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SUSTAINABLE ECONOMIES AND
DIGITALIZATION: OPPORTUNITIES AND
CHALLENGES IN THE PANDEMIC ERA

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SECTION 1

COMMERCE, VIRTUAL- MARKETING, MANAGEMENT, SALES EXPANSION THROUGH E- COMMERCE



ACTIVITY OF SMES DURING CRISES SITUATION

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Abstract

Actually, the crisis accompanied permanently the Romanian economy during the past half of the century. Currently again a period of crisis has fallen over the Romanian economy. Every time the causes have been analyzed by the economists yet the necessary actions were never taken or finalized, which is even more serious due to the fact that any change triggers investments.

Strategic decisions are made under conditions of complexity and uncertainty; they have wide impact on the organisation and often lead major change. There are several reasons why a business should give serious consideration to establishing a clear concept of its corporate mission and values.

Keywords: *SMEs, crises, strategies*

Classification JEL: *014, Business and Administration*

1. INTRODUCTION

The economic crisis is a period of economic decline, it can have many causes, as such it appears in the world time of capitalist crisis due to overproduction., which within 1929-1933 was characterised by a dramatic drop in the entire world economic activity. But these crises appeared even in socialist countries, the main cause is probably polarization of a small group of those who have money, the rest of the population especially those from the third world being poor, thus reducing the product market.

2. The context of the crisis

The businesses' internationalization and mostly, the internationalization of the small- and medium size enterprises, arouses a big interest in the academic and business environments from Europe and on world plan, when the transformations from the economy of the beginning of the XXI century tend to bring the small- and medium size enterprises in the close-up view of the economical development, conferring them a new status.

There is a variety of factors that impels the creation, development and inclusively the internationalization of the small- and medium size enterprises, considered to be or not specific for the economy based on knowledge. Between these, at least the followings should be taken into consideration:

- The small number of components, the tangible dimensions of the tangible assets, the smaller complexity of the activities, the flexible structure makes easier the situation in



the close-up view of the preoccupations, decisions and actions of the knowledge's resource;

- The entrepreneur spirit, the elevated degree of cohesion, the flexibility and the organizational dynamism are to be found traditionally in the small- and medium size enterprises, being in the same time characteristic for the economy and the firm based on knowledge;
- The increase of the preparation level of the population and his new economical-social structure, with the development of the entrepreneur spirit, so the increase of the population's proportion that can initiate and develop entrepreneurial activities, will determine the interest's amplification and the real preoccupation of the population in this direction.

CONCLUSIONS

At a general level, the passage from the internationalization to economical life globalization – one of the defining characteristics of the evolution of the business environment at world scale in the second half of the XX century – has a great influence over the small- and medium size enterprises and over their internationalization. The influence is mixed, both negative, by the superior concurrence, the increase of the turbulence of the business environment, and positive, facilitating the access at new markets of provision and sale, the acceleration of the know-how transfer, the access at new technologies, partnerships and strategic alliances at international level, etc.

Let's see now what could be the risk factors that could hinder their effectiveness.

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MANAGEMENT OF ENTERPRISES REPUTATION IN THE DIGITAL ERA

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Abstract

Reputation is the favorable or unfavorable opinion of a person, employee or organization. It represents how a person, an organization is known or appreciated. The implementation of Reputation Management by an individual or an organization means the effort to positively influence what stakeholders think about a person, a brand, an organization. Online reputation can affect offline as well. Reputation management is the practical way to create a sense of trust with everyone who interacts online or in person. A good reputation is built during the activities carried out with customers, in online marketing, in attracting good reviews, in growing in various rankings. For an employee, to have a good reputation, it is necessary to build good relationships with colleagues, with managers from different hierarchical levels, but also to have a good reputation in the online environment.

The paper presents the importance of the implementation of Reputation Management in the digital age, by companies but also by their employees.

Keywords: *reputation management, digital age, human resources, enterprises reputation, employee reputation*

Classification JEL:

1. INTRODUCTION

Reputation is defined as the public opinion, whether favorable or unfavorable, about something specific. It is the mode in which someone or something is perceived, known, appreciated. Reputation is the public's opinion; it is the world's opinion of you. [11]

Building a good reputation starts once with the establishment of the organization. The good reputation of the company also contributes to the good reputation of the administrator, as well as the good reputation of the company's employees, the reputation of suppliers, and all those with whom the company comes into contact with the development of its activities.

Every decision made, every action taken brings an increase or decrease in the pool of reputational capital. A good reputation is built with a lot of effort and can quickly turn into a bad reputation, which can hardly ever become a good reputation again, because collective memory is hard to erase. A good reputation is an important element that can help the organization to develop, to know business success.

Reputation, in today's digital age, is the organization's digital footprint online. Reputation management, this important asset, means paying attention and to how your business appears online.



2. REPUTATION MANAGEMENT IN THE DIGITAL ERA

Implementing reputation management, in today's digital age, means building and managing a good reputation, implementing an organizational culture in the organization that contributes to the respect of the organization's fundamental values. The risk of losing good reputation must be managed by implementing Reputation Management in the enterprise. Once a good reputation, built and maintained for many years, is lost, it is difficult to return to the previous good perception. It may be easy to achieve a good reputation, but the most difficult thing is to keep this good reputation, because every action, decision, reaction, can influence it negatively.

We can consider that the reputation of the organization is influenced by the reputation of its employees, but the reciprocal is also true, i.e. a good reputation of the employing company can give a good reputation to its employees.

a. Management of enterprises reputation in the digital era

The reputation of an organization is how it is perceived by the public, be it physical or virtual. It represents a summation of the results of several elements, which are properly managed, through the implementation of Reputation Management. These elements are [12]:

- ✓ organizational actions and behaviors;
- ✓ the organization's representations, over time, to the physical public but especially online;
- ✓ the context of the competitive market;
- ✓ trust in the organization, which is important today, since the business world operates on the basis of relationships, of connections established in business processes;
- ✓ communication and organizational relations.

A good reputation is the result of a good emotional, intellectual, but also behavioral response of a group of interested in the organization (stakeholders) because the actions taken by the organization must be according with their needs and interests.

The reputation of an organization is an element that is evaluated by all possible investors. Organizations that have a good reputation are perceived as less risky from the point of view of financial investments, than organizations that have similar financial performance, but that have a less stable reputation [12].

Organizations are living organisms, which are always interconnected. In order to manage the relationships established between an organization and stakeholders, communication is important. In the implementation of Reputation Management, the way in which communication is carried out is important.

b. Managing employee reputation, in the digital age

We all have a reputation, whether we agree with it or not. A good reputation is built, by helping you, as an employee, develop your career. There is no recipe for building a good reputation. There are, however, some directions in which you can act to have and maintain a good reputation at work, like this [13]:



- ❖ be honest with yourself and others, regardless of how difficult it may seem at times;
- ❖ achieve everything you promised;
- ❖ it is necessary to be authentic in professional relationships;
- ❖ you must listen carefully to what is said to you, then speak;
- ❖ do not forget to ask for the opinion of others;
- ❖ be responsible for what you do, and if you've made a mistake, it's important to apologize and correct your mistake.

Reputation, in today's digital age, also has a component that comes from the online environment, being influenced by the information that is available in the results offered by internet searches: on Google, on forums, in online databases, in media archives. Employees need to be mindful of what they do online to protect their reputation. The data provided by the online environment, by search engines, about employees, can influence their professional and personal life. [10].

CONCLUSIONS

Reputation is an asset of an organization, of the employee, an immaterial one, which allows it to differentiate itself from other competitors, to obtain competitive advantages. A good reputation not only gives customers confidence that they are being treated well, but also that the products they buy from the company are of good quality. Reputation is non-transferable, it is a complex intangible resource, generating unsuspected benefits, the history of the organization playing an important role. A good reputation of an employee makes him a favorite, preferred: for a new position that represents a career advancement, but also to access groups of employees that he wants to be a part of.

It is necessary to implement Reputation Management both by companies and by employees, because organizations and employees must be aware of how they are perceived in the physical environment but also in the online environment, and when situations arise that affect their good reputation, to have methods, techniques offered by Reputation Management, to remove, mitigate the negative effects on reputation.

The implementation of Reputation Management is especially important to prevent situations that damage the reputation of a company or an employee. Today, nothing can be hidden anymore, all decisions being subject, most of the time, to the debate of the general public.

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HUMAN RESOURCES MANAGEMENT – A PRIORITY FIELD FOR ORGANIZATIONS

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Abstract

The current scientific approach addresses the theoretical aspect of human resource management. Taking into account that over the years, several concepts related to human resources management have been known and applied, we set ourselves the goal of bringing clarity by highlighting the distinct elements between "Personnel Management" and "Human Resources Management," viewed from the perspective of many authors and starting from the realities of society's development. Over the years, different authors approached the problem of human resources management, which has led to it being found in various organizational theories. In this context, we highlighted the implications of human resources management in the analyzed theories by highlighting different particularities. Another aspect analyzed in this work refers to the concept of human resources management. The multitude of definitions proposed by various authors was analyzed chronologically by including them in three stages. It allowed us to distinguish between definitions of HRM proposed in different periods.

Key words: *human resources, human resource management, personnel management, employees, organizations.*

JEL Classification: *M12; M54.*

1. INTRODUCTION

Human resources management is an essential factor in any country's economic and social progress, regardless of its size. It is also a fundamental premise for increasing an organization's competitiveness (economic entity, company, public institution, etc.) and the national economy as a whole. In the conditions of the knowledge-based society, human resources management once again demonstrates its great performance capacity, contributing to the harmonization of the interests of employees and society, as well as present and future generations.

In line with the acceleration of the globalization of national economies, the increase of competitiveness at the national and international levels, as well as the increasingly pronounced approach of the Republic of Moldova to the European Union, the management of human resources becomes a strategic element, with particular significance for all categories of organizations. As, in the current environment, constantly changing and with an



increased degree of uncertainty, the human resources function must become the element of stability and security, providing the organization with the necessary human capital, with the highest professional skills, to face all the challenges at national and international level. Furthermore, in the context of globalization, human resources management becomes the primary tool and means by which organizations can ensure their competitive advantage. Therefore, the managers' strategic decisions must reflect the commitment to people in an ever more significant proportion.

Currently, in the Republic of Moldova, certain problems are observed related to the implementation and development of the efficient management of human resources. The erroneous perception formed over the years in society, as well as the subjective attitude of the top management towards this field, has determined that the management of human resources in local organizations is treated in a simplistic manner, as a secondary element, far from the current demands imposed by the competitive economy.

2. CONCEPTUAL DILEMMAS BETWEEN *HUMAN RESOURCES MANAGEMENT* AND *PERSONNEL MANAGEMENT*

During the development of society, the concern with the problems of employees in organizations has known several names, "Industrial Relations", and "Personnel Management", since the 80s of the 20th century, the term "Human Resources Management" has been used. Starting from the interpretation of terms aimed at employees in the organization, Legge (1995) argues that "words carry a history, and there are different meanings that are part of the language games we play as we define meanings in use". In this context, the author argues that human resource management could be perceived as a mechanism for creating power relations taken for granted (Legge, 1995).

Unlike Legge, who emphasizes the meaning of the words concerning the terms "Personnel Management" and "Human Resource Management", Armstrong (1995) shows, according to certain criteria, the differences between the two concepts (Table 1).

Table 1. The differences between personnel management and human resources management

Criteria	Personnel management	Human resources management
Goals and values	Incremental interventions in attracting, retaining, and motivating employees.	Strategic focus, competitiveness, profitability, survival, competitive advantage, and flexibility of human resources.
Professionalism	The human resources subdivision specialists are responsible for employee issues.	The line managers are responsible for subordinate staff.



Relations	Limited trust, conflict and differentiation, oriented control.	Harmony, mutual interests and active involvement of employees.
Employee management	Limited, individual oriented.	Broad, team-oriented.
Information and communication	Bureaucracy, control of information and communications	Transparency, objectivity, honesty, trust and commitment.

Source: Armstrong, 2003.

Analyzing the information in Table 1, we ascertain differences in all five criteria highlighted by Armstrong. First, the operational characteristic of personnel management, while in the case of human resources management, the emphasis is on the strategic dimension. Second, the responsibility for managing employees in the organization does not rest solely with personnel management, as has been accepted for some time. In the case of Human Resources Management, the responsibility for personnel management rests with both the human resources subdivision and the managers of the organizational subdivisions.

Another English researcher K. Legge has identified three aspects that differentiate *Personnel Management* from *Human Resources Management*, namely:

- personnel management is an activity aimed primarily at those without managerial tasks, while HRM is largely addressed to managerial personnel;
- HRM represents an activity integrated with execution management, while personnel management tries to influence execution management;
- HRM emphasizes the involvement of senior managers in culture management, while personnel management treats with suspicion the idea of organizational development and related ideas. [1].

Moreover, Collings and Wood (2009) argue that HRM is conceived as having a more strategic role and therefore approached at the top management level, suggesting a more upstream role, even though, in practice, this has been little more than a wish. However, HRM refers to attempts to develop an integrated and harmonious set of HR policies, as opposed to the piecemeal approach that appears in the traditional role of personnel management. In addition, HR policies and practices are also targeted at the individual level. This is reflected in the preference for individual performance-related pay, individual communication mechanisms, employee opinion surveys, and more.

3. DEFINITION OF HUMAN RESOURCES MANAGEMENT

In order to realize the status of the new specialized field, this was and is one of the fundamental problems for researchers in the field. Consequently, in the specialized literature, we find many definitions for managing human resources, with each author approaching this problem from their own point of view.

HRM in contemporary organizations is usually conceived as an interconnected set of activities aimed at systematically improving employee task performance in a manner commensurate with top management's strategic objectives. At the same time, some



researchers (Langbert, 2002; Mueller and Carter, 2005) have observed that the way these managerial practices are carried out varies in response to a series of social and economic influences, the critical source of which is the broader organizational context in which they take place.

At the same time, Miller claims that human resource management is different from other areas of general management because it must serve not only the employer but must act in the interest of employees as human beings and, by extension, in the interest of society [Manolescu; p. 35].

The fact that HRM has been and continues to be a rather intensively researched field by specialists in the area is explained by the many definitions developed over the years. Table 3 presents a comparative analysis of some definitions of HRM distributed in three time periods.

Table 3. Comparative analysis of HRM definitions by time periods

Time period	Author	Content
By 2000	Heneman, Schwab, Fossum, and Dyer (1989)	HRM is defined as a set of functions or activities that are designed to influence the effectiveness of an organization's employees.
	Bratton și Gold (1994)	HRM represents that part of management specializing in managing employees within the organization.
	Werther și Davis (1996)	HRM is how employers obtain, develop, use, evaluate, maintain and retain the correct numbers and categories of employees.
	Harris (1997)	HRM represents a set of programs, policies, and practices for managing human resources within the organization.
	Burloiu (1997)	HRM represents a complex of measures and interdisciplinary concepts regarding recruitment, selection, employment, use through ergonomic work organization, and material and moral stimulation until the termination of the employment contract.
	Mondy, Noe, and Premeaux (1999)	HRM represents the process of using human resources to achieve organizational objectives.
2001-2010	Petrescu (2003)	HRM values employees as a company's heritage, obtained through competition, which must be located, motivated, and developed simultaneously with other resources to achieve strategic objectives.
	Kleiman (2004)	HRM is defined as an organizational function that consists of practices that help the organization to effectively treat its people in different phases of the employment cycle.
	Fisher, Schoenfeldt and Shaw (2006)	HRM involves all management decisions and practices that directly affect or influence the people or human resources working for the organization.
	Byars & Rue (2008)	HRM represents activities aimed at securing and coordinating an organization's human resources.
	Opatha (2009)	HRM is the effective use of human resources to achieve the objectives of an organization.
	Ivancevich (2010)	HRM is the function performed in organizations that facilitates the most effective use of employees to achieve organizational and individual goals.
2011- 2020	Mathis & Jackson (2011)	HRM involves designing organizational systems to ensure that human talent is used effectively to achieve corporate objectives.



Schwind, Das, Wagar, Fassina, and Bulmash (2013)	HRM is the management of people in an organization using systems, methods, processes, and procedures that enable employees to achieve their goals. It enhances the employee's positive contribution to achieving organizational goals.
Armstrong & Taylor (2014)	HRM is defined as a strategic, integrated, and coherent approach to the employment, development, and well-being of the people working in organizations.
Bîrcă (2015)	HRM represents a set of general and specific activities with a strategic and operational character in terms of attracting, maintaining, developing, and motivating employees as efficiently as possible, to achieve organizational objectives and satisfy their personal needs.
Bohlander and Snell (2017)	HRM is defined as a process of managing human talent to achieve the objectives of an organization.
Dessler (2017)	HRM is the process of acquiring, training, evaluating, and compensating employees and dealing with their labor relations, health and safety, and fairness.

Source: Developed by the authors based on the review of the specialized literature.

The information presented in Table 3 shows the diverse character of researchers' interpretations of the HRM concept. Although researchers' approaches are different, HRM focuses on employees or people who work within an organization. All the authors of the definitions presented in Table 1.4 consider HRM to be a distinct field of research and a managerial practice oriented toward the employees of an organization. The distinct nature of the definitions presented in chronological order shows that while until the year 2000, HRM was seen as an operational activity, after this period, a strategic interpretation of human resources within organizations can be observed. Beyond this, human resources are seen as strategic resources for achieving organizational objectives.

