *special design* – created by using technologies like Macromedia Flash, Corel Draw, Adobe etc.

The presentation of the products in the electronic commerce sites can be achieved in the following ways:

- a) Developing a site in which are presented the products, without elaborating a large catalog, managed through a *database*, a situation in which *transactions* will have to be done *offline*.
- b) supposed presenting a catalog of products/services including technical and commercial descriptions, for which is necessary an indexing of the catalogs of products and providing them with graphical elements (animated graphics, sounds and multimedia spots), as well as establishing a Databases Management System (DBMS) which will manage the online or offline transactions. The most usual form of exposing products is on a simple HTML (XML) page. When the number of products and the frequency of purchases is high, more complex solutions are needed, which could be:
- -JavaScript or CGI (freeware or shareware), cheap solution, less dynamic, harder to install and maintain from the point of view of updates, with limited possibilities of displaying the products;
- -special packages of application offered by providers of web hosting that can provide complex reports for the follow up of the clients.

6. Extending the CIG solutions

The GIS business services can be used not only for geomarketing or in a direct advertising campaign, but it also completes the business plans with cartographic material and are used for controlling and the development of the sales and distribution network, of the chans of shops and the optimization of the sales forces. The applicability of the GIS solutions can be also noted in:

- -localization dynamic services (LDS asisence in choosing the travel routes, following transporter routes and the safety of automobiles);
- -insurances (during floods). Thus, of the majority of romanians would have an insurance for their goods, he insurance companies would use a specialized GIS for monitoring floods and for evaluating and adapting the payments of compensation of losses:
- -financial (studies of coverage area for banking companies, for placing the ATMs, for opening new branches);
- -geological offering scientists a strong nalysis tool of the terrestrial environment;
- -communications becoming almost a routine extension of GIS and the web technologies in the mobile media and in various other domains such as metheorology, military, agriculture, urban planning or ecology etc.

Conclusions:

- 1.Geoinformatic solutions are offering practical information specific to each market (for example in the farmaceutics, medicare, real estate etc) as well as in multidimensional analysis.
- 2.Integration of GIS of a company can bring a multitude of beneficies that can lead to the development of a competitive strategy in the efficient and practical analysis of data.
- 3. The results of GIS integration in business generates new perspectives for strategic decisions, market niches, strategic and operational marketing and in the activities of development and sales.

BIBLIOGRAPHY

- 1. Fisher, J. E-Business for the Small Business, Glasgow, Bell&Bain Ltd, 2001
- 2.James B. Pick Geo-Business: GIS in the Digital Organisation, Hardcover, 2008
- 3. Michael Kennedy Introduction Geographic Information Systems with ArcGIS, 2006
- 4.Mares Daniel, Mares Valerica Neuromanagement of the infomational systems, revista
- Contabilitate și Informatică de Gestiune http://www.cig.ase.ro/revista_cig/default.aspx
- 5. Visean Mirela Alternative strategice ale firmelor de comert, Bucharest, Ed. A.S.E., 2002

VULNERABILITY AND E-CRIMINALITY OF IT

Mareş Valerica

Economic Studies Academy of Bucharest Faculty of Accounting and Management Information Systems Piaţa Romană nr.6, sector 1, Bucharest, Romania maresvalerica@yahoo.com 0721906108

Mares Marius Daniel

SPIRU HARET University Faculty of Management, Finance and Accounting str. Ion Ghica, nr 13, sector 3, Bucharest, Romania maresmariusdaniel@yahoo.com 0722704696

The development of an informational society requires consolidating trust in information and communication technology (ICT), the protection of personal data and of the right to a private life, but also promoting a world and national unification of the informatic safety in the context of a growing dependence on ICT of societies throughout the world, which become vulnerable to e-criminality. The development, difusion and the consequences of computers are a part of a larger context – the one of informational society and of the era of knowledge.

Keywords: informational society, information and communication technology, informatic safety, vulnerable to e-criminality, knowledge

Jel classification: L86, D80, K20

Introduction:

Communication is natural to human beings and differenciates us from the rest of animals and so everywhere in companies, organizations, agencies and at home, communication increases in breath, intensity and frequency of utilization, under a number of forms.

Together with the intesifying of communication, unsolicited communication also intensifies, bringing a harming content or phishing attacks, transforming communication from challange into an impossible mission. Internet, which is is the informational "network of networks" that unites a couple of thousand networks of different ranks which come from tens of countries of the world, is strongly affected. Despite the fact that Internet is a virtual network, which combines a growing number of interconnected *Local Area Networks or LANs* – public and private, *Wide Area Networks* or WANs, regional and national networks. Internet is the largest quarter of *Cyberspace* and provides the users with several major services: *World Wide Web, Electronic Mail, Messenger, Usernet, Internet Relay Chat* etc, and this diversity of communication makes it vulnerable.

By definition vulnerability represents that state of exposing a valuable thing to a particulat threat, for example a PC disconnected from Internet is not vulnerable to an Internet Worm. The threats represent a sum of unpleasant events that can cause losses to a firm's values. We can include here a list of natural threats as fires, floods, earthquakes, but also human intentional threats as hackers and the inevitable human errors.

Nowadays threats change continuously in form and the mechanisms and security solutions that have to protext the users againsts spam of many kinds, phishing, makware, viruses and even against concertated attacks against the email servers. Few technologies are capable of providing protection against all these phenomena, that continue to grow. Thus, in december 2007, a study was showing that 80% of all e-mails were spam, while 84% of respondends were recognizinf that they had viruses sent by email.

It is well known that, through the services it provides, Internet has brought and brings many advantages to scientific research, education, administration, business, inter-human communication, but in the same time it was and is exposed to dangers that reside in the fact that the network, miraculous through the benefits it provides to man, also represents a media that is extremely favorable to those who commit indesirable social acts, acts that can spread from terorist acts to sexual harrasment or spreading pornographic images. By connecting to this network with a computer (on which was installed an adequate software program) and a modem, through a simple telephone line or cable, any individual can be one *click* distance from a crime. Those who are interested in it, acting relatively anonimously, haven't hesitated to make this small step. More precisely, many criminals from the most diverse types and ranks have immediatel "moved" their business on the virgin territory of Internet, succeeding to become, in a very short time, more efficient than ever in comitting socially dangerous acts. Many companies don't have the capacity to adapt to these attacks by using solutions that are hard to update or by rigid procedures.

1. Exchanges of information. Opportunity and risk

Any organization is confronted with the necesity of achieving a good mnagement of resources: material, human and infromational. In more and more activity sectors, informatization and the existence of computer networks which manage great part of their activity, allow executing economic and financial operation (for example electronic payment systems) that have seen a spectacular development.

The importance of data processed with the aid of the personal computer can transform security in a key element. Security is the junction of four poles of divergent interests: the *decident responsibles*, the *techniciens* that serve the system, the *users* that use it and the audit which controls. We can note that the lack of security is the fruit of lack of

interaction and common reflexion between parts. In our country, at least theoretically, many companies wish for a strong and easy to control security of the "accounting and financial area".

The exchange of accounting and financial information, by using new technologies, can be done relatively easily, but there will have to be a proof of quality and of the degree of protection ensured. The lack of concern for information security will lead to major risks and disfunctionalities. Companies with a reduced financial strength can be taken out of the market by a security event. The lack of an informatics system can lead to a temporary halt of the business which implies stopping sales and thus it leads to losses. Here we can raise a couple of questions: "By improving the informatics accounting, is there also an increase in its insecurity?" "What risks are due to new technologies and what are due to financial and accounting information itself?" "What is the connection between the quality of the informatics security and that of the financial and accounting information and the accounting segment in general?"

Any modern entity incorporates *Informatics and Communication Resources* that include all devices of printing, display, storage and all the activities associated to the computer that imply using any device capable of receiving email, navigating on Web, in other words, capable of transmitting, storing, administering electronic data, including but not limited to: mainframes, servers, personal computers, notebooks, pocket books, *Personal Digital Assistant* – PDA, pagers, distributed processing units, laboratory and medical equipment connected to the network, telephones, facsimile, printers and other accessories that have to be managed and securitized. To these can be added the procedures, the facilities of the programs, the data that are designed, constructed, made operational and maintained in order to create, collect, register, process, store, receive, display and transmit information necessary to the internal and external media entities.

The risk represents the intersection between threat and vulnerability and can originate from the internal and external media. The external risks of the organization impend the activity and are related to:

- -political risks (conflicts, alliances etc);
- -financial and economic risks (prices, inflation, stock market);
- -informatics and techno logics risks;
- -risk products (medicines, automobiles);
- -new frauds;
- -blocking of communication ways;
- -epidemics and epizootics;
- -natural hazards (floods, storms, heavy snows, earthquakes) etc.

The attempt to quantify the risk is a challenging and interesting task. In the majority of the cases, the risk is associated with the effective costs of acquisition, maintenance and development of the protection mechanisms. Most representations of risk use:

- -Annual rate of occurrence this represents the number of times in a year a treat can occur. It is achieved by reporting estimates over a past period, taking into account the improvements to the system.
 - -The probability of a loss represents the sum that an organization looses when a disaster occurs.

Movement of criminal "businesses" to the Internet ground did not occur randomly, but from reasons as pragmatic as possible, which take into account that this world network has at least three important advantages:

- -Distance removal.
- -Minimal costs.
- -An "anonymous".

Unfortunately, all the domains of the Internet, so beneficial for the majority of honest users of this informational network, are at the same time some of the most profitable infractional fields for those interested to use them for other purposes. Nowadays, when the minimal technical means and financial expenses are extremely low, any user can connect to Internet in order to access a series of databases from around the world, we can expect at any time that a person with evil intentions of a psychically ill person, from anywhere on the globe, to cause immense damage to individuals, communities or even states situated at tens of thousands of kilometers away. Specialists estimate that "the terrorist of tomorrow will be able to cause more damage with a keyboard than with a bomb". It is more and more evident that, nowadays terrorist groups use informational technology to achieve their subversive purposes.

Electronic attacks through viruses and "informatics bombs" created by informatics pirates reconverted to the economic warfare or to manipulating the stock exchanges and destructive sabotage represent major dangers for informatics systems.

In the current conditions, when there is a large number of databases which grace to the Internet can be consulted from any part of the world, informatics spying widens and diversifies. Information threat is a concern for many companies from various fields. Commercial information, as are the lists of products, prices, clients, providers, product promoting methods. Fabrication methodologies, personnel training methodologies, know-how, inventions that are on the way to be patented or marketing studies, are among the most exposed to criminals.

2. Security of information systems and e-criminality

The impressive development of technology led to an increase in profts, on the one side, and to an increase in dangers and fearfulness on the other side. As the electronic media become more accesible to the general public, the informatic criminality is developed and diversified, becoming more than traditional fraud or falsification. On Internet, information became the cheapest weapon in the world, but the problem of its security gives headaches to the world's powers, as on Internet every computer is like a leaf of a tree and the network components are like branches. It is enough to cut a branch and its result is equivalent to cutting the leaf.

The sofisticated world of the informatic systems is extremely alluring being a digital world where are possible electronic businesses, efficient documentation over Internet, distance learning, instanteneous communications, but apart from that the information technology is not lacking in risks – one of the most important being the **e-criminality**.

The notion of informatics criminality is now more than the traditional definition referring to criminality against informatics systems, and also includes most crimes that can be done over the Internet using information systems. Informatics criminality has a very high price in economic terms as well as from a human security perspective.

Before the age of developing informational technologies, the main concern in regard to informatics data was keeping their confidentiality, something that could not be achieved by simply protecting them physically (for example, by locking them with a key in the rooms were information was being stored).

Nowadays, along with the confidentiality there are the important aspects of security of the IT that have become a complex and concerning problem for all organization types, being in the same time a legal requirement. In order to ensure the security of the IT and of the personal data, the authorities and public institutions with competences in the field, the service providers, nongovernmental organizations and other representatives of the civil society have common activities and programs in order to prevent e-criminality.

Criminals can launch massive attacks with informatics viruses against telecommunication networks for defense, electric power, gas and water or against the systems for traffic control for aeronautic, naval and terrestrial industries, against informatics systems of banks, stock exchanges, insurance societies, that can disturb the activities in these fields.

The security requests of the informatics systems are based on a number of operational and integration, legal, social, moral and human aspects with other informatics systems. Informatics criminality can have severe consequences that can extend to heavy financial and reputation losses that also come together with the security events, and in these conditions the security management of the informatics systems becomes extremely important.

In respect to criminality in the field of data networks, especially Internet, one can distinguish the infractionality that aims at paralyzing the entire system or a part of it or a structure that works with it, through virus programs or attack of the type *Denial of Service*(DoS).

The age in which hackers wanted to prove their programming abilities has passed. Meanwhile they discovered opportunities to make profit over Internet, as through Phishing. There are numerous traps through which criminals can get rich in the virtual space, as by cloning the sites of banks, when the client receives an e-mail in which it is required to enter on the site of the so called bank, the account data, the username, the password and the secret access codes, and all the thief have to do is to empty the account. According to the estimates of the Organization for Security and Cooperation in Europe (OSCE), the informatics criminality produces an annual loss of 100 billion dollars. The German association of the commercial society claims that in Germany, in 2007, the total value of the damage amounted to 13 billion euro. Other studies say that e-criminality has become even more profitable than drug traffic. The international authorities for legal pursuits have identified three regions in the world from which come the majority of the trap e-mails: Russia, China in Brazil, areas in which the illegal businesses flourish. The interest of the hackers is mainly focused on the passwords of top-managers, in order to obtain extremely valuable information.

In the current crisis conditions it is to be noted that e-criminality is done more frequently through:

- -a larger number of viruses, worms and trojans that attack computer networks;
- -sending by email of false deduction coupons in the name of well known companies;
- -an intensification of attacks caused by spyware, scanning ports, informatics sabotages, pornography, computer thrift (desktop and mobile), abuses of employees;
- -an increased incidence of attacks from within organizations;
- -attacks executed from outside that are aimed at countries like: USA, China, Russia, Nigeria, South Korea, Germany and India.

More and more attacks are done through zombie computers grouped in networks called botnet through which criminals' pirate computers, without the knowledge of the owners of the computers and use them for sending spam or for destroying other computers. Programs can be distributed in different ways, one of them being as attachment to e-mail or downloads from certain sites.

Few technologies can provide protection against all these phenomena that continue to increase (e.g. in December 2007 approximately 65% of all e-mails were spam) and a solution is being searched which would solve the current

challenges. The concept of Unified Threat Management (UTM) offers a global approach to the problem of the security of IT, by protecting the clients against attacks of versions types as:

- -scanning IP Reputation;
- -antispam based on patterns of messages;
- -white lists and blacklists;
- -antivirus based on signatures of families of viruses;
- -protection against "zero-hour outbreaks";
- -intrusions prevention systems at the e-mail level.

The informatics criminality does not comprise only spam and viruses, it can also strike other aspects of the economic and social life. There have been cases when the adepts of different terrorist organizations, on certain occasions, as the success of some of their actions, build site of sympathy for such groups, presenting details for preparing them and congratulating the courage and the mastership of terrorists as if it was a game. Other sites provide updated information for creating bombs or instructions for manipulating explosive substances.

Another category of terrorist activities over Internet is the dissemination of messages of hate and incitation to violence through the Web pages and unfortunately things don't stop at such activities, which in most cases are a precursor of real terrorist actions and can get to incitation to attack and finally to organize grave criminal acts. Criminal organizations have converted with an amazing speed to the most sophisticated technologies and they use encrypted software for communicating over Internet with a high degree of security. Network is a formidable means also for organized bands that deal with drugs and arms traffic, as well as medicines, with washing black money etc, because these bands understood that Internet is an ideal communication means, cheap, fast and pretty secure when using encryption software.

In many countries of the world, displaying and distributing obscene materials in public is against the law. There is no doubt that Internet, through its open nature, has become such a place. Thus, performing such activities through a mega-network, is most of the times prone to breaking the law. Nevertheless locations that contain materials for adults are very numerous and the growing number of these sites and the negative impact of disseminating obscene materials, of popularizing child pornography on Internet have led to an increasing concern of the public opinion regarding the multiplication of such an activity over the network. The fact that deviant behavior has moved their place of action does not change their criminal nature.

Apart from the older forms of e-criminality related to Internet, there are also some new ones like: "offers for adoption" that cover selling of children or organs for transplant.

Despite the sustained efforts of a company to protect its clients, a growing number of users of the Internet have lost their faith in the efficiency of the security methods and that's why a new culture of security is required in the contemporary society.

Pirating computer software represents another form of criminality related to Internet. It is achieved by downloading programs spread over the Internet, on a computer, when this operation is not authorized by the titular of the author rights.

3. Investigating e-criminality

The investigation of e-criminality has a series of particularities that differentiates it fundamentally from other types of investigation due to its nature that supposes using scientific and certified instruments for insurance, collection, validation, identification, analysis, interpretation, documentation and presentation of digital probes, obtained from informatics sources, used in order to facilitate discovering the truth.

The investigation of e-criminality has to have a series of specific characteristics necessary for ensuring a high degree of correctness:

- -authentication (proof of the source of the probes);
- -credibility (lack of doubts concerning credibility and solidity of the probes);
- -completeness (acquiring all existing probes and keeping their integrity);
- -certitude;
- -lack of interferences and of contamination of probes as a result of the investigation or of the probe management.

In the process of e-criminality investigations, the following steps will be followed:

- 1. Identification of the incident supposes recognition of the incident and determining its type.
- 2. Preparing the investigation which supposes preparing of the instruments, verification of procedures, obtaining documents that allow the inquisition.
- 3. Formulating a strategy of approach function of the involved technology and of the possible consequences for the people and institutions involved. The aim of formulating this strategy is to maximize the potential of obtaining relevant probes, while minimizing the negative impact on the victim.
- 4. Insuring the probes isolating, insuring and storing digital or physical probes.
- 5. Collecting probes recording the physical ambiance and copying of the digital probes, by using specific practices and procedures.

- 6. Examination of probes that suppose a deep visualization of the probes in order to search for elements that are connected to the respective offence. This supposes localizing and identification of probes as well as the documentation of each step in order to facilitate the analysis.
- 7. The analysis of probes by determining the significance of probes and drawing the conclusions related to the incriminated offence.
- 8. Inquiring the victims and the offenders.
- 9. Presenting the probes drawing the conclusions and presenting them in an intelligible way for no specialists. This synthesis has to be accompanied by a detailed technical documentation.
- 10. Returning the probes returning the objects retained during the investigations to their owners or in some cases confiscating those objects.
- 11. Advertising the crime in order to intimidate future offenders.

Informatics crime investigations can be helped by certain institutions, national and international organizations, associations and private persons.

There is the concern that hackers will go further and will modify price lists, juridical texts or even scientific research results, which would have grave consequences. Nevertheless as there is no security system entirely secure, it is recommended to be aware of the risks that exist when running a business that uses informatics systems

Conclusions:

- 1. Internet was and is subject to dangers that originate in this network which apart from advantages also represents an external media favorable for those who commit social and economic offences.
- 2. In order to increase informatics safety, to reduce to a minimum the use of services for illegal purposes and to consolidate trust in informational technology, it is essential that the Internet service providers and the authorities that supervise the application of law to cooperate efficiently, taking into account the role of each party, the cost of the cooperation and the rights of the citizens, until an Internet traffic laws system of legal system is created. Thus, people will be concerned not only with the correct use and the continuous development in the domain of informational technology and Internet, but also to establish the legal framework in which the interactions will take place.
- 3. Informatics criminality is a phenomenon that negatively affects the international image of a country.

BIBLIOGRAPHY

- 1. Ioana Vasiu Criminalitatea informatică, Ed. Nemira, Bucharest, 1998
- 2. Tudor Amza, Cosmin Amza Criminalitate informatică, Ed. Lumina Lex, Bucharest, 2003.
- 3. Victor-Valeriu Patriciu et al. *Internet-ul și dreptul*, Ed. ALL BECK, Bucharest, 1999.
- 4. ***, Ghidul introductiv pentru aplicarea dispozițiilor referitoare la criminalitatea informatică", Bucharest, 2004.
- 5.http://www.coe.int/cybercrime
- 6.http://www.riti-internews.ro/ro/cybercrime.htm
- 7.http://www.legi-internet.ro/conventie crim info.htm
- 8.http://und.ro

IMPROVING THE QUALITY OF THE DECISION MAKING BY USING BUSINESS INTELLIGENCE SOLUTIONS

Maria Dan Stefan

Academy of Economic Studies, Faculty of Accounting and Management Information Systems, Uverturii Street, no. 43, bl. 1, ap. 35, district 6, Bucharest, e-mail: danstefanmaria@gmail.com, Phone: 0722684069

On the basis of the decision making stands information, as one of the main elements that determine the evolution of our-days society. As a consequence, data analysis tends to become a priority in the activity of an organization for decision making. The diversity and the dynamic evolution of tools and technologies from Business Intelligence category, represent a positive factor, with a decisive role, in the evolution of decision making systems and implicit in increasing quality of decisions. For an organization, Business Intelligence technologies are strong and complex tools for analysis, reporting and prognosis in which the core is data warehouse. This paper aims to highlight the essential role of Business Intelligence in order to increase the quality of decisions, in the context of using data warehouses, and the main areas where Business Intelligence solutions offered by Microsoft SQL Server 2008 can be applied successfully.

Keywords: Business Intelligence, Data Warehouse, decision making, SQL Server.

The article's JEL code: M15

Introduction

Nowadays, on business market, data analyze is a fundamental request for taking decisions in order to obtain performance. Gross information, which in many cases presumes a large volume of data, is not very useful because of the impossibility to make detailed and efficient analyses. Things can change when we talk about synthesized and grouped information that offer a better support for data analyses and decision, a must condition for performing an efficient management.

Usually, to make decisions, organizations must access at the right moment exact and complete information, from various domains of activity, in the right format for the specific purpose, but the operational systems are not the adequate environment for obtaining all this information. Essentially, this type of support is known as Business Intelligence (BI), and the technologies for this support depend on a complex and powerful entity known as data warehouse.

In accordance with information technologies evolution, advantageous regarding the quality and the price, Microsoft SQL Server 2008 solutions are capable to respond to complex data analyses, including advanced Business Intelligence technologies.

1. Business Intelligence

The term of Business Intelligence was introduced by Gartner Group in the middle '90s. As a concept, Business Intelligence existed for a long time before, from the '70s, when it was used in reporting systems using mainframes. In that period, the reporting systems were statically, bi-dimensional and having no analytical capabilities⁶⁰⁴.

Development of Business Intelligence systems type was determined by requests of dynamic multidimensional systems able to support the intelligence decisional processes and having predictable abilities. These systems became more and more complex, performing multidimensional analyses of data, having statistical and predictive analyses capabilities in order to serve better for decisions analyses.

Business Intelligence systems have an architecture composed from a collection of applications and integrated operational databases, and from decisions assisting systems that facilitates access to data. Decision assisting systems supports, in a business, several activity sectors, including multidimensional analyses, data mining, prediction capability, business analyze, query facilities, reporting and graphical representation, geospatial analyze knowledge management and more⁶⁰⁵.

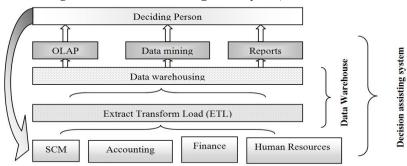
BI presumes rise of business performances in an organization. Electronically extracting, stocking, transforming and using of data necessary for business represent laborious activities that presumes complex and adapted to business purpose infrastructures and information applications.

Business Intelligence is an iterative process: it starts from the operational medium from where the data are extracted and deposited in data warehouses; then the deciding person uses decision assisting systems to extract data from the data warehouse. Detaining this information, a deciding person can create action plans. The change of the operational information level induces to a new iteration of Business Intelligence cycle. The cycle is represented in the following figure:

⁶⁰⁴ Zaman, M., Business Intelligence: Its Ins and Outs, 2005.

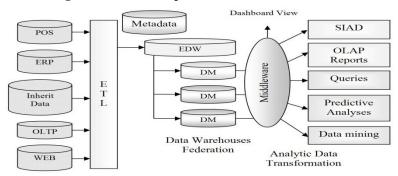
⁶⁰⁵ Moss, L.T. and Atre, S. Business Intelligence Roadmap: The Complete Project Lifecycle for Decision-Support Applications, Addison Wesley, Boston, 2003.

Figure 1. Business Intelligence Cycle (Source: Giovinazzo, 2002: 6)



Collecting data and analyzing them were and still are considered by companies as a fundamental activity for long term strategic planning. Before the information technology era, making decision process was based mainly on estimation and on empirical approximation practices. But companies turn their attention towards information administration systems for detailed data analyses trying to obtain a considerable advantage on market, compare with the competition. The structure of an information system dedicated to Business Intelligence is presented in the following figure:

Figure 2. Basic components of a BI dedicated information systems



Business Intelligence data sources are formed from operational data bases, including inherited (OLTP), external Web documents, sale point - POS (Point Of Sale), data from the supply chain from the enterprise resources planning – ERP. Data from these sources are loaded in data warehouses by an ETL application (extracting, transforming and loading).

Data warehouses federation is made of data warehouses of enterprise type EDW (Enterprise Data Warehouse), metadata, data shields – DM (Data Marts) for various administrative domains of the organization (marketing, management, finance, accounting, and so on).

The final component of a BI process is design for business performance management (BPM), to corporate performance management (CPM). This component is based on score methodology of type "balanced scorecard" that represent a work frame destined to define, implement and management business strategy for an organization thought binding objectives to practical measures. So, there are connected top level indicators like financial information with actual performance indicators regarding the low-levels of the economic organization.

The main objective of BPM is to optimize the global performance of the economic organization. BPM works usually with dashboard that insure a global view of company performances with suggestive graphic presentations. The dashboard presents the economic organization performances, trends, exceptions and integrates information from various business domains.

2. Data Warehouses

The data warehouse is considered the "hart" of the Business Intelligence and is based on combining data from several or even all business systems. Data warehouses are a product of a more competitive, globalised, dynamic and complex economic medium in which the organization is activating and that has needs for relevant, actual information in a consistent and very flexible manner for the decision fundament process.

From methodological perspective, data warehouses represent a branch of information systems applied in the domain of decision assistance information systems, as SIAD or DSS, which insure: complex management of business and access from outside, in an efficient and opportune mode, of information and knowledge needed for businesses.

Data warehouse is a conglomerate of data special produced to support management decision making for business performance. Data warehouse contains historical and current data with potential interest for managers inside de

organization. Usually, data are structured to be available any time for online analytic transformation activities (OLAP), Data Mining, queries, reports, other applications that allows obtaining results for decision making⁶⁰⁶.

Data warehouses are a unification of operational data, special structured for queries and analyses and represent the "vertical bone structure" of decision assisting systems based on data synthesize and analyses, or in other words, data warehouses contain the "raw materials" for decision assisting systems based on data synthesize and analyses allowing managers to take correct fundament decisions⁶⁰⁷.

Most of the projects dedicated for assisting the managerial decision are based on the new technologies Data Warehouse. OLAP technologies imposed themselves as frequently utilized solutions for data analyze, and the multidimensional analyze concept, together with the new methods of exploring data (data mining) gained step by step more terrain in assisting businessmen decisions.

Online Analytical Processing (OLAP) is a technology for aggregate the data stocked in data warehouses in a multidimensional manner with facilities regarding information access for managers in an interactive and facile way. The link between OLAP and data warehouses is that OLAP transforms the huge volume of data stocked and managed in the data warehouses in information useful for the decisional process.

Applications that uses these technologies are based on rapid analyze of multidimensional data dispersed in multiple locations but with access for a large number of users. For using these facilities, OLAP rely on the efficiency of multidimensional data bases and on the possibility of building alternatives for diverse decisional problems. OLAP solutions are based on the principal of data restructuration in a multidimensional format known as a hypercube. Basic notions of the hypercube are: dimension, attribute, hierarchy, facts tables, and dimension tables.

Data Mining technologies have various applicability domains. So, in risk analyses, it can be establish profiles adapted to the organization in difficulty, while in commercial domain is possible to put in evidence characteristics of a certain type of costumers or of existing trends on a market segment in a specific situation.

Through the data mining technology there are transformed data that refer to previous periods (historical data), that are examined and are already known, based on which is build a model or a template that can be applied to the new situations of the same type with the already known ones. The specialists in the field of data warehouses consider the data mining instruments as a evaluate form of OLAP instruments.

The Data Mining concept define the process of discovery the knowledge models and / or utile information from a large quantity of data, which are collected and stocked in various types of data warehouses, in order to use them as fundament for managerial decision on all the competence levels inside an organization. As a fundamental difference from the OLAP instruments, it must be said that while the usage of those is based on initiative or intuition of the decision factor to establish the aspects subject to analyze, data mining technologies have the role to realize automated observation over data without an explicit intervention from user.

2.1. Data warehouse characteristics

Data warehouse is an integrated, timeless, historical and persistent, subject oriented data collection for supporting the process of fundament a managerial decision, from where result the main characteristics of a data warehouse, which are: **Subject oriented, Integration, Non-volatility and Time orientation**⁶⁰⁸.

2.2. Data warehouse objectives

The main objectives that must by follow in order to make a data warehouse are as follows:

- *support in decision assistance:* data warehouse must contain data that will assist management of any level in the decisional process;
- fast and facile access to information: the access must be realized in the shortest time possible, to any request and to be a performing one;
 - data consistency: data warehouse must offer the certainty that data are correct;
- flexibility and adaptability: data warehouse must be built so to be capable to answer quickly and correct to the always changing informational needs of the users;
- *confidentiality*: data warehouses stock information critical for enterprise activity, information that must be available only to the right persons;
- acceptance: users of data warehouses must trust the information received from exploitation of data warehouse.

3. Business Intelligence solutions offered by Microsoft SQL Server 2008

The Business Intelligence solutions can be used with success in:

⁶⁰⁶ Turban, E., Aronson, J.E., Liang, T.P. and Sharda, R., Decision Support and Business Intelligence Systems, 8th edition, Prentice Hall, New Jersev, 2007.

⁶⁰⁷ Kimball, R., The Data Warehouse Toolkit: Practical Techniques for Building Dimensional Data Warehouses, Wiley & Sons, New York, 1996.

⁶⁰⁸ Inmon, W.H., Building the Data Warehouse, 4th Edition, Wiley & Sons, New York, 2005.

- marketing analysis demographical analysis using information regarding clients and sales data, price sensibility, preferences regarding the products. Using this information the marketing campaigns can be better planed and their effect can be measured;
- sales analysis identify the tendencies, seasonal analysis, and links between the products. Using this information, sales objectives can be set and it can be measured the progress regarding these objectives;
- *analysis for distribution chain (retail)* data analysis regarding the orders in the distribution networks, delivery analysis, stocks analysis. As a result, it will be possible to plan better the stocks, the price promotions for certain products and the delivery calendar;
- balanced scorecard there are defined performances indicators, calculated using the information in the existing systems. This way, it can be watched the company performance on its whole or the performances of some groups relative to others that are similar;
- financial analysis profitability analysis on departments, category of products, geographical locations, seasons. A particular case is represented by the financial institutions banks, insurance companies where the financial analysis plays a key role in the activity progress: define the services packages, portfolios analysis, and so on;
 - budget planning variances analysis, planning the following fiscal year.
- *support centers and client relations* analyze the incidents with the clients, analyze the success rate for the telemarketing companies;
- geospatial analysis combines the geographical and demographical information to identify the tendencies;
 - analyze in the projects management analyze the resources allocation, analyze the project portfolios.

A Business Intelligence solution, optimal from the quality-price point of view, used in decision making is Microsoft SQL Server 2008, due to its performances in managing a large volume of data and to the facilities for reporting and multidimensional analyze, available using its components. Microsoft SQL Server 2008 offers to the users an extended set of tools that can be classified in the following categories, according to their functions:

- support for client-server environment;
- specific facilities for data storage in warehouses and multidimensional databases;
- tools for OLAP and Data Mining multidimensional analysis;
- tools to transform and import/export data;
- integrated security, configurable and easy to use;
- tools for data advanced presentation and reporting.

For the development of application for decision making, Microsoft offers Business Intelligence Development Studio, a development environment built on the productive framework of the development system Microsoft Visual Studio, which incorporates debugging facilities, together with a favorable environment for building cubs, reports, extracts, transformation and package load (ETL).

Conclusions

Considering the present evolution of information technologies and of the tools related to them, as well as the importance of information, which represents one of the most important resources of an organization, I underlined the essential role of Business Intelligence solutions, in the context of using data warehouses, in increasing the quality of the decision making in order to obtain business performance.

At the end of the paper I emphasized the main areas in which Business Intelligence solutions offered by Microsoft SQL Server 2008 are successfully used.

More and more organizations use Business Intelligence solutions and are aware of the utility of information, knowledge and models that can be obtained from data warehouses and used in the decision making process to increase the business performance. In the future, these Business Intelligence solutions will represent a common, and in the same time vital, resource for business continuity.

It remains to see how it will be assured the access to data, given that the organizations that will have important information on the business market will make opportune decisions and will obtain business success.

References

- 1. Airinei, D., Depozite de date, Polirom, Iași, 2002
- 2. Franco, J.M., Piloter l'entreprise grace au data warehouse, Eyrolles, Paris, 2001
- 3. Giovinazzo, W.A., Internet Enabled Business Intelligence, Prentice Hall, New Jersey, 2002
- 4. Hand, D., Mannila, H., Smyth, P., Principles of Data Mining, MA:MIT Press, Cambridge, 2001
- 5. Hanson, E.N. et al., An introduction to New Data Warehouse Scalability Features in SQL
- Server 2008, available on line at http://www.microsoft.com/sqlserver/2008 6. Inmon, W.H., Building the Data Warehouse, 4th Edition, Wiley & Sons, New York, 2005
- 7. Kimball, R., The Data Warehouse Toolkit: Practical Techniques for Building Dimensional Data Warehouses, Wiley & Sons, New York, 1996

- 8. Moss, L.T., Atre, S., Business Intelligence Roadmap: The Complete Project Lifecycle for Decision-Support Applications, Addison Wesley, Boston, 2003
- 9. Perry, M., Data Warehouse essentials for business people, available on-line at www.montage.co.nz/aboutbi/data warehouse essentials for business people.asp
- 10. Turban, E., Aronson, J.E., Liang, T.P. and Sharda, R., Decision Support and Business Intelligence Systems, 8th edition, Prentice Hall, New Jersey, 2007
- 11. Zaharie, D., Albescu, F., Bojan, I., Ivancenco, V., Vasilescu, C. Sisteme informatice pentru asistarea deciziei, Dual Tech, București, 2001
- 12. Zaman, M., Business Intelligence: Its Ins and Out, available on-line at www.technologyevaluation.com

A COLLABORATIVE PERSPECTIVE OF CRM

Mărginean Nicolae

Bogdan-Vodă University, Faculty of Economics, Cluj-Napoca, Spinoasa 14 street, e-mail: nicolae1976@yahoo.com, telef: 0745/318321

Today, companies are becoming more customer focused, trying to adapt their business systems in order to be more responsive to the ever-changing needs of customers. CRM software gives a new face to the relationship with the customer, using the new technology. We propose to include a collaborative component in CRM, a multi-agent system that will automate and optimize some tasks specific to a CRM. We will use the ontologies to store the knowledge about our domain of interest: relationship with customers. These ontologies will be incorporated in the website of the organization and within all websites of the customer. So, handling the ontologies, agents' community will change information between organization and customers in an automatic manner, in order to support all activities implied in the relationship with customers.

Keywords: ontology, software agents, collaborative, website, CRM, OAA, OWL, facilitator

Cod JEL: M15

Introduction

Nowadays, IT&C support all activities of the business. Therefore, e-business technology enables companies to link their IT systems in an efficiently and flexible manner, being closer to business partners in order to better satisfy their needs and expectations. Among the business partners there are the customers. Because companies try to increase their revenues and because these revenues are the result of the business relationships with customers, today, companies are becoming more customer focused, trying to adapt their business systems in order to be more responsive to the ever-changing needs of customers. CRM software gives a new face to the relationship with the customer, using the new technology.

Customer Relationship Management

In accordance with [Fotache, 2004], Customer Relationship Management (CRM) is an integrated sales, marketing and service strategy who can help organizations to manage better customers' relationships. On the same idea, [Pulevska, 2008] says that CRM integrates sales, marketing and service strategies in order to optimize the customer benefits and relationships at long sight. Also, CRM technology is used to learn more about customers' needs and behavior in order to develop stronger relationship with them. CRM software supports all the previous ideas, allowing to the employees from the company departments to share and access pertinent information about customers (like products owned, prior support calls and so on) and their interactions. Interactions with the customers are generally stored in a customer contact histories, in a database format. Using this database, it is eliminated the need to obtain information directly from the customer.

As you see in the Figure 1, in the architecture of a CRM, between customers and database, we propose to include a collaborative component, a multi-agent system that will automate and optimize some tasks specific to a CRM.

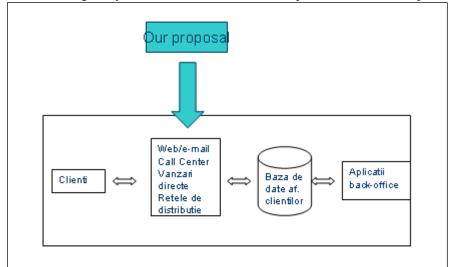


Figure 1 A simplified architecture of CRM + our proposal⁶⁰⁹

_

⁶⁰⁹ adapted from Fotache D, Hurbean L, "Solutii informatice integrate pentru gestiunea afacerilor-ERP", Ed. Economica, Bucuresti, 2004, pag. 103

The architecture of the proposed component = OAA agents + OWL ontologies

We have developed our component using Open Agent Architecture, a framework developed at the Artificial Intelligence Center of SRI International, an environment that allows creation of a flexible and dynamic community of software agents, providing a mean for integrating heterogeneous applications in a distributed infrastructure.

We have chosen it due to its facilities for agent interaction based on delegation to a special agent named facilitator. This agent coordinates the agent community allowing parallel execution, error treatment, detection of conflicts that can occur in problem solving and so on. Also, the facilitator provides a global data store for its client agents, which allows them to adopt a blackboard style of interaction. A system configuration is not limited to a single facilitator. The facilitator maintains a knowledge base that contains all the capabilities of the agents' community [Martin, OAA].

The client agents are usually specialized in providing a set of services and acts as a client of some facilitators. These services are named the capabilities of a certain agent. The declarations of the capabilities are referred as solvables. It is distinguished two types of solvables: procedure solvables and data solvables. A procedure solvable represents a procedure that acts in some manner whereas a data solvable offer a connection to a collection of data. A procedure solvable is handled by a declared handler whereas this is not necessary for a data solvable. Data solvables represent a dynamic collection of facts, which may be modified at runtime.

All the client agents inform its facilitator about the services they can provide. When is needed a service of a certain client agent, the facilitator send a request to it, expressed in ICL. The agent takes the message, parses it, processes it using his capabilities, and returns an answer to the facilitator [Martin, OAA].

When a client agent requests a services offered by the agents community, it send an ICL message to the parent facilitator in order to solve his requirement. With other words, the agent delegates his task to its facilitator. Thus, is not necessary to specify an particular agent to handle the call, the facilitator controls that aspect, obtaining the response to his requirements.

In OAA, the agents can be developed using many languages as Prolog, C, Java, Visual Basic and so on. Every developed agent must incorporate in his code an agent library. For all reminded language is available a specific library.

Also, OAA provides a mechanism of triggering some actions or procedures when some set of conditions is met. Thus, using triggers, each agent can monitor either locally or remotely some events that can appear at its facilitator or peer agents.

We will use the ontologies to store the knowledge about our domain of interest: relationship with customers. We will use OWL because allows us to publish and share ontologies in the WEB. It has a XML-based syntax, is an extension of RDF Schema, using the RDF meaning of classes and properties, having incorporated many primitives to support the richer expressiveness. All the concepts of the domain, the relationship between them and their instances will be located in the ontology. The knowledge of the system will be represented using OWL ontologies because it can be incorporated in websites, so that web resources becoming more accessible to automated processes achieved by the agents.

In accordance with [Horridge, 2009], OWL is a language for defining and instantiating WEB ontology. The main components of OWL ontology are classes, properties and the individuals. Individuals, also known as instances, represent objects in the domain in which we are interested. The links between individuals or relationship between them are named properties. There are many types of property:

-Object properties are relationships between two individuals. Object property may have a domain and a range specified. Properties link individuals from the domain to individual from the range. Also, there are many types of object property. If some property links individual "a" to individual "b", then inverse property links individual "b" to individual "a". If a property is functional, for a given individual, there can be at most individual that is related to the individual via the property. If a property is transitive, and the property relates individual "a" to individual "b", and also individual "b" to individual "c", then we can infer that individual "a" is related to individual "b" is related to individual "a" to individual "a". A property P is reflexive when the property relates individual "a" to itself. If a property is irreflexive, and individual "a" is related to individual "a" and individual "b" are not the same.

- -Datatype property links an individual to the data values.
- -Annotation properties are used to add information to all components of ontology (classes, individuals, properties).

The classes are concrete representations of the diverse concepts and describe all conditions that must be satisfied by a set of individuals that will become the member of the class. Classes are organized in the form of superclass-subclass hierarchies, named taxonomies. It must note that some classes may be disjoint, so that an individual cannot be an instance of more than one of these classes.

One way to describe a class is to define it as a subclass of the existent classes. Another way to describe a class is represented by the restrictions. It can be distinguished three main categories: quantifier restriction, cardinality

restriction and "has Value" restriction. Quantifier description can be divided in existential restrictions and universal restrictions. Existential restriction describes a class of individuals that have at least one relationship among a specified property to an individual that is a member of a specified class. Universal restriction constrains the relationship along a given property to individual that are members of a specific class.

Regarding cardinality restriction, it can be distinguished a minimum cardinality, a maximum cardinality and a specified cardinality.

A hasValue restriction describes the set of individuals that have at least one relationship along a specified property to a specific individual.

OWL ontology is processed by a reasoner and offers the next services: testing whether or not one class is a subclass of another class, the building the inferred ontology class hierarchy and the verifying the consistency checking of a class.

Also, one class may be obtained through applying intersection, union or complement operators against the existent classes. The same OWL allows classes to be defined by listing the individuals that are the member of the class.