At the same time, the English researcher D. E. Guest thinks that the driving force of HRM consists in the pursuit of competitive advantage in the market through:

- providing high quality goods and services;
- competitive pricing policies linked to high productivity;
- prompt ability to innovate and introduce change in response to transformations produced in the market space or to essential advances made in the research-development dimension [1].

So, HRM can be seen as a philosophy governing how employees should be treated in the organization's interest. Depending on the philosophy adopted by the upper management of the organization concerning its own employees, two approaches to the concept of HRM have been developed in the specialized literature: technical and humanistic.

The technical approach of HRM emphasizes, in particular, the financial factor. Thus, employees are considered human capital from which profit can be obtained as a result of making a wise investment in their development. In the case of the technical approach of HRM, the top management's attention is directed towards controlling costs with the organization's human resources, especially the salary fund and its correlation with labor productivity. The second approach - humanistic - is positioned diametrically opposite to the technical one. The humanistic approach to HRM originates in the School of Human Relations led by Elton Mayo in the 1930s, which was concerned, as already mentioned, with communication, motivation, the ability to lead, etc. According to J. Storey, the humanistic



approach to HRM involves treating employees as valuable assets, as a source of competitive advantage through loyalty, adaptability, and high-quality professional skills, etc. [1].

4. CONCLUSIONS

Human resources must be treated as individuals, personalities with specific needs, behaviors, and visions, not globally, as a mass of people capable only of work. From this perspective, it is crucial to consider the factors that impact people's behavior in the work environment, namely: individual differences, professional behavior, attitudes, and perception of people. This will allow us to use human resources' physical and intellectual potential more effectively.

Human resources management represents a set of general and specific activities, strategic and operational, in terms of attracting, maintaining, using, and motivating employees as efficiently as possible in order to achieve organizational objectives and satisfy their personal needs. The concept of HRM can be seen as a philosophy that governs how employees should be treated in the interest of the organization.

5. ACKNOWLEDGEMENT

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FROM WASTE MANAGEMENT TO A GREEN ECONOMY IN ROMANIA

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Abstract

By means of this work, we wanted to capture the flow of factors that should be taken into account when making political decisions in the area of waste management, but not only. The synergies that are achieved between the different components contribute to shaping a dynamic approach to the challenges in the area of public policy. A series of interactions were captured in the study, which gives a dynamic perspective on the links that exist in the case of the different parts analyzed. In this sense, a generic classification of the components of the model, but also of the dynamic relationships that are established at their level, was proposed.

Keywords: waste management, circular economy, green economy, onsumption loopsc

Classification JEL: Q42, Q43, Q48

1. INTRODUCTION

The circular economy applies to all sectors of activity with the ability to achieve synergies that, through accumulation, can determine new opportunities for development. That is precisely why an active involvement is needed not only at the level of public policy, but also at the level of implementation in the territory. In this sense, local public authorities have an important role in designing an efficient collection system, including at source, for all types of waste. Schemes of the type "pay as you throw" allow the implementation of the "polluter pays" principle in practice..

2. THE TRANSITION TO A CIRCULAR ECONOMY

For the construction of the Romanian model of the circular economy, an important role is played by the existing good practices at the international and European level. The timid start in this area, usually supported by structural and cohesion funds, must also be actively supported in the new multiannual financial framework. This support is essential for recovering development gaps, implementing new technologies, educating consumers about the role of efficient use of resources, preventing and combating food waste.

Increasing transparency and stakeholder engagement can be done through direct access to data and information. That is precisely why the creation of a national circular economy platform or other electronic platforms of industrial symbiosis can contribute as examples of good practices adapted to national specifics.



In order for the circular economy to be put into practice, a political commitment is needed on several levels, namely a central coordination at the level of the Government and line ministries, supported by the involvement of all public authorities, but also of the private environment and of NGOs.

Identifying sustainable solutions to optimize the consumption of resources to close the loops is an important objective at European level. The new recycling targets for each waste stream, the ban on storage in 2030, the need to implement prevention plans require a high degree of preparation for Romania.

The circular economy involves more than waste management, it brings to the fore the idea of closing resource consumption loops whenever technically feasible and recirculating and transforming a certain amount of resources.

In the equation of resource productivity, the development of collaborative partnerships, of new processes in the kind of industrial symbiosis between different industries is the key to a contribution to sustainable development in the medium and long term.

Encouraging the development of new skills and jobs for the retraining of the unemployed and among young people can facilitate market readiness for the circular economy. Another area that can be taken into account is the consultation of the factors interested in promoting the transfer of the taxation of human capital towards the taxation of resource consumption, a fact that can be a positive signal sent to the economic environment.

CONCLUSIONS

The paper analyzes the potential contribution of the circular economy to the promotion of a green economy. The challenges associated with the green economy bring to the fore the need to implement sustainable production and consumption models, including eco-efficient technologies, which actively contribute to the reduction of GHG emissions.

This part of the study insists on the role of the interested factors in achieving the transition process, but also on the need to specialize the labor force through formal or non-formal education programs, which actively contribute to the preparation of the transition to new types of jobs and professions in Romania.

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APPLICATION OF GREEN DEAL STRATEGIES IN ROMANIAN TOURISM

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Abstract

As world tourism evolves, there is growing talk that sustainability could be one of the key elements underpinning post-pandemic economic recovery in the tourism industry. In order to practice tourism, with ecological valences, it is necessary to involve both the state by adopting development policies, by drawing up sustainable development plans, but also local administrations in collaboration with a series of specialists from agriculture, forestry and other environmental agents, making the local population aware, in this context, of environmental issues. The present study focuses on the presentation of models that are already successfully implemented in our country, and which would have the purpose of attracting as many tourists as possible to various regions of the country and their economic and social development.

Keywords: *sustainability, tourism industry, ecological valences, successfully models.*

Classification JEL: O12, P12, Q27

1. INTRODUCTION

The attractiveness of tourist activity is directly related to sustainable development, a concept that appeared in 1972 during the Stockholm Conference, based on discussions related to the consequences of human activities and the appearance of environmental quality problems. Then followed a series of international conferences and meetings, organized under the auspices of the UN, whose purpose was to find solutions for the population's problems. In this sense, we also recall the Brundtland Commission Report, published in 1987, from which point we can say that the term "sustainable development" entered the current language, reiterating the idea that we must take into account "the satisfaction of present needs, without compromising the ability next generations to ensure their needs" [Brundtland Commission Report, 1987].

Natural and human resources constitute the basic resource of the tourism industry. If this resource is used irrationally and excessively, it is exhausted. But although the development of tourism activity is considered harmless compared to industrial development, there are voices that also present the problems that tourism activity generates [Fennell, D, 2007, Mason, P, 2003, Sharpley, R., 2009].

2. APPLICATION OF GREEN DEAL STRATEGIES IN ROMANIAN TOURISM



The tourism industry has adopted the concept of sustainable development, formulating the notion of sustainable tourism, which, according to the World Tourism Organization (WTO), reiterates the idea of "satisfying the needs of current tourists and the tourism industry and, at the same time, protecting the environment and of opportunities for the future". It is intended to satisfy all economic and social needs, etc. of tourists, maintaining economic integrity, biological and cultural diversity and all the systems that support life, in other words, all tourist activities must be used sparingly, thoughtfully, with judgment, ensuring at the same time, both an ecological operation and a sustainable economic operation.

As world tourism evolves, there is growing talk that sustainability could be one of the key elements underpinning post-pandemic economic recovery in the tourism industry.

Regarding our country, even if it would seem surprising to many, a Euromonitor report shows that Romania ranks 28th in the world in terms of tourism sustainability. According to this report, we could say that we are in a pretty good position, compared to many other states of the world. We must state that Euromonitor experts analyzed 99 countries from the perspective of ecological, social and economic sustainability, country risk, as well as the current demand for sustainable tourism, transport and accommodation services. According to this report, Romania ranked in front of countries with weight, such as Australia, Greece, Italy, Japan or even Great Britain, or the USA, the country that gave birth to the "Farm-to-Table" concept.

Starting from the concept of sustainable tourism, various forms of tourism have appeared, the most common of which is ecotourism in protected areas, also known as green tourism or gentle tourism.

In order to practice tourism, with ecological values, it is necessary to involve both the state by adopting development policies, by drawing up sustainable development plans, but also local administrations in collaboration with a series of specialists from agriculture, forestry and other environmental agents, making the local population aware, in this context, of environmental issues.

The process of orientation towards sustainability must, normally, be coordinated at the national level by governmental factors and supported by local factors, at the level of local communities.

The involvement of these decision-makers has led to the application of strategies that start from concepts such as "farm to fork", "farm to consumer" or "farm to table".

These strategies are gaining more and more popularity in Western countries, while in Romania they are still developing timidly. The tendency to consume local products was born both from the desire to support small entrepreneurs, local farmers and implicitly to encourage the development of agriculture, but also to have as many products as possible "of controlled origin".

CONCLUSIONS

Outside of Romania, more and more hotels and B&Bs, including luxury ones on private islands, have set up their own vegetable gardens or even small farms to ensure that their guests are consuming local, verified and best quality produce. quality.

For some it has even become a way of life, and at the EU level this initiative is given increasing importance, more than a year ago it was included in the European



Ecological Practice through the "Farm&Fork" Strategy developed by the European Commission.

The sustainable development of rural tourism, respectively of the rural community, is a complex and always current research topic, because it is based on two fundamental elements that are in a close interdependence: the source of sustainable resources that can generate development and the inhabitants of the rural space that represent both the factor of action as well as consumption being the beneficiaries of the development. The sustainable development of rural tourism doubled by the general trend of urbanization influences the evolution of human society both at the structural and functional level, a fact that must be achieved under the conditions of ensuring a balance between the requirement to preserve the economic, ecological and social rural space, with the natural tendency to modernization of rural life. This calls for the active involvement of the rural community for the elaboration, adoption and implementation of the most relevant measures for the superior valorization of the landscape resources belonging to a certain area.

Therefore, the basis of this study is the idea that the sustainable development of tourism requires the knowledge, development and improvement of specific problems, for which complex activities are generated, the solution of which cannot be solved in the short term, successive integrated programs being necessary, with lasting effects.

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ANALYSIS OF THE FORMS OF SUSTAINABLE NATURE-ORIENTED TOURISM

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Abstract

The acceptance and awareness, worldwide, of the concept of sustainable development, implies that all industries, therefore the tourism industry, must be based on the practice of some forms of sustainable, sustainable tourism, for which the forms of classic tourism must follow the same path. not to neglect the principles of sustainable development. We highlight this idea, because tourism activities positively or negatively influence the natural setting, general infrastructure, food, leisure activities, etc.

Sustainable development presupposes a good relationship between the environment and the economy, i.e. the support of all economic activities by the environment, in short, the idea of not degrading natural resources in order to be able to benefit from them and the next generations.

Starting from this desire, in the present study, we highlight the idea according to which classic tourism must be carried out in such a way as to reduce its negative impact on the natural environment, and the economic activities specific to tourism must be based on the application of ecological principles and techniques.

Keywords: *sustainable development, tourism industry, sustainable tourism, ecological principles*

Classification JEL: O12, P12, Q27

1. INTRODUCTION

Sustainable tourism is, therefore, an activity that can be carried out for "indefinite periods of time" (Butler, 1993, p.29) . In this context we can also mention the ideas reflected by Blangy and Wood (1993) related to ecotourism activities, or Bramwell et al. (1996) has highlighted the principles of sustainable tourism management. Thus, by sustainable tourism, we must understand the carrying out of tourist activities that respect the environment and that prioritize its bearability from a biological, economic and social point of view.

These authors concretely highlight two sides of sustainable tourism development: towards nature and towards the economy, which complement each other, depending on the specific conditions and requirements of the place where it takes place.

Taking into account the two sides, the previously mentioned authors also made a classification of the types of tourism and the forms of sustainable tourism.

2. ANALYSIS OF THE FORMS OF SUSTAINABLE NATURE-ORIENTED TOURISM

In the specialized literature, it is considered that there are many forms of tourism that respect the principles of sustainable tourism. Weaver (2006) believes that sustainable tourism has taken many forms over time: farm based tourism, the oldest form of



sustainable tourism, volunteer tourism, rural tourism (guesthouse tourism), backpacking tourism, organized generally by young people, alternative urban tourism, educational tourism.

In the present study we will approach other forms of sustainable tourism, with an emphasis on the protection of the environment and natural resources, with an emphasis on the social component and a new philosophy of traveling and spending holidays.

Thus, taking into account sustainable nature-oriented tourism, we have: nature tourism, adventure tourism, ecotourism, solidarity tourism, rural tourism, fair tourism, discovery tourism. Taking into account sustainable tourism oriented towards economic and social cooperation, we have: rural tourism, agritourism, ecotourism, oenogastronomic tourism, equestrian tourism, solidarity tourism, educational tourism.

Analyzing these forms, we easily notice that it cannot be said that there is a clear demarcation between the two development orientations of sustainable tourism, many of the mentioned forms of tourism being found in both development directions. For example, ecotourism, or ecological tourism, can be included both in the category oriented towards nature, but also towards economic cooperation; moreover, all the desired sustainable tourism development can be recognized in ecotourism, rural tourism, cultural tourism, etc., these reflect the desire for tourism to be seen and accepted as a positive factor of economic development and, why not, a practical solution of preserving the environment unaltered.

If we are to analyze in depth, from the point of view of environmental protection, ecological tourism is separated from the others because this form cannot be considered, in itself, a form of tourism in nature or solidarity tourism, but a form of extremely complex. Thus, adventure tourism involves spending free time in an unusual, exotic, remote or wild destination and which can include a multitude of activities involving risk, strong emotion, knowledge, etc. (Scace, 1993, p.63). Nature tourism is the form of tourism that takes place in natural areas, the focus being on natural products (Hemmi, 1995; Valkama, 1997). Solidarity tourism is nothing more than traveling to discover nature.

CONCLUSIONS

Sustainable tourism faces a large number of challenges at the local level: from tourism resources and protected areas, which are not adequately protected, to the mentality of tourists and the local population. So, as a final conclusion, the inclusion of different forms of tourism in the complex constellation of sustainable tourism is very important, both for the issue of the environment and for local development in the deep natural area and rural space.

The concept of sustainable development is very general, often confusing between "sustainable development" and "sustainable society". If the first refers to the way in which human society can evolve, the second must represent a desired, a goal of all people, and here we can remember Roy Anderson who speaks of the "Mountain of Sustainability". So, sustainable development must reach the people, because ultimately they are the ones who have to act to live better.

The future must follow the transition from sustainable development - an ambiguous and impersonal concept - to responsible development.



We must realize that human society is currently facing a crisis - in fact several crises: an environmental crisis, a medical crisis, a crisis of the capitalist system and last but not least a moral crisis - and it is necessary that each individual to become more responsible for his actions, no matter in what form he spends his free time.

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THE ROLE OF MANAGEMENT IN SPORT

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Abstract

In recent decades, the revolution generated by entrepreneurship is perceived as a symbol of tenacity and success, enjoying unprecedented attention, not only at political, economic and social levels, but also in sports.

Sports management is interdependent and interrelated with many factors, macro and micro, and can take the form of different businesses depending on the stage, impact and type of focus on the commercial or social dimension.

Keywords: : sport, management, communication

Classification JEL:

1. INTRODUCTION

Due to their social importance, activities in the field of physical education and sports, both at the level of institutions and those related to the instructive-educational process, must also align with the requirements of scientific management.

Scientific management in sports addresses a large number of factors involved in the field, including students from the specialization of physical education and sports, following their initiation into the complexity of modern management problems, in the science of managing physical, educational and sports activities, both as an educational process, as well as a competitive activity.

2. The specific characteristics of sports management

In addition to the applicative character, scientific management has a creative character, generated by the need to adapt management activities to the specifics of the units or problems that need to be solved.

From the point of view of functionality, scientific management is an activity that brings together both a technical-organizational side and a social-economic side, generated by the nature of interpersonal relations. In order to streamline and complete the activities contained in these two sides, the existence of some elements-conditions at all levels of the fields of physical education and sports is necessary, namely: the existence of future objectives; rational organization of the management structure; creating the organizational and legal framework for their participation in management; making decisions and choosing the optimal decision and translating them into life; control of the activity in order to make decisions.



Modern management includes in a unitary whole the following fundamental concepts: predictive; innovative; operational; management and personnel.

It therefore represents the symbiosis between science, practice and art.

There are four categories of resources:

- human;
- materials;
- financial;
- informational.

Human resources consist of athletes, coaches, teachers, sports doctors, lawyers, economists, maintenance staff of sports facilities, etc.

Material resources are represented by movable and immovable goods: land, sports halls, buildings, sports materials and equipment, investigative equipment or sports training, means of transport, etc.

Financial resources are the funds that sports units receive from the state budget or achieve through self-financing.

Informational resources – their character is given by the level of organization of activities at the local level (at the level of higher education institutions), county (university centers) and national level.

CONCLUSIONS

Communication in the sports entrepreneurial environment is subject to certain ethical norms, which is part of an organizational culture, through which a sports manager verifies the way in which the decisions imposed by him have been fulfilled, only if the communication between him and his subordinates is efficient.

So an efficient communication in the sports entrepreneurial environment can influence the labor productivity, both at the level of the relations between the execution staff and at the organizational level.

Most sports organizations that have a certain level of development, have their own formal communication channels, which are exemplified by written documents specific to it, which must be respected responsibly by employees of the sports organization.

However, such effects do not need to be idealized, as long as the current practice has highlighted the presence of multiple obstacles that can reduce or cancel these effects.

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SATISFACTION AND DISSATISFACTION IN WORK

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Abstract

Between motivation and performance there is a relationship of mutual conditioning. When there is an overlap between individual expectations and organizational requests, there is also a chance of obtaining professional performance, otherwise, performance being more difficult to achieve and/or maintain. The approach through the lens of human relations indicates that a humane, caring supervision and the expression of interest in the personal needs of the employees were useful ways of management. This managerial style was not supported for strictly humanitarian reasons. However, such a style will bring benefits as a result of increased productivity on the part of the workforce.

Keywords: *motivation, performance, satisfaction, dissatisfaction, demotivation.*

Classification JEL: *M 51, M 52*

1. INTRODUCTION

Between motivation and performance there is a relationship of mutual conditioning. When there is an overlap between individual expectations and organizational requests, there is also a chance of obtaining professional performance, otherwise, performance being more difficult to achieve and/or maintain.

There are currently disputes regarding the relationship between performance and satisfaction and there are several opinions[3]:

1. satisfaction generates performance
2. performance generates satisfaction
3. reward generates performance and satisfaction

The human relations approach indicates that humane, caring supervision and expressing interest in the personal needs of employees were useful ways of leadership. This managerial style was not supported for strictly humanitarian reasons. However, such a style will bring benefits as a result of increased productivity on the part of the workforce.

2. PAPER BODY

The hypothesis "satisfaction determines performance", an assumption that high job satisfaction leads to high performance. If satisfaction on a certain position or on a certain function causes high performance, managers should understand a rather simple message: in order to increase the work performance of employees, they must be happy. The connection between the satisfaction of the individual at a given moment and his performance at another moment is not exactly simple and direct. There is some evidence that the relationship works better for those who have high qualifications and occupy higher



positions in the hierarchy. Individually considered job satisfaction is not a predictor of performance.[1] Also, satisfied employees are generally not much more productive than dissatisfied workers. A large number of research papers show that the relationship between satisfaction and performance is positive, but usually very low and often inconsistent. For example, satisfying co-workers and a pleasant superior could lead us to allocate more time to social interactions than to work itself. Thus, the hypothesis that "satisfaction determines performance" could prove incorrect.

The "performance determines satisfaction" hypothesis, an assumption that achieving high performance leads to high job satisfaction. Performance would seem to lead to satisfaction when performance is followed by rewards[2].

Organizations, in general, do not really try to link rewards to performance. In many cases, very high productivity is not followed by promotions, salary increases or designation for a more interesting task. Therefore, simply increasing employee satisfaction should not necessarily make them work better.

The hypothesis "reward generates both performance and satisfaction" suggests that a suitable allocation of the reward can positively influence both performance and satisfaction. What does appropriate mean?[3]

Research has shown that people who receive high rewards report high satisfaction [2]. But, at the same time, studies show that rewards correlated with performance influence the person's work performance. In such a situation, the size and value of the reward varies depending on the achievements. A small reward offered to an underperforming employee will lead to dissatisfaction, the expectation is that he will make efforts to improve performance and obtain higher rewards in the future.

CONCLUSIONS

We believe that managers should consider satisfaction and performance as two separate but related work outcomes that are influenced by the allocation of rewards. Since job or job satisfaction is not a predictor of performance, rewards given according to the work done can have a positive influence on satisfaction and performance.

Dissatisfaction at work is a problem of today's society that is gaining proportions. Many employees declare themselves dissatisfied with their current job, a fact caused either by internal reasons, related to people's aspirations and spheres of interest, or by the way they are treated in the organization.

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THE HUMAN RESOURCES UNDER PANDEMIC CONDITIONS

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Abstract

In order to survive and develop, organizations need to create structures able to anticipate tendencies of economic and social evolution. Therefore, the strategic planning of the organization, the human resources included, represents the most important managerial activity of long run effects.

Sadly, the Covid-19 pandemic changed and continues to change the human resources organization. Thus, the organization itself has to assess permanently. The organization needs to assess its own structure, the efficiency of the information and resources, the ability of the organization's adjustment to the external conditions. The organization has to assess the personnel's abilities to make use of the new technologies, the capacity of investing in improving and re-training the personnel etc.

Keywords: *organizational change, pandemic, personnel strategies, human resources managers*

Classification JEL: *M 51, M 52*

1. INTRODUCTION

Unfortunately, the Covid-19 pandemic changed and continues to change the human resources organization.

Interestingly, changing in the field of the human resources within the organization encompasses new recruitment and selection procedures, new assessment standards, different approaches of the promotion and motivation. Despite the fact that, the reluctance regarding change is humane, in order to overcome it, the organization needs to take actions.

2. ORGANIZATIONAL CHANGING DURING THE PANDEMIC

Interestingly, the organizational changing of the past three decades led to enhancement of the adjustment ability to the environmental conditions; we refer to the management through objectives, participative management, the management of the total quality, strategic planning, communication extension, leveling of the hierarchical structures etc.

Interestingly enough, changing in the field of the human resources within the organization encompasses new recruitment and selection procedures, new assessment standards, different approaches of the promotion and motivation. Despite the fact that, the reluctance regarding change is humane, in order to overcome it, the organization needs to take actions.



Generally, pandemics represent an external factor, which, together with the internal factors, influence significantly the leadership of the human resources within the organization, claiming substantial changes.

In this sense, Comănescu considers that "...change, generally, represents an alteration, a transformation or upheaval in form and/or content of an object, a activity or natural product of thought or social" (Comănescu, 2020, p. 290). „*The Economist Book – A Strategy*” introduces some imperatives for understanding the concept of changing. “Learn to love change. Feel comfortable in the company of your intuition. Make compassion, care, and harmony and trust the cornerstones of your business. Fall in love with the new ideas“ (*The Economist Book – Strategie*, 1998, p. 23).

Moreover, Milan Kubr (1992) presents broadly the aspects of organizational change in “*Management Consulting: A Guide to the Profession Hardcover*”. Here are these aspects (Kubr, 2005, p. 86):

- Changings regarding the organizational way of companies (juridical status, property form, activity domain etc);
- Changing of the tasks and activities (the denomination of the products or services offered, suppliers, clients and markets);
- Changing in the utilized technology (equipment, technological processes, tools, materials and energy);
- Changing in structures and management processes (the company’s organizational chart, decisional process, informational system, procedures of internal control);
- Changing in the organizational structure (leadership style, influences, values and traditions);
- Changing people (managerial team, execution personnel, expertise, motivations, behaviour and work efficiency);
- Changing of the organizational performance (economic, financial, social, the way the organization integrates within the activity environment and fulfils its mission);
- Changing the image the company/ organization has created in the business circles and in the society.

CONCLUSIONS

Unfortunately, pandemic has transformed organizational fundamentally. The way in which we collaborate, we communicate, we make plans for the future or consider our objectives for 2021.

Moving the activities online and making use of digital solutions for information exchange within the team or with the existent or potential clients have happened quickly for many companies, which were not prepared for this step.

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PUBLIC-PRIVATE PARTNERSHIPS: A MACROECONOMIC PERSPECTIVE

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Abstract

Public-private partnerships are usually approached punctually from a microeconomic or project-based perspective. The experience gained since the economic-financial crisis, over the austerity period, and especially in the pandemic period has shown that public-private partnerships could play a more significant role in processes related to sustainability, preventing climate change and alleviating the effects of demographic change by contributing to diminishing on European markets, and especially on labour markets. While the analysis shows that EU-27 level scepticism related to public-private partnerships has origins in its legal frameworks, and in economic policies promoting decentralization and state retrenchment by privatization, the potential of the public-private partnership for contributing to resilience and sustainability could be approached based from an innovative perspective, allowing for more flexibility, and based on the capacity of the member-states to stimulate private stakeholders at community, sub-national and national level. Empirical analyses show that public-private partnerships have impact at macroeconomic level, depending on quality of governance, transparency and cooperation capacity of the public and private stakeholders, by creating increased attractiveness for foreign direct investments, and by setting the bases for innovative clusters in agriculture, industries and RDI. At national level this potential remains untapped, and we analyse possible reasons and solutions.

Keywords: *macroeconomy, public-private partnership, labor market, sustainability, climate change, uncertainty*

Classification JEL: *D81 E02, J21, J24, I32, Q56*

1. INTRODUCTION

The economic financial crisis of the 2010s, the austerity period, and the pandemic period have all led to a more complex economic and social situation at global and EU-27 level, as to challenges of economic nature have been added the uncertainties triggered by the geopolitical instability at the eastern border of the EU-27. In this context, more than ever a more structured and intense cooperation and collaboration is necessary between the public sector and the private sector to maintain macrostability, ensure resilience and sustainability of the EU-27 economies.

Public-private partnerships within the EU-27, as of the seventies have a somewhat mixed 'history' as regards interest in and results of such partnerships, while some countries have a quasi-non-documented history of such partnerships, for instance Romania.

Many of the researches focused on the legal-institutional frameworks that might contribute to promoting or hindering the development of public-private-partnerships (PPP) and the main issues were identified in the key difference between the contractual and institutional PPP. To this was added the dominating trend of encouraging competition and decentralization along with the state retrenchment at EU-level based on intense processes



of privatization that were aimed over the seventies and eighties at the developed member-states, while after the nineties these processes were encouraged also for the central- and eastern European countries that were in the process of transition to free market economies.

Nevertheless, the overall idea backing the creation of PPPs inside the EU and globally was that they represented one of the tools that had cost-efficient and effective mechanisms for satisfying and implementing projects that would answer public needs whether these were entities/facilities or services. Moreover, at the level of rural and urban development they were identified also as beneficial for developing inclusive communities.

The theoretical and empirical literature dedicated to PPPs can be divided into five main strands: (a) the literature explaining the nature of organizational collaboration; (b) the public management literature where the issue of contractual relationships is widely debated; (c) the public governance perspective; (d) the urban development perspective; (e) the perspective referring specifically to the process and impact of PPP on local community development (Osborne, St. P. ed. 2000) [1]. These literature strands which were mostly developed and diversified over the nineties are completed especially in the last two decades by literature strands that attempt to analyse the potential of PPPs from the perspective of sustainability with respect to how contracts and risks sharing should be elaborated in the context of increasing uncertainties due to climate change (Straub and Martimort, 2012; Kerr, 2010; Kunreuther and Michel-Kerjan, 2009) [2][3][4] and, we might add, most recently due to the impact and aftermath of the pandemic (World Bank, 2020) [5].

We argue that, in line with the most recent developments, and considering Romania's poor experience in the field of developing viable PPPs, the current period is optimal for developing an own PPP agenda in line with these recent trends which attempt to set the framework for innovative initiatives as regards economic policies, legal and institutional environments to enable greater resilience overall, and the implementation of viable PPPs focused on three core issues of relevance for the economic development in the future: the legal framework so as to foster and increase the attractiveness of the PPP market for domestic and foreign investors as to enter (the case of Romania) or re-enter the PPP market, increasing institutional flexibility and extending the role and involvement of private partners in the field of research-development and innovation in relation to the education and health system for improving public delivery of services in these two fields, and increasing emphasis on monitoring the macroeconomic impact of PPPs (Buffe et al. 2016) [6], especially as regards one of the main concerns, respectively the labor market which is subjected to increased transformative pressures (Arellano, A. et al. 2008) [7].

2. PUBLIC-PARTNERSHIP DEVELOPMENTS AND POTENTIAL IN EU-27 AND ROMANIA

The realities of the post-crisis, post-austerity and now, quasi-post-Covid period have brought to light a series of issues that need to be tackled from the macroeconomic and institutional perspective as to adjust legal frameworks, adapt or create new economic and social institutions, and allow for speed-up innovation for ensuring resilience and sustainability of the European Union economies and societies in a context of increased uncertainty and unpredictability of economic and geopolitical nature.



Challenges related to climate change and the need of decarbonizing EU economies, energy generation, distribution and supply threatening to turn into increased energy poverty risks, especially in some countries, and the transformations that will occur increasingly quicker on the labor market as regards jobs demand and supply require the use of all tools available to public and private stakeholders for ensuring overall sustainability and resilience.

One such tool is the public-private partnership which is defined, traditionally, as the relationship between a public and a private agent in key areas for achieving a common goal. Most such relationships were concluded globally and at EU-28/27 level with respect to projects for developing large infrastructures, and less aimed at sectors like healthcare, education, research-development and innovation. However, over the last period, and especially over the period of Covid-19 pandemic, it has become increasingly clearer that PPPs could play a significant role in ensuring sustainability and resilience, especially in the case of the EU countries that are still in catch-up processes, including here also some former countries of convergence and cohesion (Greece, Spain).

2.1 The EU-27 PPP experience before the Covid-19 pandemic

PPPs' role in ensuring convergence and cohesion has been stressed by several documents at EU-27 level, which stressed their relevance for speeding up the processes of catching-up especially in the case of central and eastern-European countries.

However, as the ECA Special Report 9/2018 indicates [8], a series of disfunctions were identified in the case of seven of the analysed PPPs, along with few benefits.

By analysing the EU experience over the period of the nineties and up to the present, one idea that takes shape is that PPPs have had fewer good results because by their nature they seem to be employed mostly by governments in less-developed countries (LDC) and developing countries that need high investments in infrastructure, while the means available to core-EU countries are much larger making PPPs less relevant. However, we consider that the main reason for which PPPs seem to be (apparently) less employed and successful in Old EU Member-States just like in the Former EU Member-States of Convergence and Cohesion and the New Member States is found in the legal frameworks. On the other hand, PPPs are more successful in the framework of common law countries in the Anglo-Saxon sphere of influence, and less in civil law countries where the legal frameworks are more complicated.

Nonetheless, the period between 1990 and 2019 (the year before the Covid-19 pandemic) has seen a steady increase in the number of PPPs in all EU-28/27 groups of countries, despite the difficulties originating from EU competition and public procurement laws, which have been already acknowledged as such and have determined reviewing the PPP legal frameworks in countries like Germany (2017, 2021), Portugal (2014, 2020) as there was noticed in the case of this country a significant slowing down, especially as regards greenfield projects, France (2015, 2016), Italy (2016) and the Netherlands (although the latter has a rather good experience with PPPs). Interestingly enough, in October 2020, the report "Learning of 15 years of DBFM projects at Rijkswaterstaat" found that DBFM projects are of higher quality on average and more often delivered on time, while the contract form was still considered unsuitable for more complex projects, while fit for less complex projects with values varying between 200 and 400 million Euros (Job and Lefort, 2022) (Cismas and Dumitru, 2022) [9] [10].

The analysis of public-private partnerships over the period 2010-2021 when these legal framework changes were becoming a necessity for both developed and developing countries of the EU shows that most were in the transports' sector, followed by general public services, followed at a distance by projects in the other sectors, however for all European countries, including EU-27 countries in the sector of education (189) compared with 151 in transports, while for environment a number of 62 projects are recorded for the same period and 104 in healthcare (EIB, EPEC data 2022).

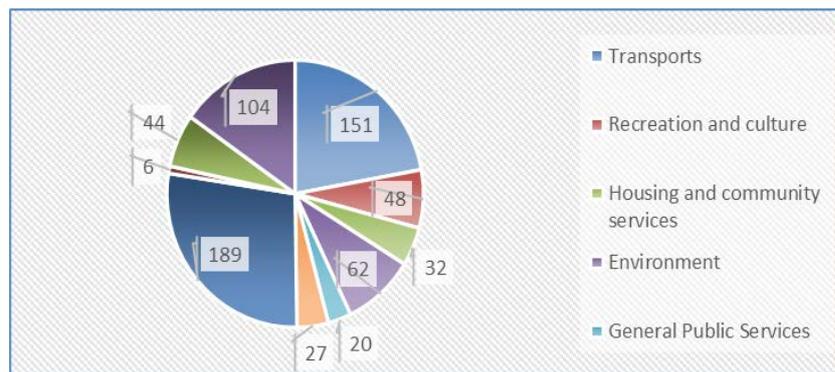


Figure 1 Number of PPP projects by sector over the period 2010-2021

Source: <https://data.eib.org/epec>

The shift is noticeable at European and EU-27 level countries from transports to the most relevant issues of the following period: healthcare, education and environment. While this increased focus on healthcare, education and environment, three sectors that impact and trigger also labor market challenges, the highest amounts are still invested for the transports' sector (over 90.000 billion euros), while for the other sectors of interest the amounts are in the range from 10 to 20.000 billion euros), while the total allocated amount is for this period of 368,3 billion euros.

2.2 Post-Covid-19 insights in using PPP for resilience and sustainability

Most reviews dealing with PPPs, in the EU-27 and at world level show that there needs to be an increased shift to PPPs that are dedicated to the Sustainable Development Goals (SDG) and this will require also improved legal-institutional frameworks on the dimensions regarding the participation of the private sector and in particular how risks are shared so that projects are dealt with timely and on budget.

This, with respect to sustainability means first of all an integrated perspective, by which public-private partnership projects include the three pillars of sustainability – economic, environmental and social. It relies on the fact that public-private partnership in its wider understanding has also a social character contributing – in the area of rural and urban development to creating a cohesive and inclusive society, by creating opportunities regarding employment and delivering by innovative ways solutions to communities' issues, as the public sector is less inclined towards innovation in the provision of services.

The labor market aspect of PPPs, can be analysed based on the division provided by the EU-27 labor market policies which stipulates that the relevant measures are either passive or active. By analysing the Active Labor Market Policies through the prism of PPP we find that some of the measures, like Kurzarbeit, or other forms of supporting



employment over the Covid-19 period have shown best results based on in-point and ad-hoc PPPs that created opportunities for preserving jobs, while also developing widespread and improved practices for testing the population and providing assistance to the healthsector in EU-27.