A little part of ontology that presents the software licenses as merchandise traded by the organization, and which will be incorporated in the website of the organization, is listed below.

```
<rdf:RDF>
 xmlns:owl="http://www.w3.org/2002/07/owl#"
 All Namespaces
<owl:Ontology rdf:about="">
   <owl:imports rdf:resource="www.ubv.ro/ontologie"/>
  The header of ontology: version, import, comment
</owl:Ontology>
<owl:Class rdf:ID="marfa"/>
<owl:Class rdf:ID="licenta">
   <rdfs:subClassOf rdf:resource="#marfa"/>
</owl:Class>
<owl:Class rdf:ID:="licentalimbaje">
   <owl:intersectionOf>
  <owl:Class rdf:about="#licenta"/>
  <owl:Restriction>
         <owl:onProperty rdf:resource="tip"/>
         <owl:hasValue>
             <xsd:string rdf:value="limbaje">
        </owl:hasValue>
  </owl:Restriction>
   </owl:intersectionOf>
</owl:Class>
</rdf:RDF>
<owl:oneof rdf:parseType="Collection">
<owl:Thing rdf:about="Microsoft">
<owl:Thing rdf:about="Borland">
</owl:one of>
<licentalimbaje rdf:ID="Prolog">
```

In order to develop an ontology we must follow the next steps⁶¹⁰:

determine the domain and scope of the ontology; consider reusing existing ontologies; enumerate important terms in the ontology; define the classes and the class hierarchy; define the properties of classes;

create instances;

The functionalities of our agents' community will be achieved using the multi-agent platform Open Agent Architecture, with one facilitator, with delegation style, and the language Sicstus Prolog for creating every agent. The OWL ontologies will be built using Proteje 4 and the Prolog-style quering will be achieved using the PrologTab plug-in of it. OWL ontology will be processed by a reasoner named Pellet.

⁶¹⁰ http://protege.stanford.edu/publications/ontology_development/ontology101.pdf

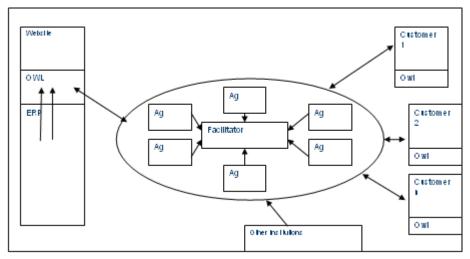


Figure 2 The proposed framework

According to the previous framework, the mechanism of proposed architecture gravitates to the virtual community of agents, which, in a collaborative manner, tries to solve the problems regarding the relationship with customers. We have identified a lot of agents, all connected to a facilitator, everyone having a specific role within the system:

Task agents – solve one of the next task specific to a CRM:

- -support for planning of the marketing campaigns;
- -support for designing and executing the marketing campaigns;
- -sending campaign-related material to customer;
- -tracking, storing and analyzing campaign statistics, including tracking responses and analyzing trends;
- -scheduling sales call or mailings;
- -tracking responses to/from the customers;
- -generating many reports;
- -the analyzing of the customer behavior in order to make decision regarding the products and services, -data mining technology being a good alternative for this aim;

financial forecasting and customer profitability;

support for analyzing the sales performance;

support for analyzing the customer trends;

Customer collector agents – gather all possible information from the website of the customers — where is present an OWL ontology. Within ontology we can find out much information that — identified each customer and characterized him.

Provider information agents – takes all possible information from the ontology developed by the organization in order to provide them to the customers. In this ontology will be presented all information and services provided by the organization in relationship with customer.

Conclusions

Relationship with customers is one of complex problem that an organization is confronted. Every complex problem can be easily solved if it is split in subproblems or modules. The paradigm of collaborating software systems is a good alternative to tackle large and difficult problems. The collaborating-software paradigm is a "divide-et-impera" approach to the development and maintenance of large and complex software applications.

The delegated computing ability of OAA enables both human users and software agents to express their requests in terms of what is to be done without requiring specification of who is to do the work or how it should be performed. Programming with delegation is very advantageous because reduces the dependencies among the agents of the community. Thus, is reduced the complexity for users and agents. Also it is encouraged reusing across applications and domain because interagent interactions are not pre-defined.

A CRM software developed with a distributed agent architecture allows the construction of systems that are more flexible and adaptable. In any moment it can be activated, deactivated, added, replaced and deleted agents that have associated specific task, in any moment agents can be created in multiple programming languages and interface with existing legacy systems, the solving problems are achieved using distributiveness and parallelism.

The presented OWL ontologies assure adequate knowledge at the right place and right time. That is the noble purpose of the modern knowledge management. The change of organizations management vision by giving information the role of main source will lead to major changes in the structure of any computer system. Software agents can query these ontologies and find out the desired information in order to solve the associated tasks, conferring to the CRM system more automation. Also, an OWL ontology can be incorporated in a web page, so

that all the knowledge are available for all interested persons or capable software, conferring to the CRM system more transparency and opening.

References

- 1. Fotache D, Hurbean L, "Solutii informatice pentru gestiunea afacerilor ERP", Ed. Economica, Bucuresti, 2004
- 2. Fotache D, "Customer relationship management", Rev de Informatica Economica, nr 2(30), ASE Bucuresti, 2004
- 3. Horridge M, "A practical guide to building OWL using Proteje 4 and CO-ODE tools", University of Manchester, 2009
- 4. Pulevska-Ivanovska L, "CRM in Macedonian Telecommunications", The Annals of the "Stefan-Voda" University nr 8, Suceava, 2008
- 5. Martin D, Cheyer A, Moran D, "The open agent architecture: A framework for building distributed Software Systems", Available online: http://www.ai.sri.com/oaa
- 6. Noy N, McGuiness D, "Ontology development 101: A guide to creating your first ontology", Available online:http://protege.stanford.edu/publications/ontology development/ontology101.pdf
- 7. en.wikipedia.org
- 8. www.ai.sri.com/oaa
- 9. proteje.standford.edu

A CLUSTERING OF DJA STOCKS - THE APPLICATION IN FINANCE OF A METHOD FIRST USED IN GENE TRAJECTORY STUDY

Moldovan Darie

Babeş-Bolyai University of Cluj-Napoca Business Information Systems Department Str. Theodor Mihali 58-60, 400599, Cluj-Napoca, Romania {Darie.Moldovan, Gheorghe.Silaghi}@econ.ubbcluj.ro

Silaghi Gheorghe Cosmin

Babeş-Bolyai University of Cluj-Napoca Business Information Systems Department Str. Theodor Mihali 58-60, 400599, Cluj-Napoca, Romania {Darie.Moldovan, Gheorghe.Silaghi}@econ.ubbcluj.ro

Previously we employed the Gene Trajectory Clustering methodology to search for different associations of the stocks composing the DJA^{611} index [4] with the aim of finding different, logic clusters, supported by economic reasons, preferably different than the classic, "by industry" classification. In this paper we enter the insights of the clustering results from a financial and business perspective, to see if the clustering results are validated by the market knowledge and history.

Keywords: clustering model, data trajectory, cluster analysis

JEL Classification: G10, C61

1. Introduction

The behavior in time of a single stock can't describe the evolution of the entire market, but studied alongside with other ones, weighting their importance, one can tell the main direction of the group. For this reason stock indexes were created. In reverse, it is easier to forecast the price evolution of a single stock, taken away from a group where most of the stocks have a similar behavior.

A stock market index is a method for measuring a section of the market. In the last few decades, indexing has been a strong preoccupation for every fund manager, raising the performance expectations [1]. Created by financial services companies or news providers, the indexes are the first benchmark for the performance of a portfolio.

There are many types of indexes, based on the size, specific sector, type of management or other criteria considered useful by their creators. Indexes are usually built by financial experts or by investment companies and their structure is more or less subjective. The literature consists of several attempts [6, 7,8] to automatically obtain the structure of a stock market objectively, without human intervention, only from historical data. In line with this trend, we employed an artificial intelligence approach [4] to obtain groups of stocks, considering only their price evolution during the same period of time. In this paper our scope is to further investigate the results obtained in [4], to see if the stock groups and the associations determined by the clustering methodology are validated by the financial and business knowledge present at that time in the market. We worked with the the 65 companies (traded on the New York Stock Exchange and NASDAQ) composing the DJA index, analyzed between years 2000 and 2007.

The paper is structured as follows: in section 2 we describe the gene trajectory clustering methodology applied in [4] for clustering the DJA index stocks. Section 3 presents and explains the clustering results by an economic point of view and section 4 concludes the paper.

2. Gene Trajectory Clustering for structuring the DJA index components

Gene Trajectory Clustering [2, 3] is a method implemented into GNetXP software and developed to extract the Gene Regulatory Network from gene trajectory data The proficiency of the hybrid algorithm (using a mixture of Multiple Linear Regression models) in clustering was first demonstrated by tests on time series containing hundreds to thousands records. The methodology consists in two steps in clusters determination: first, local centers for the clusters are determined with the help of a Genetic Algorithm and second, by using a local-learning method to refine the initial centers selected. The likelihoods of the solution are then used as objective function for the Genetic Algorithm. Even this approach is time consuming, it relies on temporal information between data and the results are considerably improved, compared to the standard Expectation Maximization algorithm and it is unlikely to be trapped in the local optima.

In [4] we successfully applied the Gene Trajectory Clustering method on financial data. The data analyzed consisted of the daily adjusted closing prices of the DJA stocks for the period 2000-2007. The data was divided into 8 natural periods for detailed analysis. As recommended by the financial investments literature [5], we calculated the daily logarithmic returns. Moreover, for the data to fit the rigors of the GNetXP software, and to obtain a global vision on the price evolutions of each stock, we needed to scale the trajectory of each stock, considering a start of 100 points and applying the daily logarithmic returns computed at the previous step. In this way we obtained a dataset, in appearance very resembling to the gene data originally tested.

*(*1

For every year, we obtained a clustering of the stocks, clusters that acknowledge more or less the division of DJA in the 3 sectors: industrial, services and utilities. We found out that running the clustering methodology for 8 successive years, the clusters remains quite stable, with a kernel of stock classified in the same cluster during all years. This sign was a first theoretical indication that the clustering methodology was successful from the algorithmic point of view and some useful insights might be obtained out of the clustering procedure. Table 1 presents the number of clusters obtained for each successive year.

	No. of clusters	
2000	5	10779.22
2001	5	14632.35
2002	5	12763.99
2003	3	19978.61
2004	5	15974.88
2005	4	14582.66
2006	5	12092.22
2007	5	11087.16

Table 1. Number of clusters obtained for each year using the hybrid GTC algorithm [4]

3. Results

Since approximations were used in cluster formation, a refined analysis is welcomed. After obtaining the clusters for every data set, we measured the intra-cluster distance between its components. This is important, for being able to observe the correlation between stocks in a cluster, especially useful when finding unnatural associations, apparently hard to correlate. If a small distance is shown, one can be sure the stock is not misclassified, and will look for a logic explanation. The method proposed for this computation is the measure of the Euclidean distance (L2-norm), proposed also by [6],[7]. For each year we drew a dendrogram showing the internal adhesion inside clusters. An example of such dendrogram is shown in Figure 2, based on year 2000 clusters: on the (X) axis we have the cluster components while on the (Y) axis are shown the Euclidean distances between stocks.

Next, we present the economic cluster analysis, describing the most interesting correlations found between components for the above mentioned period of time.

Table 2 presents the clustering results for year 2000. Year 2000 was the end of the largest economic boom in US history. Stocks were volatile, with Centerpoint Energy (Utilities) doubling it's market value, but Microsoft (Technology) dropping 55%. The first cluster obtained contains the stocks(11) who dropped most during the analyzed period, a strong correlation being shown between Alcoa and Du Pont(both from Basic Materials industry), McDonalds and Wallmart(both from Services sector) and CSX(Services-Railroads) and Caterpillar (Industrial goods). The only IT representative of this cluster was Microsoft.

Cluster number two incorporates the companies (14) with a volatile evolution, but all of them rose during the whole year. Most closed were Dominion Resources, Duke Energy, Exelon (Utilities), GATX (Services-Rental) and Landstar System (Services-Trucking). An interesting association is created between Citigroup (the only representative of the financial sector in the cluster) and Pfizer (the only Healthcare stock in the cluster)

Cluster	No. of	Cluster components
no.	stocks	
1	11	AA, CAT, CSX, DD, EIX, HD, MCD, MSFT, NSC, PG, WMT
2	14	AES, C, CHRW, CNP, D, DUK, EXC, GMT, LSTR, LUV, OSG,
		PCG, PFE, WMB
3		BAC, CNW, DIS, GM, HPQ, IBM, INTC, JBHT, JPM, R, VZ
4		AMR, AXP, BNI, CAL, CVX, ED, EXPD, FDX, GE, JNJ, KO,
		MMM, MRK, T, UNP, UPS, UTX, XOM, YRCW
5	9	AEP, AIG, ALEX, BA, FE, FPL, NI, PEG, SO

Table 4. Year 2000 cluster components

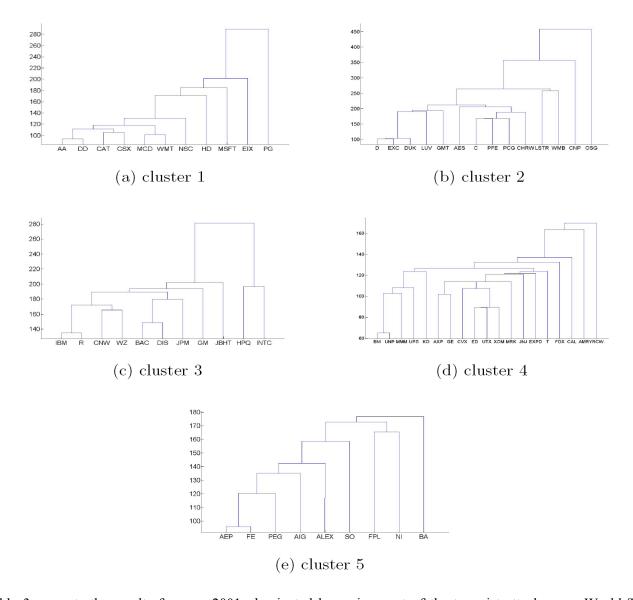


Table 3 presents the results for year 2001, dominated by main event of the terrorist attacks over World Trade Center and Pentagon, which caused a major drop of the indexes in September. Also, Microsoft was accused of the violation of antitrust laws. The first cluster contains 20 stocks who had a descending trend during the year and decent rebounds. We can find alongside AIG, Boeing and other five utilities companies, proving the association between them in the previous year was not by mistake. A closer evolution had the energy companies Chevron, American Electric Power, Edison, First Energy and, more surprisingly with Johnson&Johnson(Healthcare). Caterpillar and General Motors evolve together in this cluster, too. Companies (16) in the fourth cluster, even they rose in the last quarter of the year, didn't have the chance of a positive year-end close. As in the previous situations, the utilities companies are among those who perform closely. The diversified technology company 3M is in this cluster, together with Wal-Mart, P&G, Pfizer and Home Depot.

Cluster no.	No.of stocks	Cluster components
1	20	AIG, AXP, BA, CNP, CNW, DIS, EXC, FPL, GMT, HPQ, INTC, JPM, KO, LUV, MCD, MRK, NI, T, UTX, WMB
2	14	AA, AEP, CAT, CVX, ED, EXPD, FDX, FE, GM, JBHT, JNJ, UNP, VZ, YRCW
3	5	AES, AMR, CAL, EIX, PCG
4	16	ALEX, BNI, C, CHRW, D, DD, DUK, GE, HD, MMM, PEG, PFE, PG, UPS, WMT, XOM
5	9	BAC, CSX, IBM, LSTR, MSFT, NSC, OSG, R, SO

Table 5. Year 2001 cluster components

Figure 8. Dendrograms for the clusters, showing the adhesion between the individuals

At the beginning of 2002 (results presented in table 4) the Justice Department in US launched it's investigation of Enron and WorldCom filled for bankruptcy. The market dropped and didn't recover till the end of the year. The stocks in the first cluster (16) started to drop in the second quarter and at the end of the year the losses were in the [-12%,-38%] interval. Strongly correlated were AIG and Pfizer. The car manufacturers GM and Caterpillar are in the same cluster, along with Boeing, but also energy and shipping companies. The fourth cluster belongs to the companies who spectacularly dropped, from 60% to 90%: AES Corporation (Utilities), AMR Airlines, Continental Airlines, Centerpoint Energy and Williams (Oil and Gas).

Cluster no.	No.of	Cluster components
	stocks	
1	16	AEP, AIG, BA, CAT, CSX, CVX, DIS, EIX, GM, GMT,
		LUV, MCD, NI, OSG, PEG, PFE
2	16	ALEX, AXP, BNI, CNW, D, DD, EXPD, FDX, FE, JBHT,
		JNJ, MRK, UNP, UTX, WMT, XOM
3	14	BAC, CHRW, ED, EXC, FPL, KO, LSTR, MMM, NSC, PG,
		R, SO, UPS, YRCW
4	5	AES, AMR, CAL, CNP, WMB
5	13	AA, C, DUK, GE, HD, HPQ, IBM, INTC, JPM, MSFT, PCG,
		T, VZ

Table 6. Year 2002 cluster components

Our algorithm fit best for three clusters in 2003 (Table 5). First cluster incorporates 12 stocks, most of them on a strong ascending trend, who began in the second quarter. Best correlation was achieved between Caterpillar and Edison and PG&E(utilities) and JB Hunt Transport. We can also find McDonalds alongside JP Morgan, Intel and Home Depot. Second cluster's stocks dropped at the beginning of the year, and after recovering evolved almost flat for the rest of the year. The year end performances are at best +20% and at worst -20%. Good correlations were found between Du Pont and AIG. Merck and J&J, the drug manufacturers are in this cluster, but Microsoft and Verizon too.

Cluster no.	No.of	Cluster components
	stocks	
1	12	AES, CAL, CAT, EIX, HD, INTC, JBHT, JPM, MCD, OSG,
		PCG, JBLU
2	15	AEP, AIG, BA, CNW, DD, DUK, ED, GMT, JNJ, MRK,
		MSFT, NI, NSC, T, VZ
3	38	AA, ALEX, AMR, AXP, BAC, BNI, C, CHRW, CNP, CSX,
		CVX, D, DIS, EXC, EXPD, FDX, FE, FPL, GE, GM, HPQ,
		IBM, KO, LSTR, LUV, MMM, PEG, PFE, PG, R, SO, UNP,
		UPS, UTX, WMB, WMT, XOM, YRCW

Table 7. Year 2003 cluster components

First cluster of 2004(Table 6) includes stocks that were in the negative zone for the most of the year. Strong correlation was found between Pfizer and Coca-Cola. General Motors and HP are here, too. In the second cluster, the stocks(20) are not very volatile, evolved flat until the last quarter, when most of them ended the year higher. As expected from previous observations, the utilities companies are among the strongest correlated: Consolidated Edison, Nisource, Dominion Resources, Southern Company, AES, Public Service Enterprise. Technology companies Microsoft, IBM, 3M and AT&T are incorporated in the cluster, too. Citigroup, AIG, JP Morgan are the representatives of the financial sector. The third cluster presents stocks with outstanding performance during the year, with price increases between 20% and 80%. CH Robinson Worldwide, Expeditors International, FedEx, Overseas Shipholding (delivery services) and Lanstar Systems and YRC(trucking) are strongly correlated. Companies in the last cluster rose smoothly, all of them ending the year in the positive zone, with 10-30%. American Express and Bank of America are correlated, but also Chevron and Exxon Mobil. Procter&Gamble, Johnson&Johnson, Home Depot, McDonalds are also found here.

Cluster no.	No.of	Cluster components
	stocks	
1	10	AA, CSX, GM, GMT, HPQ, KO, LUV, PFE, UNP, JBLU
2	20	AES, AIG, ALEX, C, CAT, D, DD, DIS, ED, IBM, JPM, MMM, MSFT, NI, PEG, SO, T, UPS, UTX, WMT
3	1.4	BA, BNI, CHRW, CNW, EIX, EXPD, FDX, JBHT, LSTR,
3	14	NSC, OSG, R, WMB, YRCW
4	4	AMR, CAL, INTC, MRK
5	17	AEP, AXP, BAC, CNP, CVX, DUK, EXC, FE, FPL, GE,
		HD, JNJ, MCD, PCG, PG, VZ, XOM

Table 8. Year 2004 cluster components

In 2005(Table 7) the US stock markets were dominated by concerns regarding Iraq war, New Orleans floods and rising interest rates, all of these keeping the indices bellow 5%. We found a strong correlation between the financials Bank of America, Citigroup, JP Morgan, General Electric, American Express and Home Depot stores and P&G. The utility companies go together, as well, but in a different cluster, but with a decent performance. Stocks in the fourth cluster poorly performed until the last quarter of year, when a rebound came. Stocks in multiple domains are found here, most correlated being the shipping companies Fedex and JB Hunt Transport, and the chemical company Du Pont and the conglomerate 3M.

Cluster no.	No.of stocks	Cluster components
1	12	AMR, BA, BNI, CHRW, CNP, EIX, EXC, FE, GMT, HPQ, PEG, WMB
2	18	AEP, AES, ALEX, CAT, CSX, CVX, D, DUK, ED, FPL, INTC, JNJ, KO, NI, OSG, PCG, SO, XOM
3	20	AXP, BAC, C, CAL, CNW, EXPD, GE, GM, HD, JPM, LSTR, LUV, MCD, MRK, MSFT, NSC, PG, T, UNP, UTX
4	15	AA, AIG, DD, DIS, FDX, IBM, JBHT, MMM, PFE, R, UPS, VZ, WMT, YRCW, JBLU

Table 9. Year 2005 cluster components

The results of the companies in 2006 restored the confidence in the markets. The benchmark indicator for the US markets, the Dow Jones Industrial Average rose by 16%. The performers of 2006 were the stocks in cluster2 (Table 8), strongly correlated being Boeing, General Motors and Caterpillar and the technology companies HP, Verizon and AT&T. The semiconductor maker Intel was between the stocks with the poorest evolution, alongside with transportation companies ConWay, Jet Blu, Alexander &Baldwin, YRC Worldwide. The situation wasn't better for the companies in cluster 3, who began the year by a small drop, than recovered and ended the year in the positive zone. Here are included, with strong correlation, some major financial stocks (American Expres, Citigroup, AIG), but also the technology companies Microsoft and IBM.

Cluster no.	No.of	Cluster components
	stocks	
1	12	AA, AMR, BNI, FDX, GMT, JBHT, LSTR, LUV, MMM,
		NSC, UNP, UPS
2	14	AES, BA, CAL, CAT, CHRW, CSX, DIS, EXPD, GM, HPQ,
		MRK, R, T, VZ
3	17	AEP, AIG, AXP, C, D, DD, ED, EIX, GE, IBM, JNJ, MSFT,
		PEG, PG, SO, WMB, WMT
4	6	ALEX, CNW, HD, INTC, YRCW, JBLU
5	16	BAC, CNP, CVX, DUK, EXC, FE, FPL JPM, KO, MCD, NI,
		OSG, PCG, PFE, UTX, XOM

Table 10. Year 2006 cluster components

Even the market ended the year with modest gains, some quarterly losses reported by the banks in the fall were the first signs that the economy is shrinking. The first cluster of the year 2007(see Table 9) contains very volatile stocks, the majority being from energy and transportation domains. The airlines companies from cluster 2 had a difficult year, ending the year in the negative zone, alongside Citigroup, one of the first banks affected by the subprime crisis, who lost almost 50% of its value. Most of the technology companies (cluster 4) rose,, offering a solid performance during the entire year. The energy and transportation companies were again correlated, even they had volatile prices (cluster 1) or a fair positive evolution (cluster 3).

Cluster no.	No.of	Cluster components
	stocks	•
1	17	AEP, BA, BNI, CHRW, CNP, CNW, D, DUK, EXPD, FE,
		GM, GMT, LSTR, MMM, MSFT, NSC, PG
2	7	AMR, C, CAL, HD, NI, YRCW, JBLU
3	10	AA, ALEX, CAT, CSX, EIX, JBHT, OSG, PEG, UNP, WMB
4	13	CVX, EXC, FPL, HPQ, IBM, INTC, KO, MCD, MRK, T,
		UTX, VZ, XOM
5	18	AES, AIG, AXP, BAC, DD, DIS, ED, FDX, GE, JNJ, JPM,
		LUV, PCG, PFE, R, SO, UPS, WMT

Table 11. Year 2007 cluster components

4. Conclusion

Our aim in this paper was to investigate whether the results obtained by applying the Gene Trajectory Clustering methodology to cluster financial data are worth from the financial and the business perspective. More specifically,

we wanted to determine whether the clusters obtained have logical and economic importance, besides the mathematical values of the performance indicators and to determine if an alternative grouping of the stocks is welcomed

Considering the business cluster analysis, we conclude that the GTC algorithm applied in [4] was appropriate for clustering the financial data and that there are many cases when the natural division of the stocks by the company profile is not a solution for grouping them, finding the technology companies uncorrelated with each other, and the banks correlated only in the last three years.

Refrences

- 1. Barry B. Burr "Essential book of indexing. Pensions & Investments", New York. 2005/01/10
- 2. Chan, Z.S.H., Kasabov, N.K.: Gene trajectory clustering with a hybrid genetic algorithm and expectation maximization method. In: Neural Networks, 2004. Proceedings. 2004 IEEE International Joint Conference on. Volume 3., IEEE Computer Society (2004) 1669-1674
- 3. Chan, Z.S.H., Kasabov, N.K., Collins, L.: A hybrid genetic algorithm and expectation maximization method for global gene trajectory clustering. J. Bioinformatics and Computational Biology 3(5) (2005) 1227-1242
- 4. Moldovan, D., Silaghi, G.C.: Gene Trajectory Clustering for Learning the Stock Market Sectors. Proceedings of 9th International conference on adaptive and natural computing, ICANNGA 2009, Kuopio, Finland, to appear in Lecture Notes in Artificial Intelligence, Springer-Verlag
- 5. Elton, E.J., Gruber, M.J., Brown, S.J., Goetzmann, W.N.: Modern Portfolio Theory and Investment Analysis. Wiley (2006)
- 6. Jeroen Boets, K. De Cock, M. Espinoza, B. De Moor: Clustering time series, subspace identification and central distances. Communications in Information and Systems, International Press, 2005
- 7. M. Gavrilov, D. Anguelov, P. Indyk, R. Motwani: Mining the Stock Market: Which Measure is Best? Proc. of the KDD, 2000.
- 8. Doherty, K.A., Adams, R.G., Davey, N., Pensuwon, W.: Hierarchical topological clustering learns stock market sectors. In: Computational Intelligence Methods and Applications, 2005 ICSC Congress on, IEEE Computer Society (2005) 6

RELATIONAL DATABASES - COMPLETE AND COMPLEX PROCESSING OF ACCOUNTING FINANCIAL DATA

Morariu Nicolae

"Stefan cel Mare" University of Suceava, Universitatii Street, no.13, 720225, tel:0230-520263, Romania, nicolaem@seap.usv.ro

Iancu Eugenia

Stefan cel Mare" University of Suceava, Universitatii Street, no.13, 720225, tel:0230-520263, Romania, eiancu@seap.usv.ro

The involvement of informatics has become more profound and even indispensable, providing full coverage of the space business accounting, starting from the collection of data from primary documents, obtained by electronic means and conclude with preparation of documents for review.

Keywords: informatic methods, situations synthesis, databases, integrated system of accounting

Cod JEL: M4

At the accounting organization of the unit are general rules and its unit provided by the Accounting Law and established by General Direction of Accounting and Advisory Board of Accounting of the Ministry of Finance, such as: Regulation regarding application of Law of accounting, General accounting plan, Methodological norms of account use, Nomenclature regarding register models and printed forms, Rules for the preparation and presentation of the balance sheet.

The coverage of the financial - accounting activity is determined, in part, by the financial – accounting function of the unit. This activity is carried out by the Financial - accounting compartment[1].

Operations' recording in accounting is done systematically according to the general framework of the Plan accounts, on the basis of documents which binding on the people they have drafted, endorsed and approved.

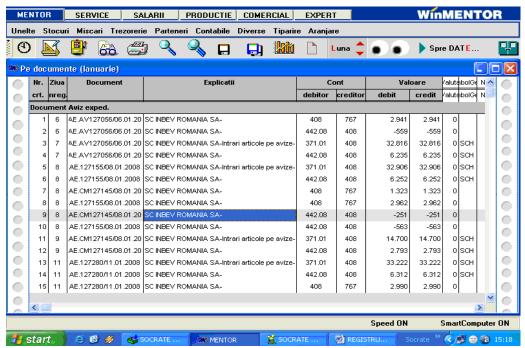


Fig.no. 9 Journal Register

According to the accounting law no. 82/1991 to accounting return duties, tasks expression of great importance to the completion of balance sheets, management and balance control.

All improvement introduced in time in accounting field are serving with priority the financial fiscal and management interests.

Accounting benefits, at present, by the principles of systems theory, cibernetics principles and informatic methods, for the construction of integrated systems of big performance because of the potential "transfer of intelligence" from human to informatic products with accounting specific[1]. Programming of new technologies for data processing produced outstanding quality mutations in the accounting information system.

The involvement of Informatics has become more profound and even indispensable, providing full coverage of the space business accounting, starting from the collection of data from primary documents, obtained by electronic means and conclude with preparation of documents for review.

Thus, they improved software for sales (customers), for purchases (suppliers), for receipts and payments, for management of stocks and approved, for staff payroll, for financial accounting and for management accounting, situations synthesis, analysis and economic - financial forecasts[4].

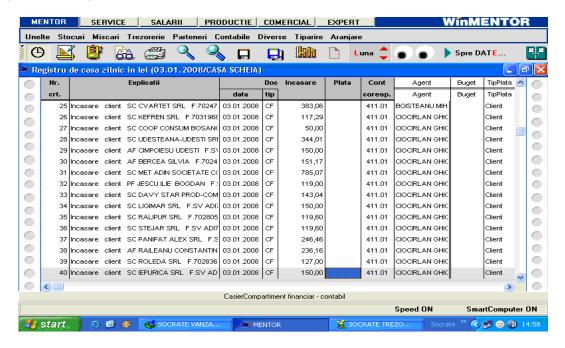


Fig.no. 10 Cash Register daily in lei

Current accounting information systems, using relational databases, provide a full and comprehensive processing of data, addressing all the requirements to assist the decision [3].

User-oriented, they offer a friendly working environment, ensuring the conduct of all works related to financial and management accounting, through multiple checks over the correctness of reimbursements made on primary documents (it is about correctness checking of used accounts and correspondences set on accounting plan, role that falls on so-called assistant of operations accounting), and carrying automatic accounting operations (closing the accounts of income and expenditure at the end of the month).

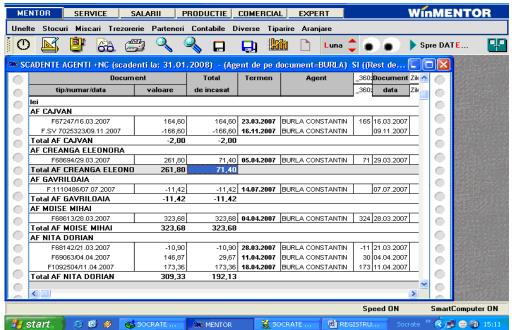


Fig. no. 11 Due agents

This perfect mix between accounting and computer science is showing its full benefits in the form of performances achieved in the processing of information, particularly in the quality plan, fairness and efficiency, in this way achieving better accounting objectives.

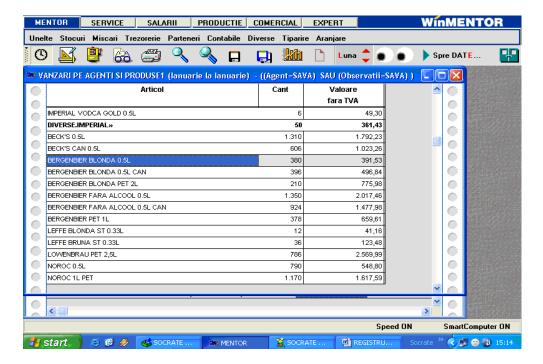


Fig. no. 12 Sales per agents and products

At present, the computerization of accounting ensure effective manifestation of the principles and accounting method, of systematization, processing and reporting on the path of balance and other reports and the financial accounting situation.

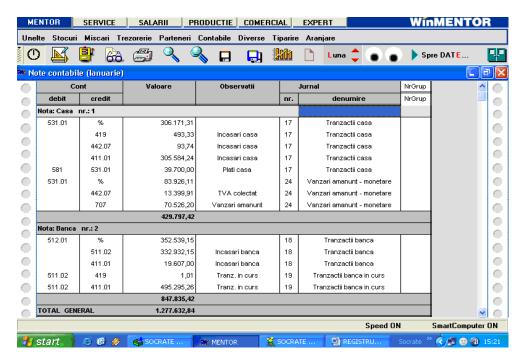


Fig.no. 13 Accounting Notes

Widespread use of informatics and the possibility of exploitation of databases in interactive regime (computer networks) have opened new perspectives to preparing of operative information regarding costs, framing in the budgets of revenues and expenditures and emphasizing the value of the provisions function of accounting.

In fact, the system can be considered as a group of people, information, data and processing procedures, calculation and communications equipment. Every computer system is associated a system of data processing, in which it is presented on different media storage, and processing processes are resulting in procedures performed by various equipments of calculation technique and specialized personnel. "The main purpose of the informatics system is to serve the information requirements of managers at different levels of decision-making and to minimize human intervention and human effort in carrying out some processes of design, production, and decision-making"[1].

System components for processing by computer of accounting data are[2]:

- Identification of economic financial operations and preparing source documents;
- Conversion on support the entry into the system;
- Internal processing, with automatic distribution of data on accounts;

- Calculation of values and saving the obtained accounting information;
- Publishing the reports for management and selection of the necessary information to future use;
- The transmission of reports and financial statements to users inside and outside the company.

According to this components, an integrated system of accounting must be identified firstly any economic-financial operation, to analyse it from the dual point of view, in terms of debt or credit, spreading sums over accounts that enter in correspondence and processes selected data with bug precision, for preparing of financial reports.

Any operation has at the base a source document which contains detailed data. Source documents must be projected thus to offer o good relevance of economic-financial operations. On their base are prepared the entries in the informatics system of the accounting. Any source document must contain at least the account or accounts to debit, the sum or sums that are written in debit, the account or accounts to credit and the sum or sums that are written in

credit.

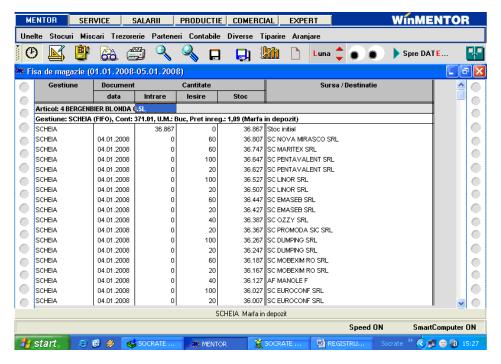


Fig.no. 14 Special store

Conversion on support and introduction of data in informatics system of the accounting involves use of some special procedures, and also a calculation system properly equipped with appropriated software.

Internal processing refers to the processing, based on automated procedures, the accounting data, compiled on the basis of current accounting technique and accounting principles. All operations of calculation and editing takes place automatically, achieving in the final the exits, resulting in various reports and financial statements, as well as other information that is saved for the purpose of further processing or use[4].

In fact, the central theme for any modern system of accounting is not the simple data processing, but the complex selection process of processing information after accounting principles, attaching to the values at each economic transaction and preparing of significant reports for decisions making, because in modern management a large number of decisions refer to the forecast of financial results, and information of accounting helps best in this

regard.

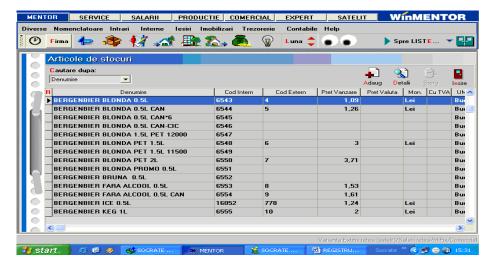


Fig.no. 15 Nomenclature

Conclusions

The conclusion seems to detach from economic reality is that, soon, we will not be able to speak about accounting without referring to informatics also. It is clear, accounting tends towards full computerization, which will have to join all the operators.

The trend of computerization of accounting is evident, slowly but surely in our country. According to the law, physical and juridical persons that use automatic processing of data are required to ensure compliance with accounting rules, storage, preservation as technical support and monitoring of data recorded in the accounts. IT units are responsible for processing with accuracy of the data from documents, and the beneficiaries are responsible for the accuracy and reality of the data they transmitted to processing.

All these modern technologies, through their implications on accounting information system, threatens to change practices, methods and traditional vision of the status of the accounting profession. Because the automation and computerization are taking increasingly complex tasks, carried out so far by the accountant.

References

- 1 Andone, I., Țugui, A., 1999 Sisteme inteligente în management, contabilitate, finanțe bănci, marketing, Editura Economică
- 2 Benchimol G. și colectiv, 2003- Sisteme expert în întreprindere, Editura tehnică, București
- 3 Iancu E., 2005 Avantajele sistemelor expert aplicate în domeniul financiar-contabil, International Scientific Conference "Economy and Globation", Târgu Jiu
- 4 Mates. D, Grosu V., Socoliuc M., Iancu E., 2008 Risk ensurance evaluation according to the Ifrs 4. the sovency of the ensurance company, methods of calculation of the solvency rate available in the accountancy, Revista Contabilitate şi Informatică de gestiune, nr. 23/2008

INTERACTIVE SYSTEM FOR ON-LINE CONSULTING

Negoescu Gheorghe

"Ovidius" University Constanta Faculty of Economics Galati, Port street, no. 47, Jiul block, the 4th flat, code 800 025 negoescugl@yahoo.com 0723 528 182

Liberal professions, developed after 1990, require an historical casuistry that enable them to reach a pertinent conclusion to another similar case. Where there is not a similar case tried, it is required the need for a procedure for resolving differences, based on the existing legal framework in Romania to the date of the analysis of the case.

Human resource in training, especially graduates of economics, law, administrative sciences and technical sciences could benefit by a casuistry in real terms and practical examples from real economy. At the same time the teachers from several universities in the country could also benefit by an actual training program in order to obtain a certificate for management business trainer in Europe.

Keywords: bar, process model, standard, association.

JEL code work: M: Business Administration and Business Economics, Marketing, Accounting

1. Project description

"Interactive System for On-line Consulting" is a project which aims to provide answers to fundamental current or future questions of employers of companies, employees, pensioners, unemployed and other disadvantaged persons, and also to collaboration needs for the liberal professions (such as accountants experts, assessors, liquidation experts, financial auditors, lawyers, doctors, teachers) through an online platform, which, on the one hand, collect the questions, and, on the other hand, spread to be solved these questions to the experts performers, who are responsible to answer to these questions taking into account a model of response and some hypotheses which, once introduced in the model, solves the problem raised by the client (Figure 1).

To be able to answer to these questions the performer expert needs specialty and common (general) knowledge. For specialty knowledge is developed a specialized model for each client category which is validated with the opinion of a committee of models based on a protocol analysis and model validation. The models are analyzed within 7 committee for analysis and validation, as follows:

- Commission 1: auditor.
- Committee 2: assessment.
- Committee 3: liquidators.
- Committee 4: financial auditors.
- Commission 5: lawyers.
- Commission 6: doctors.
- Commission 7: teachers.

Each member of these committees, in addition to specialty knowledge, must know in the following modules:

- **Module 1 Foreign Language**: Business English that broadens specialized vocabulary business. English language develops business skills from the spoken English on the phone and written simple reports (at lower levels) to business presentations, teamwork and negotiation (advanced levels).
- **Module 2 ECDL** (European Computer Driving License) with the seven modules⁶¹²: Module 1 Basic Concepts of Information Technology, Module 2 Using computers and files (Windows), Module 3 Processing text (Word), Module 4 Spreadsheet (Excel), Module 5 Databases (Access), Module 6 Presentations (Power Point), Module 7 Information and Communication (Internet and E-mail).
- **Module 3 Legislation**: Law no. 31/1990 of companies, republished and updated in 2009, updated Labor Code, Law no. 85/2006 on insolvency proceedings, updated, the Tax Code, updated.
- Module 4 Creating a business: Opportunity study, feasibility study, business plan, european projects.
- Module 5 Managing a Business: Report of management, balance sheet, profit and loss account, financial annexes, statements.
- Module 6 Redesigning Business: Strategic diagnosis, assessment report, the redesign of management.
- Module 7 Closing a business: liquidation, audit, merger, division, ethics, communication, conflict.

612 http://www.ecdl.org.ro/.	

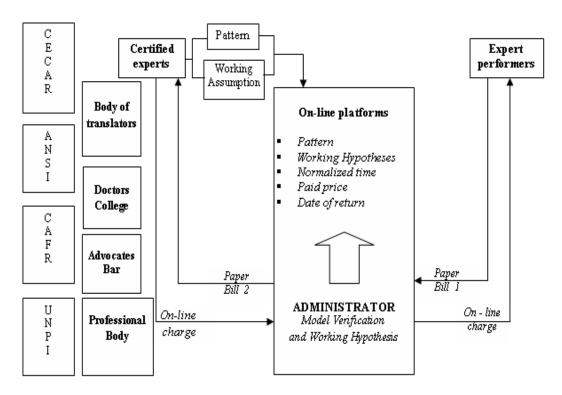


Figure 1- Interactive System for On-line Consulting

The overall objective of the project belonging to the Sectoral Operational Program Competitiveness Economic Growth is the awareness of the members of liberal professions associations for specific business transparency through the use of labor resources in training for designing work to the detriment of the work routine.

The specific objectives of the project are resulting from the general purpose and consist of:

- Increase the information period and continues processing throughout life for a significant part of the liberal members of associations such as CECCAR, UNPI, CAFR, ANEVAR, financial advisers, translators body, and for specialists interested in rapid resolution of administrative or routine service less important for them (doctors, lawyers, notaries, teachers).
- Standardization of papers with periodic character realized by experts in order to promote the best practice in the development of works and specific services under conditions of extreme rigor and quality in accordance with the update law at attractive prices to both experts and for human resource training.
- Preparing a platform to facilitate the exchange of works and services among members of liberal associations such as CECCAR, UNPI, CAFR, ANEVAR, financial advisors, translators body and other training specialists in human resources for processing in accordance with the law. Identification of areas of concern regarding the use of online advice, and identification of the main problems with periodic or administrative character which faced with liberal associations.

The project is a complex operation which aims higher economic, legal and technical education, near to requirements of employers in Romania⁶¹³. For example, in our opinion any education graduate needs general competencies (knowledge of foreign languages, computer knowledge: Word, Excel, Power Point, Internet, communication and law knowledge of: Labor Code, Tax Code, Commercial Code and specific knowledge to liberal profession that wants to practice (accountant expert, financial auditor, technical expert, expert in insolvency, assessment expert, tax expert, expert in construction, expert in energy balance of buildings, etc.).

By standardizing the routine work needed for the regular work required by the market such as reports of judicial expertise, evaluation reports, reports of merger, liquidation reports, audit reports, etc., our project aims to outline in a standard the skills required to a future economist, lawyer, engineer.

By standardizing the work routine in order to realize the expert, appraisal, liquidation etc. reports it can be achieved a national casuistry that can represents models to solve specific issues with which are facing the institutions and enterprises, in particular small and medium enterprises which can not afford to develop research - advice activities inside their companies (for lack of funds).