For the labor market, the dimensions to which the private sector can bring value for money is in ensuring partnerships in skilling and reskilling the workforce, developing tools for the increased flexicurity, providing for lifelong learning strategies, and contributing to the modernization of social security systems, next to other measures that would lead, based on monitoring meaningful improvements in ALMP to reduce periods of unemployment and ease transitions in the labor market (Arellano et al. 2008).

However, one of the best examples of how PPPs might operate, if the legal-institutional frameworks are improved also for the EU-27 member-states, was highlighted in the UK, where the public-private partnership assisted in facing the health crisis.

By the end of 2020, the costs of combating the pandemic amounted to 18.6 billion sterling pounds, and most were targeted to procuring medical protection equipment, from which ventilators represented one of the most important challenges. In this context, 33 businesses acted for increasing the ventilator production capacity of Smith Group and Penlon. If the combined production of the two businesses was by 60 ventilators/week, the consortium succeeded in producing 12.300 ventilators in 12 weeks. That is almost the equivalent of the production for 10 years. Another interesting solution based on PPP resulted in building 7 Nightingale hospitals over a couple of weeks. The Alliance between the National Health System and the Independent Health Providers Network exceeded the limits of traditional PPP as the latter ensured capacities and resources for NHS. At EU-27 level, a relevant example is Germany, where the PPPs involved in developing and operating the digital infrastructure has contributed rapidly by setting up the warning software regarding the risks of exposure to the coronavirus.

2.3 Romania's perspectives on the PPP market

The interrogation of databanks has shown that Romania is quasi-absent from the international and EU-27 PPP market, as the few PPPs realized at local level, are irrelevant considering amounts and impact.

Among the issues that contributed to this state-of-affairs is the legal-institutional framework to which are added the initiatives during the transition period which were more focused on privatization because of lacking autochthonous capital which hampered a lot of the processes that might have led to the creation of PPPs in the relevant economic and social sectors.

The legal-institutional framework continues to be rather inflexible and the last changes brought to the legal provisions regarding PPPs has not produced meaningful effects yet.

Romania does not have a very specific, national definition of the PPP and its applicability is dispersed in various official documents, starting with the Guide of 2009 that specified that PPP is a tool for facilitating concession projects for public works and services. The official documents and acts as of 2010 brought various clarifications, changes of the respective Guide, and of the Public Private Partnership Law 178/ 2010 which was never used and was replaced, after a long period of issuing various



amendments, abrogations etc. by the Emergency Ordinance 39/2018 which provides for stimulating public investment projects by involving the private sector.

However, two recent developments show that, if Romania makes efforts for encouraging this type of partnership there is a chance of making good use of this tool. The first example is the example of the sugar factory Ludus, where around 700 farmers from Transylvania entered negotiations with the French company Tereos (owner of the factory) for purchasing the factory from them in what Mircea Cosea qualified as a first example of useful and encouraging example of PPP at national level. By how the initiative was received, it shows that for public and private agents alike, the relevance consists in the capacity of this PPP initiative of preserving industrial capacity, jobs and improving social conditions in the involved communities (Bugetul, 20.20.2022) [11].

The second example, with impact on the labor market and the development of the SME sector in Romania was launched recently by an employer's association, together with an IT cluster and an Informal IT school in Cluj with the aim of increasing the level of digitalisation for SMEs. The project will unfold over the October 2022 -December 2023 (Economedia.ro, 21 nov. 2022)[12].

These two examples shows that there is national potential and improved readiness for considering PPPs as a tool for ensuring sustainability and resilience at national level, while both showcase why PPP needs to be better measured and monitored as regards the macroeconomic impact.

CONCLUSIONS

The future of PPPs as tool for development, sustainability and resilience needs to be connected to its macroeconomic relevance, by considering legal-institutional frameworks that make it more flexible and visible based on innovation results that bring value for money and quality of life improvements for the communities in which such PPPs develop their activity. Moreover, these PPPs will need to reconsider the main contractual provisions regarding duration of contract, and risk sharing due to the fact that climate change brings a set of new questions about the environmental impact and relevance for decarbonization of PPPs in critical sectors like energy, transports, while at the level of the current needs of digitalisation and knowledge, there should be built new frameworks for meaningful PPPs that contribute to critical research-development and innovation activities.

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THE INFLUENCE OF SOCIAL MEDIA NETWORKS ON INTERNET USE AND CONSUMER BEHAVIOR

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Abstract

We can say that the idea behind Social Media is not really an innovative one. This is just the beginning of social media's cultural impact. Where in the past, there was the need to hide and keep secret, social media forces openness and transparency, this is a wave of change for the community. Although some of them are against the new era that openness and transparency represent positive aspects. The reality is that social media has an increasing impact on people. The need to promote and position ourselves in a crowded and competitive market, transforms the way of thinking of the community.

Keywords: social media,online,internet,facebook

Classification JEL: M31

1. INTRODUCTION

The reality is that social media has an increasing impact on people. The need to promote and position ourselves in a crowded and competitive market, transforms the way of thinking of the community.

It is a known fact that everyone has heard how social media has helped bring about change in the world in recent years. But technology began to change the way we are governed long before that. Nowadays, social media allows us to dialogue with people all over the world. Literature was one of the methods to inspire change.

With a rapidly growing dynamic and a great diversity of consumers surfing online all over the world, the Internet harbors immense potential for marketing practice. Advertising, personal selling and promotional activities are forms of promotion that can be carried out online. Not only can the Internet be used for the entire promotional mix, it can even improve the effectiveness of promotional activities. For today's organizations trying to gain and maintain a competitive edge, any form of online marketing is an important step in achieving success.

Social media refers to content created by users using accessible and measurable publishing technologies. In a narrow sense, social media represents a change in how online users discover, read and share news, information and content. It is a fusion of sociology and technology, turning the monologue into a dialogue, turning users from content readers into content editors.



Social media has become popular because it allows individuals to connect online to create personal, political and business relationships.

Through the growth of social media, we are witnessing a democratization of corporate communication. Here the power is being taken to the communities from those in marketing.

2. SOCIAL MEDIA IN ROMANIA

Ever since the launch of Facebook in 2004, social media channels have experienced exponential growth and have yet to peak in popularity. The way to interact with users, from the fact that they provide a very easy way of communication, above social and local boundaries, but also the countless ways to share content, make social media platforms irreplaceable in our everyday life.

At the world level as well as at the level of Romania, social media has a continuous rise. The data provided by the National Institute of Statistics support these statements through the reports of the last 3 years. The report provided by Digital 2022 shows us the evolution of the Internet of social media and commerce from over 40 countries in the world. According to the report at the end of 2021, there were 13.3 million social media users in our country, representing 69.7% of the population, an increase of 10% compared to 2022, when there were 12 million users. It is also the largest increase in the number of people who have become active in social media so far.

A study by the media agency Spark Foundry states that among the digital activities preferred by Romanians in the online environment are online payments and shopping, access to online platforms and social networks, as well as consulting news publications. Analyzing the preferences of internet consumers, we can appreciate that social media has an important role both in increasing the degree of penetration in the online environment and as a source to keep interested people active as much as possible. The most interested parties still remain the companies that can actively promote themselves products and services in social media, with a very high degree of success.

The degree of use of the online environment and implicitly of social media has a constant growth trend. Referring to the total number of people in Romania, according to Eurostat data, we approximate 19.08 million inhabitants with an active population in the online environment, i.e. people who 16.79 million entered the Internet at least once in 2021, totaling 88% of the country's population. According to digital 2022 data, there is an increase of 3% between 2021 and 2022, 485 thousand new users.

CONCLUSIONS

Through the growth of social media, we are witnessing a democratization of corporate communication.

In the context of the modern, constantly developing world and the increasingly demanding economy, any type of business must continuously adapt to changes in the environment. More special actions, however, require diversified online promotion, because they represent a more special category in themselves, due to their unique characteristics and services in general.



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CREATIVITY IN THE MANAGERIAL STYLE

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Abstract

The pace at which things are developing is an alert one, surpassing many who do not have the inspiration or strength to understand that the future is much closer than it seems. The manager of the future is, now and for many who seek to understand the future, the manager of the near, very near future.

Man is developing. The pace and directions of its development are adaptive tools that are dictated by the law of evolution of the best integrated.

In a world where education, training, information and culture are at everyone's fingertips, the advantage of elites is given by the quality of their skills.

As managers and employees, we have an obligation to pay our debt with interest, making this a better place to live, providing more opportunities for development and prosperity for future generations.

Managers have a major responsibility to pay this debt. Our employees can't do that. Of course, they can help, but the responsibility lies primarily with the managers.

The problem is not the employees, but the management. Managers must be willing to change their behavior and be an example of themselves in order to hope that employees will change their behavior. It is time for management to take responsibility for leaders, ensuring that all stakeholders benefit from the organization's performance, not just managers and investors. The role of leadership must change.

Keywords: *managerial styl, creativity, man is developing, change.*

Classification JEL: *M12, M14*

1. INTRODUCTION

It has been said that “we did not inherit this country from our ancestors. We borrowed it from our children and grand children” (Băloiu and Frăsineanu, 2001).

Managers must remove the main barriers they have placed in the way of employees before their zeal can be unleashed. A simple rule says that the management team must solve 50% of the problems it faces before asking employees to solve the 10-20% of the problems under their control (Hesselbein, Goldsmith and Beckhard, 2000).

According to a study conducted by Thomas J. Peters in 37 companies, considered to be the best run in the world, the success factors in management are: a clear orientation, taking into account customer needs; the use of simple forms and the improvement of human resources; continuous contact with customers; improving employee productivity; operational autonomy and encouragement of entrepreneurs; orientation towards key and high value business; the orientation of each employee towards what he knows how to do better and the use of a rigorous control system (Gorg, 1997).



2. PAPER BODY

The American Management Association characterizes efficient managers by the following traits: they obtain results through others, assuming responsibilities for these results, they are oriented towards the environment, they have decisions regarding the company's finality, they trust subordinates entrusting them with responsibilities for the intended results to be obtained, they recognize the possibility of making mistakes and receive their initiatives favorably, decentralize the organizational system and appreciate people according to the results obtained.

The role of management is changing, and the success of a manager depends on his ability to keep up with these changes and to be a role model for employees. Today there are two types of managers.

Examining the current responsibilities of managers, we find that, in most cases, they are limited to solving current problems and finding a momentary solution. Although there have been a number of major changes in the functioning of the economic system, due to the lack of a managerial vision and coherent strategies, coexist, especially in the public domain, both the principles of economic democracy and the fundamental features of the command system. The impact of the political factor, as a reflection of the past, continues to play an important role in the managerial career. However, he moves towards performance towards creativity in decision making, knowledge is a vital resource in a knowledge-based society, having quality information, at the right time, is a power factor for management and organization.

We often hear it said that of the three absolute priorities - quality, cost and meeting deadlines - quality must come first. But the golden triangle of quality, cost and timing forces today's managers to make sure that all three conditions are met equally. It is easy to meet one of the conditions by sacrificing the other two. For example, you can meet deadlines by lowering poor quality and increasing cost, or you can achieve superior quality at a high cost and with long deadlines. But today's customers want all three at the same time. Managers who meet these requirements will advance and prosper, and others will leave the race.

CONCLUSIONS

It is becoming increasingly clear that, today, the managerial action has as object not only an employee who produces, but a "global" man with his expectations and objectives, with his sensitivity. The effective manager must consider others in their entirety in order to get the best they can from themselves, leaving enough room for emotion in the work relationship.

Every day proves it to us even more: the real is not rational. The more you rely on numbers to run a business, believing that you can leave the emotional and intuitive world out of the enterprise, the more you trust methods that take you away from reality.

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E-COMMERCE AND DIGITAL MARKETING A MIX FOR BUSINESS LEADING

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Abstract

In a world of digitization, online marketing is a worldwide necessity. The emergence of a large number of digital tools and platforms such as: smart mobile phones, tablets and even game consoles with internet access, but also social media platforms, make online marketing the most powerful business promotion solution.

The fact that online stores competing with brick-and-mortar stores have profits that brick-and-mortar stores can't even dream of shows the power of online marketing.

Keywords: *select 4 – 7 key terms (words or phrases) that reveal the essence of the paper. List these terms in the decreasing order of their significance.*

Classification JEL: M31

1. INTRODUCTION

Today's trends tell us that digital marketing will soon become the first choice for both companies and marketing agencies, who will find that online marketing will be able to lower costs for the client, in return achieving better results of increasing business compared to those obtained through classic marketing strategies.

I start from the hypothesis that in the future will move most activities (economic, social, educational, political, etc.) to the online environment. I chose to start from the premise that the evolution of the Internet will lead, in the future, to the emergence of a new marketing paradigm, precisely because of the uniformity that social media networks achieve on a mental level. One cannot discuss online marketing without studying the evolution of companies and how they reacted during the pandemic that affected humanity.

The pandemic has affected the world economy at a level that is difficult to calculate, and the effects are incalculable. Only in the coming years will it be possible to make clear predictions on how the world economy will evolve and what will be the consequences of this period of global lock-down.

That is why the online environment has become more and more important for the business environment and not only. There are no marketing textbooks that would have predicted such a situation. That is why it is important that in every market, companies and brands find ways to adapt to the crisis and reinvent themselves so that they can overcome this difficult period. This is the reason why I believe that, at this moment, integrated marketing campaigns in the virtual environment represent the chance for many companies to overcome this period of crisis.



Promotion and the image you create around your business is very important, companies that refuse to adapt and go online are prone to failure. Today's competitive environment does not allow you not to exist in a market with 13 million potential clients in Romania.

2. E-commerce and digital marketing

Whether they provide business-to-consumer or business-to-business e-commerce, or even both, companies need an intense, adaptable, and scalable e-commerce platform that meets the needs of customers both now and in the future and for that they require a mix between digital marketing and e-commerce.

According to estimates by ARMO (Romanian Association of Online Stores), the e-commerce sector has reached the threshold of 6.4 billion euros, 10% more than at the end of 2020 when it was 5.4 billion euros and 30% more than in 2019 when the value of online commerce was estimated at approx. 4.3 billion euros. The increase was approx. 500 million euros more than the initial forecasts, amid the Covid-19 pandemic that accelerated the pace of online shopping, as well as the percentage of online card payments.

The value of 5.6 billion euros refers to all transactions generated in Romania both to domestic traders and to online stores outside the country and represents strictly the e-tail segment, i.e. physical products (tangible) that were purchased online. Excludes services, payment of utility bills, digital content or airline tickets, vacations and travel, hotel reservations, tickets to shows or various events (the latter categories experiencing a significant contraction in 2020, caused by traffic restrictions and measures social distancing).

With the exception of the verticals affected by the effects of the pandemic such as Horeca or Travel, the e-commerce sector in Romania experienced an accelerated growth in 2021, by 30% more than in 2020, the growth rate being significantly higher than in 2019 vs. 2019 when it stood at approx. 20-22%. Romania is among the EU countries with the highest annual growth rate of online commerce, which shows the significant potential for development of the e-commerce sector in the future, in a market that has not yet reached the maturity level of other northern countries. and Western Europe.

For the e-commerce sector, the year 2020 was one that marked a spectacular evolution, reaching planned targets sometimes even in 2-3 years. But this sector is only the easy-to-see and quantifiable part of what we call the wider digital economy, whose value is much higher and which can be Romania's chance to recover extremely quickly the development gaps compared to the western states. In 2020, Romania became the EU leader in the growth rate of e-commerce, even though only 45% of Romanian Internet users bought online.

In 2022, the upward trend of the online environment was maintained through a 3% increase in internet users. Approximately 500 thousand new users have appeared since the beginning of 2022. This upward trend and the increase in the degree of penetration of companies in the environment online clearly shows us that the future is in e-commerce and promotion will move online

CONCLUSIONS

The online environment is becoming more and more attractive and more effective for business development and promotion. For this reason, companies have begun to focus



more on the implementation of integrated promotion campaigns in the online environment for the services and products they offer. In the long term the activity in the online space will increase the number of potential consumers and generate a much higher probability for the company to develop.

The constant progress of digital technology has determined the increase in the percentage of people who are present in the online environment. Online commerce is also developing with each passing year, the proof being the fact that it has dethroned classic commerce in many Western countries. Digital marketing is the future of business promotion, and companies that manage to enter the online market will have the advantage of tomorrow.

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THE EVOLUTION OF ON LINE COMMERCE IN ROMANIA

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Abstract

Commerce, the most dynamic activity in economy, has been divided into conventional commerce and online commerce. According to statistics both forms of commerce have had a rise in trend, before, during and after the pandemic. Whether we talk about the volume of purchased goods, paid amounts, numbers of units and sites, employed personnel, what we can say about commerce is that it still remains an attractive and dynamic domain of activity. In this paper, we have proposed to analyze the evolution of online commerce in the recent period marked by countless events such as the pandemic and the war in Ukraine and influenced by numerous factors, among which the continuously increasing inflation rate stands out.

Keywords: *COMMERCE, ON LINE COMMERCE, EVOLUTION, ROMANIA, TRENDS*

Classification JEL: *L81*

1. INTRODUCTION

Considered to be one of the first digitized service activities and with an almost immediate success, online commerce continues to surprise with its dynamism, with statistical data that is truly astonishing, with its implementation in the sale of countless categories of products, but also with the contribution it had to changing consumer behavior.

Electronic commerce in Romania represents 9-12% of total retail, according to GlobalData (9%) and Euromonitor (12%). In 2021, Romanian e-commerce amounted to EUR 6.2 billion, up 10% compared to 2020 when EUR 5.6 billion was recorded. (Radu Andrei, 2022)

According to a study (mediafax), among the most attractive categories of products purchased by Romanians in 2022 we find tourist products, consumer goods, more specifically household appliances and electronics, but also interior decorations. Romanians were not as interested in the online purchase of books, magazines, tickets to shows, theaters or matches and stationery products.

2. PAPER BODY

Online commerce has adapted to the realities, namely during the pandemic it sold laptops, televisions, refrigerators, furniture, decorations because consumers experienced work and life at home. Immediately after the restrictions were lifted, online consumers turned to products and services related to outdoor activities such as travel, fashion or beauty.

Leaving aside the statistical data that we will present in detail in the extended work, we bring into discussion the new trends that online trade operators must take into account, namely:



- Speed in delivery, aspect possible in tandem with the correct anticipation of demand and ensuring own stock, thus eliminating problems of stocks or on the supply chain in crisis situations such as happened at the time of the outbreak of the war in Ukraine.
- Offering a lternative de livery m ethods (such a s lockers) t o classic door -to-door delivery a s consumers want c onvenience and independence f rom t he c ourier's schedule
- Implementation of BNPL (Buy Now, Pay Later) lending solutions especially in the context of t he current e conomic s ituation w here c onsumers a re b ecoming m ore thoughtful about expensive purchases.
- offering loyalty and retention programs for existing customers and expanding to new sales channels such as marketplaces or cross-border According to Eurostat, 32% of European consumers buy onl ine from stores a broad (cross-border), a fact w hich demonstrates t he appetite for s hopping on a s ingle E uropean m arket, o utside t he geographical boundaries of each state.

CONCLUSIONS

Considering the above, we can conclude that the rise of Romanian online commerce is a definite process and still represents a permissive market for new entrepreneurs in almost any type of business. What a store needs to do today is diversify its sales channels and product range, e xpand i nternationally a nd f ocus on bui lding c ommunities a round i ts b rand, be proactive and meet customers with speed, convenience and quality services.

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AUGMENTED REALITY APPLIED IN THE SERVICES SECTOR

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Abstract

The pace of change in our world is more and more alert, and the digitization of the economy and the digital transformation of enterprises in all fields of economic activity are under the impact of cloud computing and new emerging digital technologies. Businesses in the services sector are deeply marked by these changes, all the more, reaction time and speed are crucial in most processes, and human errors can compromise the efficiency and profitability of operations, and implicitly the longevity of these activities. Logistics, trade, transport, education, medicine, tourism, but also other activities in the services sector, avid for tangibility, can today successfully call on Augmented Reality (AR), a new technology that brings more materiality to these activities. In fact, augmented reality combines the digital world with the real one in a unique visual experience, that is, it is a way of transposing digital information into the real world. The aim of this work is to offer a picture of how augmented reality is applied in the services sector and to highlight some benefits and advantages in the sphere of the invisible.

Keywords: Services sector, Tangibility, Augmented Reality (AR),

Classification JEL: L84, Q55, O14

1. INTRODUCTION

Augmented reality (AR) is an emerging digital technology that offers a complete and unique interactive experience for obtaining digital information of interest in the real world in an unusual way. The term "Augmented Reality" was used for the first time in 1990 by Tom Caudell, a researcher for the Boeing Airline Company, but the beginnings of augmented reality are much older. AR is considered one of the important promises of future technology due to a digital environment for all of humanity that can be created, an environment that redefines the way we work, have fun, or live. Practically, it's a new way to connect with each other and discover the world around us. Augmented reality represents an interactive experience based on combining the real world with elements from the virtual world, thus creating a real world augmented by the information generated virtually, based on a human sensory dimension that can be substantiated by visual, auditory, olfactory, and/or somatosensory (Chen, 2009).

By using a device with a camera (mobile phone, tablet, laptop, digital camera, etc.) a real-time registered film can be changed. Augmented reality has allowed the development of new technologies capable of extending and bringing new elements to the physical reality in which we are living. Virtual reality (VR) is a virtual space where the user goes beyond the limits of physical reality. Augmented reality can be defined as a system that performs three basic activities: the combination of the real and virtual world, real-time interaction, and accurate 3D registration of virtual and real objects (Farcaș, 2019).



The characteristics of AR are: it combines the real world with the virtual one, the view is in real-time and is interactive, and the experience takes place in 3D space, but this does not necessarily mean that the digital elements must be 3D. For using AR, a dedicated software program is needed and a device - smartphone, tablet, or AR glasses.

2. SERVICES SECTOR AND AUGMENTED REALITY

As we well know, a basic characteristic of services is "intangibility" in the sense that services cannot be tried before being consumed. AR can contribute to improving the materiality of services. Some examples of service activities that already benefit from the advantages of digitization and augmented reality are presented in the following.

Thus, **in commerce**, there are already many companies that have built their sales strategies using artificial intelligence technologies to profile their customers, to understand their needs in detail, and thus be able to change their sales techniques according to their requirements. Today, sending tailored content messages and even gifts or small surprises to customers is a common marketing activity that allows offering a personalized experience to each consumer. Commercial firms can use artificial intelligence (AI) technologies in their activities. For example, a firm can determine which loyal customers have not made purchases recently, analyze the reasons, and create customized campaigns to win back these customers (Kietmann and others, 2018). Applications of AR, one of the AI technologies, can be used in commerce, such as:

- the Marshall App that allows customers to do color tests and determine the most suitable color for their home before painting the walls;
- the Hologram which is the virtual presentation of an object in 3D and with the help of which a customer who wants, for example, to buy a shoe, can study the product as if he were holding the shoe in his hand. The decision to e-buy can be taken more easily;
- the Virtual Assistant that works with artificial intelligence to help users who want to buy from Internet pages through Facebook Messenger. The personalized experience provided through the virtual assistant will encourage the customer to visit the website and do more online shopping.

In the **marketing services**, more precisely in advertising, augmented reality can be used to promote products through interactive applications. For example, companies in the automotive field Nissan, Volvo, and Toyota used the AR webcam to connect the base of 3D models with printed materials.

In **healthcare services**, AR can provide images of hidden objects, which can be particularly effective for medical diagnosis or surgery, and through tomography-based virtual X-rays, real-time images can be obtained from ultrasound probes and confocal microscopy. An example can be the OpenSight augmented reality system that projects real-time 2D to 4D images of patients' internal organs.

Augmented reality can be used in **transport services** to increase the effectiveness of navigation devices. Head-up displays or display glasses used in automobiles can provide traffic information. These systems include full interactivity, and are used by car manufacturers in windshields to display traffic information.



In **military and emergency services**, HDM helmets are used by pilots of supersonic aircraft. Augmented reality displays vital information in real time directly on their visor: instructions, maps, enemy locations, and fire or disaster management cells.

In **educational services**, augmented reality improves children's learning ability by using various interactive materials, from the human body, planets, or animals. A good example would be the Twinkl Educational Publishing's resources.

In the field of **art and design**, augmented reality creates background images, with plants, panoramic views, artworks, decorations, posters, etc. so art, in reality, in real-time, such as painting, drawing and modeling.

In **architecture services**, augmented reality helps to simulate planned construction projects, and in **tourism**, tourist guides can include labels or texts about places to visit. Users can rebuild ruins, buildings, or even landscapes where they previously existed. In **the field of entertainment**, which often makes up the tourist product and not only, virtual objects can be used in museums and exhibitions, theme park attractions, various games, which can be played outdoors, historical events, such as battle reenactments, landscapes current, multi-screen simulations such as virtual monitors in real space, conferences with real and virtual participants.

Many other examples can be noted in all other areas of the tertiary sector activity. That we will detail this in the extended version of this work in an attempt to demonstrate that service activities will benefit from major support from augmented reality in the near future.

CONCLUSION

Augmented reality comes with a wide spectrum of examples of applicability in the field of services and we believe that these will be amplified by new research. Augmented reality glasses can be used in various applications and scenarios, from virtual learning, virtual tourism, medical training to online meetings, games and entertainment. It can be concluded that augmented reality supports the provision and consumption of services and implicitly supports people, having a useful role in a society. As advantages we can note that it supports knowledge and learning, in an interactive and accessible way; easy to use, improves virtual, remote communication, facilitates certain human processes and activities; and in certain fields, such as the medical field, it can save lives. Augmented reality represented a boundary between imagination and reality that we must accept and adapt to because, in most cases, it can help enough as was presented.

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SECTION 2

FINANCE, ACCOUNTING, BANKING - WAYS TO FINANCE AND SUPPORT THE ECONOMY



THE EFFECT OF INFLATION ON THE ECONOMIC GROWTH AND GOVERNMENT STRATEGY

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Abstract

Inflation is the result of rising prices throughout the economy. It is measured by two indicators: the consumer price index, which takes into account the structure of consumption on food, non-food products and services, and the harmonized index of price increase, which considers the increase of all prices in all branches of the national economy. Regardless of the method of calculation and expression, in principle, this indicator is harmful, affects real economic growth and negatively influences the standard of living of the population. In this article, the authors aimed to highlight the effect of inflation on the real growth of the national economy, but also the effect it has on government strategies. To highlight these aspects, the authors extensively used indices, indicators, graphic representations and tabular presentations provided by the national institute of statistics and eurostat. Also, a logical, interpretive analysis was used to derive the above-mentioned aspects.

Keywords: *inflation rate, consumer price index, economic growth, deflation, standard of living.*

Classification JEL: *E31, E64*

1. INTRODUCTION

In this article, the authors started from the most faithful description of the "inflation growth rate" indicator, comparing its growth with the recorded macroeconomic results, but also with the effects on economic strategies. In a first phase, inflation as a result of the increase in prices of food products, non-food products and services and the effect on real macroeconomic growth was presented in detail. It has been mentioned with figures, graphical representations and table presentations that inflation, at the time of writing this article, is 15.3 percentage points (October 2022), with an upward trend in November with a forecast of around 16, 3 percentage points at the end of this year compared to the previous



year. For the year 2023, a moderate increase in inflation will be maintained, but which will not drop until December 2023 to reach a single digit. It will likely settle at just over 10 percentage points. Inflation, determined by the crises faced by the economy (the COVID 19 pandemic, the economic-financial crisis, the energy crisis, the food crisis and others), has the effect of lowering the standard of living of the population that cannot feed itself in the conditions where the income in kind wages and pensions stagnate and in real terms are diminished by inflation. However, we specify that at the level of macroeconomic management, despite the sometimes even a alarmist positions, an increased inflation is accepted because this is the main path of economic growth in nominal terms. It is easy to understand that an inflation of more than 15% brings more than 15% more revenue to the state budget through VAT. In this direction, there are pale concerns manifested through concrete measures to stabilize this economic growth. Here, in a nutshell, is how inflation plays a dual role, that of affecting economic growth in real terms and, consequently, living standards, but in the government's strategy, bringing even if inflated incomes to higher the state budget.

2. METHODOLOGY, DATA, RESULTS AND DISCUSSIONS

In the analysis of this indicator, which has a double influence in the life of a national economy, we must make the following clarifications:

- The inflation rate is an indicator that is inversely correlated with economic growth in real terms. This is because, after obtaining the gross domestic product, expressed in current prices, and carrying out the deflation, we arrive at the change in the gross domestic product in real terms which, of course, is reduced by the inflation rate.

- In the case of Romania, economic growth is also affected by the change in the exchange rate, in the sense that for domestic use at a given moment, we present the change in current prices, but for international comparability we must bring the economic growth to the level of a single currency, in the case member countries of the European Union, in euros.

- A very broad elaboration can be made on this topic, but we must briefly state that this exchange rate has degraded recently, with the euro falling below the evolution of the dollar, and from the point of view of the economies that are not members of the economic-currency group (Euro) and the euro exchange rate.

- In this way, we find that both the consumer price index, calculated on the basis of the change in the prices of food, non-food products and services, as well as the aggregate consumer price index, calculated on the basis of the change in prices in the entire economy, we are dealing with a reduction in gross domestic product.

- The measures that have been undertaken are weak, including what is provided for by the PNRR - the National Recovery and Resilience Plan, as the application is cumbersome and the amounts allocated must be materialized through projects that justify the granting of these amounts.

- It should not be forgotten that, in principle, part of the amounts included in the PNRR will be reimbursed and will carry some interest.

- However, the economy continues to struggle in the not-hingness that economic growth generates. A number of thinkers, such as Diercks, who in 2019 in his studies show



that inflation can also have an optimal average rate. However, this optimal average inflation rate is set at a round 0.01 to 2 percentage points annually, so that some adjustments can be made to the increase in prices determined by the improvement of a country's economy.

- However, two events, namely the energy crisis, which will continue to be fueled by the war in Ukraine, for which there is no solution and end in sight, may influence new impulses to increase the prices of oil and natural gas, as well as for electricity. This will fuel the growth of the consumer price index and the harmonized consumer price index, with an immediate effect on the standard of living of the population. On the other hand, the macroeconomic destabilization will also have an effect on the increase of some prices, especially in the context where the domestic production in the agri-food sector is quite fragile and the question arises of the further increase of imports, especially of agricultural products -food. This increase in imports is achieved against the background of a lack of competition for these products from the member countries of the European Union with domestic production which, not being subsidized and supported, is carried out at higher prices and, sometimes, of a non-competitive quality with products imported from the European Union.

- Under these conditions, imports that reached a deficit of external commercial payments of a round 3 billion euros in October will continue to grow and will affect economic growth in nominal and real terms.

- Inflation, however, starting from Diercks has a different role on government strategy. Economic growth is achieved on the basis of investments, first of all, but there are not enough amounts to be allocated to the state budget, so that real growth can be achieved on account of investments. It remains for this economic growth to be realized at the expense of consumption, somewhat timid from a material point of view but increasing from a value point of view due to the effects of inflation on the products and services consumed by the population.

- It is logical that the authorities consider that an inflation is "redemptive" for the economic growth in nominal terms, ie expressed in the current prices of the period, and in this sense it is possible that the efforts are minimal in terms of inflation control.

- There are many aspects that in the article presented in extenso are accompanied by graphic representations and tables that give meaning and essence to this macroeconomic evolution.

CONCLUSIONS

Some conclusions emerge from the study of this article. First, inflation is at a rather alarming level and will continue to rise with a slight slowdown in 2023, without being able to bring about a recovery in macro-stability. The causes that will fuel the increase in inflation are, first of all, the domestic production that is decreasing, the high prices at which it is realized and the impossibility to compete with similar goods from the European Union that circulate freely as a result of the European Union directive regarding the free movement of goods and services. On the other hand, domestic producers cannot be supported at the requested level and, consequently, domestic production will be reduced



and will also be uncompetitive, perhaps in terms of quality, but especially in terms of prices.

Another conclusion is that inflation has an effect on the government's strategy to aim to increase revenues to the state budget as a result of the application of VAT on inflated prices.

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INVESTIGATING THE LONG-TERM BEHAVIOR OF THE GERMAN DEVELOPED STOCK MARKET

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Abstract

The main aim of this research paper is to investigate the long-term behavior of the German developed stock market. The empirical analysis is based on certain statistical tests and econometric framework so that robust results of high accuracy are obtained. The sample selected data covers the period from from January 2007 to November 2022.

Keywords: *stock market, volatility, returns, descriptive statistics, skewness, kurtosis, fat-tailed distribution*

Classification JEL: *C5, D53*

1. INTRODUCTION

Germany is one of the most developed European economies, being in a representative position at the global level. Spulbar et al. (2022) examined the existence of volatility spillovers in the case of the developed stock market of Japan including during extreme events such as global financial crisis of 2008 and COVID-19 pandemic.

2. LITERATURE REVIEW

Celebi and Hönig (2019) investigated relevant aspects regarding the stock market in Germany based on the main stock index DAX 30, during the sample period from 1991 to 2018. Tilfani et al. (2020) examined the behaviour of a representative cluster of stock markets such as Germany, United Kingdom, United States of America, but also European Union member countries distributed by two main directions Eurozone and non-Eurozone.

The authors focused on the impact of certain turbulent events such as a subprime and sovereign debt crises, but also the so called Brexit or the UK withdrew from the UE.

3. RESEARCH METHODOLOGY AND EMPIRICAL ANALYSIS

The empirical analysis is based on the main stock index from Germany, such as: DAX performance-index (^GDAXI). According to the most recent report of FTSE Equity Country Classification which has been released on September 2022, Germany is included in the main category of developed stock markets.