Main activities generated by the project are:

- Identification of a space for rented for the project team and procurement of necessary equipment.
- Identification of financial statements with the periodic character specific to expert accountant activity.

⁶¹³ www.fse.romania.ro.

- Organizing a symposium by 12 accounting experts in order to present the opinion of experts concerning the financial statements suitable for execution on the Internet.
- Identification of financial statements with periodic character specific to financial auditors activity.
- Organizing a symposium with 12 financial auditors in order to present the experts' opinion concerning the financial statements suitable for execution on the Internet.
- Identification of financial statements with the periodic activity specific to ANEVAR members activity.
- Organizing a symposium with 12 assessors in order to present the experts' opinion concerning the financial statements suitable for execution on the Internet.
- Identification of financial statements with the periodic character specific to UNPIR members activity.
- Organizing a symposium with 12 liquidators in order to present the experts' opinion concerning the financial statements suitable for execution on the Internet.
- Preparing of a computer platforms to view the request of the experts performers.
- Organizing a summer school for 30 people, preferably students, to present the user manual of the platform for the purpose of obtaining the certificate of an expert performer.
- Organization of summer schools with 30 representatives of CECCAR, ANEVAR, UNPI, CAFR in order to promote the platform and the opening of the applicant experts catalog.
- Organizing a final conference with the participation of 50 experts and performers applicants in which is validated the IT platform and it is presented the further development strategy of the project.
- Study of feed-back from the experts and applicants in human resource training.
- Organizing an annual conference with locality representatives of the subscribers to on-line platform for the approval of the development strategy of the company during the period 2011 to 2016 (5 years after the project ends).

2. Computing Platform

Platform Computing which is to be achieved through subcontracting on the basis of tender and specification meets the following requirements:

- Management platform has a single administrator.
- Manage a database system with MySQL (Structured Query Language).
- To allow a flow management information between a number of around 100 000 unique users.
- The basic software platform should enable in real-time the resolving of only standard situation (situation which are resolving automatically by the program without the intervention of an expert performer). From technically point of view, the platform must run on-line, to be accessed from anywhere by the user, authentication being required to access the information.

Information platform will be written in the following languages and programming environments:

- PHP main programming language. Will be used to connect to database, for security, for user authentication, etc.
- MySQL SOL client used to store data in relational system, tables for users, files evidence and their connecting by different requirements, etc.
- HTML the programming language that will be generated from the code written in PHP in order to be used by the browser and to be posted to the user ⁶¹⁴.
- CSS the creation of a style classes and so to a friendly interface for the user.
- XML store of a various settings and communication channels (such as between PHP and Flash via AMFPHP).
- MXML and ActionScript 3 (or AS3)- languages used in creating applications in Flex 3 to provide real-time dynamics for the platform and other facilities in real time that the PHP can not provide. Also, compiled programs in Flex (SWF files), are running on the client machine, reducing the risk of overloading the server.
- Adobe Flex 3 technology used to implement the two languages mentioned above. This technology offers the Flex Framework, necessary to define different components and classes needed to implement the platform information (such as Text Input, Array Coliection, File Reference, etc.) and creating a RIA (Rich Internet Application) for quick and simple interaction.
- **Flash** ultra known technology and used worldwide web and beyond. It is the environment for the running of the applications in Flex, written in Action Script 3, using ASVM (Action Script Virtual Machine).
- **AMFPHP** PHP library that enables communication between PHP and Flash using Flash Remoting method, communication being very fast, the information being binary negotiated. In practice, AMFPHP allows call PHP functions and variables within the applications written in Flex. This library is required to "care" of information from and in the database (for verification, display, recording, etc.), the Flash environment having no support for such operations.

⁶¹⁴ To see Pavel Nastase, Floarea Nastase - INTERNET World Wide Web JavaScript - HTML - Java, Economic Publishing House, Bucharest, 1998, p. 77-124.

3. Project management

Are directly interested members of professional associations CECCAR, ANEVAR, UNPI, CAFR, students of economic, technical and legal faculty profile who want to acquire professional skills recognized by the labor market.

The project is coordinated by a project manager assisted by a team consisting of an economic manager, a legal advisor and an executive director. During the project it will be used a number of 48 type A and B experts by whom it will be finalized the financial statements which shall be made periodically within the liberal professions. Will also be involved in the project and a number of 500 students from 10 university towns across the country who will learn and deepen throughout the project, the knowledge needed to attain professional competencies specified in the project. The project *duration* will be 24 months.

The project generates a series of standard forms that contribute to the uniformity of the activity of auditing, accounting expertise, technical expertise, legal expertise at country level, which allows the development of knowledge in the field. By providing a rich case, the project contributes to decreasing the time of making a new case and also allows the updating of knowledge throughout life. The project has no impact on exhaustible resource materials, and therefore, the development of the project ensures the compliance of the principle of sustainable development.

One of the *main objectives* of the project is to promote the mainstreaming and policies in the field of education and national training, and to allow all vulnerable groups, particularly subjects with physical disabilities, to enjoy the same education and training as the subjects without disabilities. According to the Human Development Report 2004 of the United Nations, Romania deals with the fifty-sixth position concerning the index of gender inequality. The situation of women in the labor market in Romania presents many critical issues that, on the one hand, are referring to employment and on the other hand, to working conditions. According to EUROSTAT data for the period 1999-2004, the employment rate in Romania was reduced from 63.5% to 57.9% while the share of employed women has dropped from 46.2% to 45.6%. Our project aims to attract both men and women, employees and employers, young people more than 14 years, and elderly up to 70 years old, fully healthy people and people with disabilities.

References:

- 1. Dragan Ilie, Cezarina Fălan, Onela Oana, Andreea Postelnicu, Florentina Moiseanu. Coord. Aida Catană Develop projects financed from structural funds for SMEs 2007-2013, Contaplus Publishing House, 2008
- 2. Ph.D. Louis Janda Tests for career choice, BusinessTech Publishing International Press, 2003
- 3. Daniela Luminita Constantin Fundamental Elements of Regional Economics, ASE Publishing House, Bucharest, 2004
- 4. Eduard Koller, Monica Rosculet Programming in ACCESS 97, Teora Publishing House, Bucharest, 1999

GENERAL INFORMATION AND MAIN CHARACTERISTICS REGARDING WEB SERVICES. PROTOCOL SOAP AND REST

Pîrnău Mironela

"TITU MAIORESCU" University, Faculty of Science and Technology Information, Bucharest, Romania; 22, Dâmbovnicului Street, sector 4, 040051, Bucharest, Romania mironelapirnau@yahoo.com, tel:0723210205

A web service represents a communication interface offered by the server, through that the clients (programs on other systems) may require different information. The customer may vary, may be present on the same computer server, may be in the same local network or it may be located in the opposite part of the country. It is a method by which applications can communicate with each other through asynchronous messages or calls on remote procedure (RPC Remote Procedure Call). So it can be concluded that a Web service is a software application that can be accessed remotely using XML-based languages. Web services are just two programs that change data between them on the Internet or Intranet in XML format called SOAP (Simple Object Access Protocol).

Key-words: Web Service, B2B, protocol, XML, SOAP, REST.

Cod JEL: M15

Introduction

The Web services are based exclusively on the W3C standards that define the SOAP (Simple Object Access Protocol), a XML message structure for transporting the coding scheme of the message body, WSDL (Web Services Description Language) the description language of the service, which defines the service and its connections with various schemes for transporting and coding the message, UDDI (Universal Discovery, Description and Integration) that provides a distributed deposit for 'traffic' of the definitions service. Because a web service can be described in WSDL, Axis has included a feature that produces the WSDL file for the web service. http://localhost:8080/axis/NumeServciu?wsdl

Having the WSDL file of a web service it is very simple to write the programmed client to access the web service. In the programmed client the following must be changed:

- 1. URI for the web service;
- 2. The method name; 3. The input and output parameters;

The Web Services should be easily extended and reused in new applications; this is achieved by adopting the orientated programming object as well as for the modeling usage. The Web service must offer interoperability regardless the platform, the operating system and programming language, the problem that was solved by using XML language (extended Markup Language) used in order to transmit data through the network. Because XML is a very general vocabulary, a customization has been decided, achieving the SOAP result (Simple Object Access Protocol) in a role of imposing a set of rules for formatting the XML-message that contains the transmitted information. All Web services must contain a standard of Open Standard type in order to allow the communication between written components in different languages or existing on different platforms. The costs for realizing a Web service are low, because based they are based on an already infrastructure, formed by the communication network, the protocols used these, etc., Web services allow the communication between B2B applications. Running a service can be made independently of platform (standalone) or in the context of a server. Running the independent service of the platform is allowed by the .Net platform. In reality it is not entirely independent. This type of service is composed of two main classes: the class that contains the interface offered by the service (as well as the implementation) and the class that launches in execution the service. This class is in reality the server; it has a standard form and announces the .NET platform that wishes to register a service to a certain address of the certain system and port. The functioning of these classes follows the stages:

- 1) The .NET platform receives the request from the client in the form of a SOAP message and sends it forward to the Web services register;
- 2) The register de-serializes the message through SOAP engine;
- 3) Based on a decoded message, the register loads the service desired by the customer and appeals the required method;
- 4) The register receives the result of the requested method;
- 5) Register serializes the result of the method through the SOAP engine;
- 6) The register sends to the client the serialized result in a SOAP format.

Running the service through a server allows the configuration of certain files to locate (deploy) and removal (undeploy), of the service. Such routine operations to take place automatically. These special files are specific to each server separately. For this type of running it is used the running on a server supporting services (for example ll represents IIS and the .NET services) or the running the service through a web application installed on an application server (e.g. Apache AXIS running on a Tomcat or Orion server). The solution most commonly used for servers that support services is the IIS combination with .NET services (offered by Microsoft) or Apache server with the .Net module. In these cases, the server has available (usually extern) facilities offered by the .NET

platform, meaning the SOAP engine is not capsuled into the server. Unlike the standalone variant, in this case the server is responsible for managing services and running them replacing the poor variant with a Web Services Registry. By installing an application server (for example Tomcat), inside it will be installed a Web application which takes the place of the services server. Through this application it is made the management of services installed and the loading and their execution.

The route that a SOAP request follows, in this case is: The application server receives a request from the client. It has no relevance what kind of demand it is (it could be HTTP Post from a script page or a SOAP message). Based on the addressed URL, the message is sent to the Web application that is registered at that location. We suppose that we got a SOAP message addressed to the Web Server SOAP application installed on the server.

In this case the message is sent to the entry point of the application (in our case the processor of demands that contents the Server SOAP application). The requests processor de-serializes the message using the SOAP Engine contained by the Server SOAP application. The contents processor locates the service that must be used, loads it and executes the method required by the client. The application processor receives the result of the executed method. The requests processor serializes the result of the method using the SOAP engine. The demands processor application sends the application server the answer already serializes. The applications server sends to the client the reply.

Tools used for Web services

Since not all application servers support the installation of the SOAP service it is required the usage of a secondary application which aims the implementation of the functionality required by the SOAP specifications. There exist many utilitarian programs aimed the creation and the maintenance with minimal effort of the web services such as:

- Apache SOAP Developed by Apache Organization;
- Apache AXIS. Developed by Apache Organization, the successor project of SOAP. It offers much more functionality, rebuilt design, working speed and better use of the memory;
- Net Platform. Developed by Microsoft. It could also be found a Ximian implementation and for Linux operating system:
- Visual Net. Developed by Antarctica. The module for Apache Server, offers among others and .Net services.
- kSOAP. Developed by Enhydra. It provides support only for the client.

SOAP Protocol Characteristics

The SOAP protocol is destined to develop applications based not only on simple applications of B2B or eCom. and it is a standard method of the technology of infrastructure for the calculation distributed by the multi platform based on XML. The SOAP technology is focused on common issues to all scenarios of the distributed calculation and follows the mechanisms: a mechanism for defining the communication unit that capsulates any message sent in an envelope with a pre-settled structure; an extensible mechanism with the role of adding new functionalities, a and a flexible mechanism for data representation, allowing exchange of data already formatted (text or XML) and conventions for the representation of abstract data structures in a programming language mechanism, a convention mechanism for RPC (Remote Procedure Calls) representation involving definition of structures to a standard procedure call and remote procedure for sending the response, a linked mechanism for the SOAP messages related to HTTP, which is the most used communication protocol.

SOAP messages are encoded in XML documents being comprised of a wrap (SOAP envelope - demanded), a header (SOAP header - optional) and a body (SOAP body - required). SOAP messages are also XML documents, the protocol specifications providing details for a standard strong encryption of data in SOAP messages. Figure 1 contains the structure of a SOAP message.

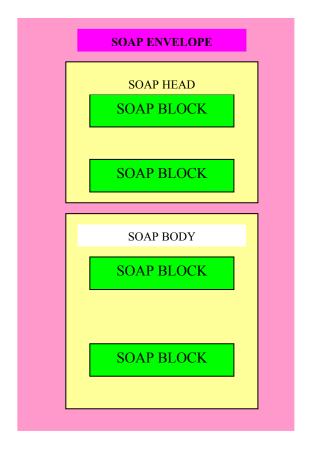


Figure 1. SOAP Message Structure

The SOAP message header is a primary mechanism extension of the SOAP protocol functionality. The specifications require only headers sent through the certain area to be XML valid elements, without adding other restrictions.

The header area is represented by the SOAP-ENV: Header and it is optional. If present, it must be the first child of the of SOAP-ENV element: Envelope and includes any number of entries (called headers). So a header is a XML element is a direct descendant of the SOAP-ENV element: Header.

The elemental SOAP-ENV:Body contains directly information representing the base of SOAP messages. All the children (descendants) of the direct element Body are called bodies. The bodies may contain arbitrary XML such rules are specified in connection with calls to the remote procedure and they will be presented in one of the following subchapters. The SOAP specifications contain information referring to the model that the objects are included in the SOAP XML language.

REST architectural model

- REST stands for the Representation State Transfer and is an architectural model for creating web services. REST describes an architecture oriented on resources. REST applies the web architecture services web, it is not a standard, it uses the standards:
- HTTP (Hypertext Transfer Protocol)
- URI (Uniform Resource Identifier)
- XML /HTML/GIF/JPEG

Basically REST supposed to build a web service using HTTP, XML and URI as it was built and the web. In a REST architecture the data on which the client tells the server to operate are in the URI and the operation server makes the data to be described directly by the HTTP method. From a technical point of view, the REST type architecture is described by the notion of "resource", "URI", "representation", "uniform interface". Binding these components in a more effective manner results in the creation of a REST architecture, presented in figure 2.

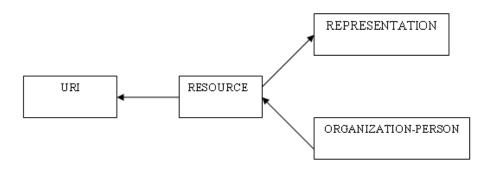


Figure 2. Items of REST architecture

In a REST architecture everything represents a resource. Everything may be referred to as an object is a resource. In general, everything that can be stored in the computer and represented as a stream of bytes is a resource. Each resource is associated with a URI. which represents the name and address of a resource. URI is the short term of the English "Uniform Resource Identifier", an identifier of a resource on the Internet, such as a document or a website. Often the URI of a resource is the same with its URL, the URL is short term for "Uniform Resource Locator", an early identifier. If some information does not have an URI then it is not a resource and is not practical on the web. An URI of a resource should be descriptive.

The "Uniform interface" is the basic principle of REST. In the entire web there are few operations which can be made on a resource. HTTP provides four basic methods for describing the most common operations:

The receipt of the representations of a resource: HTTP GET

Creating a new HTTP PUT resource for a new URI or HTTP POST to an already existing URI - The modification of an existing resources: HTTP PUT - The deleting of an existing resource: HTTP DELETE

The REST architecture is one without constraints and allows calls to functions, methods invocation, distance call procedures, such as and other messages that are understood by a certain server or a small subset of the components of the architecture.

Conclusions

The multitude of protocols and available standards from the end of the last century in the sphere of the Internet have enabled the possibility of communicating between applications on the system at large distances, with Internet access. Thus, there are systems that provide information services and information processing that in general are independent of the hardware platform, the access to them is made through the web services. A web service is a collection of protocols and standards used for exchanging data between applications or systems. Software applications written in different programming languages and running on various platforms can use Web services to exchange data network (Internet), in a manner somehow similar to inter-process communication on a single computer. The interoperability is due to the usage of adequate public standards. Based on XML, Web services have allowed the definition of standards and widely accepted technology for the IT industry. The web services have become today a necessity because it simplifies a lot the Internet by providing a distributed architecture. Basically, now, a company is not obliged to implement each of its already existing applications but it can access a web service to obtain the desired information. It results the re-usage of web services. Web services have a modular architecture, becoming a scaling one. The RPC (SOAP) architecture is a complex architecture that uses many protocols to make the connection between the client and the web service, but at the same time is more easily used by the client for it has a well-defined contract. Google uses SOAP type services. REST architecture is a simple one, but REST services, is more difficult to use by the client. The client must understand the uniform interface of the service. All services from Yahoo use REST. Any chosen architecture must be well documented for an easy usage by the client.

Bibliography

http://www.altova.com

http://aws.amazon.com/

http://en.wikipedia.org/wiki/SOAP

http://webservices.xml.com/

http://tomcat.apache.org/

http://www.codeproject.com/

http://www.w3schools.com

http://www.w3.org

www.xfront.com

http://www.xfront.com/files/tutorials.html

http://www.soapware.org/directory/4/services

http://searchsoa.techtarget.com/tips/0,289484,sid26,00.html

THE ROLE OF BUSINESS INTELLIGENCE IN BUSINESS PERFORMANCE MANAGEMENT

Pugna Irina Bogdana

Academia de Studii Economice Facultatea de Contabilitate si Informatica de gestiune Piata Romana nr 6 Bucuresti, irina bogdana@yahoo.com , tel : 0742483841

Albescu Felicia

Academia de Studii Economice Facultatea de Contabilitate si Informatica de gestiune Piata Romana nr 6 Bucuresti albescu@inde.ro tel: 0723581942

Babeanu Delia

Academia de Studii Economice Facultatea de Contabilitate si Informatica de gestiune Piata Romana nr 6 Bucuresti delia.del@gmail.com tel:0726175137

Business performance management (BPM) is a key business initiative that enables companies to align strategic and operational objectives with business activities in order to fully manage performance through better informed decision making and action. Effective business performance requires an organization to model and monitor not only its tactics but also its strategies and the assumption on which these strategies are built.

The aim of this paper is to examine the processes, methodologies and technologies underlying BPM, the relation between BPM and business intelligence, and to propose a framework for integrating corporate performance management and business intelligence in a holistic approach of managing business performance.

Keywords: Business Performance Management (BPM), Business Intelligence (BI), business processes, strategy, integration

Code JEL:M21

Introduction

During the last years, companies have understood the importance of enforcing achievement of the goals defined by their strategy through metrics-driven management.

Finance organizations have vast technology assets to assist them with day-to-day operations, regulatory compliance, and financial reporting. Such systems record transactions and manage operational processes, automate compliance and controls, and roll up financial performance data. To varying degrees, these systems populate data warehouses (DW) that are exploited by advanced business intelligence (BI) systems. The DW process, though supporting bottom-up extraction of information from data, fails in top-down enforcing the company strategy. The missing element — one that finance and IT teams are now pursuing — is the integration of these systems into a unified source of performance information and analysis capability.

Early adopters of business performance management have focused on making the finance function more strategic – mainly because people have tended to trust data coming out of a financial system more than other corporate systems, such as ERP or CRM. Almost every major business function has a performance management element that can be realized. To enable this requires organizations to put in place the right data platform and source data and ensure that strategic thinking is driven by the wider needs of the business. Nowadays, organizations of all shapes, sizes and markets are under pressure to conform to increased regulatory compliance pressures and have a need to link corporate performance to the decision-making process. BPM can be the right answer – leveraging what you already have and aligning the various aspects to move in the same direction. It helps organizations translate their strategies and objectives into plans, monitor performance against those plans, analyze variations between actual results and planned results, and adjust their objectives and actions in response to this analysis.

In the business literature, performance management has a number of names, including BPM, corporate performance management (CPM), enterprise performance management (EPM), and strategic enterprise management (SEM). Although different terms are used, they all mean essentially the same thing. The BPM Standards Group (2005) has defined BPM as "a framework for organizing, automating, and analyzing business methodologies, metrics, processes, and systems to drive the overall performance of the enterprise. It helps organizations translate a unified set of objectives into plans, monitor execution, and deliver critical insight to improve financial and operational performance".

1. Business information technologies

Business Information Technologies are seen as cutting edge Information Technologies made on purpose to support business information engineering. Management methods, techniques and support tools could be seamless integrated with Business Intelligence components in special tailored or customized Performances Management systems. The main functions of these systems are:

-To gather and store different measures of the business on a regular basis (current state indicators of the business performances).

- -To gather and store benchmarks and targets (threshold values) and business rules (interpretations of comparison results between current performance's indicators and etalon values).
- -To facilitate roll-ups and drill-downs of analyzed indicators along hierarchical aggregation criteria (structured Performance Measurements).
- -To keep the ongoing analysis alert allowing decision makers to quickly evaluate which business processes are successful, and which need their attention.

To summarize, an effective Business Performance Information System is built and maintained by business users to support the decision-making process especially at strategic level, making use of various indicators – quantitative and qualitative, lagging and leading – balanced against targeted objectives and/or industry benchmarks. Lately, with performance measurement periods becoming shorter, management must have the capability to more proactively influence the outcome. That requires monitoring and tracking capabilities that can generate current, complete and accurate information upon which they can act in real time. Business information technologies must respond to that need of proactively managing business performance.

2. Business intelligence and business performance management

Business performance management (BPM) can be considered as being the final component of business intelligence – the next phase in the evolution of decision support systems, enterprise information systems and business intelligence. If BPM is an outgrowth of BI and incorporates many of its technologies, applications and techniques, than why BI itself can't deliver the insight needed to improve overall business performance? From a theoretical viewpoint, it can. From a practical standpoint, it hasn't (table 1).

Like decision support, BPM is more than a technology. It involves the processes, methodologies, metrics and technology used to monitor, measure sand manage a business. Once selected the business process that has to be improved, and the business methodology to be implemented, there are the metrics (to monitor, measure and change) to be established. These metrics (key performance indicators) are defined and selected by the business and not by the IT. The final step is to choose the business performance measurement technology. We can say that business intelligence it is just business measurement and not business performance management.

BPM is not a single technology, but rather a combination of elements – BI, scorecarding, profiling. BI looks at and analyses the past and what has happened up until today – this is useful, as planning requires knowledge and you can set planning goals based on the past. Scorecarding enables you measure how you are performing against those planned goals. Every organization has processes in place that feed back to the overall plan. What's new with BPM is the integration of these processes, methodologies, metrics and systems – an enterprise wide strategy that seeks to prevent organizations from optimizing local business at the expense of overall corporate performance.

Factor	Traditional BI	BI for BPM
Scale	Departmental	Enterprise-wide
Focus	Historical	Timely
Decisions	Strategic and tactical	Strategic, tactical and operational
Users	Analysts	Everyone
Orientation	Reactive	Proactive
Process	Open-ended	Closed-loop
Measures	Metrics	Key performance indicators
Views	Generic	Personalized
Visuals	Tables / charts	Dashboards / scorecards
Collaboration	Informal	Built-in
Interaction	Pull (ad hoc queries)	Push (alerts)
Analysis	Trends	Exceptions
Data	Numeric only	Numeric, text, etc.

Table1. Differences between traditional BI and BI for BPM

Source:Ballard, C, Business performance management meets Business Intelligence (2006), http://www.ibm.com/redbooks

Any BI implementation is aimed at turning available data into information and delivering it to the decision makers. BPM is focused on a subset of the information delivered by a BI system – the information that shows business performance and indicates business success or failure and enables organizations to focus on optimizing business performance. BPM involves a closed-loop set of processes that link strategy to execution in order to respond to that task. Optimum performance is achieved by:

- -Setting goals and objectives **strategize**
- -Establishing initiatives and plans to achieve these goals **plan**
- -Monitoring actual performance against the goals and objectives **monitor**
- -Taking corrective action act and adjust

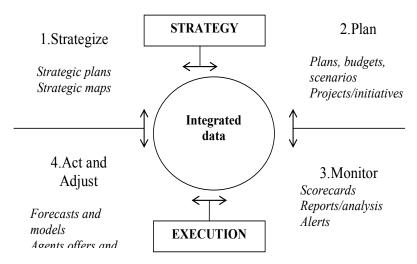


Figure 1. BPM processes

Source: Turban, E & Aronson, J.E. & Liang, T.P. & Sharda, R. (2007), *Decision Support and Business Intelligence Systems*, New Jersey, Pearson Prentice Hall

The key to effective BPM is tying performance metrics to business strategy, and that means a melding of two areas of technological functionality: *strategic management systems* and *performance metrics*. The first are systems that manage the key business processes that affect strategy execution, including objective management, initiative management, resource management, risk management and incentive management. The second is essentially a business intelligence platform for automated data exchange, reporting and analysis.

BPM should produce three core deliverables:

- -Information delivery to enable managers to understand the business.
- -Performance oversight to enable them to manage the business.
- -Performance effectiveness to enable them to improve the business.

Business performance management must be an enterprise-wide strategy that seeks to prevent organizations from optimizing local business at the expense of overall corporate performance

3. Integrating performance management and business intelligence

Most organizations already have a mix of packages and custom built business intelligence applications, including: strategic performance management (on top of front office), enterprise analytics for tactical analysis, operational reports and analytics used to support operational decisions. The problem is that these three decision levels are separated (in terms of applications, users, data sources) when what is really needed is for them to be integrated. Strategic planning is based on stand-alone scorecard, budgeting and planning applications that use scorecard databases that hold only summarized data. There is no detail to allow executives to drill down and find out why a problem occurred in a key performance indicator. Tactical analysis is based on analytic applications, reporting and OLAP tools delivering analytics based on summary and detailed data stored in data marts and data warehouses. Operational reports that support operational decisions are based on detailed databases.

What is needed to manage a business is the combination of strategic and near real time operational analytics- the integration of objectives driven business management using scorecards and dashboards at the strategic level with the business intelligence tools and analytic applications that support business measurement at tactical and operational levels (figure 2).

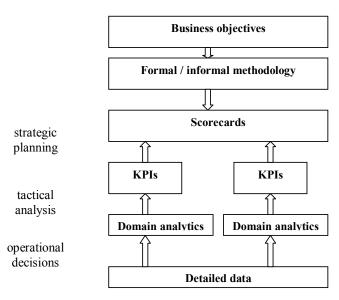


Figure 2. BI integration

Business intelligence projects must be related to strategic, tactical and operational business objectives and BPM, enterprise analytics and operational BI must be integrated into an overall BI framework in order to effective manage business performance.

4. BPM framework

The integration of business and IT process management and BI is a key enabler for BPM. It provides the ability to effectively manage the business and achieving business goals. The BPM framework presented below is based on the integration of business and IT processes at all decision levels (strategic, tactical and operational).

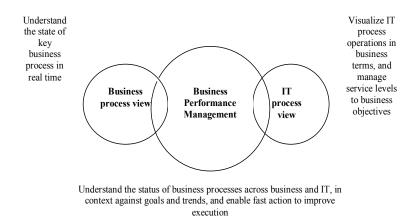


Figure 3. BPM framework

Business flexibility and agility require continuous monitoring of the business processes and support of an appropriate BI environment. An environment that provides information sufficiently current (near real time) to support the requirements for both operational and strategic decision making. BI technologies and products are evolving in order to provide such an environment, and we can list only some of the new trends:

- linking business process data to operational activity data for a complete for a complete view of the enterprise;
- implementation of business rules and Key Performance Indicators to enable consistent management of the business activities;
- automatic alert generation for proactive problem avoidance rather than reactive problem impact minimization;
- real time data flow to enable monitoring and proactive management of business processes.

A BI environment that include these capabilities enables companies to proactively manage their businesses, rather than just react and adjust to business situations as they arise.

The main objective of BPM is to help companies improve and optimize their operations across all aspects of their business. But implementing BPM is much more than just about choosing new technology – it suppose a constant analyze of business environment to determine if changes are required to existing business processes. To be successful with BPM, a company must fully understand it's own business processes and activities that support each area of business.

CONCLUSIONS

Managing and optimizing business performance is a critical requirement not only for maximizing business profitability but even for remaining in viable in today's fast moving and competitive business environment. Effective business performance management will blend business intelligence with elements of planning, budgeting and real time monitoring as well as providing a window on performance. The integration of business and IT process management and Business Intelligence is the first step in managing business performance. Finally, BPM is all about taking a *holistic approach* for managing business performance. The holistic approach enables the integration and use of *business intelligence*, *process management*, *business service management*, *activity monitoring* and *corporate performance management* to achieve a single and complete view of the enterprise.

REFERENCES

- 1. Albescu, F, Pugna, I., Paraschiv D., (2007), Business Information engineering an approach integrating business and information technology, 2nd International Conference Accounting and 2., Management Information Systems, Bucharest
- 2. Ballard, C (2006), Business performance management meets Business Intelligence available on line at http://www.ibm.com/redbooks
- 3. BPM Standards Group (2005) Business Performance Management :Industry Framework Document, available on line at http://www.bpmstandardsgroup.org
- 4. CBR Staff (2006) Look beyond the numbers available on line at http://www.cbronline.com
- 5. Ekerson W.W.(2007) "Best practices in operational BI Converging analytical and operational processes" available on line at www.tdwi.org/
- 6. Heizenberg J. (2009) "BI predictions 2009: The paradox between demand and supply" available on line at www.bi-guru-nhm.com
- 7. http/www.balancescorecards.org/basics/bscl.html
- 8. Imhoff C. (2007) "Faster must go faster" available on line at www.paraccel.com
- 9. Kaplan, R. S. & Norton, D. P. (2001) The Strategy-Focused Organization. Boston, Harvard Business School Press.
- 10. Kellen, V.(2001).Adaptive CRM and Knowledge Turnover Blue Wolf available on line at http://www.bluewolf.com
- 11. Pugna I., Albescu F., Zaharie D., (2008), Business Intelligence for strategic and performance measurement Business Performance Management, 4th International Conference of ASECU- Development: Cooperation and Competitiveness, Bucharest
- 12. Turban, E & Aronson, J.E. & Liang, T.P. & Sharda, R. (2007), Decision Support and Business Intelligence Systems, New Jersey, Pearson Prentice Hall

THE ENTERPRISE INFORMATION SYSTEM AND RISK MANAGEMENT

Rădut Carmen

Universitatea Constantin Brâncoveanu — Pitești Facultatea Management Marketing in Afaceri Economice Rm. Vâlcea Rm. Valcea, Al. Cocorilor, nr. 5, Bl.25, Sc.D, ap.2, cod 240210, jud. Vâlcea c_radut@yahoo.com 0723245092

The yield of enterprise can be accretion by integrating systems to business partners to create highest competitive advantage in the time of run. System integration can be done by adopting the e-commerce technology and Business-to-Business models that will connect with external organizations. With this complication of system integrations, risk management is often supervised because project managers are overwhelmed by the occurring problems and deadlines. If risks are properly identified and handled, the integration project can be even more smoothly implemented. The theoretical section provides understanding objects system integration and risk management while the empirical data is gathered via interviews with people who have experience and knowledge about the system integrating implementation. The results of the study present the major areas of risks that should be considered.

Keywords: Enterprise, System, Integration, Business, Risk.

Cod JEL: C81, D81, G39, M29.

1. The Enterprise Information System

Enterprise entities take advantage of the efficiency from Enterprise information system. Some of this enterprise information systems (are software packages, such as ERP system) are relatively expensive to implement, and also inflexible and costly to customize (Sarkis & Sundarraj 2006). Enterprise entities find themselves competing in the global market either cutting costs or improving efficiency. Having integrated Business-to-Business e-commerce technologies to the enterprise systems, business environment tend to stay competitive over others. The primary drive for these movements toward efficiency gains has been the use of enterprise systems to streamline internal operations and Business-to-Business e-commerce technologies that facilitate the tight linkages with external organizations (Sutton et al 2006). The inter-organizational systems should be implemented to facilitate the integration business process such as the electronic exchange of information flows (Themistocleous et al 2002). Type of Enterprise Information System. Enterprise resource planning software systems attempt to integrate all departments and functions across a company onto a single information system that can serve all those different departments' particular needs. Typically, a department with specialized functions and needs may have its own information system, customized to its particular procedures and duties. Nonetheless, the main effort of an ERP implementation is to combine as much functionality as possible into a single, integrated software program that runs on a single database, in order that the various departments can easily share information and communicate with each other (Tarantilis et al 2008). Enterprise resource planning systems are a one big vendor software package that helps provide best-practice business process functionality running on a single database (Light & Wills 2001). Currently SAP and Oracle are globally accepted as leading Enterprise Resource Planning vendors on this market. The enterprise information systems need to be flexible and adaptive to respond to the changing business needs. Evgeniou (2002) describes four types of organization that relate to their enterprise system types. The first one is standardized enterprise which is lack of inflexibility. The second one is steady state which has low requirement to be flexible. The third one is decentralized enterprise which requires the flexibility to change in the organization but has limited of visibility to global business. The last one is adaptive enterprise which has high visibility and flexibility. This type of enterprises has the system that can support internal process and also provide inter-organization processes such as electronic supply chain system.

Enterprise Integration. Recently many organizations use the process called enterprise integration as a key technique to transform their business processes to pursue the e-business benefits. Integration is the organizations linkage of their systems to partner systems. The enterprise integrates its own business processes with those of its business partners to increase efficiency within a collaborative value chain (Wing & Venky 2004). The e-business current solutions mostly rely on enterprise integration requirements to integrate web-based systems to each other and heterogeneous legacy systems which belong to the organization, its business partners, or other service providers.

The figure 1 gives an overview of enterprise integration methodology. The three concentric rings represent the **key management aspects** of enterprise integration project which are **inner**, **middle**, and **outer rings**. The inner ring represents the process you follow to solve an EI problem, while the middle ring contains the deliverables you produce by following the process, lastly, the outer ring lists risks you must manage during the process to ensure the project's success (Wing & Venky 2004). The six sectors overlaid the rings represent an enterprise integration project's phases.

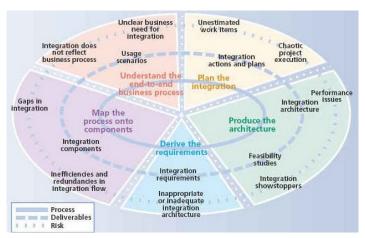


Figure 1. The enterprise integration methodology

Important Factors of System Integration. There are various risks that have potential to arise, such as losing or missing data, or the system processing failure. These risks come from the inconsistency of computer-based systems, for example, a system infrastructure is not properly planned by system architects and developers will lead to unsatisfied reliability of the Business-to-Business technologies (Dean et al 2003). Assurance over risks is related not only to technical and application issues, but also business integration, which are critical to consider. Imed (2000) states that the criteria of the effective functioning of extended enterprise are as the following factors:

- Autonomy of partners which supposes that each one is free to manifest and to take initiatives
- Added value there is no exchange unless each partner finds it beneficial; the value added by each one must be appreciated precisely.
- Adapting to change in so far as it privileges the functional links between its members, the network must facilitate their adaptation to change.
- Mutual aid mutual aid between the members is fundamental.
- **Reciprocity** is an essential rule that the network can only function if each partner receives and gives.
- **Shared values** networks presuppose strong adhesion of each member to a system of values, network quality being a function of the quality of the values quality uniting its members.
- **Common vision** poses many questions, for example, how members plan the future of the network, what the future collective goals are, etc.

There are some issues that should be examined for the larges-scale extended enterprise system implementation. Westone (2003) mentioned that these following issues have potential to cause failures of proceeding with an extended enterprise planning and execution of the system.

2. Enterprise Risk Management

Risk is the net negative impact of the exercise of vulnerability, considering both the probability and the impact of occurrence. Risk management is a framework to classify risks, assessing risks, and mitigate risks to a tolerable impact. Risk management for enterprise is important that it provides useful information for management levels. It is how to handle uncertainty and how risky the management should make a decision with fewest impacts on the business. Uncertainty can be either risk or opportunity for the business, but opportunity can be maximized when strategy and goals are set by balancing growth, return of investment and risks. Enterprise risk management composes of aligning risk appetite and strategy, enhancing risk response decisions, reducing operational surprises and losses, identifying and managing multiple and cross-enterprise risks, seizing opportunities, and improving deployment of capital. These characteristics of enterprise risk management help management to achieve the enterprise performance and profitability targets and prevent loss of resources.

Risk Management Models. The process of risk management basically involves identification of risks or uncertainties, analysis of implications, response to minimize or mitigate risk, and allocation of appropriate contingencies. There are many effective risk management models that can be adopted, depend on suitability of each company or type of the implementing project. For example, the major processes of the supply chain risk management are identify risk, determining the risk management strategy and actions, executing and implementing actions, and monitoring the risk management process and the results, as shown in the figure 2 (Deloitte 2008).

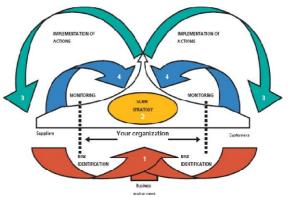


Figure 2 Supply Chain Risk Management Process

In any system integration projects that adopt framework of system development life cycle (SDLC), risk management can be used efficiently and differently for each phase. It can be summarized as the table 1.

Risk assessments can be used as a means of providing decision-makers with information needed to understand factors that can harmfully impact operations and products, and giving concerns about the degree of actions needed to reduce risk. As the consequences of the growing technology, information security risks can be no longer overlooked by the government or business. The risk assessments generally include *identifying threats, estimating the possibility, estimating the potential losses or damage, and identifying cost-effective actions.* Cooper (2005) explains the descriptions of assessment approaches in the step of assigning priority to the risk as following:

- Qualitative analysis is based on descriptive scales such as low, medium, high for
- describing the likelihoods and impact of risk. This is approach useful when the
- enterprise wants to do quick assessment reviewed or initial review.
- Quantitative analysis uses numerical ratio scales for likelihoods and impact, rather
- than description scales
- **Semi quantitative analysis** is the combination between quantitative approach and qualitative approach. The number will be assigned for descriptive scale.

SDLC Phases	Phase Characteristics	Support from Risk Management Activities
Phase 1— Initiation	The need for system integration is expressed and the purpose and scope of the integration is documented	Identified risks are used to support the development of the integration requirements, including security requirements, and a security concept of operations (strategy)
Phase 2— Development or Acquisition	purchased, programmed,	The risks identified during this phase can be used to support the security analyses of the IT system that may lead to architecture and design trade-offs during system development
	The security features of the integrated system should be configured, enabled, tested, and verified	The risk management process supports the assessment of the system implementation against its requirements and within its modeled operational environment. Decisions regarding risks identified must be made prior to system operation
Phase 4— Operation or Maintenance	performs its functions. Typically the systems are being modified on an ongoing	Risk management activities are performed for periodic system reauthorization (or re-accreditation) or whenever major changes are made to the integrated system in its operational, production environment (e.g., new system interfaces)

Phase 5—	This phase may involve the	Risk management activities are performed for
Disposal	disposition of information,	system components that will be disposed of or
	hardware, and software.	replaced to ensure that the hardware and software
	Activities may include	are properly disposed of, that residual data is
	moving, archiving,	appropriately handled, and that system migration is
	discarding, or destroying	conducted in a secure and systematic manner
	information and sanitizing	
	the hardware and software	

Table 1 Integration of Risk Management into the system development life cycle

Stoneburner (2002) has illustrated a sample of risk assessment methodology for IT systems as the following steps (in the figure 3).

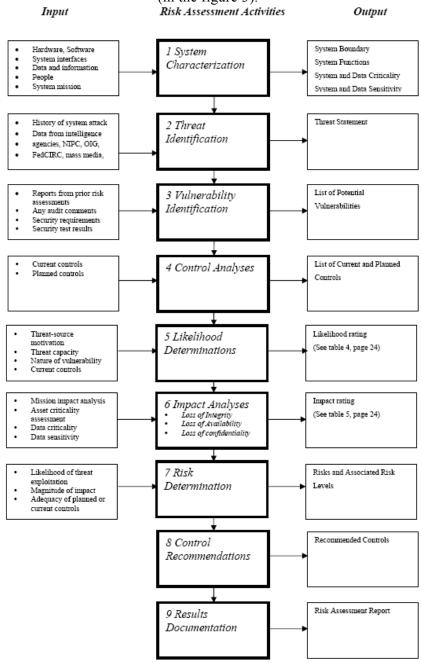


Figure 3 Risk Assessment Methodology Flowcharts

A threat is any agent such as person, activity or event that has potential to damage a system such as type of data processes, stored, and transmitted. Vulnerability is a weakness in the information system design, implementation, internal controls, security control that could be exploited by threat which accidentally triggers or intentionally exploited (Stoneburner et al 2002). The vulnerability is the potential weakness in the system that may be attacked or exploited by threats. The vulnerability in the systems may be found in system design, physical layout, administrators, procedure, personnel, management, hardware, or software.

Risk Determination step will assign risk priority to each risk by comparing the likelihood level (high, medium, low) and impact level. Risk management in extended enterprise systems composes of using risk sharing, control and prevention and financial instruments to lessen the effects of the integrated operational chain risks and their financial consequences.

Conclusions

The integration between partners along the supply chain is a complex and difficult task. Because there is complexity of the exiting systems on both sides of partners which are complicated systems, in many cases they are fixed, reconfigured, or lacking of documents. Moreover, the incompatibility problem and integration problem among systems of those parties such as different standards, computing languages, or platform and operation systems also make it more difficult for integrating task (Themistocleous et al 2004). The risks that derive from the technical factors, has essential impact to other risks (Sutton et al 2008).