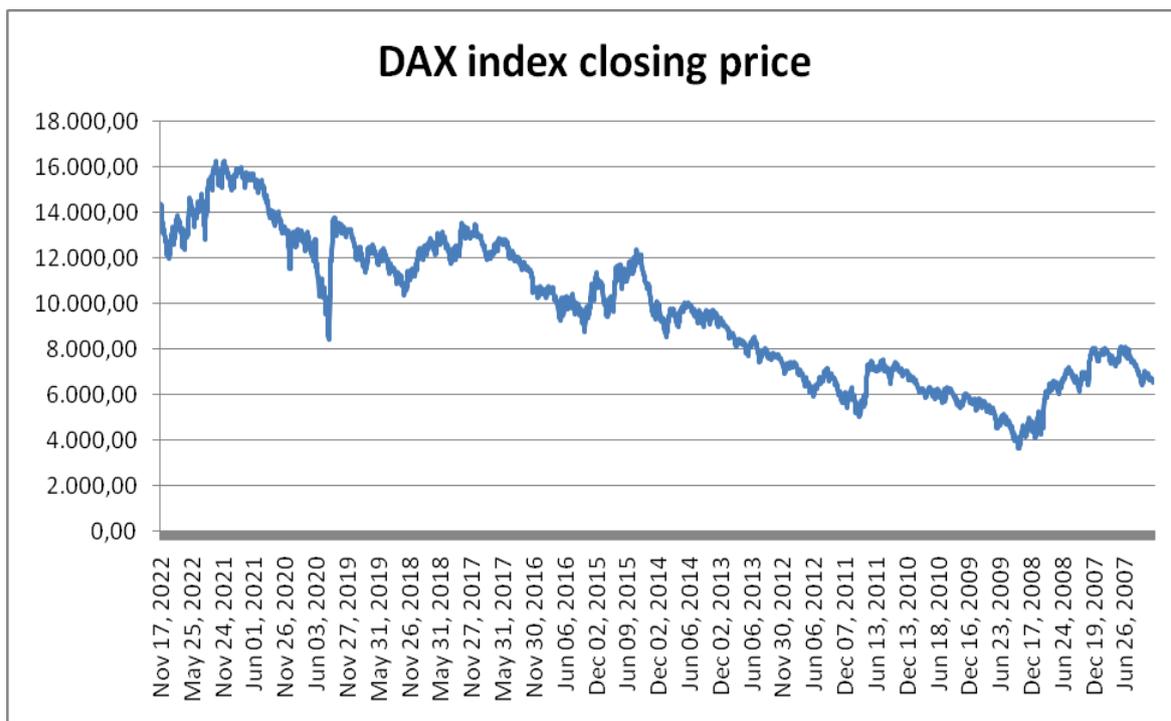


Figure 1. The trend of DAX index using daily closing price returns from January 2007 to November 2022

Source: Author's computation

CONCLUSIONS

The empirical results contribute to the existing literature including in the context of extreme events.

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FINANCING THE COMPANY THROUGH OWN CAPITAL

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Abstract

The size of the equity capital is dependent on the rate of remuneration, the assessment of assets and liabilities, liquidity, solvency and the profitability of the activity, so the equity capital is practically a residual right of the investors who have injected capital into the respective business, and its remuneration is tightly related to the performance and profitability of the activity. Equity must have a sufficient return for the risks that investors take so that they maintain their participation and do not look for alternative investments, because the return must outpace the cost of the investment.

Keywords: equity, financing, financial position, profit.

Classification JEL:

1. INTRODUCTION

The management of any enterprise aims to obtain sufficient profits to distribute sufficient dividends to the capital owners and at the same time to capitalize the net profit for the growth and safety of the assets and the increase of competitiveness in the competitive market. Another important objective is to choose the optimal financial structure so that the cost of financing is lower than the return on investment and part of the profit obtained is distributed to shareholders in the form of dividends and another part is invested in tangible assets so that the company is competitive, and the risk of insolvency reduced.

2. OWN CAPITAL – DEFINING ELEMENT IN THE ASSESSMENT OF THE FINANCIAL POSITION

One of the sides of financial management is providing companies with capital both at the beginning of the activity and during its development in order to achieve the activity objective and obtain favorable results. [1]

Equity represents the company's internal liabilities calculated as the difference between the accounting expression of all the company's assets and the company's commitments to third parties. according to the Romanian legislation "equity represents the totality of the capitals of individual property or associates that are included in the liabilities of the balance sheet. [2]



The quality of management can be assessed according to the extent to which it manages to maximize the initial investment in the business and, in this way, the wealth of the owners of the firm. [3]

Except for changes resulting from transactions with shareholders in their capacity as shareholders (such as equity contributions, repurchases of previously owned equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents income and expenses, including total gains and losses arising from the entity's activities during that period (whether those items of income and expenses are recognized in profit or loss or directly as changes in equity). [4]

CONCLUSIONS

Through the financing policy, the management must ensure the choice of an optimal capital structure, because at any moment there must be a balance between own resources and borrowed resources. The choice of the capital structure must take into account the risks assumed by investors, risks associated with debt and the elements that measure the financial position of the company, namely the assets and liabilities of the company, and the equity characterizes the financial situation and represents the residual interest of the capital owners.

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THE POSITION OF THE FINANCIAL-ACCOUNTING DIAGNOSIS IN THE COMPANY'S FINANCIAL STRATEGY

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Abstract

The main objective of the financial-accounting diagnosis is to highlight the risks that disrupt the economic activity of the company and to find measures for its recovery. In this context, the company's solvency and liquidity are checked to establish the strengths but also the weaknesses of the activity so that the diagnosis is focused on the company's functions and solves the problems related to profitability, risk, investments, financing of assets and capitalization of the company

Keywords: diagnosis, strategy, risk, financial balance, evaluation

Classification JEL:

1. INTRODUCTION

The accounting financial diagnosis is the starting point for the company's financial strategy and aims to carry out the assessment diagnosis of the enterprise.

This diagnostic enables the enterprise to be compared with competing entities and so that operational management can make timely and informed decisions to maximize performance and reduce risk so that the business generates future cash flows for capital providers.

2. THE ROLE OF DIAGNOSTICS IN COMPANY EVALUATION

The financial strategy is designed and substantiated so that, through the measures and decisions it includes, it provides financial support in order to successfully promote the company's general business strategy. [1]

In terms of financial-accounting diagnosis, it is first necessary to assess the company's guarantees regarding solvency, without neglecting other aspects to the extent that they can influence the company's ability to ensure its financial balance, such as: the development prospects of activities and results, enterprise flexibility, network of alliances and available term loans. [2]

This diagnosis highlights the strengths (abundance of resources and liquidity, the quality of the debt portfolio and assets in general to mask potential surplus values, the quality of relations with the financial environment - banks, markets), but also the



weaknesses (fragility o f f inancial b alances an d, es pecially, an u ncertain s olvency, t he insufficiently liquid nature of the assets, the weakness of the current profitability). [3]

The main asset-liability correlations and the effects they exert on strategic financial decisions.

The effects of strategic financial decisions. [1]

Asset items	The e ffects o f s trategic decisions	Passive elements
Economic asset	Volume	Financial capital
Liquidity	Financial structure	chargeability
Mobility/divisibility	Financial flexibility	Debt capacity
Operating risks	Minimizing risk	Financial risks
Return on the asset	Differential return	Cost of financing

In essence, a financial strategy model at the enterprise level represents a co herent and systematic conception of the decision criteria that the enterprise is to apply in the long term in order to select that combination of needs and financial resources that will optimize the ratio between the profitability obtained and the risks commitments. [4]

CONCLUSIONS

The financial strategy takes into account the decision-making criteria used by t he company's executive management to achieve a balance between needs and resources and to establish a co rrelation between the risks assumed by the capital investments and the level of pr ofitability obt ained. In or der t o a chieve t he e stablished f inancial obj ectives and maximize the value of t he enterprise, the role of t he financial strategy is to correlate the inflows and outflows of funds, to choose the means of financing at the lowest cost and to choose the most effective investments, so that the return on the investment is ahead of the cost capital for the sustainable development of the company's financial activity.

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SUSTAINABLE RURAL DEVELOPMENT IN THE PANDEMIC ERA BY ATTRACTING EUROPEAN FUNDS

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Abstract

The development of rural space is not a new concept, it has been the focus of numerous specialists, theorists and practitioners since the beginning of modern history, in different forms and meanings. It is known that in most countries of the world special attention is paid to rural development, on the one hand due to its necessity, as well as the way in which it is carried out.

In my opinion, the sustainable development of the rural area first of all requires knowing and solving rural problems, as they are the starting point of complex activities, of major importance for any country, the efficiency of which cannot be solved in the short term, as integrated programs are necessary successively, with lasting effects, to be completed by improving the rural infrastructure, the business environment in rural areas, the quality of people's lives and living conditions. The approach to the theme regarding rural development brings into discussion the main directions in order to outline the concrete conditions regarding the creation of an economic environment favorable to development, in the sense of stabilizing a sustainable and multifunctional development of the rural space.

I believe that we are passing through a difficult period, the pandemic generated by the SARS-COVID-19 virus is a real global challenge, which proves to us that we live in an interconnected world and at the same time we must consider this period as an opportunity to strengthen solidarity and cooperation International. Sustainable savings are needed, and we must find solutions as quickly and efficiently as possible in order to achieve the Sustainable Development Goals (SDGs) of the 2030 Agenda.

Keywords: *sustainable development, European funds, rural development, agriculture*

Classification JEL: *Q01, R11, Q14*

1. INTRODUCTION

The concept of sustainable development represents all forms and methods of socio-economic development that focus on ensuring a balance between social, economic and ecological aspects. The energy crisis from 30 years ago, but also the environmental issues led to the production of this concept.

The crisis generated by the international context, due to the SARS-COVID-19 virus and due to the military conflict in Ukraine, in the Black Sea region, requires sustainable development in Romania, as well as in the rest of the European Union countries.

Both in the current period and in the previous one, financing from the European Union constitutes an opportunity for the sustainable development of Romania and for ensuring financial sustainability, including the continuation of the development of investments initiated under previous programs.

Rural development is co-opted into the system of sustainable development and is coordinated with it on the three levels of development: national, regional and local. The National Rural Development Program includes all agricultural and non-agricultural activities in the Romanian countryside, taking into account the needs, but also the requirements of the European Union, of which we are a part.



2. PAPER BODY

The concept of sustainable development

Sustainable rural development today and the objectives of sustainable development

The role of European funds in sustainable rural development

CONCLUSIONS

European funds are directed for sustainable economic growth through correlated interventions and directed in accordance with the development needs of each region, depending on their degree by economic sectors and by types of beneficiaries. The premises of attracting European funds give the general macroeconomic framework sustainability financial by reaching the financed objectives.

In my opinion, taking into account Romania's situation, European funds represent the most effective alternative mechanism for financing the economy. If you would ask me, in Romania, the absorption of non-reimbursable European funds granted through various financing programs that promote the purchase of equipment and installations for the production of energy from renewable sources, for transport infrastructure projects, of major water - waste water infrastructure, must be encouraged, waste and networks, constructions, etc.

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<https://mfe.gov.ro/pnrr/>

https://agriculture.ec.europa.eu/sustainability_ro



THE CONCEPT OF ECONOMIC SUSTAINABILITY IN THE CONTEXT OF CORPORATE RISK MANAGEMENT

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Abstract

The main aim of this research paper is to examine the concept of economic sustainability in the context of corporate risk management. A sustainability perspective is very important, especially considering the current challenges in the global economy. The corporate risk management highlights a significant impact considering uncertainties in business. Sustainable development it is an objective assumed in order to achieve considerable progress.

Keywords: *economic sustainability, corporate risk management, globalization, COVID-19 pandemic*

Classification JEL: *G32, Q56*

1. INTRODUCTION

The most important objective of this research study is to determine the implications of economic sustainability in the context of corporate risk management. Currently, there are significant challenges at the level of the global economy regarding sustainability-related issues.

2. LITERATURE REVIEW

Sierra and Suárez-Collado (2021) investigated relevant issues on the economic, social, and environmental dimensions of sustainability. Lapatinas et al. (2021) also discussed the implications of the concept of sustainability even considering the increasing economic complexity which also generates risks.

Ferraz et al. (2021) examined the concept of economic complexity in the light of sustainability implications, but also considering the effect of industrial policy. On the other hand, Spulbar et al. (2022) also investigated the concept of sustainable development, including the importance of Sustainable Development Goals, but considering the considerable impact of digitization in the context of the COVID-19 pandemic.

3. CONCLUSIONS

Sustainability criteria play an important role in achieving economic development. It is important to also reveal the implications of social and environmental sustainability on corporate risk management.



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TAX AND ACCOUNTING ASPECTS REGARDING THE INCOME TAX OF MICROENTERPRISES CURRENTLY

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Abstract

Entities pay corporate income tax or microenterprise income tax, direct taxes on income. A legal entity that meets a number of conditions, the most important of which is a turnover of 1,000,000 euros, is a microenterprise income tax payer. The microenterprise income tax is declared and paid quarterly, up to and including the 25th of the month following the quarter for which the tax is calculated, by applying the rate of 1% or 3% on the incomes that constitute the tax base. Late payment attracts interest which is determined according to the amount owed, the interest percentage and the number of days of delay. There are also facilities, i.e. the value of the cash registers purchased and put into operation in the respective quarter is deducted from the tax due.

Keywords: tax, income, microenterprise, interest, turnover

Classification JEL: M41, H30

1. INTRODUCTION

The microenterprise income tax was introduced starting on 01.09.2001. During this period (2001-2022), the system of taxation on the income of micro-enterprises was affected by a series of changes in the tax legislation. Thus, there were periods when the microenterprise income tax was mandatory and periods when it was optional. For the year 2023, the taxation system of micro-enterprises has been significantly modified, the new provisions will enter into force on January 1, 2023. Next, we will present the provisions regarding the tax on the income of micro-enterprises that are in force for the year 2022.

2. MICROENTERPRISE CONDITIONS

A micro-enterprise is a Romanian legal entity that cumulatively fulfills, on December 31 of the previous fiscal year, the following conditions:

- achieved income that did not exceed the equivalent, in lei, of 1,000,000 euros, calculated at the year-end course. The incomes that will be taken into account are the incomes that constitute the taxable base. For the year 2022, in lei equivalent, the ceiling is 4,948,100 lei;



• the share capital must be owned by persons other than the state and units administrative-territorial;

• is not in dissolution, followed by liquidation, registered in the trade register or at the courts.

The following taxpayers are not obliged to pay tax on the income of micro-enterprises:

- Deposit guarantee fund in the banking system;
- Investment compensation fund;
- The private pension guarantee fund;
- The insured's guarantee fund;
- Fiscally transparent entity with legal personality.

3. MICROENTERPRISE TAX: APPLICATION RULES, TAX RATES, TAXABLE BASE

A micro-enterprise, which carries out activities for which a specific tax is due on certain activities, applies the legal provisions regarding the tax on the income of micro-enterprises, as the provisions of the fiscal law prevail over the provisions of Law no. 170/2016.

The newly established Romanian legal entity is obliged to declare and pay the tax on the income of micro-enterprises, if the condition related to the ownership of the share capital by persons other than the state and administrative-territorial units, is fulfilled on the date of registration in the trade register. This mention is included in the registration application.

The micro-enterprise income tax is applied by legal entities starting from the fiscal year following the one in which they meet the micro-enterprise conditions and is mandatory.

Micro-enterprises that have subscribed a share capital of at least 45,000 lei and have at least 2 employees can opt, once, to declare and pay the profit tax. If these conditions are not met, the legal entity owes tax on microenterprise income starting from the fiscal year following the one in which it does not meet the conditions.

The tax rates on the income of micro-enterprises are:

- 1% for micro-enterprises that have one or more employees;
- 3% for micro-enterprises that have no employees.

The taxable income base is determined by subtracting the non-taxable income (V_n) from the total income (V_t) and possibly adding the following:

- the amount of commercial discounts received after invoicing, recorded in account 609 „Trade discounts received;

- in the fourth quarter or in the last quarter of the taxable period, if applicable taxpayers who cease to exist, the favorable difference between the income from exchange rate differences/financial income related to receivables and payables with settlement depending on the exchange rate of a currency, the results of their evaluation or settlement and the expenses from exchange rate differences/related financial expenses.

The income tax on micro-enterprises is determined as follows:

$$I_{vm} = (V_t - V_n + R_c + D_{cv}) \times \text{tax rate},$$

where: I_{vm} = microenterprise income tax;



V_t = total revenues;
 V_n = non-taxable income;
 R_c = commercial discounts;
 D_{ev} = exchange rate differences.

Non-taxable income is as follows:

- revenues related to product inventory costs;
- revenues from the production of tangible and intangible assets;
- revenues related to the costs of services in progress;
- revenues from subsidies;
- income from provisions, adjustments for depreciation or for losses of value, which were non-deductible expenses when calculating the profit tax or were established during the period when the entity was subject to the micro-enterprise income tax;
 - income from adjustments for expected losses related to assets financial entities established by Romanian legal entities that carry out activities in the banking, insurance and reinsurance field, of the capital market, which were non-deductible expenses when calculating the taxable profit or which were established during the period when the entity was subject to the micro-enterprise income tax;
 - the income obtained from the restitution or cancellation of interest and/or penalties of delay, which were non-deductible expenses when calculating the taxable profit;
 - income from compensation, from insurance/reinsurance companies, for the damages caused to goods of the nature of stocks or own tangible assets;
 - income from exchange rate differences;
 - financial income related to receivables and payables with settlement according to the exchange rate of a currency, results from their evaluation or settlement;
 - the amount of commercial discounts granted after invoicing, recorded in account 709 "Commercial discounts granted";
 - the income related to the payment titles obtained by the entitled persons, accordingly the law, initial holders in the records of the Central Commission for the Determination of Compensations or their legal heirs;
 - compensations received based on the decisions of the European Court of Human Rights;
 - revenues obtained from a foreign state with which Romania has concluded an agreement to avoid double taxation, if they were taxed in the foreign state;
 - dividends received from a Romanian legal entity.

The acquisition, by micro-enterprises, of electronic fiscal cash registers, determines the facility to reduce the tax on the income of micro-enterprises due by subtracting the acquisition cost of the cash registers from the tax due, in the quarter in which they were put into operation, within the limit of the tax due.

The determination and payment of the tax on the income of micro-enterprises is carried out quarterly, until the 25th of the month following the quarter for which the tax is calculated, by which date micro-enterprises have the obligation to submit form 100 "Declaration regarding payment obligations to the state budget".

If during a fiscal year a micro-enterprise achieves revenues greater than 1,000,000 euros, it owes profit tax, starting with the quarter in which this limit was exceeded. For this, the euro equivalent of the cumulative recorded revenues from the beginning of the



fiscal year is determined, the exchange rate being the one valid at the end of the previous financial year.

For the determination of the profit tax, for these entities, the incomes and expenses realized starting from the respective quarter are taken into account.

Entities that meet the conditions for micro-enterprises owe micro-enterprise income tax starting from the year following the year in which they meet the conditions.

CONCLUSIONS

The microenterprise income tax is calculated by applying a percentage (1% or 3%) on the taxable base. The basis of calculation is represented by the realized income from which the non-taxable income is subtracted, to which is added the value of commercial discounts from account 609 "Commercial discounts received" and the favorable exchange rate differences from the fourth quarter or the last quarter of the taxable period.

If the ceiling for micro-enterprises is exceeded, the profit tax is paid.

It is recommended for companies that have little expenses or profitability is around 20% or more. Accounting costs are low, and the calculation of microenterprise income tax is simple, easy to do.

As disadvantages, we mention the fact that companies that register losses must also pay this tax or if there is a loss carried forward, it is not compensated in order not to owe tax on the income of micro-enterprises.

Micro-enterprises that meet the legal conditions are obliged to pay micro-enterprise income tax.

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POSITIONING OF MERGERS AND ACQUISITIONS IN CURRENT BANKING SYSTEMS

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Abstract

Recent developments in the banking system in the context of economic and financial globalization have led to significant changes in the financial and monetary markets. In the context of abandoning restrictions on capital movements across borders, the unification of economic markets, the adoption of THE EURO, financial institutions have faced a number of transformations and challenges, especially from a competitive and strategic perspective. The role of banking institutions in financial systems has been and will continue to be central, constituting the main pillar of the functionality of economic units and of the economy as a whole. The main concern has always been the creation of a stable and efficient banking system, aiming to offer a wide range of financial instruments to all categories of consumers. This intensification of the internationalization phenomenon has translated into a desire to expand and penetrate new markets or business lines. In order to have a significant market segment, maximize earnings or why not, survive in a deeply competitive environment, banking institutions have resorted to a unification process resulting in partnerships, monopolies, consortia or alliances.

The importance given to effective branding strategies in the banking sector in general, and the role of the rebranding process on the financial performance of commercial banks in Romania in particular in the contemporary period, highlights the importance of the research topic both in the financial-banking field and in this changing market economy in which we live.

Keywords: *mergers, acquisitions, rebranding process, market share, financial performance of commercial banks*

Classification JEL: *G21, G28, E58, B53*

1. INTRODUCTION

In the context of the abandonment of restrictions on capital movements across borders, the unification of economic markets and the adoption of the euro by an increasing number of states, financial institutions and not only faced a number of challenges, especially from a competitive perspective. In order to maintain a significant market share and a high profitability, the companies had to resort to restructuring operations and strategies, most of them in the form of mergers and acquisitions.

2. MERGERS AND ACQUISITIONS IN BANKING SYSTEMS

Whether it is a bank merger or not, the main factors behind the restructuring decision are: Technological advances, globalization of financial markets, the creation of an economic Union, the adoption of the single currency, deregulation, the emergence of



financial innovations, improving efficiency and maximising profits. In this way, the simple credit institution has been transformed into a complex financial organization offering integrated services. The provision of universal banking services involves harmonization in terms of legislative regulations and an increase in competitiveness.

Financial institutions in Central and Eastern Europe have been forced to invest in automation and IT support, closely monitoring the volume of non-performing loans.

Regarding the limitations and future directions of research, I think it would be interesting to follow the approach and involvement of financial institutions in the context of digitalization and the emergence of cryptocurrencies. At the same time, the COVID19 pandemic had profound implications for the business environment and the social sphere, changes that were also reflected at the level of the banking system.

CONCLUSIONS

The internationalization of business, as a specific form of the global economy, and within it of banking intermediation, employs considerable financial, human and material resources, and banks will conduct business in foreign markets only if they estimate profits significant enough to cover the risks assumed. The volatility of the financial market accentuates the need to study risks, all the more so as the phenomenon is becoming increasingly felt in the global economy, affecting both economically developed and especially developing countries, with profound significance for the present, but especially the future of many nations.

Concluding, the paper aims to go through the following directions:

- developing a theoretical framework on the concepts of the financial crisis and reorganization strategies, highlighting their dynamics and complexity as processes, triggers and mechanisms as well as the effects manifested at the level of banking systems and the economy as a whole;
- carrying out an international quantitative analysis on mergers and acquisitions operations in the context of current banking systems, identifying their dynamics in the period following the COVID19 pandemic;
- identification of the impact of restructuring operations on bank performance and financial development.

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THE INFLUENCE OF THE MONETARY POLICY INTEREST RATE, INFLATION AND EXCHANGE RATE ON THE CONSUMER CREDIT BENCHMARK IN ROMANIA DURING THE COVID-19 CRISIS

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Abstract *The banking system represents the most important component of the financial system, "heart of the economy", its role being identified, mainly, in two plans. Thus, first of all, it is vital for maintaining a good functioning of the economy, the National Bank of Romania having prerogatives in ensuring price stability. Secondly, credit institutions, through their function as financial intermediaries, ensure a real process of financing the needs registered by the economic environment. Maintaining price stability in difficult economic conditions, of systemic shock, caused by the COVID-19 pandemic, required the adoption of measures by the National Bank of Romania to mitigate the negative effects. One of the measures adopted by the central bank during the pandemic was the reduction of the policy interest rate by 0.5 pp. In this context, from the research carried out on the basis of an econometric analysis, it emerged that the change in the consumer credit benchmark is also influenced by the positive or negative evolution of other economic factors, such as the monetary policy interest rate, the variation of the consumer price index and the fluctuation of the exchange rate.*

Keywords: *monetary policy, economic crisis, COVID-19 pandemic, banking system, price stability*

Classification JEL: *E52, E58*

Introduction

Maintaining the stability of the banking system is a sine qua non condition for the operation in optimal parameters of the economy. Being the most important financial intermediary of the economy and beyond the current day-to-day operations that banks carry out, both at the macro and microeconomic level, economic shocks propagated "cross-country" (Nicolae Danilă and others, 2012) with implications on the economy world events, such as the great interwar depression of 1929-1933, the oil crisis of 1973, the stock market crash of 1982, the great recession of 2007, the COVID-19 pandemic of 2020, the Russian-Ukrainian war, validate the importance of maintaining economic stability and highlight the need for clear supervision and regulation of the entire banking system.

An economic crisis represents a moment of instability and stagnation in the evolution of a society, a sudden economic decline that can be triggered by several factors. The economic crisis has been analyzed by many authors and has always created various controversies. Numerous studies (Akerlof, G., Blanchard, O., Romer, D., Stiglitz, J., 2014) have highlighted the fact that an economic crisis cannot be managed by itself, the only way to counteract it is to revolutionize faulty macroeconomic policies.



Considering these aspects, the work is further structured as follows: section 2 includes a brief history of economic crises and measures to counteract, prevent and mitigate negative effects, section 3 involves an econometric analysis whose objective is to identify the answer to the question "what is the influence of the monetary policy interest rate, inflation and the EUR/RON exchange rate on the consumer credit benchmark in Romania during the COVID-19 crisis?" and in the last section the conclusions are presented.

1. The COVID-19 pandemic – a different kind of economic crisis

Marked by the health crisis, the year 2020 was in the first stage a year of uncertainty, rethinking, reorientation, digitalization, which operationally mobilized the authorities and institutions at a global level to limit the serious negative social, financial and economic consequences. In other words, the COVID-19 Pandemic generated a severe systemic shock (financial stability report June 2020, BNR) globally. It was a shock the world had not faced for a long time, resulting in the loss of human life on the one hand and a dramatic decline in the economy on the other. Considering the global amplitude of the COVID-19 Pandemic, the National Bank of Romania acted quickly and adopted a series of measures to mitigate the negative impact of the pandemic on the banking system and the entire economy.

Several authors have carried out studies on the influence of the pandemic on global bank lending (Gönül Çolak, Özde Öztekin, 2021) or analyzes between countries on banking systemic risk around COVID-19 (Yuejiao Duan et al, 2021) or the resilience of banks in the COVID-19 (Yifei Cao, Jen-Yu Chou, 2022), and their results show us that the global banking system has remained stable and there is no question of a new banking crisis.

2. Research methods and results

The working hypothesis that was the starting point of the research carried out is the identification of the influence of the monetary policy interest rate, inflation and the EUR/RON exchange rate on the consumer credit benchmark in Romania during the COVID-19 crisis. An econometric analysis was carried out to identify the relationships between the independent variables represented by the monetary policy interest rate, the consumer price index and the exchange rate and a dependent variable, namely the consumer credit benchmark. In order to validate the working hypothesis, a binomial model with 4 variables (3 independent variables and a dependent variable) was created, and "Output" validity tests will be performed to validate the results obtained. In order to carry out this econometric study, the qualitative method was applied, the E-views application being used, and the data related to the variables for the period October 2019-October 2022 being processed.

The variables used were noted as follows: "IRCC" - monthly consumer credit benchmark (source www.bnr.ro, own monthly processing in Excel), "Politica monetară" - for monthly monetary policy interest rates (source www.bnr.ro), "CURS_SCHIMB" - for the monthly eur/ron exchange rate (source www.bnr.ro), "IPC" - for the consumer price index (source www.insse.ro and www.bnr.ro).

The prediction of the dependent variable IRCC calculated in E-views and the validation of the results is reflected in Tables 1.1 1.5:



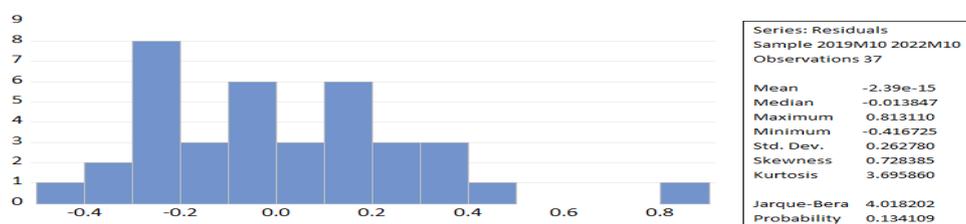
Table 1.1 Estimation output

Own processing, E-views

Considering the estimation output of the above parameters, the equation is formed:
 $IRCC = 0.900 * Politica_monetara + 0.064 * IPC - 1.87 * CURS_SCHIMB$

This equation assumes that the independent variables have a direct relationship with the dependent variable resulting from the positive result obtained, which means that when monetary policy increases by one unit, other variables remaining constant, the consumer credit benchmark increases by 0,900 units. If the exchange rate increases by one unit, other variables remaining constant, the monthly consumer credit benchmark will decrease by 1.876 units and if the consumer price index increases by one unit, the consumer credit benchmark will increase by 0.064 units. The R-squared coefficient of determination is 0.967, which means that this model is probably correct and the corresponding percentage 96.7% can be used in economic studies and analysis.

Table 1.2 Normality test



Own processing, E-views

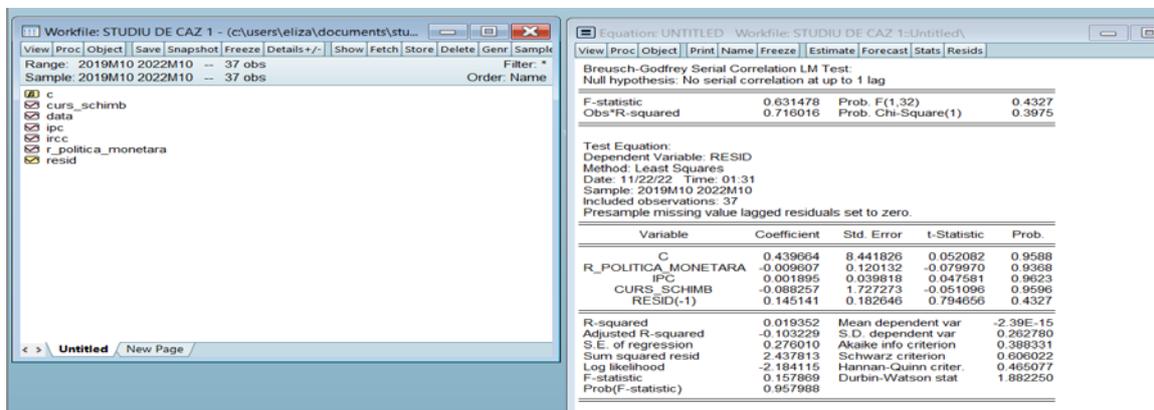
The output shown above shows us the histogram of the distribution, the median, the mean, the maximum values and the minimum values, the skewness coefficient, the standard deviation, the kurtosis of the series and the Jarque-Bera test. According to the obtained



results, the distribution is normal because the skewness coefficient (asymmetry coefficient) is close to 0, which means that it is a symmetric distribution, and the kurtosis has a value greater than 3, which means that this distribution is leptokurtotic (Adrian Codirlaşu , Oct 2007).

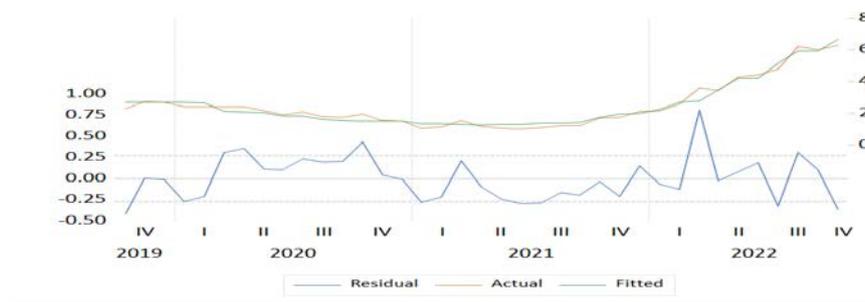
The leptokurtotic distribution assumes that the probability of occurrence of an extreme event is much higher than the probability of occurrence of that event in a normal distribution. The Jarque-bera test shows us that a distribution is normally distributed and has based on the null hypothesis, in our case, given that the probability has a value close to 0, the null hypothesis is rejected and the series is normally distributed.

Table 1.3 Autocorrelation of errors



Own processing, E-views

Table 1.4 Graphical autocorrelation of errors



Own processing, E-views

In this graph you can see the direct linear relationship between the dependent variable and the independent variables. The test that shows us the serial correlation of the errors is the Durbin Watson Statistic (DW) test. If prob f = 0 and the value of DW is close to 2 it means that the errors are not correlated (Tehseen Jawaaid, 2020).

Table 1.5 Multicollinearity

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
R_POLITICA_MON	0.004172	14.25167	3.435648
IPC	0.000311	9.660120	3.435648
C	0.008649	4.223360	NA

Own processing, E-views

To test the existence of multicollinearity, the VIF (Variance inflation factor) test was used, and if the value is less than 5, the phenomenon of multicollinearity is not present in this model.

Table 1.6 Heteroskedasticity testing – White's test

Variable	F-statistic	Prob. F(8,28)	Obs*R-squared	Prob. Chi-Square(8)	Scaled explained SS	Prob. Chi-Square(8)
F-statistic	0.419277	0.8996	3.958191	0.8609	4.244128	0.8345

Own processing, E-views

Hypotheses:

- H0: The model is homoscedastic if $\alpha_1 = \alpha_2 = \dots = \alpha_k = b_1 = b_2 = \dots = b_k = 0$

- H1: The model is heteroscedastic if $H_1 \exists \alpha_j \neq 0$ or $b_i \neq 0$

Starting from the test statistic: $W = N \cdot R\text{-squared} = 3.958191$

$\text{Prob}(F) = 0.89 > 0.1$, which means that the null hypothesis that the model is homoscedastic is accepted.

$\text{Prob}(\text{chi-square}) = 0.86 > 0.1$, which means that the null hypothesis that the model is homoscedastic is accepted.

Conclusions

From the research carried out, it can be seen that the change in the consumer credit benchmark is also influenced by the positive or negative evolution of other economic factors, such as the monetary policy interest rate, the variation in the consumer price index and exchange rate fluctuations. In the present case, the sudden increase in the consumer price index and the monetary policy interest rate may favor the emergence of a new extreme economic event.



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COORDINATES OF TAXATION FOR A CIRCULAR ECONOMY

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Abstract

The issue of circularity has become a constant concern of all political decision-makers, in the context of the aggravation of environmental problems and the need to implement the coordinates of a sustainable economy. The intelligent use of resources, the reduction of waste, the reduction of carbon emissions, and the recycling of end-of-life products represent directions of action that can support sustainable development. Supporting a circular economy involves both administrative measures (imposition of standards, restrictions, regulations in the field) or awareness and voluntary compliance (information campaigns, presentations in educational processes, product labeling) as well as economic measures (subsidies, tariffs or taxes). The paper aims to identify the types of taxation policies and their effects on the process of transition to the circular economy, as well as the elaboration of proposals that can generate positive effects.