References

- 1. Cooper, D., Grey, S., Raymond, G. & Walker, P., 2005. Project Risk management guideline: Managing risk in the large projects and complex procurements. Hoboken, NJ: J. Wiley
- 2. Dean K., Alan F., Paul G., Julian J. & Doug P., 2006. Just What CouldPossibly Go WrongIn B2B Integration?. Computer Software and Applications Conference, 2006, COMPSAC 2006, Proceedings, 27th Annual International, p. 544-549.
- 3. Deloitte, D. 2008. Enterprise RiskServices: Supply Chain RiskManagement [Online]. Available at http://www.deloitte.com/dtt/cda/doc/content/nl eng brochure supply chain risk management 070704x(1).pdf
- 4. Evgeniou, T., 2002. Information integration and information strategies for adaptive enterprises. European Management Journal, 20 (5), p. 486-494.
- 5. Gleghorn, R., 2005. Enterprise Application Integration: A Manager's Perspective. IT Professional Magazine, 7, p. 17.
- 6. Light, B., Holland, C.P., & Wills, K., 2001. ERP and Best ofBreed: A Comparative Analysis. Business Process Management Journal, 7(3), p. 216-224.
- 7. Sarkis, J. & Sundarraj, R.P., 2006. Evaluation of enterprise information technologies: a decision model for high-level consideration of strategic and operational issues. IEEE Transactions on Systems, Man and Cybernetics, Part C (Applications and Reviews), 36(2), p. 260-273.
- 8. Stoneburner, G., Goguen A., & Feringa, A., 2002. Risk Management Guide for Information Technology Systems. National Institute of Standards and Technology, NIST Special Publication.
- 9. Sutton, G., Khazanchi, D., Hampton C. & Arnold V., 2008. Risk Analysis in Extended Enterprise Environments: Identification of Critical Risk Factors in B2B E-Commerce Relationships. Journal of the Association for Information Systems, 9(3-4), p. 151-156,158,160,164-166,168-174.
- 10. Tarantilis, C.D., Kiranoudis, C.T. & Theodorakopoulos, N.D., 2008. A Web-basedERP systemfor business services and supply chain management: Application to real-world process scheduling. Journal of European Journal of Operational Research, 187(3), p.1310-1326.
- 11. Themistocleous, M., Irani, Z. & Love, P. E., 2004. Evaluating the integration of supply chain information systems: A case study. Journal of European Journal of Operational Research, 159(2), p. 393-405.
- 12. Weston, F.C. Jr., 2003. ERPII: The extended enterprise system, Business Horizons [Online]. Available at http://balrog.sdsu.edu/~shu/Weston%20ERP%20II.pdf
- 13. Wing, L. & Venky, S., 2004. Enterprise integration methodology. Enterprise Information Management, 18(5), p. 511-530.

BUSINESS INTEGRATION

Răduț Carmen

Universitatea "Constantin Brâncoveanu" - Pitești, Facultatea Management Marketing în Afaceri Economice Rm. Vâlcea, Str. Aleea Cocorilor, nr.5, Bl.25, Sc.D, Ap.2 Rm.Vâlcea, c radut@yahoo.com, 0723245092

Codreanu Diana

Universitatea "Constantin Brâncoveanu" - Piteşti, Facultatea Management Marketing în Afaceri Economice Rm. Vâlcea Str. Mihai Eminescu, nr.47, Bl.C13, Sc.A, Ap.16, Rm.Vâlcea, codreanudia@yahoo.com, 0743167718

Interest is growing among IT executives in the benefits offered by relatively new developments in the business integration arena such as service oriented architectures (SOA). By improving communication and integration between IT systems regardless of the underlying technology, SOA is just one factor that is making it increasingly easy and quick to share information and reproduce best practice, not only internally but also within an extended business partner community.

Business integration, Service Oriented Architectures, Electronic Data Interchange, Enterprise Service Bus.

Introduction

Most large businesses introduced EDI (Electronic Data Interchange) many years ago to enable them to exchange business critical information electronically with their trading partners. EDI was expected to eliminate the manual processes that result in increased order processing and lead times, introduce human error, and cause lost information due to incomplete fax transmissions, mislaid paperwork and unanswered phone calls. In reality, the technology has struggled to fulfil its true potential.

Traditional EDI relied on transforming information into an agreed message format and exchanging it between trading partners via dial-up connections over a VAN (Value Added Network) – a third party mailbox system. Implementing EDI solutions, maintaining the skills needed to produce data in the correct format for exchange and sending data over a VAN has proven to be expensive. Large organisations that can afford to take advantage of the technology's undoubted benefits have failed to see their ROI fully realised because there was no cost-effective solution available for their smaller trading partners, limiting the success of EDI as take-up rates were much lower than initially forecast.

Today this situation is rapidly changing. The international availability of the Internet, the 'commoditisation' of technology, plus related universally accepted data structures such as XML are transforming the way that data is exchanged, opening up the benefits of business integration to all.

Assessing where your organisation is today and identifying where you can make effective changes is an obvious first step to maximising the benefits to be gained from business integration.

Figure 1 indicates a range of integration stages that organisations across various industries can find themselves at from traditional EDI to current best practice. In order to reach best practice, businesses can take two main routes, they can rely on B2B gateway applications (developed inhouse or by a specialist vendor) or they can find a trusted partner to provide integration as a service.

Developments in technology are undoubtedly making it much easier to benefit from business integration by reducing the traditional barriers to entry previously faced by smaller businesses.

The adoption of the Internet, in particular, represents a turning point as it provides a robust, more flexible and cost-effect alternative to traditional EDI based on VANs. However, there are still challenges to be faced. As typical trading communities continue to increase in size, for example, managing them efficiently can become a drain on inhouse skills, resources and time.

	Traditional EDI	Transforming	Best Practice	
Communication Services	Soure, relable electronic delivery is possible botwern larger trading partners using a limit ad number of traditional capabilities such as agendronoushi syndronous, X.25 and X.400 protocols in common use. Data is exchanged in batch mode overnight with slow data exchange speeds	Point-to-point communications based on dist up protocols deliver security using frame relay or leased lines. ISDN emerges as a high-speed option for the batch exchange of data	Soure, reliable, near resi-time electronic delivery of information is possible between all trading partners and application systems. Can work with traditional and emerging expalitiles such as ASC, web services and RosettaNet.	
Trading Partner Management	EDI uptake within the trading community is low. Berriers to entry are high. Trading partner management is handled in-house by EDI teams	In-house EDI management teams are expanded to cope with increasing numbers of trading partners and more complex relationships.	Software tools or outsourcing are used to assist with trading partner management, including community development services, billing operational reports and deathoards. Easy-to-use, customisable portais mean that trading-partners can self-provision and access B2B gat eway applications.	
Integration	Basic integration is delivered through simple file exchange in local directories over a LAN.	Tightly coupled integration using API's (Application Program Interfaces) or ODBC (Open Database Connectivity) links.	Complex integration to many internal applications using many different protocols over LANs and WANs.	
Application Services	No application services offered.	Web-forms available to electronically exchange data with low technology trading partners	Applications deployed to deliver advanced web-forms processes, online reports, archiving of documents, tracking of all documents and maintenance of product catalogues.	
Business activity monitoring and event management	Not Available	Smple error/exception reporting.	Events and information about events captured and stored for analysis. Dashboards graphically display real-time and historic dat abased on the user's profile. Key performance indicators show trading partner interactions from a business point of view (such as response times to POs).	
Service Oriented Architecture (SOA)	Not Available	Not Available	B2B gateways developed using service- oriented design methodologies to enable full interoperability with IT strategy.	
Business Process Management	Not Avail able	Business process management delivered through complex coding or scripting usually created by internal IT departments providing interfaces with EDI software.	B2B gateway enables workflow to be defined within the gateway based on trading partner profiles, business rules and requirements. Basy to configure with low cost and low skill base.	

Figure 1: Business integration development model

Figure 2 shows how, as the traditional barriers to business integration have fallen, the number of trading partners able to become e-enabled has risen. It also shows the range of capabilities enterprises need if they wish to make the most of the opportunities available to them.

By employing the correct business integration strategies, organisations can implement solutions that help optimise and support critical business processes. A tight coupling between ERP systems, e-business and other applications combined with the ability to exchange data in multiple formats with customers, suppliers and partners leads to a collaborative, business process based, virtual enterprise.

Processes and supply chains become visible from end-to-end, business activities can be closely monitored to provide an early alert to potential problems and rules and workflow can be built-in to provide greater control.

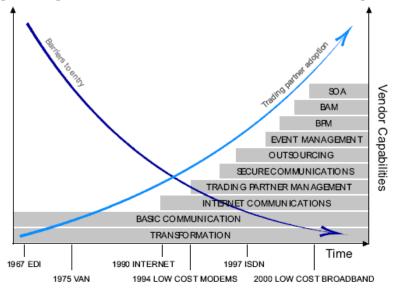


Figure 2. The traditional barriers to business integration

Using just a web browser, data from even the smallest business can be seamlessly created, transformed into the correct format and transmitted to a partner as easily as sending an email. Likewise, small businesses can receive

and manage documents just as simply. No matter how small or where in the world a company is located, it can become part of a global supply chain hosted by a major organisation.

The business benefits of effective business integration include:

- **Improved customer service** shorter lead times for order fulfilment, a reduction in errors, improved tracking and visibility of orders and better communications throughout the supply chain.
- Reduced costs more efficient processes, improved productivity and lower inventory carrying costs.
- Increased profits reduced costs, quicker product development and a shorter time to market.

As business integration evolves, many early adopters of EDI technology – large enterprises - find they have an inflexible solution that has been in place for years and has suffered from under investment over time. There is probably a monolithic ERP system at the centre of the organisation onto which an EDI or B2B gateway solution has been bolted. Often a great deal of complex custom code is required to deliver business process management and provide the capabilities needed to get data into legacy applications. It may be necessary to convert data from EDI formats into XML and back again simply to pass it around the organisation.

In this typical scenario, the speed and accuracy with which data can be moved is compromised. The increasing volume and variety of data produced today becomes a challenge. Add to this the fact that old technologies may no longer be supported, the skills associated with them are becoming scarce, and existing knowledge within the organisation is likely to be held by a small number of ageing experts and you have a situation that makes it difficult to integrate new protocols, message types and services. Managing trading communities in today's fast changing, international environment is complex, especially when it is no longer unusual to have to cope with data from thousands of partners.

Smaller organisations face a different set of challenges. Most will be considering EDI or business integration solutions in response to a request from a major customer and will naturally feel reluctant to change their existing technology or business processes. Many perceive significant barriers as they are unlikely to have a large – or indeed any – in-house IT resource.

The business integration solution

Over time, the information technology landscape inside of and amongst companies changes in fits and starts with new applications, products and technologies coming and going. Ideally, information would flow between applications like electricity through some equivalent of standard wall outlets and plugs. While things continue to get easier and despite what product vendors have promised over the years, significant challenges remain in sharing information services without significant costs, risks and brittle custom development.

Part of the challenge lies in keeping up with changes to the IT landscape. Changes occur as businesses seek efficiencies and improved services to customers and partners and because of drivers, such as company mergers and upgrades to packaged and custom enterprise applications. The business need, business value and technical ease of integrating disparate internal and external systems are growing as the capabilities, costs, standardization and ease of implementation of commercial products are improving.

Historically, when enterprise applications needed to share information with other applications, custom one-off or other proprietary approaches were implemented for each specific case. Over time, these point solutions create a myriad of stovepipe custom connections between components with many moving parts, each requiring different specialized skills. Without a central architecture, reuse strategy and business integration solution, the following problems will emerge:

- **a) Interdependencies** between applications and integration code make upgrades and enhancements expensive, time consuming, risky and unsupportable.
- **b)** Hidden dependencies and bypassing of security and business rules through direct data access results in erratic and incorrect results and difficult-to-diagnose problems.
- c) Lack of discipline and standards in developing point-to-point integration solutions leads to maintenance and management nightmares with different languages, tools, incompatible versions and approaches.
- **d)** Security is largely unmanaged connections between applications are controlled within each custom developed connection with no ability to effectively manage access.

Part of the solution to integration problems lies in architectural governance over the selection, design and development of integration products across all applications. Achieving central control is more difficult than it sounds. In addition to understanding internal enterprise applications, awareness of industry products, trends, standards and best practices are all key requirements for designing and implementing a corporate integration strategy.

A second part of the solution lies in the architecture and implementation of a business integration technology platform. Enterprise Service Bus (ESB), message broker and business process management products from vendors, such as IBM, Microsoft, Tibco and WebMethods provide an integration framework for:

a) Data translation (e.g., to and from various XML and non-XML, standard and custom formats).

Use of software adaptors that can connect to a large variety of commercial packaged applications and technologies, such as SAP, Peoplesoft, Ariba, CommerceOne, CICS and others over a variety of protocols via standard plug-in interfaces.

Routing of messages between applications based on content or availability.

Central management of message flows (including security and failure detection).

Live central monitoring of key corporate metrics (e.g., number of orders flowing through a hub).

Security of message flows between applications.

Tenets of long-lived enterprise scale system design are easily realized with a well- architected integration solution based on products such as WebSphere Business Integration Message Broker, Microsoft BizTalk Server or WebMethods. Design principles used in the implementation of integration solutions are: loose coupling between applications; short and asynchronous transactions; service-oriented interfaces (focus on use/reuse of business services of a system vs. via direct access to data); and reuse through use of industry standards and best practices.

The combination of ESB and message broker products, XML and Web-based standards, and a SOA-based approach to application and commercial product implementations sets the stage for efficient and standardized integration architecture.

Conclusion

Unfortunately smaller businesses unable or reluctant to move with the times find themselves increasingly disadvantaged in the global market.

Without the ability to easily exchange data and integrate it into back office systems they are forced to rely on costly, error prone manual processes that affect business agility. A reluctance to adopt new standards and practices will drastically affect their ability to trade in the future.

Bibliography

- 1. Andre Yee Sams, Integrating Your e-Business Enterprise, Paperback, Published March 2001, 257 pages
- 2. Bos, C.F.M., "A framework for Uncertainty Quantification and Technical-to-Business Integration for Improved Decision-Making", paper SPE94109 presented at the SPE Europec conference Madrid, June 2005.
- 3. Beth Gold-Bernstein, William Ruh, Enterprise Integration The Essential Guide to Integration Solutions, Jul 2004, Paperback, 432 pages
- 4. Beth Gold-Bernstein, William Ruh, The Essential Guide to Integration Solutions, July 16, 2004, Pearson Education
- 5. Iyengar, Ashok; Jessani, Vinod; Chilanti, Michele, WebSphere Business Integration Primer: Process Server, BPEL, SCA, and SOA Group: J2EE IBM WEBSPHERE, 421 pages

COMPUTER METHODS FOR ANALYSIS AND OPTIMIZATION OF ENERGY COMSUMPTIONS

Rotaru Simona

Spiru Haret University Faculty of Financial—Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4 , simona rotaru ro@yahoo.com, tel 0251598265

Bardas Petru

Spiru Haret University Faculty of Financial—Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4, bardastehnorob@yahoo.com, tel 0251598265

Ghiță Mirela Claudia

Spiru Haret University Faculty of Financial–Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4, mire ghita@yahoo.com, tel 0251598265

Cocoșilă Mihaela

Spiru Haret University Faculty of Financial–Accounting Management Craiova, Romania Street Brazda lui Novac, No. 4, cocosila mihaela@yahoo.com, tel 0251598265

The implementation of sustainable development in Romania and the abrupt increase of prices for fussil fuels have imposed more serious activies for the examination of the energy consumption in different industrial sectors. Here, the asynchronous electric motors represent the main loads; therefore the energy consumption in electrical drives has to be careffuly watched. The achievement of various procedures to improve energy efficiency, compulsory imposes an energy balance who aims to illustrate the existent profile of energy consumption.

The study presents an industry case study about estimation of operating systems functioning that use variable speed motors, highlighting the necessity and appropriateness of using informatic instruments that provide calculations needed to elaborate energy balance and by that, to determine the measures to increase energetic efficiency.

Keywords: energy efficiency, electric drive, energy balance, power factor, informatic instruments.

Cod Jel: M15

Energy and Sustainable Development

Along with complex phenomena such as the explosive rate at which the world's population continues to increase, the associated and inevitable increase in energy consumption and the reality of the environment's decline, humanity is faced with three very perilous problems:— Economic Growth, Energy and Resource consumption, and Protecting the environment—in other words, the world is faced with an unprecedented dilemma.

For the world consumption of primary energy forecast, several important studies have been done in the last years by prestigious world organizations in developed countries.

An example of such a study is that conducted by the World Energy Council (WEC) and named Energy for Tomorrow's World. Within this study, at which specialists and organizations of tens of countries took place, were analyzed four scenarios of world primary energy consumption evolution until 2020, compared to the situation of 1960 and 1990, both on a global level, and geographical areas.

The main results of this study are summarized in Table 1.

Table 1.the World primary energy consumption structure(Gtep)

	1960	1990	Scenarios in 2020			
			A	B1	В	C
Coal	1,4	2,3	4,9	3,8	3,0	2,1
Oil	1,0	2,8	4,6	4,5	3,8	2,9
Natural Gas	0,4	1,7	3,6	3,6	3,0	1,5
Nuclear	_	0,4	1,0	1,0	0,8	0,7
Hidro	0,15	0,5	1,0	1,0	8,9	0,7
Traditional Sources	0,5	0,9	1,3	1,3	1,3	1,1
New and regenerable Sources	_	0,2	0,8	0,8	0,6	1,3
Total*	3,3	8,8	17,2	16,0	13,4	11,3

^{*}Differences owned to approximation

Scenarios: A – High economic development; B – reference; B1 – reference to lower energy intensity; C – .organic You can notice the following:

– While the world primary energy consumption increased 2.7 times between 1960 and 1990 a substantially smaller increase for the 1990–2020 period (28 95 %).

According to these scenarios, in the year 2020 the hydrocarbon consumption will increase to

5.4 - 8.2 Gtep compared to 4.5 Gtep in 1990 and 1.4 Gtep in 1960; we can conclude that from the total increased consumption mentioned for 2020, the hidrocarbon ratio will reach 47 - 51% compared to 51% in 1990 and 42% in 1960, denying the pessimistic forecast made a decade ago.

In any of the scenarios, the nuclear energy does not exceed 1 Gtep in 2020, compared to a total consumption of 11.3 - 17.2 Gtep.

Energetic efficiency reflects the relationship between the production of a system and imputed energy. Improving of energetic efficiency means achieving the same effect with a small amount of energy and involves the allocation of material and human resources, whose efficient use must be analyzed. Major sources of energetic inefficiency and loss of energy that occur in materials, devices, equipment, technologies, due to their low quality (thermal insulation, building materials, heat exchangers, pumps, compressors, fans, burners, heating boilers, electrical equipment, appliances, lighting, metering, energointensive technologies, facilities, stolen energy).

Favorable factors for promoting energetic efficiency in Romania are represented by the law, institutions and existing regulations, the relatively high price of energy and fuels. Unfavorable factors (which paradoxically outperforms favorable factors) are owned to the fact that energetic efficiency is downplayed, the responsible institutions are not very active, the energetic efficiency programs are only declarative, without any practical outcome, energy audits are formal, unstimulating penalties, bad management, difficult financing.

The study presents an industry case study about estimation of operating systems functioning that use variable speed motors, highlighting the necessity and appropriateness of using informatic instruments that provide calculations needed to elaborate energy balance and by that, to determine the measures to increase energetic efficiency.

The balance of electric power to act asynchronous short circuit electric motor

An electric drive system (SAE) is represented by all elements that converting electrical energy into mechanical energy, in order to carry out a technological process. As a rule, a SAE is composed of three main components, shown in Figure 1.⁶¹⁵

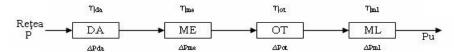


Figure 1. The structure of an electric drive system

- electric engine (ME) sub-assembly which performs mechanical conversion;
- the transmission (OT) sub-assembly which ensures transmission of motion from the electric motor to involved car:
- machine work (ML) sub-assembly making technological process;
- other items included in supplying device (DA) equipment such as power devices, switching, control, regulation and protection, and in which, usually, loss of significantly electricity does not appear.

General equation of energetic power balance of a SAE is expressed as ⁶¹⁶:

$$W_i = W_u + \Delta W_p + W_r \quad [kWh], \tag{1}$$

Wi – the input energy in the contour balance, representing the amount between outside induced energy and that generated within the contour, [kWh];

Wu – useful energy consumed for the technological process [kWh];

 ΔWp – losses of energy inside the contour, [kWh];

WR – energy released outside contour, [kWh].

Where the energy losses have the expression:

$$\Delta W_p = \Delta W_{da} + \Delta W_{me} + \Delta W_{ot} \qquad [kWh], \qquad (2)$$

 $\Delta \dot{\text{Wda}}$ – loss of energy in power supply device, made by supply equipment, switching, control, regulation and protection, [kWh];

 Δ Wme – energy losses in electric motor, the sub–assembly which ensures mechanical conversion [kWh];

 Δ Wot – energy losses in the transmission, the sub–assembly which ensures motion transmission from the electric motor to involved car

In previous relationship, the engine power losses consist of the following elements:

 $\Delta Wme = \Delta WCu + \Delta WFe + \Delta Wmot [kWh], (3)$

 Δ WCu – losses in wrapping [kWh];

 Δ WFe – losses in the magnetic circuit, [kWh];

 $\Delta Wmot$ – losses in engine power, [kWh]; Since in practice, losses in the machine and in the transmission are difficult to be determined separately, they are regarded as global mechanical losses:

$$\Delta W_{\text{mec}} = \Delta W_{\text{ml}} + \Delta W_{\text{ot}} \quad [kWh], \tag{4}$$

⁶¹⁵ Carabogdan I. Gh. S.a. – Bilanturi energetice. Probleme și aplicații pentru ingineri. Editura Tehnică, București, 1986.

^{616 ***-} ARCE.ICEMENERG. Ghid de elaborare și analiză a bilanțurilor energetice, București, 2003.

In some situations it is difficult to separate mechanical losses in the SAE from the losses in ferromagnetic circuit of electrical machine; in these cases total energy and mechanic losses in iron and electrical power system are highlighted:

$$\Delta W_{Fe,m} = \Delta W_{mec} + \Delta W_{Fe} + \Delta W_{mot} \qquad [kWh], \qquad (5)$$

Energetic losses in wrapping are calculated by the relationship

$$\Delta W_{\text{Cu}} = 3 * K_{\text{f}}^2 * I_{\text{m}}^2 * R_{\text{e}}^2 * \tau_{\text{f}}^* * 10^{-3} * k_i * k_u * k_s \text{ [kWh]}, \tag{6}$$

KF – form factor of the current;

Im – average intensity of electric current within the time frame to which the balance refers;

Re – equivalent resistance of electric current wrapping, $[\Omega]$

Where the equivalent resistance is:

$$R_e = R_1 + R_2 \qquad [\Omega] \qquad (7)$$

R1 – the resistance on phase of stator wrapping, $[\Omega]$;

R2 – the resistance on phase of rotor wrapping reported to stator.

The equivalent mechanical energy losses in asynchronous motor with rotor in short circuit are determined as the sum of the losses in the magnetic circuit (ΔWFe) and of mechanical losses in the engine(ΔW_{mot});

$$\Delta W_{\text{Fe+mot}} = \Delta W_{\text{Fe}} + \Delta W_{\text{mot}} = \{ P_0 - 3 * R_0 * I_0^{-3} \} * \tau_f * k_i * k_u * k_s [kWh],$$
 (8)

while the energetic equivalent of mechanical losses in transmission and the working car has the expression:

$$\Delta W_{\text{mec}} = \{ P_{0m} - 3 * R_e * I_{0m}^2 * 10^{-3} \} * \tau_f * k_i * k_u * k_s - \Delta W_{\text{Fe+mot}}[kWh], \quad (9)$$

Losses of electricity in the power cord are determined by the expression:

$$\Delta W_{\text{linie}} = 3 * K_{\text{f}}^{2} * \tilde{I}_{\text{m}}^{2} * R_{\text{linie}}^{1} * \tau_{\text{f}} * 10^{-3} * k_{\text{i}} * k_{\text{u}} * k_{\text{s}} [kWh],$$
 (10)

Useful energy is calculated from the expression (1), where incoming energy is determined by measurements made at the supply panel jacks of electric actuators and losses are calculated using the expressions outlined above. Thus:

$$W_{u} = W_{i} - \Delta W_{p} [kWh], \qquad (11) \text{ and}$$

$$\Delta W_{p} = \Delta W_{linie} + \Delta W_{Fe+mot} + \Delta W_{Cu} + \Delta W_{mec} [kWh], \qquad (12)$$

Analysis of implementing energy efficiency measures

To highlight the possible measures that can be implemented in order to improve energetic efficiency of an asynchronous electric motor a case is presented of foundries. For the considered contour an actual active energy balance is established so that input energy is the energy absorbed from electric network, energy that can be measured, and the useful energy is represented by mechanical energy developed at the end of the kinematic chain, determined by the expression (11).

On base the results obtained of energetic power balance, proposed to improve power factor

Power factor is defined as the ratio of active power P and apparent power S of the system (fig. 3). In the sine curve system, we can define the cosine angle between voltage and current (fig. 2). Line current of AC machine contains two components: magnetism current (produces the magnetic flux which occur in the machine, but creates a reactive power Q) and the power producing current (which is a current interacting with the magnetic flux to produce the torque of the machine).

The torque of the machine:

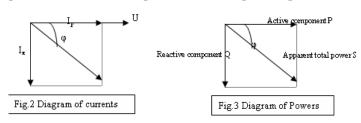
 $C=K_{C*}\Phi*I_P$

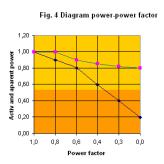
Where:

Kc is the constant torque

 Φ is the flow of magnetism between the iron

Ip is the current which produces the torque, the power





For an electrical installation of an established apparent electrical power, the maximum of active power, i.e. efficiency maximum, is obtained at a power factor as high as it can (closer to unity), a de-phased between voltage and current as low as possible, so to a reactive power consumption of distribution network as low as possible 617.

From the relationship $\cos \varphi = P/S$ appears that the problem of improving the power factor is actually the problem of reducing reactive power absorbed by the consumer of a network.

⁶¹⁷ Zobaa A. F., Comparing Power Factor and Displacement Power Factor Corrections Based on IEEE Std. 18-2002, ICHQP 2004.

A low power factor has a number of negative consequences for the functioning of electrical installation, including: – increasing active power loses; – extra investments; – increasing voltage loses in the network; – reducing energy capacity installations.

Power factor improvement is achieved through:

- technical and organizational methods (natural methods/ways) that consist in the application of measures for streaming the operation, with reduced costs and without being equipped with additional facilities;
- methods of compensation of reactive power by using specialized sources of reactive power.

The most popular method to improve the power factor to a system of distribution with low voltage is to use the power condensers.

The condensers for improving the power factor are available in a wide range of rated reactive powers. The reactive power Q_c which has to be installed to raise the power factor from a value $\cos \phi_1$ to a value $\cos \phi_2$ is based on the active power absorbed by the consumer⁶¹⁸.

$$Q_c = P(tg \varphi_1 - tg \varphi_2)$$

The studied consumer that absorbs an active power P=1000kW at a natural power factor $cos\phi_I$ =0,6. Apparent power is S_I =P/cos ϕ_i =1000/0,6=1667 kVA and current I_I = $P/\sqrt{3} \cdot U \cdot cos$ ϕ_i =1000·103/ $\sqrt{3} \cdot 380 \cdot 0$,6=2532 A. The reactive power Q_c needed to improve the power factor to a neutral value cos ϕ_i =0,92 is Qc=1000(1,333–0,426)=907 kVAr. Increasing the power factor to a value cos ϕ_i =0,92 leads to an apparent power S_2 =P/cos ϕ_i =1000/0,92=1087kVA and a current I_2 = $P/\sqrt{3} \cdot U \cdot cos$ ϕ_i =1000·103/ $\sqrt{3} \cdot 380 \cdot 0$,92=1651 A, both values well below the previous ones. A battery of condensers is chosen Qbc = 920 kVAr. The improved power factor becomes cos ϕ_i =1000/ $\sqrt{10002}$ +(1000·1,333–920)2=0,924

Following the improvement of power factor from $\cos \varphi_1 = 0.6$ to $\cos \varphi_2 = 0.92$

- reduce the apparent power with $(1667-1087)/1667=0,348 \rightarrow 34,8\%$
- reduce loss of power with 1-(1651/2532)2=0.575 $\rightarrow 57.5\%$

Is an analysis technical—economic analysis of reactive power compensation. The economic efficiency of reactive power compensation is pointed out by the method of updated total expenditures. Choosing the best method and development in time of the facilities to compensate the reactive power in the consumer 's installations is made by comparing the total updated expenditures for each variant (natural ways/solutions, specialized sources, solutions for placements), analyzing the situation without compensation (corresponding to the natural power factor), and compensation solutions at different levels of the power factor.

Example of calculating the costs

Three things are taken into account in the payment bill:

- 1. The cost of consumed energy Cec = 0.38 lei/KWh
- 2. The cost of the total required power Cpc = 41.8 lei / KW
- 3. The additional costs due to the power factor below 85%

The paid penalties depend on the minimum power factor η_m , the actual power factor η , and the total required power Ptc⁶¹⁹.

$$C_{\rm sfp} = (\eta_{\rm m} - \eta) \, \text{Ptc* Cpc} / \eta$$

The factory used in a month 240000KWh x 0.38 = 91200 lei

The demand of total power was $1700kW \times 41.8 = 71060 lei$

The paid penalties for a low power factor (70%) 15 x 1700 x 41,8/70 = 15227 lei

For processing experimental data and implementing mathematical relations presented above, we have developed a computer application which purpose is to calculate the necessary elements of the energetic balance according to the electric drive; based on the results, the application displays the corresponding graphs.

The application was made in the Access program. Input data, consisting of the catalog characteristics of engine and experimental determinations are stored in tables, and the results are presented in table reports and diagrams⁶²⁰ (fig. 5).

⁶¹⁸ Ferrandis F., Amantegui J., Pazos F. J., Power factor correction within industrial sites: experiences regarding, CIRED Barcelona 2003.

⁶¹⁹ Cziker A., Chindris M. - Managementul energiei electrice, Casa Cărții de știință, Cluj-Napoca, 2004.

⁶²⁰ Rotaru S., Ghiță M. – Programarea în Access, Editura Universitaria, Craiova, 2005.

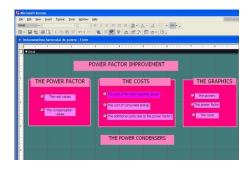


Fig. 5 Update interface

Conclusions

The concept of sustainable development of energy sector has become lately a main concern of our country specialists. As a result, actions have been initiated in order to align to European legislation in the field and also practical activities to implement the energy management principles both in industry and tertiary ⁶²¹.

In industry, the most widely spread electric receptors are the asynchronous motors, so that energy consumption in electrical systems they are integrated in should be carefully monitorized. The implementation of energetic efficiency improving measures mandatory requires an energy audit, which to highlight the real status of consumption way.

In this circumstance, the electricity balance is being developed chiefly to obtain necessary information to determine quantitatively the various components that characterize in terms of energy the operation regimes of electrical installations. Based on these experimental data and on their processing, solutions are established and measures that can be taken for a more efficient use of electricity.

The study presents a computer application that allows to determine components of balance of energy for electric drive systems with asynchronous motors with rotor in short circuit.

The results provided both in table and in diagrams, allow to analyze the actual consumption way and to determine measures to improve energy efficiency in order to reduce consumption.

References

- 1. Carabogdan I. Gh. S.a. Bilanturi energetice. Probleme și aplicații pentru ingineri. Editura Tehnică, București, 1986
- 2. Cziker A., Chindris M. Managementul energiei electrice, Casa Cărții de știință, Cluj-Napoca, 2004.
- 3. Cziker A., Chindris M. Analiza pierderilor reale de putere in rețelele electrice de joasă tensiune. Energetica, nr.4, aprilie 2006, pag. 143–148.
- 4. Ferrandis F., Amantegui J., Pazos F. J., Power factor correction within industrial sites: experiences regarding, CIRED Barcelona 2003, R2_35.
- 5. Rotaru S., Ghiţă M. Programarea în Access, Editura Universitaria, Craiova, 2005.
- 6. Zobaa A. F., Comparing Power Factor and Displacement Power Factor Corrections Based on IEEE Std. 18–2002, ICHQP 2004.
- 7. ***- ARCE.ICEMENERG. Ghid de elaborare și analiză a bilanțurilor energetice, București 2003.

_

⁶²¹ Cziker A., Chindris M. – Analiza pierderilor reale de putere in rețelele electrice de joasă tensiune. Energetica, nr.4, aprilie 2006, pag. 143–148.

ALGORITHM FOR GENERALIZED GARMAN EQUATION IN OPTION PRICING OF A FINANCIAL DERIVATIVES WITH STOCHASTIC VOLATILITY MODELS

Socaciu Tiberiu

University Stefan cel Mare of Suceava Faculty of Economics and Public Administration, Computer Science Chair Suceava, str. Universitatii nr. 13, Corp H

West University Vasile Goldis of Arad Computer Science Faculty, Computer Science Chair Arad, Bd. Revolutiei nr. 81 e-mail: socaciu@seap.usv.ro tel: 0744 820 827

Danubianu Mirela

University Stefan cel Mare of Suceava Faculty of Electrical Engineer and Computer Science, Computers Chair Suceava, str. Universitatii nr. 13, Corp C e-mail: mdanub@eed.usv.ro tel: 0744 820 827

Maxim Ioan

University Stefan cel Mare of Suceava Teachers' Training Department Suceava, str. Universitatii nr. 13, Corp A e-mail: maximioan@yahoo.com tel: 0744 820 827

Naaji Antoanela

West University Vasile Goldis of Arad Computer Science Faculty, Computer Science Chair Arad, Bd. Revolutiei nr. 81 e-mail: anaaji@uvvg.ro tel: 0744 820 827

In our paper we build a reccurence from generalized Garman equation and discretization of 3-dimensional domain. From reccurence we build an algorithm for computing values of an option based on time, momentan volatility of support and value of support on a spot market of an exchange.

Keywords: financial derivatives, Black-Scholes PDE, Garman PDE, reccurence, algorithm

JEL classification: G13, C69

1. Garman functions attached on generalized model with stochastic volatility

In Black-Scholes model⁶²² we supose that volatility is a constant value. Unfortunately, volatility is not constant, and more, can not be predicted for periods greater than several months or even can not be observed directly. For these reasons, it seems natural to present itself as the volatility of a random variable that satisfies a stochastic process. Assume that the variation rate asset support satisfy a stochastic differential equation (SDE) of the form:

$$dS(t) = A(t,S(t),V(t))dt + B(t,S(t),V(t))dW_1(t)$$
(1)

but in addition we assume that the square of volatility (v), follows the stochastic process:

$$dv(t) = C(t,S(t),V(t))dt + D(t,S(t),V(t))dW_2(t),$$
(2)

where the two *Wiener processes* $W_1(t)_{t>0}$ şi $W_2(t)_{t>0}$ are correlated:

$$(dW_1(t))(dW_2(t)) = \rho dt.$$

In this case the value of an option is a function of three variables, V (t, S, v) and because we have two sources of risk need to build a portfolio of coverage to include the option in question and two other components. Assume the existence of a derivative financial unca on the same support, so that the value of this option is a function of three variables, V1 (t, s, v) to check with a law counterparts of V (t, S, v). After applying extended lemma of Ito^{623} , we obtain the existence of a special value β named as the market price of volatility risk⁶²⁴, where:

$$\beta = (-rV + V_S rS + V_t + AV_S + CV_v + \frac{1}{2}B^2 V_{SS} + \frac{1}{2}D^2 V_{vv} + \rho BDV_{Sv} - AV_S)/(DV_v)$$
(3)

If β is known, (3) rewrite as:

$$V_t + rSV_S + (C - D\beta)V_v + \frac{1}{2}B^2V_{SS} + \frac{1}{2}D^2V_{vv} + \rho BDV_{Sv} - rV = 0$$
(4)

⁶²² see [Black1973].

⁶²³ see [Socaciu2009a].

⁶²⁴ see [Moodley2005], p. 8.

is known as *Garman equation*. Note that (4) is a partial differential equation (PDE), like *Black-Scholes* equation, obtained from SDE of model.

2. Particular cases of Garman functions

1. Black-Scholes; in conditions:

$$B^2 = vS^2$$

 $C = D = 0 \Leftrightarrow dv = 0$ (constant volatility)
 $v = \sigma^2$

we re-obtain Black-Scholes equation⁶²⁵:

$$V_t + rSV_S + \frac{1}{2}\sigma^2S^2V_{SS} - rV = 0$$

2. *Heston*; in conditions:

$$A = \mu S$$

$$B = v^{1/2}S$$

$$C = k(\theta - v)$$

$$D = \xi v^{1/2}$$

$$\beta = \lambda v^{1/2}$$

we re-obtain⁶²⁶:

$$V_{t}+rSV_{S}+(k(\theta-v)-\xi\lambda v)V_{v}+\frac{1}{2}vS^{2}V_{SS}+\frac{1}{2}\xi^{2}vV_{vv}+\rho S\xi vV_{Sv}-rV=0 \quad (5)$$

3. *other cases* for particular models can be obtained via particular A, B, C, D and β . An incomplete list of models ⁶²⁷ can be retrieved from [Sundaresan2000] ⁶²⁸.

3. Garman equation on domains' frontier

Equation (5) has on frontiers⁶²⁹:

$$V(t, 0, v) = 0$$
, with $0 \le t \le T$, all v. (6)

and:

$$V(T, S, v) = payoff(S), with 0 \le S, all v.$$
(7)

We need add a new condition on v axis. Simplest condition is based on zero-volatility. In this case, (2) is vanished, and (1) will be rewrite as a regullar BS equation with a specific solutions like⁶³⁰:

$$V(t, S, 0) = BS(t, S)$$
 (8)

4. Domain's discretization and reccurence obtained from Garman equation

We will apply a *Finite Element Method* (FEM⁶³¹) for resolve (5). We know that FEMs are main method for resolve PDE⁶³². First step is to reduce initial domain D_i :

$$D_{i} = [0,T] \times R_{+} \times R_{+}$$

⁶²⁵ see [Black1973].

⁶²⁶ see [Lazăr2006], [Mikhailov2003].

⁶²⁷ with specification of A and B.

⁶²⁸ an other incomplete list can be retrieved in [Lazăr2006]).

⁶²⁹ like in [Socaciu2009b].

⁶³⁰ Numerical solutions will be presented in [Socaciu2009a], [Socaciu2009b] and [Socaciu2009c].

⁶³¹ see [Gârbea1990].

⁶³² see [Coman1994].

to a *limited domain* D:

$$D = [0,T] \times [0,MaxS] \times [0,MaxV],$$

where MaxS is a *big number* that cover all values of potential quotations, and MaxV is an big number that cover all potential volatilities. After discretization with Δt , ΔS and Δv *steps* we will obtain a grid of points. We denote:

$$V[i,j,k] = V(i(\Delta t),j(\Delta S),k(\Delta v))$$
, with $0 \le i \le M$, $0 \le j \le N$, $0 \le k \le P$

where number of points on axis:

M := MaxS/(
$$\Delta$$
S)
N := T/(Δ t)
P := MaxV/(Δ v)

than (4) will be rewrite as:

```
 \begin{array}{l} (V[i,j,k] - V[i-1,j,k])/(\Delta t) + rj(\Delta S)(V[i,j+1,k] - V[i,j-1,k])/(2(\Delta S)) \\ + (C - D\beta) \ (V[i,j,k+1] - V[i,j,k-1])/(2(\Delta v)) \\ + \frac{1}{2}B^2(V[i,j+1,k] - 2V[i,j,k] + V[i,j-1,k])/(\Delta S)^2 \\ + \frac{1}{2}D^2(V[i,j,k+1] - 2V[i,j,k] + V[i,j,k-1])/(\Delta v)^2 \\ + \rho BD(V[i,j+1,k+1] - V[i,j+1,k-1] - V[i,j-1,k+1] + V[i,j+1,k+1])/((\Delta S)(\Delta v)) \\ - rV[i,j,k] = 0 \end{array}
```

That can be rewrite as:

where:

$$\begin{split} a &= (\Delta t)(\Delta S)^2(\Delta v)^2 \\ b &= \frac{1}{2}rj(\Delta t)(\Delta S)^2(\Delta v)^2 \\ c &= \frac{1}{2}(C-D\beta)(\Delta t)(\Delta S)^2(\Delta v) \\ d &= \frac{1}{2}B^2(\Delta t)(\Delta v)^2 \\ e &= \frac{1}{2}B^2(\Delta t)(\Delta v)^2 \\ f &= \rho BD(\Delta t)(\Delta v)(\Delta S) \\ g &= r(\Delta t)(\Delta v)^2(\Delta S)^2 \end{split}$$

But (9) can be rewrite in explicit form:

$$V[i-1,j,k] = pV[i,j,k]+qV[i,j+1,k]+rV[i,j-1,k]+sV[i,j,k+1]+tV[i,j,k-1] +uV[i,j+1,k+1]-uV[i,j+1,k-1]-uV[i,j-1,k+1]+uV[i,j+1,k+1]$$
(10)

where:

$$p = (a-2d-2e-g)/a$$

 $q = (b+d)/a$
 $r = (d-b)/a$
 $s = (c+e)$
 $t = (e-c)$
 $u = f/a$

Note that coefficients p-u are based on t, S and v, and we must rewrite all of them in spirit of (i,j,k).

5. Numerical algorithm based for Garman equation based on triple reccurence

Numerical algorithm is based on (10) reccurence with supplementally (6)-(8) frontier condition is:

```
For i:=MaxM downto 0 do
  For j:=0 to MaxN+MaxM do
    For k:=0 to MaxP+MaxM do
      If i=MaxM then
        V[i,j,k] := payoff(j(\Delta S))
      ElseIf j=0 then
        V[i,j,k] := 0
      ElseIf k=0 then
        V[i,j,k] := BS(i,j)
        V[i,j,k] := pV[i+1,j,k] + qV[i+1,j+1,k]
        +rV[i+1,j-1,k]+sV[i+1,j,k+1]+tV[i+1,j,k-1]
        +uV[i+1,j+1,k+1]-uV[i+1,j+1,k-1]-uV[i+1,j-1,k+1]
        +uV[i+1,j+1,k+1]
      End If
    End For
  End For
End For
```

where BS is a function that call a numerical solution of Black-Scholes like equation on zero-volatility condition. Note that iteration will be computed for j to MaxN+MaxM and for k to MaxP+MaxM because we have some "out of range" problems if we compute V[0,MaxN,MaxP] and cheap resolvation is to compute a supradomain of D.

6. Further works

We work on obtaining parallel version of this algorithm with slicing of D like in [Socaciu2009a], [Socaciu2009b] and [Socaciu2009c]. We try to obtain similar formulae for a multi-SDE model, like Chen⁶³³. We want to start a parallel project for obtain on symbolic way an extendended Ito type lemma⁶³⁴ and from this lemma to build an Garman-type equation.

Refferences

- 1. [Black1973] Fischer Black, Myron Scholes, The Pricing of Options and Corporate Liabilities, in Journal of Political Economy, 81 (3), pp. 637–654.
- 2. [Chen1996] Lin Chen, Stochastic Mean and Stochastic Volatility -- A Three-Factor Model of the Term Structure of Interest Rates and Its Application to the Pricing of Interest Rate Derivatives, Blackwell Publishers, 1996.
- 3. [Coman1994] Gheorghe Coman, Analiza numerică, Ed. Libris, Cluj, 1994.
- 4. [Gârbea1990] Dan Gârbea, Analiza cu elemente finite, Editura Tehnica, Bucuresti, 1990, 248 pagini.
- 5. [Iftimie2008] Bogdan Iftimie, Financial models in continous time, Editura MatrixRom, Bucuresti, 2008, ISBN 978-973-755-350-8, 126 pagini.
- 6. [Lazăr2006] Lazăr Vasile Lucian, Modele de evaluare a opțiunilor, in Studia universitatis Stiinte Economice, Nr. (5) an 2006, volumul II, online at
- 7. http://www.uvvg.ro/studia/economice/index.php?categoryid=10&p2_articleid=74&p142_dis=3&p142_template=Default.
- 8. [Mikhailov2003] Mikhailov, S., Nogel, U., Heston's stochastic volatility model. Implementation, calibration and some extensions, in Wilmott, 2003, 74–94, online at
- 9. http://www.wilmott.com/pdfs/051111_mikh.pdf.
- 10. [Moodley2005] Nimalin Moodley, The Heston Model: A Practical Approach with Matlab Code, University of the Witwatersrand, Johannesburg, South Africa, online at http://www.math.nyu.edu/~atm262/fall06/compmethods/a1/nimalinmoodley.pdf.
- 10. [Sundaresan2000] Suresh M. Sundaresan, Continuous-Time Methods in Finance: A Review and an Assessment, in The Journal of Finance, Volume 55, Issue 4, august 2000, pp. 1569-(5)22, online at http://www.kelley.iu.edu/clundbla/sund.pdf.
- 11. [Socaciu2009a] Tiberiu Socaciu, Paralelizarea ecuațiilor de tip Black-Scholes si Garman (Parallelization of Black-Scholes and Garman equations, in Romanian), Editura InfoData, will be appear.
- 12. [Socaciu2009b] Tiberiu Socaciu, Ioan Maxim, Algorithm for a Message-based Architecture for Black-Scholes Equation, in IECS 2009, (5)th International Economic Conference "Industrial Revolutions, from the Globalization

.

⁶³³ See [Socaciu2009a], [Chen1996].

⁶³⁴ See [Socaciu2009a], [Iftimie2008].

and Post-Globalization Perspective", 7-8 mai 2009, Sibiu, Romania, section 5, 2009, pp. 236-241, ISBN 978-973-739-775-1

13. [Socaciu2009c] Tiberiu Socaciu, O rezolvare paralela a ecuatiei Black-Scholes, at Zilele Academice Aradene, 8-10 mai 2009.

SERVICE ORIENTED ARCHITECTURE SERVICE ORIENTED ARCHITECTURE -L'ARCHITECTURE ORIENTÉE SERVICES

Stănculea Liana Olimpia

Universitatea Spiru Haret Facultatea de Finanțe și Bănci Blaj Adresa de contact Str. P. Maior Nr. 12 Email lianastanculea78@yahoo.com Telefon 0258711784

Service-oriented architecture (SOA) supply methods for systems development and integration where work interoperable services. A SOA suppose application functionality distribution in distinct units called services that communicate with each other. This services can be delivered in a network or used together for business applications. Pproperties of SOA are a great cpacity for reuse in different application and quick adaptability of market needs.

Keywords Service oriented architecture, interface, coplage, loosly cooplage, services, consummer, orchestration, metadata, programming, programming lanuage.

Cod JEL C8

1. Introduction

En informatique, service-oriented architecture, SOA ou bien l'architecture orientée services AOS fournit des méthods pour le dévéloppement des systemes et integration qui functionnent commes des services interopèrable. L'infrastructure SOA permet à different application de changer de donées antre elles. La paradigme Service-orientation a le but de créer des services avec le couplaje faible loose-coupling, avec des systèmes d'operation et de languages de programmation et d'autres techonologies qui soulignent ces applications. SOA sépare des functions en unitées différentes ou services qui sont accessibles au network et leur utilisaterus peuvent les combiner er les réutiliser in application de production. Ces services communiquent enter eux en passant des donées une à l'autre ou bien en étant coordonateur sur une activité des deux ou plusieurs services. Plusieurs commentateurs voient les concepts SOA construites sur des concepts anciens du calcul distribé et de la programmation modulaire.

L'achitecture orientée services est un group des services qui communiquent un avec l'autre. Le processus de comunicassion implique passer des donées simples entre le fourniseur des services et les consumateurs ou des systémes très compliqués qui fournisent deux ou plusieurs services. Grâce à l'intercommunication il y a la nécessité por trouver des moyens pour connecter deux ou plusieurs services chaqun avec d'auters.

La SOA bâtit ses applications sans appeller au softwere des services. Les services ont comme une partie compsanete des unité de function avec faible cuoplage looasely coupled qui pérmet de n'appeller pas chaque service du système. Un service peut appeller autre service dans son proper code source, en utilisant des protocols qui le pérmet de parler entre eux. Le programmeur, l'ingénieur software ou un expert dans le procès d'affaires associe des objets SOA individuels en se sérvent de l'orchestration. Dand le process d'orchestration l'ingénieur software met ensamble des larges parts de function software-services- dans des arrangements pas hiérarchiques à l'aide des spécials outils qui contiennent des listes des services, leur prorietés et le moyène d'enregisrter les choix de projet pour être inclus dans le système software et utilisé dans run-time.

La SOA peut être utilisée dans des applications d'affaire, des applications guvernamentalles ou des applications militaitres.

La SOA utilise des métadonnées qui décrivent les proprietés des services te les proprietés des donnée qui conduit ces services.

Le but de SOA de mettre ensamble des utilisateurs pour des applications ad-hoc bâtu entierement sur ces services. La grande promesse de SOA est la diminution du coût marginal.

L'achitecture orientée services vient de la langue anglais Service Oriented Architecture est une architecture de mediation , un modèle applicative cet a dire une application informatique qui realize plusieurs tâches ou functions qui active des services (les components logiciels).

Ces services ont une puisante cohérence interne utilisent un format d'échange pivot d'habitude XLM. Elles utilisent aussi des liesons externs faibles "loose coupling" par l'aide d'une interface interopérable qui peut être un service web WS.

Un peut définir le service comme une operation éxecutée d'un fournisseur ou d'un producteur pour un client ou un consommateur ajoutée par un médiateur rsponsable de la relaton des composants.

Le service peut être traté comme un systeme ouverte qui englobe et est responsable de la founctionalitée des ces components. Ces systèmes peuvent être décrit par des couches des applications. L'architecture orientée services répond au problématiques encontrées par les enterprises en ce qui est la réutilisabilité, l'interoperabilié et la reduction des couplages entre systèmes qui implementent leur systèmes d'information.. L'architecture SOA ou AOS ont été rèpandu avec l'aparition des Web Services ou d'e-commerce (B2B ou B2C-business to business ou business to consumer) ayant comme soupport des platforms comme J2EE. Elles appliquent les principes d'urbanisation. Au noyau de l'architecture orienté services on trouve des notions d'anuuaire, de bus, de contract et

de service ce dernier étant la clé de l'architecture orientée services. L'implémentation de la SOA est basée sur Internet et sur WOA (Web Oriented Architecture-l'Architecture Orientée par des Web Services).

2. Les notions défitoires

Le service est la pièce plus petite et plus importante de l'architecture SOA. L'aplication est formé de plusieurs services qui communiquent un avec l'autre par des messages.

La liaison des services est faible autant que les communications peuvent être synchrones ou asynchrones.

Le service peut être programmer à l'aide d'un langage et il peut être mis en practique sur une plat-forme matérelle où virtuelle.

Le service offer plusieurs operations, chacun opération ayant une interface publiée et doit étre autonome c'est à dire il doit mêtre à disposition de consummateur toutes les informations qui sont necessaries pour être execute. Il doit respecter des règles de fonctionnement pour se mentenir en fonction au niveau d'enterprise ayant le but d'aligner l'informatique au niveau des changements des decisions strategiques et techniques.

3. Les caratéristiques du service

Le service est la plus important partie d'une SOA. Il est une partie autonome qui ne depend d'un contexte ou d'un fait externe. Il est composé par des opérations qui represent actions spécifiques que le service peut réaliser. On peut faire un parallèle entre les opérations des services et les méthodes et les classes du monde oriené object.

L'architecture orienté services est formé en essence d'un anssamble de services integés qui communiqué un avec autre. La communacation peut être seulement un retour de données une une coordination de services.

Un service répresent une entité qui a les fontions suivantes:

la large granularié (coarse-grained) qui répresent la prorieté par la quelle les opératins d'un service encapsule un ensemble des functions et opèrent sur un aire de donées large qui contradit la notion technique ;

l'interface peut être commune pour un enssamble de services ou bien un service peut être présent sur un multidude d'interfaces.

la localization : on doit savoir où on peut le trouver avant de l'appeler ;

unique instance : les services ou différent composants peuvent functionner dans lusieurs places au même temps quant même le service est unique. Ils coresponde à la conception "pattern Singleton";

le couplage faible (loosely-coupled) est une proprieté qui montre la liaison des services c'est à dire services connectés aux autre services ou aix clients à travers des documents standards. Ces documents sont réalisés en XLM de la même manière que les web services et ils assurent le découplage ou autrement dit la reduction des dépendances ;

le Synchrone et l'asynchrone.

Le role de l'architecture orientée web (WOA-Web Oriented Architecture)

Pour réaliser SOA à l'interieur d'un système informatic on peut utiliser le web, il étant l'unique support de service sans appeller à un bus pareque le web a une routine et les functions nécessaires à une SOA des quelles on rappèle la sécurité, le routage, etc. L'architecture dont on parle oblige les services d'être exposés sur un web et d'être accessés depuis un URL favorisant les services web. On souvient de pouvoir mêtre des sérvices sur le web sans appeller aux services web. En utilisant ce principe on a le bénéfit que le cadre support des messages d'où on appelle un service —le web- ne doit être configuré, maintenu etc. Quant même cette solution n'est pas la meilleure parceque les performances sont un principe discriminant en rappellons ici les inconvénients des services web. En considérand cette solution du poit de vue architectural on rémarque de convénir aux principes des SOA. La problemme est neuve et ouverte aux débas.

4. Les normes et les protocoles utilisés pour réaliser une SOA

Pour réaliser une SOA on utilise en essence une interface de référence SOAP, Simple Object Access Protocol, le vocabulaire qui decrit les doneées WSDL-Web Service Description Language et un language dr programmation XML-eXtensible Markup Language qui appartirnt aux agents, y compris les béneficiaires des services et les fournisseurs des services.

Le protocole SOAP est construit à l'aide du langage XML et il est orienté object. Il accepte la communiction entre des objects situés à la distance par des messages. D'habitude le transfert est possible à l'aide d'un protocole HTTP ais aussi par d'autre protocole de type SMTP. Le protocole SOAP a deux components. La prèmiè consiste dans une enveloppe qui contiène des informations qui décrivente le message par les quelles est possible la transmition et le traitement du message. La deuxième partie est formée par le modèle de données qui détermine le format du message, l'information à transmettre. SOAP represent une référence découverte par Microsoft et IBM qui est utilisé sur tout pour les architectures de type SOA déstinés aux Services Web.

WDSL réalise la déscription de l'interface publique qui permète l'access à un Service Web plus suvant dans l'architecture SOA. Le programme a à la bese le langage XLM et montre comment on doit communiquer pour employer le service.

XML c'est un language informatique de déscription qui sert surtout à stoker te transférer des données de type texte unicode structuré en champs arborescents.

Avec ces troi objets on réalise l'intreface d'invocation SOA un disositif qui permet la réutilisation des applicatif métiers ayant le but de permettre à l'enterprise de s'adapter rapidement aux echanges du marché.

Bibliographie

http://en.wikipedia.org/wiki/Service-oriented architecture

http://fr.wikipedia.org/wiki/Architecture_orient%C3%A9e_services

http://www-01.ibm.com/software/solutions/soa/

USING ONLINE ASSESSMENT AS A TOOL FOR LEARNING

Stănică Justina Lavinia

Romanian-American University, Bucharest School of Computer Science for Business Management 1B Expozitiei Blvd., district 1, Bucharest lavinia.stanica@chevenne.ro 0721.708.580

Crisan Daniela Alexandra

Romanian-American University, Bucharest School of Computer Science for Business Management 1B Expozitiei Blvd., district 1, Bucharest dacrisan@yahoo.com 0721.264.908

Coculescu Cristina

Romanian-American University, Bucharest School of Computer Science for Business Management Durau Str., no. 47, district I, Bucharest cristina coculescu@yahoo.com 0740.975.358

The use of information and communication technologies in education offers new means of evaluation and examination. e-Testing is a valuable evaluation tool that teachers can use during final exams and students can exploit for self-assessment, in order to gain insight of their level of understanding the course content.

Keywords: e-Learning, online assessment, e-assessment, web based learning

JEL codes: C-88, I-21

1. Introduction

The information and communication technologies development in recent years facilitates the integration of technology with every field, education being no exception. Within the last years, e-Learning, applying the concept of delivering education through technology, explosively developed all over the world. e-Learning is seen as changing the future of education and training, promoting life long learning by enabling learners to learn anytime, anywhere and at any pace.

Assessment plays an important role in the educational process, providing means of recording students' progress and supplying valuable feedback to them. Technology, viewed as an integrated part of education delivering, has increased the availability of effective assessment tools to be used by students, encouraging self-assessment at all stages of the learning process. Therefore, the use of computer based assessment and online evaluation tools has rapidly increased within higher education, often incorporated into learning management systems.

Online assessment is not a simple combination of assessment and technology. The development of technology enhanced evaluation tools brings both opportunities and challenges for the educational process. It has many advantages such as cost effectiveness, time efficiency, unlimited geographic distance, immediate feedback etc. But there are also limitations, one concern being the impact that an inappropriate user interface could have on student performance [1]. On the other hand, although no one is contesting that some aspects of the assessment can be performed much more efficiently and accurately by a computer, there are many other aspects that still require human involvement. However, the general opinion is that both students and teachers benefit when online evaluation is implemented appropriately.

2. e-Testing – an Online Assessment Tool

e-Testing is an evaluation tool, developed as an alternative to traditional methods of examination. Using such software brings a plus to the educational process, improving both learning and examination. The perceived benefits for the teacher or course manager include automated grading and student progress recording, facilitating robust data analysis, reporting, and flexibility. The benefits for the students usually focus on the opportunity for instant feedback, allowing the long-term improvement of their performance [2].

The software product aims to achieve the following functionalities required for an efficient teaching-learning process, namely:

-assessment and self-assessment – based on previously stored questions, assessment tests can be generated, so that students can solve them online;

-recording the students' performance – the results of the evaluations are stored in a database and can provide the history of each student.

As an online evaluation tool, e-Testing can provide important information for both teachers and students regarding the students' progress, being a valuable tool in the learning process. The idea is to use the web to deliver assessment opportunities that allow the students to gain a measure on their understanding of course content. Immediate feedback on test results also helps teachers to identify both students' level of understanding and those areas that they might need to concentrate on.

The product is a Web Application project developed in C# .NET and is able to support two operating regimes:

-administrator – intended for teachers use, allowing for questions and tests administration, users management, and establishing users rights over the application functionality. In addition, the teacher has the possibility to track each individual student's evolution and can obtain various reports and graphical representations of the stored results;

–user – intended for students use, allowing for their online assessment and self-assessment, using a tests generator. The online tests, in the form of multiple choice questions, provide feedback through automatic grading and results recording, also providing the correct answers to the students.

3. Teacher Role

The administrator regime allows the teacher to manage the application users (personal data, test results, users rights), and to administrate questions and tests (updating multiple choice questions, number of questions per test, examination time). For the classical paper assessment method, there is a possibility to generate tests that can be saved in Word format for later printing.

In addition to users management, the teacher can obtain a series of reports that offer the following information:

displaying students having grades that meet certain restrictions; counting and displaying students from one class / year; displaying students from one class that passed / failed; displaying students from one year that passed / failed; searching a student by name.



Fig. 1. Student reports

The teacher can choose to visualize the complete data of a student, including the results from previous examinations.

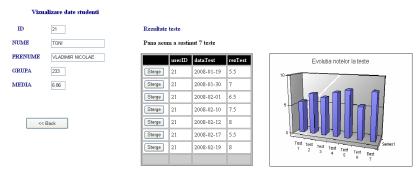


Fig. 2. Student history

Graphical representations in different forms provide more relevant and useful information about various statistical situations:

- -students graduation rate;
- -students graduation rate by years of study;
- -students graduation rate in one class;
- -students distribution by years of study;
- -students average results by years of study.

The second feature of the administrator mode is managing tests; this involves administrating the multiple choice questions stored in the database and setting different characteristics of the generated tests, such as the number of questions or the examination time.

Exiting the administration mode and returning to the login page allows switching between the two operating regimes.

4. Student Role

The student mode allows access to testing the application for both authenticated and non-authenticated users.

Authenticated user is directed to his personal page containing information about his previous tests and his evolution, the student having the possibility of generating a new test. If the student does not have a user account he can still use the software, but the application only allows generating self-assessment tests without saving the results.

The test contains a number of multiple choice questions determined by the teacher; the questions will be randomly chosen from the database without recurrence. For each question five alternative answers are provided, also in random order.



Fig. 3. Test generator

User is allowed to scroll between questions and can rethink an answer. For a more effective evaluation, the time interval in which the test should be done is determined by the teacher.

In order to manage the remaining time, two JavaScript functions running on client were defined, combined with a C# sequence running on server.

```
JavaScript:
                                                  C#:
<script language="JavaScript"</pre>
                                          private void Page Load(object
     type="text/JavaScript">
                                           sender, System.EventArgs e) {
                                                 . . . . . . . . .
function startTime() {
                                           if(!IsPostBack) {
 var x
                                            GenTest();
 x=document.getElementById("LbTMin")
                                            int i=Global.NrIntrTest*
      .innerText
                                                  Global.TimpIntreb;
 document.getElementById("LbTSec")
                                           LbTMin.Text=i.ToString();
       .innerText=x
                                             DateTime d=new DateTime();
 checkTime()
                                             d=DateTime.Now;
}
                                            d=d.AddMinutes(i);
                                            LbTimpMax.Text=
function checkTime() {
                                                  d.ToLongTimeString();
 x=document.getElementById("LbTSec")
                                            }
       .innerText
                                            DateTime d1=new DateTime();
 if (x>0) \{x--\}
                                            d1=Convert.ToDateTime
 var s=x%60
                                                 (LbTimpMax.Text);
 var m=(x-s)/60
                                            TimeSpan
                                                          dif=d1.Subtract
 if (s<10) s="0"+s
                                               (DateTime.Now);
 document.getElementById("LbTSec")
                                                      jt=Convert.ToInt32
                                                  (dif.TotalSeconds);
       .innerText=x
 document.getElementById("LbTimp")
                                          LbTMin.Text=jt.ToString();
     .innerText=m+":"+s
                                           if (jt<0)
 t=setTimeout('checkTime()',1000)
                                            Response.Redirect
                                                ("WebEval.aspx");
</script>
```

When time expires the user is automatically redirected to the evaluation page. The test result is saved in the database and feedback is provided immediately by allowing the student to see the correct and wrong answers he has chosen during the test, and by automatically calculating the grade he obtained. The student can also see a graphical representation showing the quantum of correct and wrong answers.

The test, the selected answers and the correct ones, can be saved in a Word file on the client computer, in order to be consulted later.

The user also has the possibility to generate a new test, to return to his personal page or to logout.

5. Conclusion

The transition from the classical methods of evaluation to the new assessment practices enhanced by information and communication technologies, has been shown to be not only effective but also have benefits for students, teachers, and course administrators. Some of these benefits can be synthesized as follows [5]: improve student learning by identifying their strengths and weaknesses; review and improve the effectiveness of different teaching strategies or curricular programs; improve teaching effectiveness; and provide useful data that will help decision making.

e-Testing is a software program intended for educational use, being designed to be utilized as auxiliary teaching and learning material for any subject in the curricula. Its functionalities allow generating and managing of students' self-assessment and examination tests, and tracking each student's performance.

The software improves, but does not intend to replace the traditional evaluation system. The auxiliary is a useful and practical tool, for preparing self-assessment and examinations tests, coming to support both students and teachers. But, like any other auxiliary, it cannot replace some aspects of the evaluation process, such as the efficiency of the dialogue between teachers and students during the exam and the individual work students need to perform in order to acquire deeper knowledge.

References

- 1. Zhang J., Trifonas P., (2007), Where Are We Now? A Study on Online Assessment, in G. Richards (Ed.), Proceedings of World Conference on E-Learning in Corporate, Government, Healthcare, and Higher Education (ELEARN), October 2007, Quebec, Canada, (p. 574-582)
- 2. Sim G., Horton M., Strong S., (2004), Interfaces for Online Assessment: Friend or Foe?, Proceedings of the 7th HCI Educators Workshop (HCIE'04), April 2004, Preston, UK, (p.36-40), http://www.ics.heacademy.ac.uk/events/presentations/382_grsim_interface.pdf
- 3 Anderson T., (2008), The Theory and Practice of Online Learning, Second Edition, Athabasca University Press, ISBN 1897425082,

http://books.google.com/books?id=RifNwzU3HR4C&hl=ro

- 4 Sim G., Read J., Holifield P., (2006), Using Heuristics to Evaluate a Computer Assisted Assessment Environment, in E. Pearson & P. Bohman (Eds.), Proceedings of World Conference on Educational Multimedia, Hypermedia and Telecommunications, June 2006, (p. 635-642), http://www.editlib.org/p/23076
- 5 Buzzetto-More N., Alade A., (2006), Best Practices in e-Assessment, in Journal of Information Technology in Education, vol 5, 2006, (p.251-269),

http://jite.org/documents/Vol5/v5p251-269Buzzetto152.pdf

6 Amoroso D., (2005), Use of Online Assessment Tools to Enhance Student Performance in Large Classes, Information Systems Education Journal, vol 3 (4), August 2005, (p.1-10), http://www.isedj.org/3/4/ISEDJ.3(4).Amoroso.pdf

DEVELOPMENT AND IMPLEMENTATION A PLATFORM FOR E-LEARNING WITH MULTIMEDIA TECHNOLOGY

Serbănescu Luminița

University of Pitești Faculty of Economics Sciences Pitești, str. Negru-Vodă, bl. D3, sc. a, ap. 1, Argeș luminitaserb@yahoo.com 0745030906

The e-learning system provides the development of the learning process by organizing and correlating the following: general managerial activities, organizing activities of the learning process, sustaining activities of the learning process. This article contents a detailed analysis of the application conception way for the management of the students' activity in a faculty(data structures, functionalities, projecting and realizing the application). E-learning platform implemented(which allows the student to access the didactic material anytime and anywhere, this way developing mobility and easiness in the theoretical activity) offers a support for teaching and learning, for testing and evaluation, for administrate the curriculum area and for monitoring the whole learning process The platform has four types of users, of which three of them playing administrative roles (administrator, secretary, professor) and one of them is for the students.

Keywords: Internet, multimedia technologies, e-learning, professor, students

JEL Classification: C88(Other Computer Software), I23(Higher Education Research Institutions)

The present quality of education needs improvement, and the education institutions should be receptive to the economic and social realities and exigencies, the european problems, the labour market requirements.

One should not omit the fact that the education institutions in Romania has to run on a competition education market and this requires a higher managerial autonomy of each institution, a flexible normative background and a proper financing, in order to face competition. To be competitive means more opening, transparency and competition, a revision of services and marketing culture according to the realities and values of the European education system (as the cultural diversity, the research orientation).

As the information technologies are widely used, the actual problems in Romania referring to e-learning are technology development and joining the educational standards on Internet, and on the other hand, their proper application by as many users as possible. The user of the present society (based on knowledge) is any person willing to be trained in a certain field, according to his/ her knowledge degree and cognitive need in a certain context

This article provides a solution to improve and make efficient the management of students from a faculty, using the Web technologies. The application is divided into 5 modules:

- the public module provides a series of information regarding the distance learning (the profiles of each faculty, how to register, the admittance methodology, the educational offer);
- the administrator module provides the necessary functions to manage the organizational chart of the university and the account management;
- the secretariat module provides the necessary functions to manage the organizational chart of the profiles, as well as the necessary functions to manage students' activities;
- the teacher module provides the necessary functions to manage the organizational chart of courses, laboratories and examinations, as well as the necessary functions to manage students' activities;
- the student module offer the students the possibilities to get note books and courses, information regarding the activity during the courses, or to discuss with their colleagues and tutors through chat or e-mail.

The main aim of this system is the development of a medium easy to be used both by the students and the teachers. The success of the application depends on the teacher's availability to make known this system provided with a qualitative educational content and with a questions set relevant in number and content[1]. By means of this system, the teachers may offer the students learning unities in digital format as well as questions for self-evaluating. The created e-learning platform is developed on the Microsoft Active Server Pages technology and can be used in any network based on a Windows server. The database is created with Microsoft Access Aplication and contains 30 tables and in 16 of them there are different types of relations.

1. The public module provides information regarding the educational, the admittance methodology and the user's guide. The model also provides information regarding the faculties that run within the university, the profiles of each faculty and the number of positions, the tuition and what to do to become a student.

This module offers information regarding the education plan of each profile for each university year, the students registered for distance learning and their school records. All events of the university the students and teachers may participate in (conferences, seminars) may be found here. If a student does not access the pages of educational resources for 30 consecutive days, then he/ she will receive an e-mail that he/ she has to participate in the educational process, when a user of the public module access it.

2. The administrator module. The functions offered by the administration module are very important, because the other modules and functions depend on them. The functions of the administration module may be grouped into the following categories: functions necessary to the organizational chart of the university: faculty updates, profile updates, teacher update; functions necessary to account management: updating the administrator's personal account, updating the teachers' and secretaries' accounts; functions necessary to communicate: forum administration. The administration panel of the forum is the place where most configurations are made. The administrator controls here the forum and category organization, and may configure the forum names and self cleaning settings.



Figure 1 Administrator Module – Listing the existing specialization

The administrator having an account for the application may introduce in a form the account name and password, and when clicking OK the application will check if there is such an account and password. According to the testing results made by the application, the administrator will be allowed to access the functions of the respective module corresponding to his/ her account, otherwise an error message will be displayed.

I will choose the operation of profile update to exemplify this. The administrator is allowed to do the following operations(see figure 1):

- list the existing specialization;
- add new specialization;
- change a specialization;
- delete a specialization;
- update secretary account.
- **3.** The secretary module provides functionalities necessary for the administration of the organizing structure of specializations as well as functionalities necessary for the administration of the students' activity(updating of university and learning years, of students and studying plan).

The data is organized on calendaristic years. There are links to the study years for every calendaristic year. On the first adding of a calendar year the Ist study year is created automatically.

Since there are no major structural changes from one year to the next one, all the data from the past year is transfered to the newly created year in order to help the secretary. This data is about the curricular areas copied for the first year, the eventual differences are to be manually operated by the secretary later on. Even more, the students which accumulated a certain amount of credit points established by the secretary, are going to be automatically transfered to the new study year. This is the reason why the operation of adding a new study year is possible only from the moment of finalizing the previous calendar year. The students in the final years are going to be transfered to the next year wich does not exist in the educational system so for these students is going to be automatically generated the registration certificate after the graduation of the licence(degree) exam.

The creation of a curricular area involves establishing the study subjects for every study year, the specific credit points, the manner of evaluation(exam or preliminary examination), the universitary term of study for each subject, the teacher in charge of the course and the tutor. The actualization of teachers is made by the administrator, the secretary being able to choose from a given list the teacher and the tutor in charge of every course. The secretary can display all the existing subjects in the curricular area, each being provided with modify and erase/delete options.

The secretary can display all the students taking the specialization he is in charge of, as well as the data containing the registration number, student's class, e-mail address, acount username and password. The acount username and the password are given to the student in the moment of registration. These fields are automatically generated by the application and are no subject of alteration by the student or the secretary.

- a). Academic status (situation). Always, before passing to a new calendaristic year, in order to execute the right data transfer, the secretary has to access the "Academic situation" page. When this page is accessed, the data of each student are updated in the tbl calculstud table as follows:
 - the number of passed (taken) exams is calculated;
 - establishing the number of the not passed exams;
 - establishing the number of credit points acumulated:
 - the calculation of the year's graduation average mean

There are two information cathegories offered:

- a statistical situation concerning the number of passed exams, the number of not passed exams, the graduation mean of the previous study year, the total amount of credit points acumulated by the students registered for the distance education. The data can be displayed using the following selection cathegories:
 - students in alphabetic order
 - students in decreasing mean order
 - students grouped in classes (study groups)
- searching students by their names (this option is particulary useful for the people knowing students registered to the distance education such as parents, mates, friends)
- the academic situation of a student in a specific universitary study year and the graduation mean for the year. Here are also available the credit points obtained for for each subject in the curricular area, the university term of study and the manner of evaluation. This information is available in a printed version as well. (as seen in figure 4)
- b). Registration certificates. For the graduates, the academic situation for all the study years is contained in the diploma/certificate supplement. The secretary is filling data in this supplement only in some specified fields, the rest being automatically generated according to student's academic results. The supplement may be filled on line and printed or saved as a Word document, saved completely and printed eventually. In order to save it as a document, the secretary has to choose the "Save As" option from the "File" menu, to choose the position on disk to keep the file, to name the document and use the .doc extension. This second option is recommended, this way the data is going to be saved and easily used at a later time.

To generate the registration certificates the annual mean was calculated using two exact decimal places without rounding up, the annual sum of credit points, the general mean of all the study years, the total of credit points, the position of the graduate out of the total of graduates.

- c). Centralizing records. This option is usefull for the secretary to display the students' results both for printing as well as keeping them in the registration certificates. Using the centralizing records, the secretary is able to provide more and quicker information for the students concerning their academic situation. The students are displayed by classes. For every student is displayed the academic situation as follows:
 - the marks/grades of passed exams in black;
 - the not passed exams in red;
 - missing/absence of an exam in green

We choose this manner of displaying data in order to assist the secretary in producing various statistics about passing exams, absences or not passing exams.

Facultatea de Stiinte Economice, Juridice si Administrative							
Spe	cializarea:Contabilita	te si Informatica	a de Gestiu	ne			
Anul	l universitar: 2004-20	005					
Ammi	l de studiu:Anul I						
Апп	i de stadia:Andi i						
Gruj	<u>pa de studenti</u> :Grupa	1					
Nr. Crt.	Numele si Prenumele	Macroeconomie	Bazele Informaticii	Contabilitate de gestiune		Bazele Contabilitatii 2	Birotica
	Numele si Prenumele	Macroeconomie		de	contabilitatii	Contabilitatii	Birotica 6
Crt.			Informaticii	de gestiune	contabilitatii 1	Contabilitatii 2	
Crt.	A A.A	7	Informaticii 8	de gestiune 8	contabilitatii 1 6	Contabilitatii 2 9	6
Crt. 1 2	A A.A B B.B	7 6	Informaticii 8 9	de gestiune 8	contabilitatii 1 6 7	Contabilitatii 2 9 6	6
1 2 3	A A A B B.B C C.C	7 6 5	Informaticii 8 9 6	de gestiune 8 5	contabilitatii 1 6 7	Contabilitatii 2 9 6 7	6 9 8

Figure 2. Centralizing records

4. The teacher module provides functionalities necessary to administrate the course organizational structure(the materials divided in chapters), the examination schedule, evaluation forms and students'activity. This module includes the students'communication by chat or mail. Functionalities offered by the teacher module are grouped in the following categories:

- functionalities necessary to the administration of the organizing structure of the courses: the transmission of the course materials, presentations of the chapters from the material
- functionalities necessary to the examination of the students: the establishing of the evaluating form, of the on-line tests of the chapters which come across in the examination
- functionalities necessary to the administration of the students' activity during the courses: pointing the students' activity at the examinations
- a). The hand filling in of the catalogues. Taking into account the groups of students, the teacher can complete the catalogues by introducing the marks in a form. First of all, each student has 5 spaces for marks (the student can repeat the examination 5 times). The teacher must first choose the date for the examination and the number of marks of which the final mark is formed (a mark if the teacher chooses only one summative evaluation or more if more examinations are wished).

For each student in a group there are three columns representing the obtained mark, date of examination as well as the possibility of improving the mark. This last column after the first passed examination, appears a cassette of validation. If the student asks for improving the mark, the teacher fills this cassette of the respective student, giving him this possibility(see figure 3). This is an important aspect because after the first exam session, the teacher can mark only those students who haven't passed the exam or who have chosen to improve the mark.

At a new examination, the teacher has the possibility to mark only those students who haven't passed the examination or who wanted to improve the mark, if the validation cassette was filled, the teacher having thus a clear situation of the passed examinations and of the re-examinations. After each exam session, the teacher has the possibility to list the catalogues and to save them in a file on PC.



Figure 3. Filled in rolls

b). The automatic filling of the catalogues. The teacher has the possibility to complete the catalogues in accordance with the obtained grade sat the on-line tests at the first exam session or at the re-examination sessions. Thus, after filling in the date of the examination and the number of marks, the teacher must fill in the dates when the examinations took place and the percentage of each mark(see figure 4). At the first examination, all students will be listed who didn't pass the on-line examination or the missing students, and at a new examination all will be generated automatically in the catalogue only for those students who haven't passed the examination or asked the improving of the grade.



Figure. 4. The form for filling in rolls with many marks

If the student tries to sustain the examination for several times at the established date because he is not satisfied with the grade, all his marks are saved in a table in the data base, and when the catalogue is generated, the obtained mark of the first testing is taken into consideration.

5. The student module offers the students the possibility to acquire note books and courses, information regarding the activity during the present courses, self evaluating tests for each chapter of the course, or to discuss with their

colleagues and tutors through chat or e-mail and see the project topic they have to do, as well as the structure of the group they are part of. The student module offers to a student (who has an account for the application) the following functions:

- the possibility to access all course materials for all the subjects studied in the respective semester;
- chapter presentations for each subject;
- the possibility to access the virtual an online laboratories (for certain subjects):
- online testing and self testing for each chapter;
- listing the final marks for each subject of the current semester;
- communicating with their colleagues and subject tutor.

Conclusions

The Web application aims the improving of the teacher's work in administrating the students' activity at the courses which these attend in the present semester. By the means of the web application, the students have access anytime at the information referring to their activity at a certain course, and the natural errors and the losses which could appear because of the human mistakes, are completely eliminated.

The most important functionalities which are available for the administrator, the secretary, the tutors or the students of this application are:

- the possibility of saving and updating the specializations in a faculty, as well as the disciplines of each specialization (year and semester organized courses the school program) administrator account
 - administration of the teacher's and students' accounts by means of the administrator account
- the possibility to set each course, the list of teachers and tutors as well as the of students attending the courses the secretary account
- the possibility to save the information offered by the teachers about the students during the semester (partial marks, final examination mark) teacher and secretary account
- the automatic calculation in accordance with the established settings, final marks of the student sat each course in the semester
- the possibility to access in real time the information about the students activity at a certain course student account

Bibliography

- 1. Bear J., Bear M., Bear's Guide to Earning Degrees by Distance Learning, Education, Ten Speed Press, 2003, 432 p.
- 2. Joita E., Management educațional. Profesorul-manager: roluri și metodologie, Ed. Polirom, Iași, 2000, p.182.
- 3. Goldfarb B., Visual Pedagogy, Media Cultures in and beyond Classroom, Education, Duke University Press, 2002, 264 p.
- 4. Roberts T.S., Computer Supported Collaborative Learning in Higher Education, Education, Idea Group Inc (IGI), 2004, 322 p.
- 5. Sava Simona, Teorie și practică în educația la distanță, Editura Didactică și Pedagogică, 2003.
- 6. Şerbănescu Luminiţa, Student support in distance learning, Sesiunea Internaţională de Comunicări Ştiinţifice, ECAI 2005, Piteşti

BUSINESS INTELLIGENCE INSTRUMENTS FOR HR MONITORING

Serbănescu Luminița

University of Pitești Faculty of Economics Sciences Pitești, str. Negru-Vodă, bl. D3, sc. a, ap. 1, Argeș luminitaserb@yahoo.com 0745030906

Rădulescu Magdalena

University of Piteşti Faculty of Economics Sciences Piteşti, str. Hamanagiu, nr.22, Argeş magdalenaradulescu@yahoo.com 0740093011

Business Intelligence is the combination of the information from several sources, and presenting results in a form that can be used in taking business decisions. Processed and presented in an intelligent way, this information gives the company the advantage necessary to face competition. Implementing a BI solution is more than simply applying technology to achieve a particular business objective or to address a problem. Business Intelligence allows end users to interact with business information and answer ad hoc questions without advanced knowledge of the underlying data sources. These tools support query generation and basic report authoring, as well as integrated analysis. In this article, I will present a BI solution, implemented through OlikView Application, thanks to which it is possible to monitor the company personnel.

Keywords: human resouce, business intelligence, QlikView, monitoring, analysis

JEL Clasification: M12(Personnel Management), M15(IT Management)

We can define Business Intelligence as the platform for the presentation of information in a correct, useful and specific manner to decision makers in due time to help them make efficient decisions.

Even though most applications offer an easy reporting system, a BI application does not analyze the information from one source but from different applications. At the basis of a BI application there is a common data warehouse for all applications that makes 80% of the time to be used for data analysis. The key to understanding BI is to figure out the way in which data is transformed in information and then analyzed and integrate it in BI architecture, tools and applications. BI does not produce data; it uses the data created by enterprise applications: ERP, CRM, SCM etc.

Even though in Romania the interest in such solutions cannot be compared to that on developed markets, the situation has changed lately. In spite of this, at a world level, new changes appear in the basic philosophy of "business intelligence" software solutions.

Due to the increase in the rhythm of business development in today's world, the managers need more and more to exercise a more precise and sophisticated control, giving up outdated practices and trying to base their decisions on more accurate information. What is more, delegation in decision making could not function properly without adequate access to information.

The effects of installing a BI system are amazing, since it produces the needed information exactly when it is needed, ensuring at least one of the ingredients of business success. BI can offer answers to the essential problems of an organization. Answers are found based on the analysis and comparisons of historical data, both of those within the organization and of those from external sources. Collecting and analyzing the data allows managers to understand business tendencies, the weak points and strong points, to analyze the competitors and the market situation.

The labor force is no doubt the most important resource within a company. The efficient use of the labor force and the possibility to evaluate employees, the optimal development of the recruiting processes, the development of programmes for personnel training – are only some of the elements that contribute to the business success. Human resource management plays the most important part in increasing the profitability of a company. In this context, the use of BI solutions to carry out informational and analysis processes related to human resources is a compulsory requirement.

In Romania the management centered on internal processes still prevails over the management centered on customer and finally, on the human resources. Thus, in the context of the revolution experienced by the Romanian economy with regard to the cost and human resource fluctuation, the lack of a strategy for all employees results in huge loses, difficult to measure and prove.

A good administration of human resources allows not only a decrease in the costs of personnel management but also the increase in individual profitability. The final aim should be to place the employee at the centre of the enterprise strategy and to integrate him in the totality of traditional functions for the management of human resources.

More and more companies that use ERP solutions have developed specialized modules to analyze and synthesize of management information. The integration of advanced BI technologies, with solutions based on reference data on the market, allows companies to implement functions for an efficient processing of the data collected by the means of this kind of solutions.

In order to build the monitor of personnel application we made use of the QlikView application, a strong and complete pack of Business Intelligence software and of data analysis which offers a better means of handling the data of a business.

Qlik View is the business intelligence solution that extends the concept of simplifying the analysis for everybody, further than ever. The extended facilities for personalizing and visualizing information, combined with advanced co-operative work abilities make QlikView easily adapted within organizations (companies and public institutions) that use intensively electronic data stocks.

Qlik View offers:

- personalized dashboards;
- a powerful reporting engine fast and easily combines and distributes data from multiple sources;
- flexible solutions Qlik View users can connect to the internet;
- personalized applications the possibility to develop very fast 100% personalized solutions.

Data referring to human resources is processed in due time and analyses such as: the analysis of labour force, absenteeism, productive hours, personnel expenses, training days etc can obtained. The simple and comparative analyses, the examples and statistics shown in a corresponding chart are important means to support decision, the solution meeting the needs of the company in the short, medium and long term.

For exemplification I have built, by the means of QlikView application the following three calculation pages:

1. Gross income analysis: where the departments of the company and the positions are shown in a table(see fig.1). For each function and a period of time of four months the following information is calculated: the number of employees holding the same position, the total sum and the monthly average of the gross income for taxation as well as the minimum and maximum gross income assigned over a month. Of course the graphic can be changed with only a few clicks to obtain the same sheet for each employee. Thus the differences in salary from one month to another and between two employees with the same position can be noticed. The monthly evolution of these parameters is easy to follow, and comparisons can be made between two consecutive months.

	Calcule - brut pentro impozitare 별 시 및 🕳 🗆									<u> </u>	
Dimensiune	DEP NAME	•	⊴ FUNCTIE		☑ _{Luna}	NUME PRENUME	Numar	Brut pentru	Medie	Minim	Maxim
	DEF_ITAINE	_	-TONCTIL		Lulia	NOWIL_FRENOWIL	angajati	impozitare mediu		17111 11111	
otal							156	277,531		0	8,500
E	3				Total		6	4,527		577	1,012
					=	Popescu Ion 3773	1	586		586	586
						Popescu Ion 3774	1	1,012			
			Analist aplicatie		10/2008	Popescu Ion 3775	1	633		633	633
					10/2000	Popescu Ion 3776	1	766		766	766
						Popescu Ion 3914	1	953		953	953
						Popescu Ion 3915	1	577		577	577
			Analist programator	=	Total		1	1,870			1,870
			r mailor programator			Popescu Ion 3754	1	1,870			1,870
					Total		9	11,226		633	2,000
					=		1	681		681	681
						Popescu Ion 3765	1	633		633	633
						Popescu Ion 3766	1	2,000			2,000
			Operator			Popescu Ion 3767	1	1,528		1,528	1,528
			Operator		10/2008	Popescu Ion 3768	1	1,541	1,541	1,541	1,541
						Popescu Ion 3769	1	1,239		1,239	1,239
						Popescu Ion 3770	1	1,462			
ц.	IT	П				Popescu Ion 3771	1	1,142			
						Popescu Ion 3772	1	.,,			
					Total		52	103,199		649	4,357
					=		1	779		779	779
						Popescu Ion 3756	1	1,144			1,144
						Popescu Ion 3757	1	1,540			
						Popescu Ion 3758	1	3,180			
						Popescu Ion 3759	1	2,160			
						Popescu Ion 3760	1	998		998	998
			Operator Calculator			Popescu Ion 3761	1	2,945			2,945
			Operator Calculator		10/2008	Popescu Ion 3762	1	2,849		2,849	2,849
						Popescu Ion 3763	1	3,447		3,447	3,447
						Popescu Ion 3887	1	2,569		2,569	2,569
						Popescu Ion 3888	1	1,638			1,638
						Popescu Ion 3889	1	800	800	800	800
						Popescu Ion 3890	1	2,403	2,403	2,403	2,403
						Popescu Ion 3891	1	2,234		2,234	2,234
						Popescu Ion 3892	1	800	800	800	800

Figure 1 – Gross income analysis

2. Salary expenses that contains, for the company, the total sums regarding the standard wage, the gross salary, total cost, net salary and the total number of employees per month. This analysis is very important as it presents the salary and personnel fluctuations for each month. The report can be modified, by changing the parameters to offer the same information for each department..



Figure 2 – Salary expenses

3. The supervision of employee activity. Is done by recording the days with sick leave and holidays, the number of training days, extra hours, the hours with normal work regime, the hours worked in the night shift or on holidays, for each month(see figure 3).

A simple click can change the chart to visualize information on sick leaves and holidays, the number of extra hours, the number of hours worked in the night shift or normal work regim per employee or change the period of time(one month or nonconsecutive months).

The same information on leaves can be displayed in a chart but grouped on a department, on positions or on budget groups.

The charts show the monthly evolution in the number of working hours, the absenteeism or personnel refresher courses.

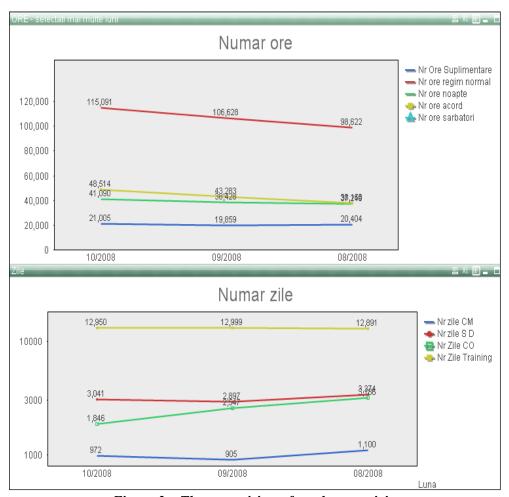


Figure 3 – The supervision of employee activity

4. Bonus calculation includes, for each department of the company, the total number of extra hours, the value of extra hours and the sums of money from the bonus category awarded to employees every month(see fig. 4). The bonus is one of those elements that increase motivation and influence the productivity of the employees' work. Motivating employees improves their spirits and the individual development of the employees, and creates an organizational climate that encourages work and high performances in the organization. The efficient use of motivation by managers requires inborn qualities and special training. In fact, these elements represent the content of leadership which has been highly stressed lately with substantial economic results in the competitive companies of developed countries. The report can be used to create statistics regarding the bonuses awarded to the company employees in a month or over a certain period of time. At the same time, the sums in the incentive category given

by company to its employees can be compared, for the whole company or for each department and there can be gathered information regarding each employee, to know exactly the degree of satisfaction of the economic expectations of the employees.

Categorie prime ☑ XL 💽 💂 🖸								
☑DEN_COMPA	DEP NAME	型 _{Luna}		Nr ore	Valoare ore	Categorie		
NIE	DLF_RAML	Luna		suplimentare	suplimentare	prime		
Total				61268	711,072	690,570		
	E	Total		121	1,423	30,553		
	Achizitii &		10/2008	61	708	870		
	Contracte		09/2008	24	278	2,225		
			08/2008	36	437	27,458		
	Ε	Total		2005	35,471	22,380		
	IT		10/2008	701	12,268	851		
	"		09/2008	641	11,237	3,085		
			08/2008	663	11,966	18,444		
	=	Total		6831	94,262	60,003		
	Mentenanta		10/2008	2472	32,549	12,830		
	Mentenanta		09/2008	2042	28,026	15,606		
			08/2008	2317	33,687	31,567		
	E	Total		5178	50,780	23,111		
	Datas Massains		10/2008	1628	15,249	8,182		
	Retea Magazine		09/2008	1527	14,804	8,984		
			08/2008	2023	20,727	5,945		
SC1	E	Total		0	0	8,955		
301	D		10/2008	0	0	900		
	Resurse Umane		09/2008	0	0	570		
			08/2008	0	0	7,485		
	Administrare =	Total		0	0	1,500		
	vanzari		08/2008	0	0	1,500		
	E	Total		0	0	5,797		
	0 -1-1-1-1-1-1		10/2008	0	0	443		
	Administrativ		09/2008	0	0	1,158		
			08/2008	0	0	4,196		
	E	Total		10845	115,552	112,954		
	Vanzari		10/2008	3889	44,219	49,491		
	vanzan		09/2008	3566	36,207	24,533		
			08/2008	3390	35,126	38,930		
	Administrare =	Total		0	0	285		
	Retea Magazine		08/2008	0	0	285		
	Buget &	Total		0	0	17,473		
	Raportare Ma		08/2008	0	0			

Figure 4 – Bonus

5. Evolution of pay rise contains for each employee the minimum standard wage and the maximum standard age the difference between maximum and minimum, the percentage of the difference and the average standard salary over a three month period of time. (See fig. 6). The last column shows the number of months with pay rise. The actual analysis of the salaries can be done when it is needed, for the whole company or only for a small group of employees.

Cresteri tarifa								₽ XL 🗊 💂
NR_MARCA	NUME_PRENUME	20 Companie	Maxim tarifar	Minim tarifar	Diferenta	%	Medie tarifar	Numar luni crestere
			15,682	0	15,682	-	1,355,294	
SP0B08958	Popescu Ion 3615	SC1	3,700	3,100	600	119%	3,500	2
VP0B07126	Popescu Ion 781	SC1	9,158	8,600	558	106%	8,972	2
VP0B08942	Popescu Ion 554	SC1	2,500	1,980	520	126%	2,327	2
VPB105523	Popescu Ion 3502	SC1	3,300	2,800	500	118%	2,967	1
VP0B08855	Popescu Ion 28	SC1	1,250	760	490	164%	1,087	2
VP0B09183	Popescu Ion 568	SC1	2,525	2,115	410	119%	2,252	1
VP0B06283	Popescu Ion 404	SC1	1,500	1,100	400	136%	1,367	2
VP0B09025	Popescu Ion 2357	SC1	1,000	610	390	164%	870	2
VP0B09179	Popescu Ion 637	SC1	3,520	3,137	383	112%	3,392	2
VPB105701	Popescu Ion 3532	SC1	1,900	1,525	375	125%	1,775	2
VPB105620	Popescu Ion 3530	SC1	3,960	3,600	360	110%	3,720	1
VP0B08863	Popescu Ion 628	SC1	3,520	3,200	320	110%	3,413	2
VPB105457	Popescu Ion 3891	SC1	1,550	1,230	320	126%	1,337	1
VPB103191	Popescu Ion 3890	SC1	1,550	1,230	320	126%	1,337	1
VPB105271	Popescu Ion 3540	SC1	4,865	4,563	302	107%	4,664	1
VPB100067	Popescu Ion 3550	SC1	3,300	3,000	300	110%	3,100	1
VPB105232	Popescu Ion 3531	SC1	3,300	3,000	300	110%	3,100	1
VPB102046	Popescu Ion 3526	SC1	3,300	3,000	300	110%	3,100	1
VPB100130	Popescu Ion 3900	SC1	1,800	1,500	300	120%	1,600	1
VPB105689	Popescu Ion 3504	SC1	1,800	1,500	300	120%	1,600	1
VP0B07061	Popescu Ion 882	SC1	1,800	1,500	300	120%	1,700	2
VPB103970	Popescu Ion 3505	SC1	1,500	1,200	300	125%	1,300	1
VP0B09081	Popescu Ion 489	SC1	1,500	1,200	300	125%	1,300	1
VP0B03675	Popescu Ion 2346	SC1	1,400	1,100	300	127%	1,300	2
VPB105686	Popescu Ion 3473	SC1	1,050	750	300	140%	950	
VP0B09075	Popescu Ion 2638	SC1	900	610	290	148%	803	2
VP0B07280	Popescu Ion 886	SC1	1,400	1,114	286	126%	1,305	2
VPB103312	Popescu Ion 3398	SC1	3,080	2,800	280	110%	2,893	1
VPB101189	Popescu Ion 3894	SC1	1,600	1,320	280	121%	1,413	1
VPB103722	Popescu Ion 4169	SC1	1,450	1,180	270	123%		
VPB100021	Popescu Ion 3494	SC1	2,860	2,600	260	110%	2,687	1
VPB101215	Popescu Ion 3527	SC1	2,200	1,940	260	113%	2,027	1

Figure 5 – Evolution of pay rise

This report offers the informational support to control pay rises in a company with decentralized decision, with many employees (the increase percentage of over 20% are automatically signaled – colored in red). In the present example the increases are due to the change of position as well as the pay rise decided directly by the employer.

Conclusions

If Romanian companies wish to survive the pressure of European competitiveness, business intelligence solutions can provide them with the necessary means to achieve it.

The benefits of using some BI systems to monitor human resources can be divided into:

- providing a comprehensive perspective over the labor force and thus foreseeing the impact of HR decisions;
 - monitoring employees' performances;
 - data security and protection;
 - fast access to different information and actions;
 - personnel management within the organizational structure of the company;
 - the possibility to simulate multiple variants of salary alteration to ensure a proper budget allocation;
 - preserving the history of the employee's activity and the material benefits received;
 - monitoring the efficiency of the employees' activity and their progress;
 - the management of the advance of wages, prizes, salary growth, and deductions,
 - cost cutting and increasing activity efficiency within the human resource department.

The list of benefits, compared with the ERP systems ca continue with: saving the time spent with the periodical reports (report collecting, diverse consolidations and adjustments, reducing the amount of time spent on repetitive activities, reducing the part played by the IT department in generating reports in favor of the end-user and, the most important thing, reducing the time for decision making. When the decision is better documented due to the quality of the available information we can finally talk about an organization ready to face any changes that might occur on the market no matter how fast or sudden they are.

Bibliography

- 1. Baxter, Andrew, "Business Intelligence needs smarter handling", 2005 http://www.gartner.com
- 2. Computerworld Executive Briefings, "Get smart about Business Intelligence", 2004 http://www.computerworld.com
- 3. http://www.qlikview.com
- 4. Irene Barrall, Christine Johnson, Tonya Trappe and Graham Tullis, "Intelligent Business", http://www.intelligent-Business.org
- 5. QWT Business Intelligence Enterprise Script, QlikTech International, 2005
- 6. QWT Business Intelligence Professional Layout, QlikTech International, 2005
- 7. Waqar Sadiq, Felix Racca, "Business Services Orchestration", Cambridge University Press, 2003

E-LEARNING

Titrade Cristina

Adresa: Bld Lacul Tei, Nr 71, Bl 18, Sc B, Et 2, Ap 55, Sector 2, București Universitatea Româno Americană Facultatea de Informatică Managerială Email: cristina titrade@yahoo.com Telefon: 0740043030

El Baaboua Florentina

Adresa: Str 9 Mai, Nr 49, Sector 6, București Universitatea Româno – Americană Facultatea de Management – Marketing Email: pav florentina@yahoo.com Telefon: 0766301547

Sion Beatrice

Adresa: Str Aghireş, Nr 4, Sc B, Ap 17, Sector 2, Bucureşti Universitatea Româno –Americană Facultatea Economia Turismului Intern și Internațional Email: beatrice sion@yahoo.com Telefon:0767345394

Mihalcescu Cezar

Adresa: Calea 13 Septembrie, Nr 104, Bl 48, Et 7, Ap 21, Sector 5, Bucureşti Universitatea Româno Americană Facultatea Economia Turismului Intern și Internațional Email: cezar_mihalcescu@hotmail.com Telefon:0722387162

Electronic learning (or e-Learning or eLearning) is a type of Technology supported education/learning (TSL) where the medium of instruction is through computer technology, particularly involving digital technologies. E-learning has been defined as "pedagogy empowered by digital technology". In some instances, no face- to- face interaction takes place. E-learning is used interchangeably in a wide variety of contexts. In companies, it refers to the strategies that use the company network to deliver training courses to employees. In the United States, it is defined as a planned teaching/learning experience that uses a wide spectrum of technologies, mainly Internet or computer-based, to reach learners. Lately in most Universities, e-learning is used to define a specific mode to attend a course or program of study where the students rarely, if ever, attend face-to-face for on-campus access to educational facilities, because they study online.

Keywords: e-learning, virtual classrooms, learning technology, online learning, online education, m-learning

Market

The worldwide e-learning industry is estimated to be worth over thirty-eight (38) billion euro according to conservative estimates, although in the European Union only about 20% of e-learning products are produced within the common market. Developments in internet and multimedia technologies are the basic enabler of e-learning, with content, technologies and services being identified as the three key sectors of the e-learning industry. ELearning is a catch-all term that covers a wide range of instructional material that can be delivered on a CD-ROM or DVD, over a local area network (LAN), or on the Internet.

Growth of e-learning

Many higher educations, for-profit institutions, now offer online classes. By contrast, only about half of private, non-profit schools offer them. The Sloan report, based on a poll of academic leaders, says that students generally appear to be at least as satisfied with their online classes as they are with traditional ones. Private institutions may become more involved with online presentations as the cost of instituting such a system decreases. Properly trained staff must also be hired to work with students online. These staff members need to understand the content area, and also be highly trained in the use of the computer and Internet. Online education is rapidly increasing, and online doctoral programs have even developed at leading research universities.

Technology

Today many technologies can be, and are, used in e-Learning, from blogs to collaborative software, ePortfolio, and virtual classrooms. Most eLearning situations use combinations of these techniques.

Along with the terms *learning technology*, *instructional technology*, and Educational Technology, the term is generally used to refer to the use of technology in learning in a much broader sense than the computer-based training or *Computer Aided Instruction* of the 1980s. It is also broader than the terms *Online Learning* or *Online Education* which generally refer to purely web-based learning. In cases where mobile technologies are used, the term M-learning has become more common. E-learning, however, also has implications beyond just the technology and refers to the actual learning that takes place using these systems.

E-learning is naturally suited to distance learning and flexible learning, but can also be used in conjunction with face-to-face teaching, in which case the term Blended learning is commonly used. E-Learning pioneer Bernard Luskin argues that the "E" must be understood to have broad meaning if e-Learning is to be effective. Luskin says that the "e" should be interpreted to mean exciting, energetic, enthusiastic, emotional, extended, excellent, and educational in addition to "electronic" that is a traditional national interpretation.

In higher education especially, the increasing tendency is to create a Virtual Learning Environment (VLE) (which is sometimes combined with a Management Information System (MIS) to create a Managed Learning Environment) in which all aspects of a course are handled through a consistent user interface standard throughout

the institution. A growing number of physical universities, as well as newer online-only colleges, have begun to offer a select set of academic degree and certificate programs via the Internet at a wide range of levels and in a wide range of disciplines. While some programs require students to attend some campus classes or orientations, many are delivered completely online. In addition, several universities offer online student support services, such as online advising and registration, e-counseling, online textbook purchase, student governments and student newspapers.

ELearning can also refer to educational web sites such as those offering learning scenarios, worksheets and interactive exercises for children. The term is also used extensively in the business sector where it generally refers to cost-effective online training.

Goals of e-learning

E-Learning lessons are generally designed to guide students through information or to help students perform in specific tasks. Information based e-Learning content communicates information to the student. Examples include content that distributes the history or facts related to a service, company, or product. In information-based content, there is no specific skill to be learned. In performance-based content, the lessons build off of a procedural skill in which the student is expected to increase proficiency.

Computer-based learning

Computer Based Learning, sometimes abbreviated to CBL, refers to the use of computers as a key component of the educational environment. While this can refer to the use of computers in a classroom, the term more broadly refers to a structured environment in which computers are used for teaching purposes. The concept is generally seen as being distinct from the use of computers in ways where learning is at least a peripheral element of the experience (e.g. computer games and web browsing).

Computer-based training

Computer-based training (CBT) services are where a student learns by executing special training programs on a computer relating to their occupation. CBT is especially effective for training people to use computer applications because the CBT program can be integrated with the applications so that students can practice using the application as they learn. Historically, CBTs growth has been hampered by the enormous resources required: human resources to create a CBT program, and hardware resources needed to run it. However, the increase in PC computing power, and especially the growing prevalence of computers equipped with CD-ROMs, is making CBT a more viable option for corporations and individuals alike. Many PC applications now come with some modest form of CBT, often called a tutorial. Web-based training (WBT) is a type of training that is similar to CBT; however, it is delivered over the Internet using a web browser. Web-based training frequently includes interactive methods, such as bulletin boards, chat rooms, instant messaging, videoconferencing, and discussion threads. Web based training is usually a self-paced learning medium though some systems allow for online testing and evaluation at specific times. Recent years have seen an explosion in online training for educators by content providers such as Knowledge Delivery Systems, Atomic Learning, PBS Teacher line, and more.

Computer-supported collaborative learning (CSCL)

Computer-supported collaborative learning (CSCL) is one of the most promising innovations to improve teaching and learning with the help of modern information and communication technology. Collaborative or group learning refers to instructional methods whereby students are encouraged or required to work together on learning tasks. It is widely agreed to distinguish collaborative learning from the traditional 'direct transfer' model in which the instructor is assumed to be the distributor of knowledge and skills.

Pedagogical elements

Pedagogical elements are an attempt to define structures or units of educational material. For example, this could be a lesson, an assignment, a multiple choice question, a quiz, a discussion group or a case study. These units should be format independent, so although it may be implemented in any of the following methods, pedagogical structures would **not** include a textbook, a web page, a video conference or Podcast.

When beginning to create e-Learning content, the pedagogical approaches need to be evaluated. Simple pedagogical approaches make it easy to create content, but lack flexibility, richness and downstream functionality. On the other hand, complex pedagogical approaches can be difficult to set up and slow to develop, though they have the potential to provide more engaging learning experiences for students. Somewhere between these extremes is an ideal pedagogy that allows a particular educator to effectively create educational materials while simultaneously providing the most engaging educational experiences for students.

Reusability, standards and learning objects

Much effort has been put into the technical reuse of electronically-based teaching materials and in particular creating or re-using *Learning Objects*. These are self contained units that are properly tagged with keywords, or other metadata, and often stored in an XML file format. Creating a course requires putting together a sequence of learning objects. There are proprietary and open, non-commercial and commercial, peer-reviewed repositories of learning objects such as the Merlot repository.

A common standard format for e-learning content is SCORM whilst other specifications allow for the transporting of "learning objects" (Schools Interoperability Framework) or categorizing metadata (LOM).

An excellent example of e-learning that relates to knowledge management and reusability is Navy E-Learning, which is available to Active Duty, Retired, or Disable Military members. This online tool provides certificate courses to enrich the user in various subjects related to military training and civilian skill sets. The e-learning system not only provides learning objectives, but also evaluates the progress of the student and credit can be earned toward higher learning institutions. This reuse is an excellent example of knowledge retention and the cyclical process of knowledge transfer and use of data and records.

Communication technologies used in e-learning

Communication technologies are generally categorized as asynchronous or synchronous. *Asynchronous* activities use technologies such as blogs, wikis, and discussion boards. The idea here is that participants may engage in the exchange of ideas or information without the dependency of other participants' involvement at the same time. Electronic mail (Email) is also asynchronous in that mail can be sent or received without having both the participants' involvement at the same time.

Synchronous activities involve the exchange of ideas and information with one or more participants during the same period of time. A face to face discussion is an example of synchronous communications. Synchronous activities occur with all participants joining in at once, as with an online chat session or a virtual classroom or meeting.

Virtual classrooms and meetings can often use a mix of communication technologies.

In many models, the writing community and the communication channels relate with the E-learning and the M-learning communities. Both the communities provide a general overview of the basic learning models and the activities required for the participants to join the learning sessions across the virtual classroom or even across standard classrooms enabled by technology. Many activities, essential for the learners in these environments, require frequent chat sessions in the form of virtual classrooms and/or blog meetings.

E-Learning 2.0

The term e-Learning 2.0 is used to refer to new ways of thinking about e-learning inspired by the emergence of Web 2.0. From an e-Learning 2.0 perspective, conventional e-learning systems were based on instructional packets that were delivered to students using Internet technologies. The role of the student consisted in learning from the readings and preparing assignments. Assignments were evaluated by the teacher. In contrast, the new e-learning places increased emphasis on social learning and use of social software such as blogs, wikis, podcasts and virtual worlds such as Second Life. This phenomenon has also been referred to as Long Tail Learning.

The first 10 years of e-learning (e-learning 1.0) was focused on using the internet to replicate the instructor-led experience. Content was designed to lead a learner through the content, providing a wide and ever-increasing set of interactions, experiences, assessments, and simulations. E-learning 2.0, by contrast (patterned after Web 2.0) is built around collaboration. E-learning 2.0 assumes that knowledge (as meaning and understanding) is socially constructed. Learning takes place through conversations about content and grounded interaction about problems and actions. Advocates of social learning claim that one of the best ways to learn something is to teach it to others. There is also an increased use of virtual classrooms (online presentations delivered live) as an online learning platform and classroom for a diverse set of education providers such as Fox School of Business for Temple University, Minnesota State Colleges and Universities, and Sachem School District.

Computer-aided assessment and learning design

Computer-aided Assessment (also but less commonly referred to as E-assessment), ranging from automated multiple-choice tests to more sophisticated systems is becoming increasingly common. With some systems, feedback can be geared towards a student's specific mistakes or the computer can navigate the student through a series of questions adapting to what the student appears to have learned or not learned.

The best examples follow a Formative Assessment structure and are called "Online Formative Assessment". This involves making an initial formative assessment by sifting out the incorrect answers. The author/teacher will then explain what the pupil should have done with each question. It will then give the pupil at least one practice at each slight variation of sifted out questions. This is the formative learning stage. The next stage is to make a Summative Assessment by a new set of questions only covering the topics previously taught. Some will take this even further and repeat the cycle such as BOFA which is aimed at the Eleven plus exam set in the UK.

The term *learning design* has sometimes come to refer to the type of activity enabled by software such as the open-source system LAMS which supports sequences of activities that can be both adaptive and collaborative. The IMS Learning Design specification is intended as a standard format for learning designs, and IMS LD Level A is supported in LAMS V2. ELearning has been replacing the traditional settings due to its cost effectiveness.

Benefits of eLearning versus traditional classroom settings

ELearning can provide for major benefits for the organizations and individuals involved.

Reducing environmental impact: eLearning allows people to avoid travel, thus reducing the overall carbon output. The fact that it takes place in a virtual environment also allows some reduction of paper usage. With virtual notes instead of paper notes and online assessments instead of paper assessments, eLearning is a more environmentally friendly solution.

Quality education, made affordable: The fact that instructors of the highest caliber can share their knowledge across borders allows students to attend courses across physical, political, and economic boundaries. Recognized experts have the opportunity of making information available internationally, to anyone interested at minimum costs. This can drastically reduce the costs of higher education, making it much more affordable and accessible to the masses. An internet connection, a computer, and a projector would allow an entire classroom in a third world university to benefit from the knowledge of an opinion leader.

Convenience and flexibility to learners: in many contexts, eLearning is self-paced and the learning sessions are available 24x7. Learners are not bound to a specific day/time to physically attend classes. They can also pause learning sessions at their convenience.

Bibliography:

- 1. Nagy, A. (2005). The Impact of E-Learning, in: Bruck, P.A.; Buchholz, A.; Karssen, Z.; Zerfass, A. (Eds). E-Content: Technologies and Perspectives for the European Market. Berlin: Springer-Verlag.
- 2. Hebert, D. G. (2007). "Five Challenges and Solutions in Online Music Teacher Education," <u>Research and Issues</u> in Music Education, Vol. 5.
- 3. Graziadei, W. D., et al., 1997. Building Asynchronous and Synchronous Teaching-Learning Environments: Exploring a Course/Classroom Management System Solution.
- 4. Gilly Salmon, Kogan Page, (2000) E-moderating: The Key to Teaching and Learning Online.
- 5. Brown J.S & Adler R, 2008, 'Minds on Fire: Open Education, the Long Tail, and Learning 2.0', Educause review, Jan/Feb 2008.

Retrieved from "http://en.wikipedia.org/wiki/Electronic learning"

EXTENDED ENTERPRISE AND INFORMATION SYSTEMS GOVERNANCE IN AN INTER-ORGANIZATIONAL CONTEXT

Tudor Cătălin Georgel

Academy of Economic Studies, Faculty of Accounting and Management Information Systems Bucharest, Romana str., No. 5, Sector 1, catalin.tudor@ase.ro, Tel. No. 021.319.19.00/382

Florescu Vasile

Academy of Economic Studies, Faculty of Accounting and Management Information Systems Bucharest, Romana str., No. 5, Sector 1, vasile.florescu@gmail.com, Tel. No. 021.319.19.00/382

Flexibility, openness, and cooperation are fundamental tendencies that positively mark the ensemble of private and public sector organizations. For a sustainable development in a more and more complex globalized and competitive business environment, the enterprises tends to multiply their alliances and partnerships, in order to develop new organization forms, like Extended Enterprises (EE). As a response to the management visible needs in the field of inter-organizational processes, a new typology of information systems arises: inter-organizational information system (IO-IS), integrating IT&C and extended enterprise resources, in respect to fundamental principles like strategic alignment, performance and compliance. The present paper (1) clarifies the subject-affiliated concepts, (2) analyzes the IO-IS typology and IT&C implementation solutions, and (3) debates the IS governance issue in an inter-organizational context.

Keywords: e-business, extended enterprise, inter-enterprise cooperative information systems, workflow, corporate governance, IS governance

Cod JEL: M15

1. Conceptual considerations

Information and communication technologies (IT&C) potentialities have enabled enterprises to choose from o considerably range of support solutions for sustainable development in a globalized and extremely competitive environment. As a consequence of adopting IT&C (figure 1), management and governance research preoccupations focus, especially, on emergent concepts delimitation, ontologies definition, best-practices contingent rules proposal, or elaboration of analysis models related to the incidence of IT&C use at organizational and inter-organizational level

E-business is a generic concept embodying the ensemble of IT&C means and resources, based on Internet and web servers, used for functional amelioration, in order to create value for the enterprise, for its costumers or other partners. We can affirm that e-business defines the enterprise capacity for exploiting the potentialities of on-line service concept, regarding the partners' relationships optimization (figure 2).



Figure 1. Adopting IT&C in an inter-organizational enterprise context

Business-to-Business (B2B) is the base for the extended enterprise and aim at using IT&C for the (partial or total) information sharing between enterprise and business partners: suppliers, entrepreneurs, customers, services providers or financial organisms. The e-business adoption:

- Allows a better internal process articulation;
- Forms an interface between enterprise business processes and customers, entrepreneurs, suppliers or other partners processes;
- Emphasizes enterprise business model, in respect to the value creation mechanisms.

The recent advent of Smart Business Network concept extends the traditional enterprise area and opens new challenges, especially in the modular and dynamic business process management field. The inter-organizational process management refers to a business strategy for optimizing the extended enterprise collaborative business processes, forming the base for the inter-organizational information-systems (IO-IS) development. An IO-IS

signifies the ensemble of knowledge, human resources, procedures and technical means, concerned with the automation and coordination of data exchange between two or more distinct organizations (Amza, 2006). From a capitalistic point of view, inter-organizational information systems create electronic links between different organizations that collaborate one with the other. These systems actively participate to the creation of long-lasting competitive advantages for all the enterprises from their supply area. From the point of view of accomplished functions, an IO-IS associates the classical functions of an information system (collection, storage, processing, extraction, distribution) with additional essential functions (like conversion, security, audit, validation, journalizing, structuring, synchronization, simulation), and, eventually, with specialized functions for reaching the goals that IOIS was developed for (for example, a system created for "electronic market" may integrate functions like: intermediation, negotiation, catalog, logistics, legal framework). In many cases, in the attempt to optimize and integrate the organizational and inter-organizational value chain informational flow, IO-IS activates as a bridge between individual enterprise information systems, connecting the business solutions (like ERP or Extended ERP) in an integrated vision (Tudor, 2006).

The e-business organizations adoption generated the emergence of new inter-organizational networks forms, permitting the advent and development of the Extended Enterprise (EE) concept. An Extended Enterprise can be described as the ensemble of juridical independent enterprises, organizing progressively new cooperation forms, thus structuring their activity complementarity, with the main goal of producing finishing goods or services for an identified specialized market customers (Florescu&Tamaş, 2006). The ensemble behaves like a unique enterprise, being settled on alliances and partnership relations. Although many forms of Extended Enterprise may be identified, the present paper portrays, mainly, the EE model coordinated by a pilot enterprise (the interorganizational network leader). In this particular perspective, the Extended Enterprise enables its actors to share, effectively:

- Values, relationships and trust for a medium and long time horizon;
- Common goals and market objectives, or inter-organizational relationships capitalization, in order to obtain strategic advantages;
- Enterprises information/knowledge, for process and decision improvement purpose;
- Business resources and collaborative workflow tools, in regard with their commitments keeping, and a better business network knowledge management.

Building an Extended Enterprise is not an easy task. This involves partnerships agreements concerning the active participation of each enterprise for the common established goals achievement, in compliance with transparency, confidentiality, security and performance principles. Corporate governance, a topicality term originated from organizational theory, is perceived as the ensemble of rules, principles and articulation mechanisms between the shareholders and enterprise managers. Furthermore, as the field of value creation in a sustainable collaboration business network moves to an inter-organizational context, a new vision about corporate governance comes forward, taking into consideration both stakeholders and shareholders roles and privileges (even if the shareholders interests have priority). According to Kumar &Van Dissel (1996), corporate governance in an interorganizational context "can be interpreted as the ways in which inter-organizational work is divided among the partnering organizations by assigning specific roles to them and the ways in which coordination is achieved among these roles". The information system (IS) governance (or IT Governance, for English literature) is described as a component of corporate governance, moving its principles and rules into the IS field (Florescu&al., 2007). IS Governance Institute (IGSI, 2004) defines IS governance as an ensemble of command and control structures and processes, designed for aligning the IT support to the organizational strategy, in compliance with enterprise objectives. Therefore, IS Governance can be described as "effective, efficient and controlled management of IT, while achieving business alignment and value delivery" (Source:www.cronos.be). The IS governance provides a reasonable assurance for the external actors that the IS function of an enterprise is well managed. When discussing the touching points between IS and Corporate Governance the "compliance" and "performance" aspects must be balanced (as described in figure 2). The business performance management researches relating to the interorganizational context dissociate the internal performance from the global system performance (Rascol-Boutard&Eggrickx, 2007).

The governance approach bases on two important corporate strategic mechanisms:

- *Control and Audit*, with the main goal to assure the compliance of business activity with the legitimate authority interests and strategy, thus, minimizing, as much as possible, the exposure to risks.
- *Strategic management*, using a specific tools and techniques measurement system for the enterprise performance overseeing.

The international COBIT standard, elaborated by ISACA (System and Audit Control Association) provides a set of measurements, benchmarks, processes and generally accepted best practices usable by IT users, managers and auditors willing to maximize the benefits of using information technology and implementing strong IT governance through an organization (Tudor & Mangiuc, 2008). IS Scorecard can be understood as an adapted version of Balance Scorecard developed by Kaplan&Norton (2003) for building a performance indicators system for the strategic achievements electronically surveillance.

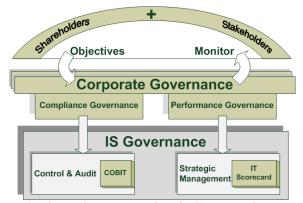


Figure 2. The IT Governance place in Corporate Governance

2. The IO-IS typology and IT&C solutions

When reviewing the literature born from scholarly concern in the broader extended enterprise information system area (Florescu&Tamaş, 2006; Aubert &Daussort, 2002), someone can distinguish several IO-IS classification criterions: the organizations agreements regarding the IO-IS, the involved organizations' strategic objectives, the participants' legal ownership form, the cooperation direction and the independence degree of the inter-connected organizations. For the purpose of presenting an IO-IS taxonomy related to the present paper context, we adopt a classification based on the organizations independence degree into the accepted system (table 1).

The practice outlines a diversity of IT&C conceptual and technical solutions for IO-IS implementation and enterprise adoption: Electronic structured data exchange on Internet (EDI-XML); Extranet functionality; Interenterprise Cooperative Information Systems (ICIS).

Electronic Data Interchange (**EDI**) on Internet benefits of XML (eXtensible Markup Language) advantages, involving a protocol existence between two involved entities: the message initiator and the receiving unit. The receiving unit can, thus, store data in the internal database without being necessary any additional data re-collection actions. The messages transmission on Internet benefits of advanced techniques for the data confidentiality and for the assurance of dataflow security.

• 01 444410 11 50001110			
	Shared information IO-IS	Supply Chain IO-IS	Network IO-IS
The independence type	Grouped	Sequential	Reciproc
Configuration	9 000	$\Diamond \Diamond \Diamond \Diamond \Diamond$	
The conflict potentiality	Low	Medium	Important
Example	Electronic Market (<i>E-marketplace</i>), Extranet	Tranzactional System EDI/XML Extranet	Inter-entreprise Cooperative Information Systems

Table 1: The typology of IO-IS

The aforementioned development practice adopted for structured data exchange-based IO-IS enables a tight integration of HTML, XML and Web service solutions. The web services advantages (concerning the field of inter-connecting enterprises business processes) open the road to another important conceptualization for the IO-IS area: Service Oriented Architecture (SOA), referring a popular design paradigm for adaptive and flexible information systems development. Currently, the use of web services in the context of extended enterprise is recognized as a universal solution for supporting cooperative processes through the use of advanced technologies (Tudor, 2006). Recent researches give particular attention to financial-information electronic exchange, by the means of XBRL standard (eXtensible Business Reporting Language). The XBRL success is due to the coherence and compliance with financial communication international norms (like IFRS, Basel II, etc.) and to the fact that it is founded on the XML platform.

The **Extranet** enables the partner companies to share information and knowledge using the web site. (Florescu&Tamaş, 2006). For industrial enterprises, the Extranet-based inter-organizational information systems address, especially, to sub-contractors, important suppliers, or loyal customers. The Extranet IO-IS solution can, also, be adopted for sharing sensitive data and information between accounting expertise cabinets and their customers.

The Inter-enterprise Cooperative Information Systems (ICIS) represents one of the key points of the good working of an extended enterprise. ICIS offer a shared environment for common, synchronous or asynchronous activities

communication and collaboration, in conjunction with security and confidentiality principles compliance. This particular type of IO-IS fosters both the agents mobility (individuals, services, business units, or, even enterprises) and organizations integration (by connecting data, applications, processes or knowledge) at extended enterprise level. According to Boughzala (2001) considerations in the area of cooperative information systems, extended enterprise can be perceived as the ensemble of partner agents, sharing resources and complementary competencies, in order to attain a set of common objectives. One of the cooperative agents plays the role of the pilot (leader) entity for the ICIS. Such a system encloses not only information and knowledge, but also a common syntax and semantic for the shared data, in order to become intelligible to all extended enterprise members. For a better coordination between business partners, one common practice consists in the integration of ICIS with complementary IT&C solutions such as: workflow systems (for business activities modeling capabilities in conjunction with the management of these activities and their associated different actors involved in the interorganizational processes execution) or common management document systems (combined, presently, with the team work systems). Both the practitioners and scholars research studies asses the opportunity of ontologies use for the treatment of coordination problems, in the area of inter-organizational business process workflow.

3. The IS Governance in an inter-organizational context

According to Weill&Ross (2004), there is a consistent difference between IS Governance and IS Management: governance determines who makes the decisions, while management is the process of making and implementing the decisions. The evolution of using information system in a business environment based on externalization and partnership concepts, contributed to a visible grow of business processes complexity, in regard with IS management and governance. By developing inter-organizational relationships, the IO-IS can be considered a strategic asset, liable to generate a competitive advantage, mainly for its capacity of capturing resources. This asset must be use in compliance with both performance and conformity principles.

The IS Governance finds its roots on corporate governance general principles (IGSI, 2004):

- *Strategic alignment* focuses on ensuring the linkage of business and IS plans, on defining, maintaining and validating the IS value proposition, and on aligning IS operations with enterprise operations;
- Value delivery is about executing the value proposition throughout the delivery cycle, ensuring that IS delivers the promised benefits against the strategy, concentrating on optimizing costs and proving the intrinsic value of IS;
- *Resource management* is about the optimal investment in, and the proper management of, critical IS resources: processes, people, applications, infrastructure and information. Key issues relate to the optimization of knowledge and infrastructure.
- *Risk management* requires risk awareness by senior corporate officers, a clear understanding of the enterprise's appetite for risk, transparency about the significant risks to the enterprise, and embedding of risk management responsibilities into the organization;
- *Performance measurement* tracks and monitors strategy implementation, project completion, resource usage, process performance and service delivery, using, for example, balanced scorecards that translate strategy into action to achieve goals measurable beyond conventional accounting.

The inter-organizational context imposes an extension to governance principles, which will enable the governance equation to include the stakeholders' points of interest, in accordance with IO-IS typology. The research concerning the field of IO-IS governance concentrates on two directions: IS governance specific elements presentation and IS governance performance analysis in an inter-organizational context. According to Weill&Ross (2004) the IS Governance for an inter-organizational context flows, also, in two directions:

- The decisions domain regarding the IS functions, which includes: decisions related to IT&C-based infrastructure, IS management decisions, and IS projects decisions;
 - IS Governance modes for the decision-specific domains.

Harguem&al.(2006) proposed an IS governance performance analysis model, which can be further adapted for the inter-organizational context. In the attempt to enlighten the problem-specific aspects, this model assorts the decisive factors, required for a representative analysis, into three main categories: organizational, technological, and inter-organizational (figure 3).

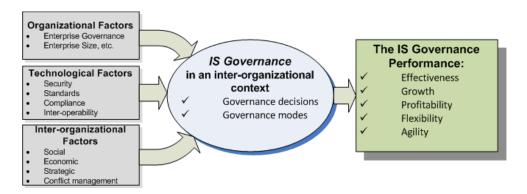


Figure 3. The significant factors impact on IS Governance performance in an inter-organizational context (*Source*: Adapted from Harguem&al., 2006)

- Organizational factors refers the characteristics and organizations behavior relative to the IS adoption and internal IS management;
- Technological factors approach the IS infrastructure assessment, selection, installation and proper use for supporting internal and external activities;
- *Inter-organizational factors* enclose the ensemble of collaboration relationships (grouped by economic, strategic, social, or conflict management considerations) between organizations sharing the same IO-IS.

Conclusions

Guided by the continuous concern to achieve the sustainable development in a globalized and competitive business environment, the enterprises choose to multiply their collaboration/partnership relationships, in order to add business value and to increase the overall performance in terms of transparency and compliance. The aforementioned relationships find their expression in information/data sharing and exchange or collaborative work inter-organizational processes. Nowadays, IT&C market offers solutions for inter-organizational information systems development, supporting the management and automation of business processes that intersect the physical boundaries of the organizations. The financial-accounting domain has predilections to IO-IS domain, from the financial structured data electronic exchange point of view. Recent researches bring to our attention the standardization of financial information transfer, by the use of eXtensible Business Reporting Language (XBRL), based on XML and international general accepted norms in the field of financial communication (IFRS, Basel II, etc.). The IS Governance moves now to an inter-organizational context, comprising new specific elements and characteristics, that will open up the field to a wide range of future research streams. A further research direction could aim to formulate a system of metrics for assessing the organizational, technological and inter-organizational factors incidence for the IO-IS governance performance.

References:

- 1.Amza P. C., (2006), "Considerații teoretice și practice cu privire la sistemele informaționale interorganizaționale cu aplicabilitate la domeniul financiar-contabil", Phd Thesis, Academy of Economic Studies,
- 2. Aubert, B., Daussort, A. (2002), "Rapport Bourgogne: Systèmes d'information inter-organisationnels", CIRANO, HEC Montreal
- 3.Boughzala I., (2001), "Démarche méthodologique de conception de système d'information coopératifs interagents pour la gestion des connaissances", Phd Thesis, l'Université Paris VI Pierre et Marie Curie.
- 4.Florescu, V. & al. (2007), "Governance of Information System and Audit", published in: The Balkan Countries' 1'st International Conference on Accounting and Auditing BCAA, 8-9 March 2007 Edirne, Turkey
- 5.Florescu V., Tamaş, I. (2006), "Entreprise étendue & Systèmes d'information inter-organisationnels", AMIS Conference, ASE-CIG, Bucharest
- 6.Harguem, S., Bergeron, F., Frayret, J-M.(2006), "La gouvernance des TI dans un contexte inter-organisationnel : développement d'un cadre d'analyse", ASAC. Banff, Alberta
- 7.IGSI (2004), "IT Governance : pilotage de l'informatique pour dirigeants d'entreprises, modèle de reference", Institut de la gouvernance des systèmes d'information, Paris
- 8. Kaplan, R., Norton, D. (2003), Le tableau de bord prospectif, Edition d'organisation
- 9.Kumar K., Van Dissel H.G.,(1996), "Sustainable Collaboration in inter-organizational Systems", MIS Quqrterly 10.Mignerat, M., Aubert, A. B., Rabin G. (2001), "Panorama des systèmes d'intégration inter-organisationnels", CIRANO, HEC Montréal
- 11.Rascol-Boutard, S., Eggrickx, A., (2007), "Une approche cognitive de la performance d'un reseau : le cas d'un plan local d'insertion par l'economique", 28-eme Congres de l'Association Francophone de Comptabilité.

- 12. Sambamurthy, V., Zmud, R.W., (1999), "Arrangements for Information Technology Governance: A theory of multiple contingencies" MIS Quarterly, 23(2), pp. 261-290.
- 13. Tudor, C., (2006), "Case study: Using .NET technologies in developing components of the enterprise integrated information systems", Accounting and Management Information Systems Conference, Bucharest
- 14.Tudor, C., & Mangiuc, D. (2008). "Management Information Systems Audit Tools And Techniques", Accounting and Management Information Systems Conference, Bucharest
- 15. Weill P., Ross, J., (2004), "IT Governance: How Top Performers Manage IT Decisions Rights for Superior results", Watertown, MA: Harvard Business School Press

STUDY REGARDING THE OBSTACLES WHICH ENCUMBER THE ONLINE SELLING INCREASE

Tarcă Naiana

Universitatea din Oradea Facultatea de Științe Economice Oradea, str.Narciselor, nr.12A ntarca@uoradea.ro tel. 0722738758

Popa Adela

Universitatea din Oradea Facultatea de Științe Economice Oradea, str.Aluminei, nr.70, bloc D3 apopa@uoradea.ro tel. 0745137246

In order to be competitive in the current competitive environment is essential for a company to consider the necessity to enter the online market and into the digital business environment. Entering on electronics market is not an easy decision to make. There is a series of internal and external factors that need to be taken into account. On one hand, issues that ensure achievement of the objectives need to be considered, and on the other the obstacles for effectively implementing the e-commerce option. Proportion of the companies that are engaged in e-commerce in Romania is still low in comparison with other European countries. Due to this fact, present study reveals the obstacles that impede a more accelerated development of e-commerce in Romania.

Keywords: web site, online sales, online market, online store

JEL codes: L81

1. INTRODUCTION

Nowadays, IT technologies and communications represent an important economic development interest. The use of IT&C at a large scale in the economic field, leads to getting and processing information in a cheaper and faster way.

Recognizing the essential role of communications and information technology in empowering the competition potential of a company is not a recent issue. Different research and production fields promoted a lot of solutions that are mainly new in organizing the companies, but that are compatible regarding the base-principles level: flattening the decisional hierarchies, orientation on business processes, making organizational structures virtual. In this situation are: virtual enterprise, holonic enterprise, agile enterprise, liberated firm, fractal company, the learning enterprise, extended enterprise, that are capable of a prompt response to changeable conditions in business environment and to face new business opportunities.

Using the information technologies and communications, these new organizational forms, allow:

- the growth of the enterprise's flexibility, configuration and robustness to both disturbances and inside and outside variations:
- quickly and in time reconfiguration of the company, but also respecting the economic conditions, as a response to sudden and unpredictable changes in the needed production's composition and in the evolution of the environment:
- the cooperation in projecting, developing, costs-determining and production programs coordination of many individual and independent enterprises;
- to achieve the convergence of the objectives, commitments, resources and competences of many individual enterprises. The aim is to supply, in synergetic conditions, high competitive products, projects and services;

Because enterprises were confronted with more and more competitive markets, with more and more severe consumers and market segments more and more limited, it was necessary for them to find new methods to get competitive advantages and profits. Many enterprises realized that the use of information technologies and communications can determine the growth of sales' volume, the costs' decrease, the diversification of services for clients, getting new clients and clients' fidelity.

2. Which is the reason why an enterprise is using a website?

The explosive development of the Internet that happen in the latest years has the consequence of free access to international resources and practically unlimited communications.

According to a study conducted by Internet-WorldStats⁶³⁵, almost 60% of the European Union's total population uses the Internet. Romania takes the tenth place, with about 54% of total population. As it can be noticed, Romania is still bellow the European Union average.

More and more companies take advantage of this new environment in order to make market researches, to contact clients from which can get a very useful feedback, to promote their image, products and services, or for online sales.

635 www.internetworldstats.com

The use of Internet technologies has a significant impact in achieving some of the significant goals of a company: productivity growth, stock level decrease, decreased market entry costs, commodity markets growth and increased transactions efficiency.

According to the Statistical Office of the European Communities⁶³⁶, in some of the European Union's countries, such as Sweden, Denmark, Finland, more than 80% of the companies have their own website. Unfortunately, in our country the situation is not as good as in these countries: only 24% of the companies have their own website.

For some enterprises, the website has only the functions of a static or dynamic electronic "shop-front". These enterprises develop their own webpages in order to present and promote products and services, to deliver news, to attract new clients and to develop the loyalty of the existing ones. In such situations, the enterprise presents its offers on the Internet and the important issue is the quality of the offered information. For a static shop-front, the commercial offer is shown using static information presented in a web-page. This information is not permanently updated but from time to time, and these intervals can be shorter or longer. Such a situation can generate the risk that the clients will get obsolete information. On the other hand, for a dynamic shop-front, the commercial offer is generated by displaying the information directly from a database structured similar to a products' catalogue, permanently updated by the company's informatic system. This way, the clients will access up-to-date information. Other companies use their own website as an online store used to sell products and to get orders. The buyers are allowed to consult the online catalogues of products and services the company offers. This way, the clients are allowed to compare the offers from different companies by passing from a company to another, to order and to buy in seconds. In this case, the essential thing is the quality of the offered services that is mainly expressed by how much the commercial transaction is guaranteed, by the offer's availability and by the flexibility offered to the clients when they choose their orders. The client, except the qualitative aspects mentioned before, is attracted by the facility offered by this way of shopping.

An online store covers all the facilities offered by a classic commercial transaction, and also offers others more: the possibility to register information about the clients in order to store identification data and to personalize the interface between the store and the client, the possibility to store data about the buying options, to offer and manage clients accounts that can be supplied with bonuses for loyal clients. An online store assures a proper interactivity level with the clients by promptly reacting to their actions and also gives the possibility to customize the offer with elements of attractiveness.

3. The online market – a necessity for companies that want to be competitive in the current competitive environment

In order to be competitive in the current competitive environment is essential for a company to consider the necessity to enter the online market and into the digital business environment.

The option for electronic commerce gives a lot of advantages to a company, such as:

- The possibility to get new clients. The store is open all the time and oriented to global-market. The geographic border disappeared, the transaction can be "anywhere and any when".
- The possibility to get feedback from clients. The information about clients is stored in company's databases, processed, updated and used for making efficient decisions and to quickly adjust company's activity to the changeable business environment conditions. The clients are actively involved in the process of projecting and designing the products.
- The efficiency of the promotional activity grows because of using the multimedia content and because of the facilities to update information. This allows customizing the content for each clients' category.
- The costs are reduced. An online store has a cheaper maintenance. The products storage costs are reduced by using the just-in-time stocks management.
- The reconsideration of time factor importance. Customer is granted with real time access to the offer, also orders processing time is reduced by up to 90%. Transaction speed is also enhanced.

Despite this, the economic and social impacts of electronic commerce development are different in different EU countries. For instance, the Nordic countries consider the electronic commerce as vital for being competitive. Favourable atitude of the companies is determined by the high level of development of the IT & C and, on other hand, by the advantages granted by e-commerce. These strengths are especially to be considered when there is a long way between suppliers and their customers, and also during challenging climate conditions The South Europe countries are more reserved and the reasons are mostly social. This refers to the direct relations between the seller and the client, and also to the relations between the clients as community members. In these countries there still is the preference for the classic type of commerce. The social importance of the transaction as a commercial act between supply and demand, client and producer, generates a slowly development of the e-commerce.

⁶³⁶ http://epp.eurostat.ec.europa.eu

Entering on electronics market is not an easy decision to make. There is a series of internal and external factors that need to be taken into account. On one hand, issues that ensure achievement of the objectives need to be considered, and on the other the obstacles for effectively implementing the e-commerce option.

Proportion of the companies that are engaged in e-commerce in Romania is still low in comparison with other european countries. Due to this fact, present study reveals the obstacles that impede a more accelerated development of e-commerce in Romania.

4. Data analysis and interpretation

In order to collect all necessary data, 200 questionnaires were sent via e-mail and 200 questionnaires were printed and distributed to 200 random selected group of companies headquartered in the west side of the country. 238 questionnaires were returned and only 217 were valid and used for information analysis. This means a response rate of 54.25%.

The questions were grouped as follows:

- Questions related to the company's field of activity. The companies were structured in three fields of activity as follows: manufacturing, services, other activities.
- Questions regarding companies' options in using websites, referring to the following issues: the existence of the company's website
 - the website functions. Is the website limited to a static "electronic front-shop"?
 - is the website limited to a dynamic "electronic front-shop"?
 - the existence of an online store
 - Questions about how much the companies think their clients use the Internet.
 - Questions referring to what the companies think about their clients' trust in:
 - the offered services
 - confidentiality protection for the information they provide
 - security protection for the performed transactions regarding an online store
- Questions about how much the companies think they need to form or to hire qualified employees for the e-commerce activity.
- Questions about the existence of a e-commerce necessary infrastructure and the company's availability to invest in it.

Among the companies whose questionnaires were returned, 76 are production companies, 106 are companies dealing with services, and 34 companies are dealing with other activities.

For the beginning, the study analyzes the following aspects: are the questioned companies using a website and, if yes, which is the aim of the website? Regarding these aspects, analysis of the collected data revealed that:

- the companies that have manufacturing as field of activity use the websites mostly to present and promote products and services. Most of them (75%) use static electronic front-shops;
- the companies that supply services use the websites mostly for online sales (58.97%).
- most of the companies that are dealing with other activities, do not have a website (76,47%);
- for 42,85% of the questioned companies that have their own website, the functions of the website are limited to the functions of a static electronic front-shop;

Results are synthesized in the tables below:

The aim of the website / Fields of activity	N	Do not have a website	Website used as a static "electronic front-shop"	Website used as a static "electronic front-shop"	As an online store
Manufacturing	%	60 78,95	12 75	2 12,5	2 12,5
Services	%	68 63,55	9 23,08	7 17,95	23 58,97
Other activities	%	26 76,47	6 75	1 12.5	1 12,5

It can be noticed that only 29% of the questioned companies have a web site, this value is very close to the value that is estimated at country level (24%). 41,27% of the companies mentioned above have an online store, the other are using the website just to show and promote the products and services.

The further aspects that were analyzed refer to the difficulties encountered by the companies. These difficulties impede a more accelerated development of e-commerce. Regarding this, the collected data showed that:

- the production field companies consider that the customers which use Internet are quiet few. The services providing companies consider that customers which use Internet are many, but they also consider that customers use websites only to get information and not to shop online;
- 27% of the production field companies consider that they own the technology and necessary infrastructure for e-commerce, but 42% think they still have to improve and invest in it, but not very much;
- 76% of the providing services companies think they have the e-commerce necessary infrastructure, and this proves that these companies already invested more than the others in this kind of technology, and that these companies are more opened to use online platforms for shopping;
- the companies, no matter in what field of activity they are involved, think that the customers are still reserved to provide their personal data and also they are afraid to deliver the credit card and bank account information. Many of these customers prefer to order by phone or e-mail and also they prefer to not pay online;
- 69% of the production field companies think they should hire professional employees or to such trainings for their existing employees in order to be able to enter the online market, meanwhile 87% of the companies which provide services think their employees are trained enough to enter this market. Results are synthesized in the tables below:

Difficulties / Fields of activity	N	A	В	С	D
Manufacturing	%	21	27	11	31
Services	%	92	76	14	87
Other activities	%	36	31	12	26

- A Low Internet connection of clients
- B Company's technology infrastructure
- C Clients' trust in the provided services
- D The availability of trained employees

5. Conclusions

The Internet Romanian users prefer to use the Internet to get new information and to communicate, and very few of them use Internet for online shopping. They visit web sites more for getting information about the offers and prices and less for real online shopping.

Many of the questioned companies already have or are interested to invest both in the IT infrastructure, and also in a necessary e-commerce security platform, in order to develop an appropriate environment for online businesses.

They are also interested to hire professionals, or to invest in training their existing employees in order to be able to use these online technologies.

It seems that, the main impediment against the development of online shopping is the customers' fear to use this online shopping system.

In general, all the companies, no matter the activity field, should work more to improve their customers' trust in the online shopping system.

Bibliography

- 1. Popescu, G., Webmarketing în România, Ed. Teora, Bucureşti, 2007
- 2. Buruga S., Alboaie L., Servicii web. Concepte de bază și implementare, Ed. Polirom, 2006
- 3. Haig, M., Manual de e-marketing, Ed. Rentrop&Straton, Bucureşti, 2005
- 4. Snell, N., Internet și Web. Ghid complet, Ed. All, 2005
- 5. Mukherji, A., The evolution of information systems: their impact on organizations and structures, Management Decision, 2002
- 6. Deitel, H.M., E-Business E-commerce for Managers, Ed. Pearson Education, 2001
- 7. Feher, A., Towell, E., Business use of the Internet, Internet Research: Electronic Networking Applications and Policy, 1997
- 8. Granger, M. J., Schroeder, D. L., Integrating the Internet into the business environment, Internet Research: Electronic Networking Applications and Policy, 1996
- 9. http://epp.eurostat.ec.europa.eu/
- 10. www.internetworldstats.com

NEW TECHNIQUES APPLIED IN ECONOMICS. ARTIFICIAL NEURAL NETWORK

Udrescu Margareta

Ovidius University from Constanta, economical Sciences Faculty, University Road, no. 1, udrescu marga@yahoo.com, +40 721 983139

Ilie Constantin

Ovidius University from Constanta, Mechanical, Industrial and Maritime Faculty, Mamaia Ave., no. 124, ilie.ctin@yhoo.com, +40 721 205325

The present paper has the objective to inform the public regarding the use of new techniques for the modeling, simulate and forecast of system from different field of activity. One of those techniques is Artificial Neural Network, one of the artificial intelligence branch, is widely use in several field and the researchers are trying to extend these fields, considering new types of networks. Considering the financial crisis the authors concentrate the attention on specific field from the economical domain. After a short presentation, several types of ANN are presented and also a few examples are revealed.

Keywords: artificial neural network, economics, simulate, artificial intelligence

C51

1. Introduction

1.1. Artificial neural network (ANN)

First researched in 1943, the real use of ANN starts in 1959 with the development of computers and the incipient models ADALINE and MADALINE (Multiple ADAptive LINear Elements, Bernard Widrow and Marcian Hoff - Stanford). Even with the setbacks determined by not trusting the artificial intelligence, the ANN gained step by step their place between the new techniques of simulating and forecast certain problems that involve a rate amount of heterogeneous data characterized by the nonlinearity [1].

The ANN tries to copy the human brain capacities and behavior considering the smallest unit: the neuron (figure 1) who is replaced by mathematical relations characterized by different function (figure 2) [1].

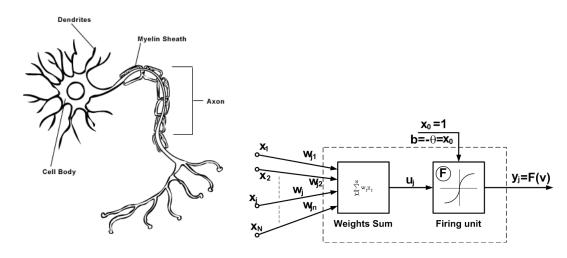


Figure 1. Human neuron.

Figure 2. Artificial neuron.

Were: xi - input vectors;

- wii weights vectors (synaptic);
- wjo = +b bias (tendencies) constant weight;
- $\Theta = -b \text{firing value}$;
- V artificial neuron potential;
- F(v) activation function.

$$v = u_j + b = \sum_{i=1}^{n} w_j x_j - \Theta = \sum_{i=0}^{n} w_j x_j$$

The activation function can vary depending on the algorithm used for training.

The ANN consists in several layers build from many artificial neurons connected by weights in different combinations determined by the ANN type and the data considered (figures 3.). Thus the ANN is trained in order to learn or to find the relations between the input data and the output data and to use those results for the future sets of data in order to simulate or forecasts [1].

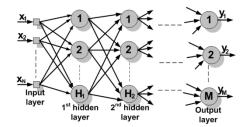


Figure 3. ANN example.

Whatever the objectives of ANN use is the next phases are always presented:

- a. *data analysis* represents the process that organizes the data in conformity with the user specifications based on the data characteristics and problem type;
- b. *preprocessing of data* consist in the use of several methods that prepare the data in order to be much easily used by the ANN in the training process;\
- c. *ANN structure* the structure of ANN is defined: the number hidden neurons and hidden layers are calculated or simulated in order to determine the best training;
- d. *training process* process in which the ANN determines the internal elements and values of structures like weights.
- e. *testing* the last phase consist in validating and testing the result of training using new sets of data.

ANN types are determined by various criteria but the most common clusters are: feedforward ANN, recurrent – feedback ANN and cellular ANN. Another important way to divide the ANN's type is based on the algorithm that is used. The most used algorithm is Levenberg- Marquardt's backpropagation used for the feedforward ANN.

1.2. The economical applications of ANN

For the last few years the ANN is mostly used in patter recognition and forecasting especially in the fields of economics (financial) and medicine, but also in other fields. A better presentation of ANN usage follows:

- pattern recognition and identification: oil extraction, imaging, identification of fingerprint and car number;
- classification and appreciation: medical diagnostic, credit risks, fruits classification, nondestructive testing, product price sensitivity analysis, quality control for stocks exchange;
- monitoring and control: medical instruments, dynamic processes, chemical manufacturing, bioprocesses control;
- forecast and prevision: stock exchange dynamics, prevision of holyday preferences, forecast of future business requests;
- sensors and visual analysis: automatic industrial inspection, postal envelope sorting, visual inspection of railway or bridge structure.

Current, ANN demonstrates more and more the superiority of ANN over the classic methods and techniques used for forecast and simulation of economical activities. The huge number of data that can be processed and the *synthesis quality* that offer the possibility that ANN trains itself even in the presence of incomplete data or the presence of noise.

In the economical field the ANN are present in activities such as:

- tendencies of the market;
- market exchange dynamics;
- decision making based on the forecast of the clients demand or the market tendencies;
- price evolution for certain products;
- the risks regarding the offer of credits and loans;
- financial forecast;
- other economical activities with major impact over the company's activities.

In the following some examples will be shown.

2. Examples

Use of ANN in the credit card fraud.

The ANN was used starting from the early 90's in order to determine the possible credit card fraud. After the usage of the ANN software (Falcon Fraud Manager) the frauds were in significance reducing as shown in figure 4 [1].

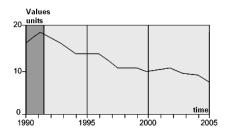


Figure 4. Card fraud evolution.

Forecast of the closing stock exchange.

Using a simple feedforward ANN (NeuroXI – AnalyzerXL LLC) and the backpropagation algorithm the next day stock exchange value were provisioned with a error of 3.28 units (points) or 6.21% of the real value. The results of the training are presented in figure 5 and the difference between the simulated value and the real value in figure 6 [1].

Use of ANN for the sales analysis [2]

The ANN demonstrates to be useful for the management decision considering the dynamics of market when it is necessary to react to the sales reduction. The manger must consider facts and information like prognoses and predictions, what-if analyses, calculations and optimizations. The ANN is capable to learn from the past evolution of business' indexes patterns, rules and models, to compare them with the actual situation, to find the proper one and to offer to the manager a possible future evolution and even to give him a possible and virtual decision that can be implemented.

ANN can be, in some cases, the ideal tool for a manager trying to solve a business problem.

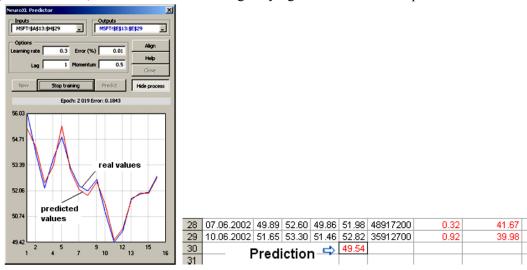


Figure 5. Target vs. Output.

Figure 6. Target vs. Output - Values.

Consumer choice prediction using ANN [3]

The subject of the prediction was the consumers' banking choices between electronic banking and non-electronic banking. Starting with an analysis obtained through a mail survey sent to 1,960 household in New Zealand the ANN was trained using as input data as service quality dimensions, perceived risk factors, user input factors, price factors, service product characteristics, and individual factors, in addition to those the demographic variables including age, gender, marital status, ethnic background, educational qualification, employment, income, and area of residence are considered were considered. The result of the prevision is shown in table 1.

Table 1: Out-of-Sample Forecast

	Non-electronic	Electronic	Overall
	banking users	banking users	(n = 105)
Correct (%)	96.00	100.00	99.05
Incorrect (%)	4.00	0.00	0.95

Since neither the consumers' choices are always binary nor the neural network is limited to the binary choice classification problem, the research on the predictive power of the neural networks on the multiple level classifications would be an area for further research, particularly on the consumers' choice prediction

Consumer Loan Classification Using ANN [4]

The network was used as a "second level" filter, by supplying it with data of loans that already had been approved by the bank officers. To train an ANN were presented 400 loan applications cases and their corresponding repayment history. The ANN thus configured is then used for the evaluation of the risk of 600 loans, where the prediction of the ANN is compared with the loan repayment history. The ANN classifies 597 of those loans correctly detecting 35 of them (that the bank had granted) as having problems in their repayment schedule. In figure 7 and figure 8 are shown the input and output variables and respectively the loan classification by ANN.

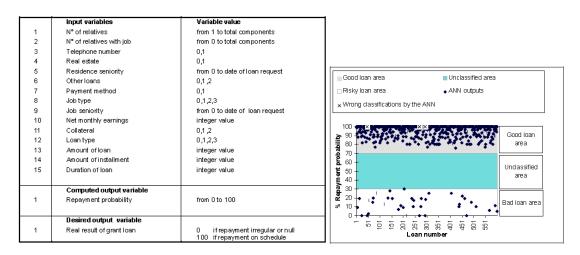


Figure 7. Input and output variables.

Figure 8. Loan classification by ANN.

This research showed that an ANN can be a valid tool to discriminate among loan applications.

While the purpose was that of providing support to bank officers, the results were so promising that the ANN could be used autonomously in cases. By leaving a sufficiently wide band of uncertainty, one can make sure that human intervention is required only for borderline cases. In this case, the ANN would provide a first level filter, granting or denying most loan applications autonomously. Since the ANN evaluation (once it has been trained) is not computationally very expensive, the entire process could be carried out on a computer at the store location where the customer is submitting his application, resulting in immediate approval or denial of most cases, with only a fraction of the applications having to be referred to the bank officers for more in-depth analysis.

Computation of the daily of bank share [5]

The goodness and the accuracy of techniques based solely on the neural network estimates of the conditional quintile is illustrated throughout the computation of the daily VaR (Value at risk) of a holding consisting of one share of DEUTSCHE Bank. As explanatory variables, we use the daily closing prices of BASF, SIEMENS, COMMERZBANK and DAX30 traded on the stock exchange of Frankfurt. Beside the fact, the simulation takes relatively longer time before delivering the ANN VaR estimate, the proposed method provides better back testing results compared to the historical simulation VaR approach.

3. Conclusion

The examples provided above are just an insignificant number from the real economical applications that ANN are implemented in, but offer information about the importance given to new more efficient and cheaper than other techniques or software generally, and to ANN importance especially. The effectiveness of implementation and accuracy of results are also good reasons for the continuous research and implementation of the ANN in various activities and several fields.

Working with ANN made as understand the future possibilities and applications, but also the need of future research in order to find new types of ANN, new training algorithms and even new artificial neurons for a better implementation and for new perspectives of use.

4. References

- 1. ILIE Constantin "The use of ANN for the simulation of the industrial systems and processes", Ph. D. exam no.1, Politehnica University from Bucharest, Coordonator Prof. dr. eng. Neagu Corneliu, April 2004;
- 2. Lucica Barbes, Corneliu Neagu, Lucia Melnic, Constantin Ilie, Mirela Velicu –"The Use of Artificial Neural Network (ANN) for Prediction of Some Airborne Pollutants Concentration in Urban Areas", Revista de Chimie, volume 60, no. 3. Bucharest, 2009:
- 3. Gan, C.,V. Limsombunchai, M. Clemes and A. Weng "Consumer Choice Prediction: Artificial Neural Networks versus Logistic Model", Journal of Social Sciences 1 (4): 211-219, 2005;

- 4. Fabrizio De Nittis, Giampietro Tecchiolli, Alessandro Zorat "Consumer Loan Classification Using Artificial Neural Networks", ICSC EIS'98 conference, Tenerife (Spain) in February 1998;
- 5. MABOUBA DIAGNE "Financial Risk Management and Portfolio Optimization Using Artifcial Neural Networks and Extreme Value Theory", Ph. D. Thesis, University of Kaiserslautern, Mathematics Department/Financial Mathematics, 10th October 2002, Supervisor: Prof.Dr Juergen Franke;
- 6. Neagu Corneliu, Ioniță Cristian "Rețele Neuronale. Teorie și aplicații în modelarea proceselor și sistemelor de producție". Editura MatrixRom, București, 2004;
- 7. Sorin Zăhan, Aurelian Maga "Rețele Neuronale aplicații în telecomunicații", Editura Alabastră, Cluj-Napoca, 1999;
- 8. Toderan, Cr., Costeiu, M., "Retele neuronale", Ed. Microinformatica, Cluj-Napoca, 1994;
- 9. T.J. Moody, C.J. Darken "Fast learning in networks of locally tuned processing units", Neural Computation, vol. 1 1989 www.brainstorm.co.uk:
- 10. Zenon WASZCZYSZYN "Fundamentals Of Artificial Neuronal Networks", Institute of Computer Methods in Civil Engineering. 2000.
- 11. Lucica Barbes, Corneliu Neagu, Lucia Melnic, Constantin Ilie, Mirela Velicu "The Use of Artificial Neural Network (ANN) for Prediction of Some Airborne Pollutants Concentration in Urban Areas", Revista de Chimie, volume 60, no. 3, Bucharest, 2009;

INFORMATICS SYSTEMS FOR FINANCIAL AUDIT AND REVISION

Vătuiu Teodora

Universitatea Constantin Brâncuşi, Facultatea de Ştiinţe Economice, Str. Ştefan cel Mare nr. 1, Tg-Jiu, Gorj, Romania, vatuiu teodora@yahoo.com, 0723660566

Popeangă Vasile Nicolae

Universitatea Constantin Brâncuşi, Facultatea de Ştiinţe Economice, Str. Victoria, Nr.24, Targu-Jiu, Gorj, Romania alyn77ro@yahoo.com, 0766318855

The activity of the financial auditors is regulated by International Standards of Revision for financial situations and information, through which the fundamental procedures and principles for this kind of missions are established.

CIEL Audit and Revision application has been conceived as a support for financial auditors and expert accountants in Romania, offering help in the domain of informatics for the audit and accounting revision activities, since it is adapted both to the legal requirements and to the needs of professionals, covering the whole range of financial audit.

Keywords: informatics systems, financial audit, revision

Cod JEL: G: Financial Economics.

1. General considerations regarding the regulation and objectives of the audit mission

The objective of the audit has evolved from the detecting of frauds and errors, a process which implied a detailed verification of all patrimonial operations and accounting recordings, to the expression of an opinion on the image of the patrimony, of the financial situation and of the results obtained by the society. In this sense, one follows how the information recorded in accounting reflects the economic events that take place in a certain period, and the efforts of the auditor are intensified for the identification of possible manipulations of information provided by the financial system, in order to prevent cases of creative accounting or fraud.

The activity of the financial auditors is regulated through the International Standards of Revision of financial situations and information, through which the procedures and fundamental principles of this type of missions are established.

The range of activities performed by a financial auditor consists in general of the following:

- a. mission of limited exams (revisions);
- b. exams on the base of agreed procedures:
- c. measures of compiling financial-accounting information.

The objective of this kind of mission is that of allowing a financial auditor to offer a reasonable degree of safety, if he discerns something that determines him to think that the financial situations are not performed under all the significant aspects according to a frame of financial reporting, if the procedures used don't offer the necessary obligatory probes which are required by the accomplishment of a current financial audit.

The auditor has to plan and perform the mission of revision of financial information by respecting the principle of professional scepticism, admitting that there can be circumstances which can express financial situations or financial-accounting information significantly denaturised.

For the accomplishment of this audit mission, the auditor had to obtain sufficient and adequate audit probes through investigations and analytical procedures which allow one to formulate objective conclusions.

Through the obtained audit probes, the auditor has to provide a moderate level of insurance, according to which financial-accounting information doesn't contain significant misrepresentations, the opinion expressed by the auditor being a type of "negative insurance".

The main aspects followed by a financial auditor are:

- a. the objective and fundamental principles of a limited mission of examination;
- b. the analytical procedures of accomplishment;
- c. the reporting of the results of this kind of mission.

The objective of the mission consists in allowing the auditor to draw the conclusion that, on the basis of the obtained audit probes, no event was discovered in order to make him believe that the financial situations/financial-accounting information have not been established in all the significant aspects according to an accounting referential, which is defined through the notion of "negative insurance".

2. Principles and procedures of an audit mission

The financial auditor has to respect, irrespective of the audit mission, the following principles:

- a. independence;
- b. integrity;

- c. objectivity;
- d. professional competence;
- e. confidentiality;
- f. professionalism;
- g. the respecting of professional norms of the organism it is a part of.

According to these professional, fundamental principles, the auditor has to perform the mission of limited exam, under the circumstances in which the mission might not discover significant anomalies in the financial situations or the financial information required to be audited.

During the audit mission, the auditor makes use of the professional reasoning in order to determine the nature and area of the limited exam procedures. Regarding this matter, the following elements can be taken into consideration:

- a. the audit probes obtained during some missions;
- b. knowing the activity of the audited entity;
- c. knowing the activities and significant domains.

The main procedures of this type of mission are established by the financial auditor according to the complexity of the mission and the professional reasoning of the auditor's person, but the central elements can be structured as follows:

- -knowing the activity of the economic entity and the sector it belongs to;
- -analyzing the accounting principles, methods and practices used by the entity where this mission is performed;
- -analyzing the internal procedures of the entity in what concerns accounting, and realisation of synthesis documents and reports specific to this type of mission;
- -analyzing the analytical procedures concerning the identification of unusual elements and activities met during the activity of the economic entity.

During this type of mission, the report must give a conclusion under the form of a negative insurance that the situations afferent to this kind of mission don't contain significant errors. Through this conclusion one does not express an opinion, but insurance that the afferent economic-financial situations do not contain significant misrepresentations.

3. Updates brought by CIEL Audit and Revision – 1.2 version, March 2009

A series of informatics applications have been developed, such as the CIEL Audit and Revision application – 1.2 version, March 2009. This application is designed for financial auditors and accounting experts in Romania, offering a strong informatics support for the audit activity and accounting revision, being adapted not only to the requirements of the law, but also to the necessities of specialists in the field.



Top features of the application:

intuitively and easy to use;

does not require implementation;

an unlimited number of companies can be administered;

offers the possibility of taking over data from various formats (TXT, Excel, DBR, Access etc, applications)

one can work with an unlimited number of recordings in data basis;

all the obtained reports can be exported in TXT, RTF, PDF, DBF, XLS format;

the audit risk is automatically calculated and proposed, on the base of indicators, according to minimal norms of audit;

the application automatically calculates the significance threshold on the basis of the form for evaluation;

proposes the sampling according to the minimal norms of audit;

calculates work probes on sections – G – corporal and non-corporal immobilizations;

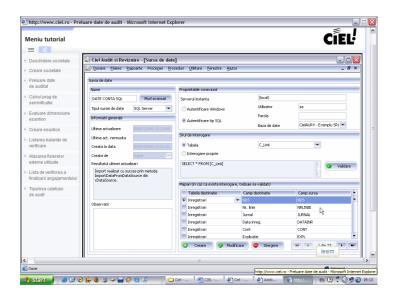
allows adding new files to the data base;

works in the network with an unlimited number of work stations and users;

always updated to the current legislation.

The application is delivered with an "Example" company, in which one can perform tests and exercises. Functionalities:

- -allows the use or creation of an unlimited number of companies;
- -works in the network with an unlimited number of work stations;
- -data can be imported from various sources: TXT, Excel, DBR, Access etc, CIEL applications;
- -the possibility of selection/configuration of information from the imported data base;
- -an unlimited number of recordings, documents and partners can be imported;
- -for the audited firms which have various branches, the data basis for each branch can be imported;
- -data coming from different processes can be gathered in a central data base.



One can import:

- -the journal on the entire audited exercise, from a single data base or sequentially, -scales, accounts plans, stocks and inventaries, accounting recordings, documents and partners;
 - -stakeholders the defining of the company's structure of share holding (rate of participation);
 - -list of suspicious persons- (coming from the Official Monitor)- allows the
 - -identification of suspicious transactions with persons from the respective list;
- -series of documents one or more series of documents can be defined and then one verify their uniqueness in the accounting recordings;
 - -list of inactive companies -coming from the Official Monitor

A concerning reports:

- -on account of the imported data one can get the analytical and synthetic Scales on the required period for certain currency and budgets;
 - -financial analyze along the predefined reports, the user can make his own reports;
 - -the scales for fixed means the situation of commissions and immobilizations Form;
 - -the stock scales situation of the stocks entrance exit:
- -financial situations Balance, Profit and Loss Account. These situations can be configured printed comparatively on maximum two financial exercises;
 - -verification of suspicious transactions;

Conclusions

Financial audit is a complex activity and there still doesn't exist a consensus with respect to the way in which this problem should be dealt with. Experts mainly use the model offered by international standards, although this is often criticized in literature, the main arguments against it being the simplified way in which it deals with the problem and its incapacity of satisfying all the requests of the auditors.

A solution to this problem was the development of software, which, on the basis of theoretic models, to offer experts easy-to-use solutions and a correct evaluation of risks in financial audit and not only. This thing has led to the overcoming of the subjectivity that characterized most of the audit missions and has set free the auditor in a certain measure from the task of estimating risk only on the basis of his experience and knowledge.

The advantages offered by the presented application are:

- -legislative updates and functional improvements are provided for 1 year for no additional price, being part of the Subscription Contract;
- -CIEL offers the possibility of updating your applications directly from the Internet a simple and quick procedure, thus bringing efficiency to the user;
 - -Any of the CIEL applications can be used, regardless of the user's level of knowledge;
- -The network variants of the programmes function on an unlimited number of stations, without any additional price, and the security of data introduced in the application is ensured;
- -For each of CIEL application an unlimited number of users can be defined regardless if the variant, and for each user can be defined right, according to their necessities.

Bibliography

- 1. Ali, Nadir, Implementarea strategica a comitetului de audit si a functiei de audit intern Audit financiar v. 5, nr. 4, p. 31-39, 2007
- 2. Crisan, Cornel, Unele consideratii referitoare la rolul sistemului de audit in entitatile publice, Revista Finante Publice si Contabilitate v. 18, nr. 10, p. 51-55, 2007
- 3. Culda, Emil, Exigente ale documentatiei de audit, Audit financiar v. 5, nr. 4, p. 20-27, 2007
- 4. Davidescu, Niculae Dumitru Tratat de contabilitate informatizata : CIEL WINCONTA, produs informatic de contabilitate financiara compatibil Windows 2000, Tribuna Economica, 2001
- 5. Dobre, Elena Rolul si functiile comitetului de audit practici si reglementari, Audit financiar v. 5, nr. 12, p. 31-38, 2007
- 6. Dobre, Elena, Sistem de control intern al societatilor comerciale si credibilitatea situatiilor financiare, Audit financiar v. 6, nr. 3, p. 50-54, 2008
- 7. Dumbrava, Partenie ; Crisan, Cornel , Obiective, atributii si raspunderi ale controlului intern si ale auditului intern in entitatile publice, Audit financiar v. 5, nr. 3, p. 19-23, 2007
- 8. Gheorghe, M., Auditul informației contabile în condițiile utilizării sistemelor informatice, Teză de doctorat, București, 2004.
- 9. Ionascu, Ion ; Ionascu, Mihaela, Aspecte controversate privind raportarea si auditarea informatiilor referitoare la performanta companiilor, Audit financiar v. 5, nr. 12, p. 18-26, 2007
- 10. Lungu Ion, Vătuiu Teodora, Aspects Concerning the Informatization Strategy for the Control Activity at the Romanian Court of Accounts, Annals of the University of Petroşani, Economics, Vol. 5, pp. 201-208, Universitas Publishing House, Petroşani, România, 2005
- 11. Morariu, Ana ; Conabie, Anca Amuza, Riscul managerial si auditul intern, Audit financiar v. 5, nr. 4, p. 28-30, 2007
- 12. http://www.ciel.ro/
- 13. http://www.financiarul.com/

THE E-LEARNING BENEFITS IN THE ROMANIAN BUSINESS ENVIRONMENT

Vătuiu Teodora

Universitatea Constantin Brâncuşi, Facultatea de Ştiinţe Economice, Str. Ştefan cel Mare nr. 1, Tg-Jiu, Gorj, Romania, vatuiu teodora@yahoo.com, 0723660566

Popeangă Vasile Nicolae

Universitatea Constantin Brâncuşi, Facultatea de Ştiinţe Economice, Str. Victoria, Nr.24, Targu-Jiu, Gorj, Romania alyn77ro@yahoo.com, 0766318855

E-learning is learning based on information technologies, and particularly based on the Interne educational system has a lot of advantages, such as flexibility, availability, time and resources savings and it respects the individual learning rhythm of each of the employees. According as IT area advanced, training's possibilities of employees were diversified, interactive lessons and training devices on demand, replacing classical lessons. The most competitive sectors of Romanian economy are those which use e-learning solutions. The portfolio of competences, the level of employees' information, the models and the work methods are essential pre-requisites for the companies' success. In this context, the investment in training of employees can prove most profitable for company.

Keywords: e-Learning benefits, e-Learning platform, blended learning, business environment

Cod JEL A: General Economics and Teaching.

Overview of the advantages offers to company's by E-learning

The advances informational technologies contributed to the motivational increase towards the study of some disciplines, which have nothing in common with informatics, because they facilitate learning, due to the fact that the individual particularities of the student are taken into account, also his/ her capacities and preferences, assuring the existence of feedback between the student and program, increasing the efficiency of the learning process. Thus, the informational technologies are used more frequently in the diversity of the human activities' spheres: medicine, finances, mass-media, in education and science.

The Romanian business environment adopted step-by-step this modern way training, adapting the general notions to default compulsions business environment. In keeping with "elearningeuropa.info" site programs, e-learning means to use new multimedia technologies and Internet, for improving the quality of learning, to facilitate the access to resources, services and cooperation. E-learning is available for a large spectrum of activities starting from the computer-assisted training as online education. E-learning services evolved from the introduction computers in the educational process. In this context there is a tendency to integrate educational services, through using activities as regards computer in practical situations or in classroom. As for e-learning in Romania is necessary to notice that the most universities from the country have special web interfaces for to publish information to each discipline, whence the students can download them.

The e-learning benefits are:

- permits the quick integration for new employees;
- the employees choose the moment for training and have anytime access to information;
- the knowledge offered is divided and easy of access;
- assures training for a great number of employees and diminish transport costs for training;
- the costs of delivery are low;
- the questions post-training can be elucidated anytime;
- reports about learning process are offered;
- the training effect as regards organization's performance is estimated.

E-learning offers to company's substantial advantages and its perfect adapted to specific and exacting training in business. The stages in development e-learning system are:

- 1. **Analysis needs**: The identification of target group, analysis needs of training, solutions for online education, comparative analyses.
- 2. **Design and projection instruction**: specific training models, type of contents, learning styles, the objective settlement, standards of quality.
- 3. **Development** e-learning system: the settlement of content and its structure, visual design, demonstrations, simulations, laboratories, tests, support materials, specific methods of training, interaction methods (synchronous: chat, asynchronous conferences: discussions forum, e-mail).
- 4. **Implementation** of system requires: Analysis of context, the settlement responsibilities, the check of contents, the activities program, the evaluation of performances, barriers in implementation.
- 5. **Management** of e-learning systems: necessity, marks management of education to distance programs.
- 6. **Evaluation** e-learning programs which will contains: comparisons between evaluation of e-learning programs and classic variant of evaluation, strategies of evaluation, the material evaluation of courses, self evaluation. An

important instrument for evaluation course represents the date concerning student's performances, the rate of achieve the individual tasks.

Recording continue of the way which the students achieve their works, delivers an important statistical instrument, which can be correlated with the content of learning sequence. For the business world, the e-learning development meant the creation standard programs for training, which assure knowledge and abilities to employees faster than the traditional solutions used by now. The advantages of these programs are speed of answer, offering training in real-time, and the possibility as this training to be accessed anywhere and anytime.

E-learning applications analysis in business environment

E-learning market is in development throughout in the world, although some countries are stronger advanced than others. E-Learning records an increasing development also in the business environment.

A recent study performed by the specialists from Global Industry Analysts (SUA) estimates that, by 2010, elearning market at an international level will exceed 52,6 billion dollars.

In Romania, if the market of educational software will be a free-competition market, is estimated that the number of companies which develop e-learning solutions will increase very much. Also, this increase will contain the training online by reason of the pressures which appear into companies concerning quickly and simultaneous training of new products, procedures and settlements for all employees. Thus, the training market for adults shall continue to increase, and e-learning shall cover more and more interest for training. Directing to the estimations made for Daily-business by main e-solutions providers on Romanian market, market's average increase will be 20% in 2008.

For most companies, investments in human resources are very important, not only through their value, but also through the significance that the training of the staff has on the organization. The investment in training existing or newly hired staff is a long-term one and therefore the monitoring of this process is very important.

Projects of proportion presuppose complete solutions, which are the result of partnerships between important players on this market, and SIVECO Romania is already a recognized name at international level, providing components and even integrated educational solutions in Europe, Asia and Africa.

Technologies used by E-learning platforms

At present, the whole industry related to education has a high standard of complexity; e-learning is associated with on-line courses support and the current technologies put at command systems for organization and deliver the courses (LMS Learning Management System) guided to the appearance and development e-learning platforms used-up mainly in education but also in the firms which offer courses of improvement in business environment.

For online courses a solution represents the open source platforms of learning, for example:

MOODLE (http://www.moodle.org),

Atutor (http://www.atutor.ca/)

Blackboard (http://www.blackboard.com).

Typo3 (http://edu.typo3.com),

LogiCampus (http://www.logicampus.com.

Because they are free cost and available specific code source, the open source platforms are successful concurrent for the commercial plat-forms. They are fitted for any type instructional and permit the updating and desirable modifications. E-learning platforms in Romania:

AEL platform (Educational Assistant for High-Schools, http://portal.edu.ro) for computer assisted training, main product of SIVECO, offers the support for teaching and learning, testing, evaluation, administration content, recording the results of learning process. The company offers e-business solutions, elearning and e-health. It applies high technologies as Enterprise Java Beans, jdbc, Java servlets, jsp, Java applets, and uses intensive XML. AEL is optimized for synchronous learning, the teacher checking up the lesson, creating, coordinating and recording the educational process. **AEL platform** is easy to adapt to any training's any management area of education. In this moment the platform is used in universities, and type or for also in societies for training their employees. AeL Enterprise is a modern instrument of training monitoring the improvement of staff inside a company, through which all the employees of a irrespective of their location (central headquarters, branch offices, etc) to benefit from the same course, same information, to be trained alike. In other words, they should apply the same procedures and be influenced by the same culture of the firm or institution, irrespective if they meet in a classroom or they remain in their own offices, because they are united thorough a training platform: Advanced eLearning.

ACADEMIA ONLINE (http://www.academiaonline.ro) e-learning system is achieved by InsideMedia Srl, with the support of specialists from Institute of Science Education and Association for Excellency in Career. Academia Online contains material and contents supports, sequential presented in specific rhythm of student, placed in a form and optimum design for on-line learning using visual content. The methods, proposed by Institute of Science Education, are created in constructive manner. These distinguish

fundamentally this e-learning system of other systems of learning to distance. The training is sustained by continuous evaluation and self evaluation.

EDUCATIA.NET (http:www.opensoftware.ro) e-learning platform offers courses in text, chart and multi-media format and contains elements for synchronous and asynchronous communication as well as advanced systems of testing. The courses, from different areas, are offered into a complex format and easy to approach by users. The structure of the courses is modular.

TIMSOFT ELEARNING (http://www.timsoft.ro) assures the development of online courses, hosting for online workshops, consulting and e-learning training, and development of incorporate systems for e-learning. The main product developed is the environment for online education eLearnTS with variants both Romanian and English language. Another products: IntraTS (intranet application what assures the organization and quick access to information, management of documents, cooperation) and eTests (application for online testing, dynamic producing of questionnaires and training modules).

Statistical instruments for implementation e-learning systems

More than a new type of education, an e-learning system is a business solution, a successful option for institutions which offer courses of training. Most studies show us that e-learning helps very much to decrease the costs of training but for reducing the costs, the solution must be complex and contain many components. From among the most important are: Learning Management System (LMS), which assures a better management of training process, and an electronic courses set for areas in which the necessity of training employees is priority. The optimum solution training which can work best on Romanian market, for companies, is a mix between classic learning and introduction online modules, mainly for the programs which involve using evaluation instruments.

In feasibility studies for implementation e-learning system the comparison between different solutions from the market can be made using a series of statistical instruments, as:

- -flexibility to improve the program;
- -costs- expenses made by a student for to reach established objectives;
- -scale- the number of students involved in learning activity in a period time;
- -perception- the technical quality of documents received by students;
- -symmetry- the desirable level for each student;
- -check from student looking the cooperation with another students or teacher for to accomplish learning objectives;
 - -interactivity- minimum time in which is obtained an answers from interaction;
- -the capacity of integrate the possibility to present information in different ways and from sources;
 - -necessary times for to reach an learning objective by student.

An e-learning solution is specific for companies which exceed 300 employees, distributed on a big territory, because in these organizations is noticed best the advantages. Theoretically, the prices of courses begin from 30 euro for individual users and can reach thousands euro for companies, but also there are free courses, subsidized by European funds.

Concerning Romania post- integration in UE, which generates a fast need to put with different procedures and working processes, e-learning is the best online instrument learning for European legislation and its procedures. Specialists in the educational area and from INTUITEXT (part of Softwin Group) estimate the blended learning (a combination classic training with e-learning) represents the future training for employees.

Other firm which offer online courses is SIVECO; AeL Enterprise is designed after a flexible model, not only from an organizational point of view, but also from the point of view of training materials (one can organize interactive sessions with the help of multimedia facilities and/or of video-conferences, and during the presentations one can integrate most types of MS Office documents, films and other interactive materials).

AeL Enterprise ensures a unitary training, a better monitoring of the process and of the results obtained by the students and instructors, evaluation of the didactic methods used, connections with related domains, careful planning of resources, time economy and optimization of the training process.

Conclusions

The transformation of knowledge in an essential element of social activities, its multiple functions and economic roles – a quasi-universal raw material, a capital and essential way of work with the tendency of having a prevailing role in firms and product – is normally reflected in the permanent attempt to intensify the processes of obtaining them. Maybe the most conclusive expression of this tendency is represented, in the last decades, by the permanent lifelong learning outline or by the whole period of life as an essential component of realizing a favorable environment for the economy based on knowledge.

In this context, e-Learning is having a substantial impact on personal development and citizenship, and it can do even better, provided that the human factor is not neglected within e-Learning, since this is a necessary (although not sufficient) condition to achieve enriching e-Learning experiences.

This means concentrating investment, research and practices on two priority areas: the personalization of e-Learning solutions, encouraging such developments as the bottom up production of content, the capacity of e-Learning to fit many different learning styles and the emergence of technologies that increase the flexibility in fruition, and the "humanization" of e-Learning, embodied by such developments as the diffusion of game-based elements, new possibilities for learners' interaction and empowerment, the community building aspect of e-Learning.

In Romania, as for evolution of e-learning, the prospects are good but can offering a really virtual learning environment, completely and interactive, is necessary to make a serious investment in virtual platform. The costs for Web systems and software are big, and the investment is retrieved very difficult. Because the development costs recover later in paid price by student, the online modules will become more expensive than classic training. In Romania, e-learning for companies is a market in forming. In future, the utilization of e-learning solutions will become a compulsory development component of our society.

Bibliography

- 1. Brut, Mihaela, -Instrumente pentru E-learning. Ghidul informatic al profesorului modern, Ed. POLIROM, Iasi, 2006
- 2. Bourne J. R., Moore J.C., -Online Education, Volume 1: Journal of Asynchronous Learning Networks, The Sloan Consortium Sloan-C, 1999, p29
- 3. Ghilic-Micu, B., Stoica M. "e-Activitatile în societatea informationala", Editura Economica, Bucuresti, 2002
- 4. Landoni M., and Diaz. P. E-education, Design and Evaluation for Teaching and Learning, Journal of Digital Information, Volume 3, Issue 4, Art. 220, 2003;
- 5. Malloch, Mike, First Inventory on E-learning and Open Source Software (OSS) Project in Europe, Proiectul SIGOSSEE, 2004
- 6. McGreal, Rory, Elliot, Michael, -Learning on the Web, TeleEducation NB, Canada 2002
- 7. SMEUREANU I., ISĂILĂ N.,- The Knowledge Transfer Through E-Learning in Business Environment, Economy Informatics, 1-4/2008, Academy of Economic Studies, Bucharest
- 8. Vatuiu Teodora, Ciungu P., E-learning -an alternative for the present education, Oradea, 2007, Tom XVI, pag. 944
- 9. *** Elearning. Romania (http://www.elearning.ro)
- 10. *** Academia Online (http://www.academiaonline.ro)
- 11. *** TIMSOFT (http://www.timsoft.ro)
- 12. *** DailyBusiness (http://www.dailybusiness.ro)
- 13. *** www.advancedElearning.com

E-BANKING- MODERN BANKING SERVICES

Vlad Miranda-Petronella

"Dimitrie Cantemir" Christian University Bucharest Faculty of Economic Sciences of Cluj-Napoca, 56. Teodor Mihaly Street Cluj Napoca, 400591 mirandapy@yahoo.com Phone: 0741-121551

E-banking is the first of those banking services that really economize time, because it allows to the user to accomplish from behind the computer many operations in the bank account, represents the computational solution that allows to the holder to have access at distance at the capitals from his account, purposing to obtain information about his account situation and the situation of the effected operations, of the payment and of the capitals transfers over a beneficiary, by a computational application, of a authentication method and of a communicational average, the e-banking is absolutely necessary in the integration conditions.

Keywords: e-Banking, Mobile Banking, Home Banking, risk, comparative analysis

JEL codes: M

Internet Banking, Mobile Banking or Home Banking are modern banking instruments, intended to the banks' customers, natural or legal juristic persons, for the payment of bills, accomplishment of transfers, money transfer from an account to an another and so on.[[7]].

The Internet-banking can be used from any computer connected to Internet, no matter where it is. Practically, in the most of cases, the user of this service doesn't need to have his own computer, an I-Cafe being useful for him. There are the same operations as for E-banking: transmission of payment orders, transfers, exchange, view of the accounts' situation etc. Banks started to jump over the primary stage of E-banking, directly to Internet Banking.

The E-banking services subsist from more than 20 years, and in Romania, beside ING Barings and ABN Amro, they are the founders of this kind of services. The operations that can accomplish by E-banking are starting from the view of companies' account balances, arriving to payments, transfers and exchange, creating term deposits etc.

The Electronic-banking or E-banking is the first of these banking services that really economize time, because it allows to the user to accomplish from behind the computer many operations in the bank account, without being necessary to go to the bank, to wait at the office, to complete forms, to sign it, to stamp it, to allow it to the clerk, all these needing many time.

To exemplify, we will refer to the order ticket, that is a payment instrument and credit title, under private signature, by which a person, named under-writer or issuer, in quality of debtor, must pay to a person named beneficiary, in quality of creditor, a sum of money, in a certain term or at presentation.

The obligation of the under-writer (the issuer) of a ticket at order is identical with that of the acceptant draw of a bill, because it must absolutely pay at term the sum inscribed on the title, so the order ticket must contain the following obligatory mentions:

- a) the name of order ticket. The absence of the name of order ticket attracts the nullity of the title;
- b) the unconditional promise to pay a determined sum (sum that must be mentioned in ciphers and letters). The issuer (the under-writer) must absolutely pay a sum of money. Any conditions, limitations or anti-performances that add to the promises to pay the order ticket attract the nullity of the title;
- c) the name of the person for which or at the order of which the payment must be accomplished (the beneficiary). The banks only accept order tickets where the name of the person for which or at the order of which the payment must be accomplished- the beneficiary of the order ticket- is indicated very clear.
- d) the date of issuance. The date of issuance must be unique, possible and certain.

The order tickets will wear clear mentions respecting the day, the month and the year of the issuance, to admit:

the estimation of the date of payment on a certain period after the issuance;

the finding of the legal capability of subscribers at the moment of signing on the title;

the determination of the subscribers' rights for the bill action against the bill obligators (protest, regress

e) the signature of the issuer (under-writer), and, for legal juristic persons, the stamp.

The comparison between the necessary time for the manually complement and the time necessary for the electronic complement is not necessary, because, in fact, there is many time economised: time with the complement, time to go to the bank, time to waiting at the pay office and time necessary to the office operator.

The services offered by E-banking are the following:

payment orders in lei;

scheduled payment in lei;

global payment orders used for the employees salaries;

intra-banking transfers between the own accounts of card and/or current;

intern or extern currency payments;

exchanges;

the visualisation in any moment of the account balances opened information about different appreciations possibility to visualise and to print the statements definition of the beneficiary of the payments, directly by the client.

The banking transfers, the payment orders, the banking changes and the operations' historical consultation can be applied directly from the mobile phone. Demirbank has introduced, for the first time in Romania, the service Mobile-banking. The bank doesn't collect any tax for this service, and the client need only a mobile phone with WAP (Wireless Application Protocol) and a subscription for this service. To use Mobile-banking, a client of the bank must sign a contract with the bank. He receives a "user-name" and a password, and after this he can use his mobile phone for baking operations. There is only one constraint- the money from the account can be transferred over a predefined list of companies. In the case in which the mobile phone is lost and, hypothetically, the person who found it would know the "user name" and the password, he could transfer the money only over a company from the predefined list.

A successfully system is that system that evolve, that adapts the faster to the needs of every customer, so the customer must analyse the hard and the poor points at the banks' offers and to choose what corresponds to his demands.

In this sense, we took over some information from four banks, to create a comparative analyse of the opportunities.

1. The Transilvania Bank [6]

Transilvania Bank, conscious of the dangers that result from the informatics identity robberies, firmly engage to assure the dates' privacy of it's customers and of their transactions. At the same time with the bank's efforts for the dates' security, because of the risk development of the illegal attacks, online or otherwise, and of the sophisticated methods, it is necessary that the customers be conscious of the potentially menaces, that he can identify a malevolent action and to apply the adequate protection measures. To keep the privacy of the personal information and of the security of the on-line activity, the bank demands to the customers to NOT communicate any information regarding the personal identity, the accounts, the card number, the expiry date, the code PIN or other banking produces and services detained. If the method used is the e-mail, than an electronic message is send to the customers, pretending being sent by a lawful source (in this case, the bank), message which demands some confidential information, which can be introduced using a link over a site indicated in the message text. This link directs the customers over a false site that reproduces very well the original page of the bank or of the e-Banking product used. By introducing the personal and confidential data and validating it, the attackers take possession of these information and they can use it to scroll operations in the account of the identity attacked by them. The fishing-attack can be realised also by the phone: a person pretends that he calls from the bank and, by inventing technical problems (for example in the payment system), he demands confidential data as: the PIN code, the account number, the password. Transilvania Bank will never admit e-mail messages that contain links over different sites where you must introduce information about the personal identity, the accounts, the card number, the date of expiry, the PIN code or other banking products and services that you use.. Transilvania Bank engages it-self to assure the higher security standard in its own systems, but you, as final user, you are playing a very important role in the assurance of the information security sent by internet.

2. The Commercial Romanian Bank:

The service Home banking MultiCash BCR admits the realization of banking operations in lei and currency, convenient and in totally security, directly at the customer's seat, by an application that will be installed on the customer's PC. The Internet service Banking e-BCR/e-BCR+ offers the opportunity to effect convenient and in maximal security of the banking operations in lei and currency, from any computer connected at the Internet.[7] The customer signs the Convention for authorized legal and physical persons, regarding the accomplishment of banking operations by MultiCash and e-BCR/e-BCR+; he must dispose of a minimal technical endowment, consisting in: a computer compatible IBM, Pentium II, modem/connection at the Internet and operation system WINDOWS 2000, XP, ME etc.[6]

The operations that can be effected by the service MultiCash/e-BCR/e-BCR+ [6]:

payments from the accounts/undercounts in lei and currency, in intra and inter-banking system; sale/buy of currency;

visualization of the statements for the own accounts (inclusive Maxicont) and for under- accounts (in lei and currency);

constitution of deposits at term in lei and in currency;

consultation of the informative report of the Treasury Direction, which contains information about: appreciation, interest rates of deposits at term, the quotations of the deposits Certified with discount, the quotations of the Stock Exchange;

the import/export of payment Orders/ statements in/from other applications; liquidation of deposit before the term;

buy/buyback of deposit certificates with discount ACTIV BCR.

Customer's advantages [6]:

the program installation (only for Multicash), the training for the customer and the technical assistance are free;

permanently electronic link with the bank with intention to transfer the payment orders and to obtain financial-banking information;

rapid and secure transfer of the sums in currency for and from Romania;

security and privacy of the transactions effected;

operations control from distance by using the electronic and/or dispensed signatures or the facility of subscription, using the function Sign;

control over the rights of access and operation of users of the company and/or the facility to decide over the users' rights of operations, inclusive sum limits on day/operation.

The collection and the payment operations in intra and inter-banking system are commissioned according to the price list in force. [6]

The level of commissions can modify making allowance of the bank policy, and the modifications are posted at the BCR centres.

3. Uni Credit Țiriac Bank [7]:

Uni Credit Țiriac Bank started an age group for the use of the services Online Banking and Business Net, that address to the physical persons, respectively to little and middle companies. For contracts concluded until 31 March 2009, the banks offer gratuity in using the appliance "digipass" for six months.

After these six months, the customer can choose the take-back of the access appliance at the accounts of the issuer branch office and the closure of the account for Online Banking, or he can choose to use it on, paying the guarantee.

"In 2008, the number of transactions realised by internet banking by the bank customers physical persons and little and middle companies doubled relative at 2007. It is certain that the banking operations at distance are more and more appreciated and they will probably continue to develop, considering also the costs advantages. The company new-launched is one of the measures that regard the amelioration of services quality, in this case by offering to the customers who want to manage their banking accounts from distance the most advantageous access at internet banking", has declared Zoltan Major, vice president Uni Credit Tiriac Bank, responsible of Retail Division.

The bank perceives commissions 50% lower for the operations realised by internet, comparative with those from pay box.

4. ING Home'Bank:

Description:

- ING Home'Bank is your own bank, to which you can dial at any hour and from anywhere in the word;
- ING Home'Bank- you can effect banking operations 24 hours from 24, 7 days from 7, wherever you are in the word, as long as you have access at a computer connected at the Internet;
- you have total security by: the most advances date encryption algorithm and by the certificate VeriSign SSL, for the website identity and authenticity verification.

Benefits [6]:

- with ING Home'Bank, you can verify the balances of all your accounts opened at ING, debit accounts or credit accounts, as well as the deposits and the assurances afferents to credits;
- your on-line bank from ING allows you to effect payments and transfers in lei and currency over the accounts opened at ING Bank or at other banks from Romania and in foreign countries;
- you use and reimburse the credit lines;
- you pay the utilities bills;
- you effect exchanges, without commission;
- you verify the transactions effected during the last six months.

On the BCR site, at a simple search, you can find information about the benefits of this kind of transactions and how you can realise them, what do you need for such a transaction. Unfortunately, there are too few information about security, or even at all, and this is the reason for which it is questionable the election of this bank services.

The third offer of UniCredit Țiriac Bank in an offer in process, but we can't find anything about the benefits and the security of these services. We also find articles about robberies from this bank by the fishing method, but this can not convince us to choose this bank as new customers who care about their money.

From these banks, the most preferable is Transilvania Bank, because it specifies the security measures for the financial cash of customers, the operations that can be effected and protection measures for the customers.

On the BCR site, at a simple search, you can find information about the benefits of this kind of transactions and how you can realise them, what do you need for such a transaction. Unfortunately, there are too few information about security, or even at all, and this is the reason for which it is questionable the election of this bank services.

The third offer of UniCredit Țiriac Bank in an offer in process, but we can't find anything about the benefits and the security of these services. We also find articles about robberies from this bank by the fishing method, but this can not convince us to choose this bank as new customers who care about their money.

Conclusions

By making a comparative analysis, on concrete situations, over the four banks taken in our study, we can note that the problems opened by e-banking, are:

- the risk of fraudulent attacks;
- comfort in using the application;
- the customers' option behind the multitude of e-banking applications and the criterions that lie at the bedrock of the choose of one application;
- the commissions and the taxes that banks perceive for these applications;
- the diversity of the operations offered by the application;
- the rapidity in the information transfer from the payer over the bank;
- the transfer rapidity between the banks;
- the rapidity to actualize the information after having finished the transfers;
- correction possibility in the case of the introduction of some incorrect information or some possible mistakes;
- the compatibility with financial- bookkeeping systems, those that belong to the banks and also those that belong to the companies;
- the way in which this kind of operations answer or fold on the customers' needs.

Consequently, we consider the these problems resolution supposes first of all a marketing study on the banking market and a comparative analysis of the banking offers, so that the decision for one version can be the best and folds on the beneficiary demands.

Starting by the e-banking definition, given by the ORDER no. 389 from 27 June 2007, as a payment instrument with access at distance, represents the computational solution that allows to the holder to have access at distance at the capitals from his account, purposing to obtain information about his account situation and the situation of the effected operations, of the payment and of the capitals transfers over a beneficiary, by a computational application, of a authentication method and of a communicational average, the e-banking is absolutely necessary in the integration conditions.

The analysis of the computational commerce indicates us an ascending evolution from the view point of the clients, but also from the view point of market transactions until October 2009, date after which, because of the economical crisis, the situation will change: the value volume on the first trimester of 2009 diminish in comparison with the same period of the year 2008, but the transactions number in the same period grows up.

We consider the these problems resolution supposes first of all a marketing study on the banking market and a comparative analysis of the banking offers, so that the decision for one version can be the best and folds on the beneficiary demands.

References

- 1. Stoica Maricica, Management bancar, Ed. Economica, Bucuresti, 1999
- 2. Turcu Ion, Operatiuni si contracte bancare. Tratat de drept bancar, Ed. Lumina Lex, Bucuresti, 2004.
- 3. http://www.ebanker.ro/Produse.aspx
- 4. http://www.bancatransilvania.ro/printeaza.php?id=426
- 5. http://www.infobancare.ro/internet-banking/BCR/Home Banking MultiCash BCR. html#detalii

6.https://www.sparkasse.at/PFA/Servicii_electronice/Multicash/eBCR+/sPortal.portal;jsessionid=LGTPJr9Nr7x7n QVbjW5dHzzvLGhpy1fllnsjDwnclTnJ3Sr2T8NL!-

2003172691?_nfpb=true&_windowLabel=LABEL_MENU&_urlType=action&LABEL_MENU_sh=6737810a802 0407f4a54e7b9f312265e&LABEL_MENU_zz=31481.853136499492&LABEL_MENU_pc=1&cci=09002ee2803 9426b&desk=bcr_ro_0785&&navigationLink=TRUE&menu_navigationId=021811914936091190000194&menu_chronicleId=09002ee2803942b7&navigationId=021811914936091190000194[13

- 7. http://www.atitudinea.ro/articole/bancar/unicredit+tiriac+bank+ofera+acces+gratuit+timp+de+6+luni+la+serviciile+de+administrare+a+conturilor+prin+internet
- 8. http://www.ing.ro/ing/ing/Home-Bank.html
- 9. https://www.bcr.ro/bcrro
- 10. http://www.bancatransilvania.ro/
- 11. http://www.inm-lex.ro/fisiere/pag 33/det 48/256.pdf
- 12. http://www.euroavocatura.ro/legislatie/200/Legea_nr__58_1934,_asupra_cambiei_si_ biletului la ordin Actualizata 2008
- 13. http://www.bnro.ro/500.htm?aspxerrorpath=/apage.aspx
- 14. http://www.ing.ro/ing/ing.html
- 15. http://www.ingromania.ro/wps/portal
- 16. http://www.banking.ro/

FINANCIAL DEPENDENCE AND BALANCE – NEW CHALLENGES OF THE PUBLIC SERVICE DECENTRALIZATION

Petru Filip

University of Oradea, Faculty of Economics

Abstract: The paper intends to analyse a model of decentralization specific to Continental Europe, which shows that a transfer of responsibility to the local authorities has not always been appropriately followed by a transfer of resource, the consequence being the appearance of budgetary imbalances at the level of local communities. In this situation, the local communities are forced to identify the funding source and, therefore, they have used the most rapid instruments provided by the law and the financial institutions – the borrowed sources. As long as the borrowed funding sources have been used to the restoration of the public infrastructure and, therefore, to the public investments, the solutions identified by the public manager are not to be blamed, the problem being the use of borrowed sources in order to cover certain consumerism needs which illegitimately charges, in our opinion, the public cost, the obligation to finance the maturity rates including the interest falling back on the future generations.

Key words: public service decentralization, financial balance, public manager, funding policies

JEL Code: M1, H3, H4,

Decisional and financial decentralization of public services

The financial management problems are diverse, from the income and expenditure budget, the management modern instruments, the basis for the decision capitalization, the local economic development or of the management of the public debt service are some examples that the **public manager** must study in order to be able to solve the perpetual "conflict" between the limited character of the resources and the population's diversified needs for public services.

The decentralization of the public services is also a problem preoccupying Continental Europe, the local and central authorities being interested – applying the principle of subsidiarity (of closeness to the citizens)- in transferring the decision concerning the services to that level of authority which satisfies the best and most promptly the public needs so that the services provided have as high as possible quality and utility level.

The decentralization model specific to Continental Europe shows that not always a transfer of responsibility to the local authorities has been appropriately followed by a transfer of resources, the consequence being the appearance of budgetary imbalances at the level of local communities which, forced to identify the **funding source**, have used the most rapid instruments provided by the law and the financial institutions – the borrowed sources.

As long as the borrowed funding sources have been used to restore the public infrastructure and therefore the public investments, the solutions identified by the public manager are not to be blamed, the problem being the use of borrowed sources to cover certain consumerism needs which illegitimately charge the public cost, the obligation to finance the maturity rates including the interest falling back on the future generations.

The consequences of the implementation of the decentralization model mentioned do not stop here. Worried by the impossibility of the local communities to face the funding needs, the central authorities have practically adopted two funding policies (in the relation with the local authorities):

- a) **the first** corresponding to transfers, has the form of the sums broken down from some revenues of the state budget, having or not a special destination;
- b) **the second** corresponding to the sums for balance; the purpose being to ensure the cover of the funding needs of those local authorities that do not have an appropriate financial capacity.

Intensely manifesting, both the decentralization of the public services and the financial decentralization and together with this the **financial dependence** on the resources of the state budget, the specialists have been interested in indentifying some indicators to measure this dependence and also to characterise the financial policies of the central authorities in the relation with the local authorities.

The Hutner coefficient-a measurement indicator of the financial imbalances

A first indicator studied was the Hutner coefficient which measures the horizontal imbalance too at the level of local authorities, established according to the relation:

Coef.H=1-Revenues not controlled by the local communities/Total expenses local communities

For the informed reader, the revenues not controlled by the local communities have the form of levies from the state budget, the values of the coefficient having different meanings:

- a) Coef $H \rightarrow 1$ indicates a favourable situation, corresponding to a state of financial independence of the local communities;
- b) Coef $H \rightarrow 0$ indicates an unfavourable situation, the majority of expenses being financed based on the levies from the state budget.

In the figure below it is presented the evolution of the Hutner coefficient during 1998-2003, at the national level:

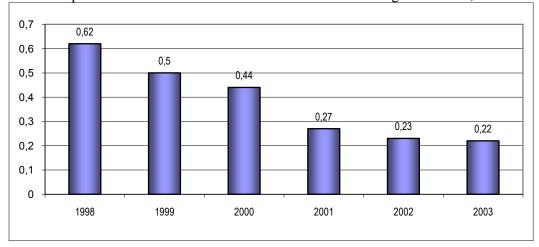


Figure 1– The evolution of the Hutner coefficient

It can be seen that, every year, the value of the Hutner coefficient indicates the existence of a more and more accentuated financial dependence on the central budget, a situation explained by the fact that, even though public services were decentralized, their funding has been made through conditioned transfers from the state budget so that in certain situations, the local communities had a decorative role in the management of services.

Global income tax – a measure of the vertical imbalance

In the same time, the indicator of the global income tax $I_{\rm IVG}$, characteristic to the vertical imbalance (between the administrative-territorial units) in its calculus form as a ration between the global income tax transferred to an administrative-territorial unit and the income global tax levied at the level of an administrative-territorial unit $I_{\rm IVC}$ has also different meanings:

- a) When **I**_{IVG} **is improper**, it indicates the fact that the local authority cannot cover from its revenues its own funding needs, the transfer of resources from the state (central) budget being necessary;
- b) When I_{IVG} is proper, the local authority will have to benefit from transfers from the central budget, no matter the form it has (transfers or sums for balance).

From the financial manager's perspective it is important to study the **combined interpretation** of the two categories of indicators in order to characterise the financial policies of the central authorities in relation to the local authorities.

The following situations can be distinguished:

- a) Coef H \rightarrow 1 and $I_{IVG} > 1$, corresponds to a situation of a very good financial autonomy, the local community being in the situation to record resource surpluses which can be transferred to other local authorities, according to the balancing rules;
- b) Coef H \rightarrow 1 and I_{IVG} < 1, corresponds to the same situation of financial autonomy, the transfer of resources being already made because the local authority collected more than it had been transferred to it;
- c) Coef H \rightarrow 0 and $I_{IVG} > 1$, is a situation corresponding to a limited financial autonomy, the local authority being in need of transfers in order to cope with the funding needs of the public services;
- d) Coef $H \rightarrow 0$ and $I_{IVG} < 1$, a situation of limited financial autonomy, the local authority has the necessary resources transferred to cover the funding needs, so that the indicator of the global income tax is proper.

Knowing the particularities of the **funding policies** gives the possibility to the financial manger to study and capitalize certain financial strategies concerning the relation with the state budget, beyond the complexity of the transfers from the central budget, according to certain criteria such as:

- the transfer of a quota from the revenues levied based on a principle of derivation;
- the use of formulae;
- ad-hoc decisions;
- reimbursement of the costs of public services provided.

Types of financial transfers between the public authorities

Methods to determine the volume of transfers to the local public administration Methods to allocate the transfers between the eligible local authorities	A proportion (quota) from the revenues of a state tax	Ad-hoc decision	Reimbursement of the expenses approved
Transfers established based on a principle of derivation	Type A transfer	Type E transfer	N.A.
Transfers established based on a formula	Type B transfer	Type F transfer	N.A.
Transfers established based on reimbursement of costs	Type C transfer	Type G transfer	Type K transfer
Transfers established based on an adhoc decision	Type D transfer	Type H transfer	N.A.

Table 1 – Classification of the administrative transfers, according to the method of revenue sharing

Source: Fiscal Decentralization, Roy Bahl, April 2000

Characteristic to these types of transfers are the following:

Type A transfer – anti-equalizer, it favours the rich local administrations with a high fiscal capacity.

Type B transfer – is based on the ensurance of the horizontal balance between the administrative-territorial units.

Type C transfer – conditioned transfer, it is based on the reimbursement of the costs of public services.

Type D transfer – is based on the allocation of sums based on ad-hoc decisions, being about discretionary criteria.

Type E transfer – unconditioned transfer with a general destination, the sums being allotted between the administrative-territorial units based on a principle of derivation.

Type F transfer – is also an unconditioned transfer based on an ad-hoc decision, but which is assigned between administrative-territorial units based on a formula.

Type G transfer – comes from the central level based on an ad-hoc decision and it is assigned between the active territorial units based on reimbursement of costs.

Type H transfer – is based only on ad-hoc decisions, being the most centralised, conditioned or unconditioned.

Type K transfer – is a transfer with a special destination, between the eligible local authorities the sums being assigned based on reimbursement of costs.

These types of transfers, usually, are used in a combined way, at the national level resulting the following funding scheme:

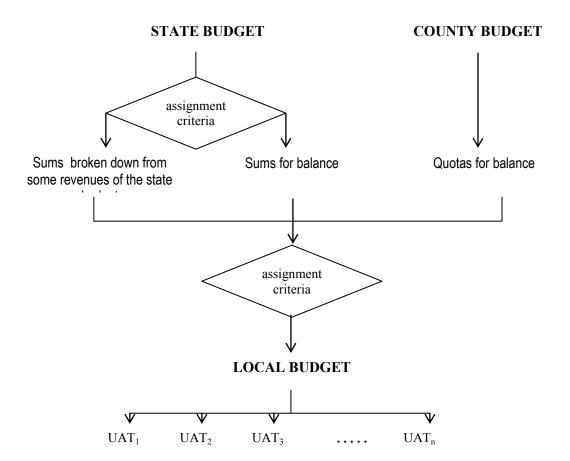


Figure 2- The flows of transfers and sums for balance assigned from the central budget to the administrative-territorial units

The financial flows represented above emphasise two particularities of the funding policies currently used in Romania in the relation between the central and local authorities:

- a) the first is determined by the existence of conditioned transfers based on the reimbursement of the cost of public services provided (exp. Public Services in pre-university education);
- b) the second is based on the quotas and sums for balance assigned according to certain criteria between the administrative-territorial units.

From the perspective of the financial management it is interesting to study the criteria applying to assign balance sums between the state budget and the county budgets and then between the county budgets and the local budgets.

The first category of criteria is based⁶³⁷ on the financial capacity made on average per inhabitant for each county in a percentage of 70% and the surface of the county in a percentage of 30%.

The balance funds allotted to each county are established according to the formula:

$$FdEj = C_1 \times \frac{1 - \frac{IVG / loc j}{IVG / loc med}}{\sum_{j=1}^{n} \left(1 - \frac{IVG / loc j}{IVG / loc med}\right)} + C_2 \times \frac{Sj}{Sn}$$

where:

FdEi – balance funds at the level of each "j" county

C1 – the criterion afferent to the financial capacity in a percentage of 70%

IVG / loc j – global income tax per inhabitant at the level of each "j" county

ITL / loc med – average global income tax at the level of counties

C2 – criterion afferent to the surface of the county in a percentage of 30%

Si – surface of the "j" county

⁶³⁷ Art. 29, paragraphs (1), (2), (3) of GEO 45/2003 – concerning local public finances, published in the Romanian Official Gazette no 403 of 19 June 2003

Sn – surface of the territory obtained by summing up the surfaces of each "j" county

The financial flows described above, which are generated between the state budget and the state budget and the county budgets in relation to the balance sums "admit" for financing all the counties, being about a "socialised" balance without taking into consideration the principle of concentration, which implies the acceptance for balance only of those counties which are under a certain limit established nationally.

In turn, the financial flows generated between the county budget and the local budgets based on the quotas and sums for balance are assigned according to the four criteria regulated by law⁶³⁸:

- financial capacity

30%

- the surface of the administrative-territorial unit

30%

- the population of the administrative-territorial unit 25%

other criteria established by Decisions of the County Council 15%

Applying these criteria, the fund for balance which will be assigned between the county budget and the budget of every administrative-territorial unit are based on the formula:

$$FdEu = C_{1} \times \frac{\frac{IVG(j) : P(j)}{IVG(u) : P(u)} \times \frac{P(u)}{P(j)}}{\sum_{j,u=1}^{n} \left[\frac{IVG(j) : P(j)}{IVG(u) : P(u)} \times \frac{P(u)}{P(j)} \right]} + C_{2} \times \frac{Su}{Sj} + C_{3} \times \frac{Pu}{Pj} + C_{4} \times Ac_{J}$$

Where:

C1, C2, C3, C4 – are the percentage wise quotas corresponding to criteria: financial capacity, surface of territory, population and other criteria established by law

Su, Sj – the surface of the administrative-territorial unit and of the county

Pu, Pj – the population of the administrative-territorial unit and of the county

Aci – other criteria established by the County Council

IVG(u), IVG(j) – global income tax at the level of the administrative-territorial unit and of the county.

Conclusions

The complexity of the calculus may discourage the financial manager when trying to understand the balance mechanism, yet it is important from the perspective of completing the funding sources of the local budget with sums resulted from balance. In practice, there have been frequent situations when not knowing the assignment criteria and their non-compliance have led to assignments according to discretionary criteria of the sums and quotas for balance by the county councils.

These balance criteria between the county budget and the local budgets do not comply with the principle of concentration in order to eliminate from balancing those administrative-territorial units which exceed a certain average level of IVG and do not take into consideration the structuring of the population on age groups, for example until 18 years old and over 65 years old, in order to ensure the financing of social expenses (education or social assistance and protection).

In the end, knowing these mechanisms – either it is about the measurement of financial dependence or independence or the budgetary balance – is necessary in order to consolidate the so much desired and requested by the local authorities financial autonomy.

BIBLIOGRAPHY

1. Bonnet, F. - Management de l'administration, Paris, Ed. Lyon, 1993;

- 2. Iulian, V. (coord.) Finante publice, 3rd edition, Ed. Economica, Bucuresti, 2002;
- 3. Gunn, L. *Perspectives on public management*, in J.Kooiman and K.Eliasen, *Managing public organizations*, Londra, Sage, 1987;
- 4. Hughes, Owen, E. *Public Management and Administration An Introduction*, New York, St. Martin Press, 1994;
- 5. Lăzărescu, S. *Rating financiar*, Ed. ASE, Bucuresti, 2003;
- 6. Liviu, I. (coord.) *Management*, Ed. Risoprint, Cluj-Napoca, 2005;
- 7. *** GEO 45/2003 *Concerning local public finances*, published in the Romanian Official Gazette no 403 of 19 June 2003.

⁶³⁸ Art. 29, paragraphs (1), (2), (3) of GEO 45/2003 – concerning local public finances, published in the Romanian Official Gazette no 403 of 19 June 2003

THE ECONOMETRICS OF THE FORECASTING OF FINANCIAL RESOURCES, A MAIN COMPONENT OF THE FINANCIAL MANAGEMENT

Petru Filip

University of Oradea, Faculty of Economics

Abstract: The paper intends to emphasise the importance of budget resources forecasting for long periods of time, within the financial management. An as accurate as possible forecasting of the volume of financial resources will represent the basis for the future projections of the expenditure of local communities, as they are regulated by law, knowing that one of the principles representing the basis of budget making is that of the balanced budget. To the same extent, the volume of the budget liquidities will depend on the rigorousness of the design of the volume of financial resources. Beyond the abstract character of the mathematic calculus made by specialists in econometrics, the financial manager is also interested to know the forecasting techniques so that he/she can draw up the income and expenditure budget, the basis for the implementation of the economic-social development strategies of the local communities. The financial management remains a fundamental component of the public management through the theoretical-methodological arsenal made available for the loan officer.

Key words: resource forecasting, econometrics, financial management, stochastic methods

JEL Code: M1, H3, H4,

Without economic mathematics, there is no philosophy of the financial management. Without financial management, there is no philosophy of economic mathematics. Without both of them, the manager lacks the power and the accuracy of decision.

This is why an essential component of the financial management is the **budget resources provisioning** for long periods of time, the basis to make the income and expenditure budget. Why is it necessary to accurately know the current and future evolution of the structure of financial resources?

The answer to this question has different meanings on the cash flow and their balance for each local community! **First of all,** an as exact as possible forecasting of the volume of financial resources will represent the base for the future projections of the local communities' expenditure, as they are regulated by law, knowing the fact that one of the principles on which the drawing up of the budget is based is that of the **balanced budget**.

Second of all, the volume of the budget liquidities will depend on the design of the volume of financial resources. Any over-dimensioning of the revenues will have as a consequence the over-dimensioning of expenditure which will endanger both in the present and in the future the liquidities, the budget mechanism being simple, yet dangerous: the budget credits approved and open ensure the financing of the public services and if over-dimensioning the revenues the risk of payment default is major.

On the contrary, an under-dimensioning of the revenues will lead to an under-dimensioning of the local communities' expenditure, the immediate consequence being an increase without foundation of the volume of liquidities.

Then existence of some liquidity surpluses is not useful for the local communities as long as their obligation is to keep them in the State Treasury without paying interest.

The implications of the surpluses are much more profound, they can be the result of some under-financings of public services, a fact which will lead to an ill-judged increase of debts to the goods and services suppliers which unpaid on settling day will attract the payment of some compensatory financings and penalties.

Isn't it true that the budget resources forecasting becomes extremely important when making the income and expenditure budget, due to its different implications on the budget execution?

That is why in order to help the public manager, the latter should have at his/her disposal an entire portfolio of instruments helping him to make the decision to draw up an as rigorous as possible income and expenditure budget. What has the science given to the budget so far? The classical and modern methods in the specialty literature are witnesses, out of which we mention:

- **the automatic method** evaluates the indicators regarding the incomes and expenditure starting from their execution in the period t-1;
- the diminishing method evaluates the same indicators starting from the budget execution on a five consecutive year interval previous to drawing up the income and expenditure budget;
- the direct evaluation method is based on the evaluation of each income or expenditure, taking into
 consideration the preliminary executions for the current year and the predictable evolutions with budget
 implications for the following year;
- **the planning, programming, budgeting method (PPB),** considered as a modern American method, is based on the restructuring of the budget following the succession: "structure-objectives-programme";

⁶³⁹ Iulian Văcărel (coordinator) – Finanțe publice, ediția a III a, Ed. Economică, București, 2003, p. 725

- the management by objectives method is also an American type method which emphasises the finality of
 each field of activity, being the starting point in the implementation of the budget on programmes;
- the Zero Base Budgeting method, known also as "cost-advantage method", the intention being to critically examine all the expenses considering their necessity and opportunity;
- the method of rationalisation of budget choices (Rationalisation de Choix Budgetaire) a method based on the use of calculus, analysis, forecast, organization and management techniques, of French inspiration.

The income forecast methods, both classical and modern, in order to be useful for the local communities must comply with the following criteria:

- to be clear and simple, so that the specialists without high mathematic, statistic or economic education can use it within the budgetary process;
- to require only easily obtainable data or information in due time from the recordings drawn up at the level of local administration;
- to be possible to manually perform the calculus, for there are still local public administrations which do not have computers.

Beyond the methods studied and commented in the specialty literature, we can analyse the "arsenal" of methods that the modern science provides. The forecasts, as finality of the financial econometrics, ensure for the financial manager the answer to the question: Which will be the provisioned level of the financial resources in the current and future period?

"And if you must forecast, forecast often", Paul Samuelson said in one of his papers.

The inertial or adaptive behaviour of economic processes and phenomena, and moreover of the budgeted revenues' (resources) evolution is presented in the specialty literature ⁶⁴⁰ with the help of forecast stochastic methods:

- **autoregressive methods** (AR) of order 1, AR(1), $y_t = a_0 + a_1 \times y_{t-1} + u_t$ of order 2, AR(2) $y_t = a_0 + a_1 \times y_{t-1} + u_t$, regard the distance in time of the past values of the variable which determines the present and the future level;
- **moving average models** (MA) of order 1, (MA(1)), $y_t = y b_1 \times u_{t-1} + u_t$ of order 2, (MA(2)), $y_t = y b_1 \times u_{t-1} b_2 \times u_{t-2} + u_t$, regard the distance in time where the influence of the perturbation "is felt":
- **mixed models** (autoregressive and moving average) ARMA (pq) representing a combination of both sources of growth:

$$y_{t} = y_{t-1} + a_{0} + a_{1} \times y_{t-1} + a_{2} \times y_{t-2} + \dots + a_{p} \times y_{t-p} - b_{1} \times u_{t-1} - \dots - b_{q} \times u_{t-q} + u_{t}$$

- **autoregressive integrated moving average models** ARIMA (pdq) – representing a variant of the mixed models by which the existence of the trend within the series is specified, indicating by the size "d" the order of the difference which has brought stationary values. Usually, the 1st order differences among the

terms of the series $dy_t = y_t - y_{t-1}$, at most the 2^{nd} order differences, $d^2y_t = y_t - dy_{t-1}$ manage to eliminate the trend in the data.

The statistical characterisation of the stochastic methods is made with the help of media, dispersion and covariance, an example being the autoregressive model in its simplest form:

$$y_{t} = a_{0} + a_{1} \times y_{t-1} + u_{t}$$

The average of the AR(1) process is:

$$M(y_t) = M(a_0 + a_1 \times y_{t-1} + u_t) = a_0 + a_1 \times My_t, \quad M(y_t) = \frac{a_0}{1 - a_1}$$

The dispersion of the y(t) process:

$$\sigma^{2}(y_{t}) = \sigma^{2}(a_{1} \times y_{t-1} + u_{t}) = M[(a_{1} \times y_{t-1} + u_{t}) - M(y_{t})]^{2} = a_{1} \times \sigma^{2} \times y_{t-1} + \sigma^{2}u$$

Taking into account the fact that the process is stationary $\sigma^2 y_t = \sigma^2 y_{t-1}$, it results:

$$\sigma^2 \mathbf{y}_{t} (1-\mathbf{a}_1) = \sigma^2 \mathbf{u}$$

.

⁶⁴⁰ Eugen Ştefan Pecican – Econometrie pentru Economişti, Ed. Economică, Bucureşti, p. 137

$$\sigma^2 y_t = \frac{\sigma^2 u}{1 - a_1}$$

The covariance of the y(t) process, in its turn, for the AR(1) autoregressive model is determined as such:

$$C_{OV}(y_{t}, y_{t-1}) = M[(y_{t} - M(y_{t}))(y_{t-1} - M(y_{t-1}))]$$

$$M[(a_{1}y_{t-1} + u_{t-0})(y_{t-1-0})] = M(a_{1}y_{t-1}^{2} + u_{t}y_{t-1})$$

$$a_{1}M(y_{t-1}^{2}) + M(u_{t}y_{t-1}) = a_{1}M(y_{t-1}^{2}) = a_{1}\sigma^{2}(y)$$

$$a_{1}M(y_{t-1}^{2}) = a_{1}\sigma^{2}(y_{t-1})$$

$$a_{2}M(y_{t-1}^{2}) = a_{2}\sigma^{2}(y_{t-1})$$

Because u_t and y_{t-1} are not correlated and $\sigma^2(y_t) = \sigma^2(y_{t-1})$

$$C_{OV}(y_{t}, y_{t-2}) = a_{1}^{2} \sigma_{y_{t}}^{2}$$

$$C_{OV}(y_t, y_{t-k}) = a_1^k \sigma_{y_t}^2$$

Conclusions

Beyond the sobriety of the mathematical calculus made by the specialists in econometrics, the financial manager is interested in knowing the forecasting techniques in order to draw up the income and expenditure budget, the basis for the implementation of the economic-social development strategies of the local communities.

The financial management remains a fundamental component of the public management which through the theoretical-methodological arsenal that offers to the loan officer, helps to totally or partially solve the balance equation:

NEEDS FOR FINANCING SOURCES OF FINANCING

(in continuous growth and diversification)

(with a limited character and under the pressure of diminution)

It remains to be seen to what extent the managers will use these levers capitalised by the science of management so that the public service users can fully feel the usefulness of the services that they benefited from.

BIBLIOGRAPHY

- 1. Fernham, D. New Public Managers in Europe, Cambridge, ICSA, Publishing, 1996;
- 2. Pecican, S. Econometrie pentru economisti, Ed. Economică, București, 2004;
- 3. Moșteanu, T. (coord.) Buget și Trezorerie Publică, Ed. ASE, București, 2003;
- 4. Vacarel, I. (coord.) *Finanțe publice*, 3rd edition, Ed. Economică, București, 2003.