Keywords: *circular economy, taxation, waste, fiscal policy instruments*

Classification JEL: *H23, Q56*

1. INTRODUCTION

The concept of circular economy, which appeared in the 1970s, was initially limited to the idea of reducing the resources used in industrial production. Later, it was extended to all types of resources, in the context of recording major climatic, economic, social or political changes. If at first it was promoted in the form of an ideological concept, later, against the background of unfavorable developments regarding the level of global resources, the increase in the degree of pollution and the steep increase in the volume of waste, more and more emphasis was placed on sustainable development, whose principles must be accepted and applied not only at the level of companies but also of each individual. The pandemic crisis and the war in Ukraine demonstrated the fragility of the whole world in the face of unforeseen events and demonstrated in an obvious way that the circular economy is not just a wishful thinking but a way of life that humanity must have.

The European Union has initiated a series of policies so that, by 2050, Europe will become the first climate- and pollution-neutral continent, ambitious objectives have been set, noting the elimination of greenhouse gases and the decoupling of growth economic use of resources. Thus, the Green Deal or the "EU road map to reach a sustainable economy", aims at a series of actions for the efficient use of resources by moving to a circular



economy, reducing pollution and restoring diversity. The fields of action are diversified (agriculture, construction, means of transport, climate, industry, energy, recycling), the allocated budget being 1,000 billion euros (Europa.eu). The obtained effects can be multiplied if other appropriate measures are adopted. Thus, fiscal policy can become a real support to the extent that policies are applied that generate positive effects in the sense of moving from the linear economy to the circular economy, so that both the business environment and the population are stimulated in this sense.

In the context of the previous statements, the general objective of the paper is circumscribed to the following hypotheses: H1: fiscal measures can influence the application of circular economy principles by implementing taxes and fees on the use of raw materials, reducing pollution, managing or incinerating waste; H2: Tax categories that can generate better effects are both coercive and incentive ones; H3: Tax deductions or exemptions from paying taxes for activities that are based on reducing consumption, reuse, recycling generate positive long-term effects; H4: stimulating the banking sector by applying fiscal measures to reduce the amounts owed as taxes for profits obtained from granting green credits has a positive influence.

Considering these hypotheses, the research aims to carry out a study, based on the analysis of the specialized literature, regarding the fiscal policy measures applied and their effects on the circular economy, in order to identify new coordinates that can generate a synergy with those of other types of policies.

2. Taxation - as an instrument to support the circular economy

The problem of taxation as a tool for applying the principles of the circular economy is not new, but at the same time, no clear policies can be identified that would provide answers and, above all, generate viable solutions, applicable in all fields and economies. If the circular economy is a widely debated subject in the specialized literature (a simple query of the WoS database with the phrase "circular economy" returned over 17,000 articles), taxation for the circular economy is much less analyzed (in the same of data, the query with the phrase "taxation and circular economy" returned only 49 articles; obviously, other articles can be identified, using other keywords). Furthermore, the approach is extremely varied, from conceptualization and application framework to particular studies at the level of domains, countries, regions, etc. If we consider the mode of action of the proposed fiscal measures, they can be structured into several categories. An analysis of the proposals of various specialists indicates a structuring according to the type of measures proposed. Thus, fiscal policies based on coercion can be noted, without clearly identifying the effects on resources or the environment. Thus, it is considered that the establishment of high taxes for the raw materials used could generate positive effects in terms of reducing resource consumption (Ekvall and others, 2016). However, a series of problems arise, depending on the stage in which it is applied: when the raw material is extracted, at the first use or at the final consumption (Milios, 2021), a fact that requires counterbalancing measures. In addition, debates arise from the point of view of the type of raw materials to be taxed (at first extraction or at the recycled) as well as the taxation of individual or groups of raw materials.



A study carried out at the level of some companies in Sweden to identify the effects generated by the reduction of the VAT rate (from 25% to 12%) in the field of repair of textile products, footwear, bicycles, IT, highlighted a low effectiveness in terms of the number of repairs, with differences between sectors being identified as a result of the specifics of the products (Almen and others, 2020). However, such a measure, even going as far as a total exemption from VAT, could have long-term effects if it were applied especially to activities that are based on reuse, repairs and remanufacturing (Stahel, 2016). The possibility of implementing green VAT cannot be neglected either, the proposal being for the implementation of a "virtual tax" indicated on the price tag of each product but which would not actually be paid (Traversa and Timmermans, 2021). Likewise, the aspect of taxation of the labor force used in the recycling, reuse, remanufacturing processes should not be neglected either, which could be solved by providing incentives for companies that ensure the training and employment of people in these activities as well as for the establishment of businesses in the circular economy.

At the same time, measures can be applied in the field of waste taxation. A brief review of the amount of waste existing around the world as well as the degree of recycling reveals a picture of ecological disaster that can lead to "suffocation of the planet". For example, plastic that is ubiquitous in daily life, in various forms, generates huge amounts of waste, over a third of which is not collected or managed (Ellen MacArthur Foundation, 2016). Consequently, a landfill and incineration tax could strengthen the circularity of the economy (Freire-Gonzales, J and others, 2022).

CONCLUSIONS

Even if the research carried out so far does not highlight indicators that allow a clear quantification of the effects generated by taxation on the circular economy, it is obvious that regional or global objectives can be achieved with the help of fiscal policies. In this sense, the European Green Deal recognizes the important role of taxation in the transition process towards sustainable development and ensuring social equality, without diminishing tax revenues. In addition, both coercive and incentive measures can generate changes in the behavior of companies and individuals, so as to obtain positive effects in terms of implementing green technologies, improving the degree of efficient use of resources, redesigning product design, improving energy efficiency, reducing of the pollution and stimulating sustainable investments.

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THE IMPACT OF MONETARY POLICY MEASURES IMPLEMENTED IN THE CONTEXT OF THE COVID-19 PANDEMIC

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Abstract

At the beginning of 2020, the world was turned upside down by a new viral infection called Covid-19, whose spread the World Health Organization (who) declared a pandemic on march 11. The virus combines (at least) three shocks: health, financial and economic, causing one of the deepest crises ever seen in peacetime. The governments around the world quickly took unprecedented steps to fight the pandemic, with containment of the virus the top priority, followed closely by containment of the financial panic and economic fallout, aided by central banks and regulators.

Keywords: *pandemic, monetary policy, financial crisis, political measures*

Classification JEL: *E44, E52*

1. INTRODUCTION

In a Monetary Union, heightened risk perception can lead to a flight-to-safety dynamic in the form of reallocations in sovereign bond markets. As sovereign yields are often the benchmark in setting asset prices and lending rates, non-fundamental volatility in sovereign spreads affects the transmission of monetary policy in the euro area.

Countering the tightening of financial conditions that the euro area economy faced in the face of the COVID-19 crisis, the ECB's policy measures provided crucial support to the real economy and ultimately to price stability. This support works in two broad dimensions: (i) supporting medium-term growth and inflation prospects and (ii) removing tail risks around the baseline.

2. The impact of policy measures on financial conditions

This paper examines the impact of the ECB's response to the crisis, focusing on asset purchases and long-term refinancing operations (TLTRO III). The ECB's monetary policy response focused on addressing three key issues: (i) market stabilization, which is a precondition for avoiding fragmentation and protecting the transmission mechanism of monetary policy in the euro area; (ii) providing ample central bank liquidity to support lending to the real economy; and (iii) ensuring that the overall position is sufficiently accommodative.

As the severity of the pandemic crisis emerged, investors rebalanced their portfolios, causing liquidity to dry up in several securities markets and increasing demand for safe assets. The sharp decline in equity and bond market indices, combined with rising market-based funding costs for firms, contributed to a significant tightening of financial



conditions between mid-February and mid-March 2020. In this environment, there was a very tangible risk of adverse liquidity spirals and an overshoot of asset price corrections in many markets, which would jeopardize financial stability and impede the transmission of monetary policy.

The announcement of the Pandemic Emergency Purchase Program (PEPP) in March, with its inherent flexibility, acted as a strong stabilizing force in the market. Policy measures aimed at relieving the balance sheet constraints of the private sector are particularly effective during periods of heightened market stress. In this sense, the PEPP announcement halted the tightening of financial conditions that had prevailed. The crucial transmission of overnight index swap (OIS) rate changes to the euro area GDP-weighted sovereign yield curve, which until March 2020 had been closely linked and then became increasingly constrained by the crisis, has been restored COVID-19 (see Chart A). In fact, following the PEPP announcement, the fall in fragmentation and the associated fall in the GDP-weighted sovereign yield were significant.

Once market stabilization and the maintenance of credit supply to the real economy were achieved and the ramifications of the pandemic crisis on the benchmark macroeconomic outlook became clearer, the PEPP recalibration in June 2020 managed to further ease the stance of the overall monetary policy

CONCLUSION

In conclusion, during 2020 a substantial degree of monetary policy accommodation was implemented in order to counteract the negative impact of the pandemic. The comprehensive set of measures and their subsequent recalibrations were a key stabilizing force for markets and helped to reverse the tightening of financial conditions in the first part of the year. The measures proved effective in limiting the yields of sovereign bonds, which constitute the basis of financing costs for the population, companies and banks. They also contributed to maintaining very favorable bank funding costs throughout the pandemic.

However, although policymakers have steered the economy relatively well in the depths of the crisis, their task is far from over and may become even more complex.

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ANALYSIS OF BANKRUPTCY RISK THROUGH THE STATIC METHOD

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Abstract

Risk is one of the most complex and discussed topics when it comes to implementing an effective long-term financial strategy. The assessment of the state of health of a company is carried out by evaluating the environment in which it operates and the factors that act upon it, respectively the risks that signal the fragility or vulnerability of the company (economic risk and financial risk) and the risks that signal bankruptcy or insolvency.

The risk of bankruptcy represents that state in which the company is unable to honor its due obligations as a result of closing the previous financial years at a loss and through the full exhaustion of its own capital. One of the biggest challenges for entrepreneurs is the problem of anticipating risk, and in the case of its occurrence and manifestation, the problem of minimizing and keeping it under control.

The main objective of this paper is the analysis of the bankruptcy risk through the static method, considering two working tools, namely: working capital and liquidity rates.

Keywords: *risk, financial balance, solvency, bankruptcy*

Classification JEL: *L2-Firm objectives, Organization and Behavior*

1. INTRODUCTION

Bankruptcy, like success, is a reality, an integral part of the competitive business environment. In general, the bankruptcy of an economic entity is the result of a continuous process of degradation of its economic-financial condition, a predictable process according to specialists in about 70% of cases, based on symptoms that anticipate the failure of the entity. In the last decades, the issue of bankruptcy has been in the area of interest of numerous researchers and practitioners, being approached from legal, economic, social-political and financial positions. These approaches have materialized in studies on the causes, symptoms and modalities that allow the premature identification of economic entities in difficulty.[6]

The analysis and monitoring of the bankruptcy risk can be achieved through several methods that are discussed in the specialized literature by most authors. These methods address the risk of bankruptcy from many points of view such as:

- from the patrimonial point of view, we encounter the static analysis which involves the investigation of the bankruptcy by means of the working capital and the general, quick and immediate liquidity rates;

- from the point of view of the functional balance sheet, we have the functional analysis that investigates the risk of bankruptcy through the functional working capital, the working capital requirement and the net treasury;



• from a strategic point of view, we have strategic analysis that uses strategic analysis matrices;

• from a predictive point of view, we have the scoring method that compares the values of some rates of the entity in question with the rates of entities similar in size and activity type.

The topic of this article addresses the analysis of the bankruptcy risk through the static method, respectively the investigation of this risk through the working capital and liquidity ratios.

The working capital represents one of the most important indicators by which the financial balance of the company is measured in the long term. With its help, permanent sources of financing are compared with permanent needs.

Liquidity rates represent the second static indicator by which the working capital is analyzed. They are formed as a result of the relationship of the current asset with the debts that must be paid in a period of less than 1 year.

2. ANALYSIS OF BANKRUPTCY RISK THROUGH WORKING CAPITAL AND LIQUIDITY RATES

2.1. SPECIALTY LITERATURE

The specialized literature is sufficiently vast when it comes to approaching the risk of bankruptcy, this topic being an extremely complex and controversial one. Thus, in the specialized literature we have a multitude of authors who have contributed to the definition of the notions of risk, bankruptcy, solvency, performance, etc. as well as to the approach and development of theoretical and methodological aspects regarding this topic. Among the multitude of authors I mention a few: Dragotă V. and collaborators (2021), Țole M. et al. (2020), Dimitriu C., Păun C. (2020), Robu V., Georgescu N. (2000), Șuşu Ș. (2021), Bărbulescu C. (1999), Miles M. (2000), Vintilă (2006), Stancu I. (2007), Anghelache I. (2008), etc.

The issue of bankruptcy risk through the static method was also addressed by research papers by a number of other authors such as: Bălescu F. (2012), Bufan R. (2009, 2014), Comșa M. (2011), Ghiugan I. (2007), Godîncă H. (2018), Guda I. (2018), Miloș S.M., (2010), Miloș S.M., Deli A. (2014), etc.

2.2. RESEARCH METHODS

The methodology of this research is based on 2 levels:

- a theoretical one that highlights the degree of knowledge, the analysis of the conceptual apparatus, as well as the hypotheses of this study;
- a technical one that highlights the method used (static method) as well as the work tools.

This study is carried out based on the analysis of the risk of bankruptcy through the static method, a analysis applied to a sample of companies in the field of hotels and restaurants, this being one of the areas most affected by the COVID-19 pandemic. The data



used in this study will be collected from the website www.bvb.ro, the category of companies "hotels and restaurants."

2.3.CONCLUSIONS

Bankruptcy risk analysis has been and will remain one of the most interesting study topics, both nationally and globally. There is no company in this world that does not take bankruptcy risk investigation seriously. The activity of companies is carried out under the most diverse circumstances, interacting with a multitude of endogenous and exogenous factors, as a result the concern of the management for the analysis and approach to the effects of the risk of bankruptcy is a primary and of great interest.

Bankruptcy is one of the phenomena that is part of the economic environment and is the expression of the imbalance in the activity of a company or the economic space in which it operates. It can acquire special values within some national economies in difficulty, such as that of our country, which is trying to redefine its position within a regional economy in formation (the European Union). The risk of bankruptcy is a major concern both for the investor (fund holders) and for the manager of a company. Managers are interested in the smooth running of the production cycle and investors are interested in the recovery of loans and related interest. [10]

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THE EVOLUTION OF THE RATES OF RETURN ON THE CONSUMED RESOURCES – SYNTHETIC INDICATOR FOR THE ANALYSIS OF THE COMPANY'S PROFITABILITY

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Abstract

The profitability of a firm is its ability to efficiently use the resources at its disposal so that it become able to obtain the income to cover the expenses it generates. Profitability reflects the extent to which a firm is able to generate profit from the income obtained. This provides the necessary information to investors and creditors in order to establish the degree of efficiency of the analyzed firm.

Considering that the COVID-19 pandemic has affected the entire planet, and the amplitude and effects of this pandemic have been fully felt on the activities of companies in all fields of activity, the purpose of this work is to analyze the evolution of the rates of return on resources consumed by companies in the NACE category – hotels and restaurants (companies listed on Bucharest Stock Exchange) during the interval 2018-2021. We have chosen the rates of resources consumed because they highlight the efficiency of resource consumption expressed in terms of expenditure. The issue of expenses during the pandemic and after this period has led firms to adopt drastic measures to reduce all types of expenses.

Keywords: *profitability, rates of return, resources consumed, net result, total expenses, operating result, operating expenses*

Classification JEL: *L2-Firm objectives, Organization and Behavior*

1. INTRODUCTION

The rates of return on resources consumed (RRC) highlight the efficiency of resource consumption expressed in terms of expenditures. It is calculated by reporting an indicator of results to the consumption of resources involved in obtaining it. The size of the rate of return of the resources consumed is mainly due to the variation in sales structure, unit cost and sales prices. The literature discusses the optimal value of the rate of return of the resources consumed as being between 9% and 15%. [5]

The main objective of the research is to observe the evolution of the rates of return on the resources consumed (costs) in the case of the companies affected by the COVID-19 pandemic belonging to one of the most affected areas, namely the NACE category - hotels and restaurants in the period 2018-2021. This analysis aims to highlight a perspective of the activity of these companies from the point of view of the resources consumed, respectively of the expenses incurred.

2. ANALYSIS OF PROFITABILITY THROUGH THE RATES OF RESOURCES CONSUMED

2.1. LITERATURE



In terms of addressing the profitability of firms affected by the COVID-19 pandemic, it is extremely widespread in the literature. This provides a new perspective on developing strategies for the development and action of firms that have encountered great issues throughout the pandemic. Literary sources that address the topic of profitability of companies, in particular the rates of return of the consumed resources, inform about the validity, relevance and relevance of the approached subject.

In general, in the literature, the notion of profitability is correlated with that of profit, profitability representing the firm's ability to obtain profit. Also, the profitability through the rates of return provides a synthetic picture of the economic and financial results, which is materialized in an important indicator of orientation of the company's decisions and actions.

In the literature there are opinions that the optimal level of the rate of return on costs is in the range of 9%-15%. [4]

A multitude of authors have paid attention to the topic of profitability of firms, which is one of the most important aspects that firms must take into account. From this point of view, I wish to mention: Dragotă Vasile and collaborators in Financial Management, Țole Marin and collaborators in Economic and Financial Analysis, Dimitriu, C., Păun, C., Potential challenges within the financial-accounting departments in the context of COVID-19, Robu Vasile, Georgescu Nicolae in Economic and Financial Analysis, Șuşu Ștefăniță in Economic and Financial Analysis. Indicators for business health, etc.

2.2. RESEARCH METHODS

Taking into account the financial data of the companies in the NACE category – hotels and restaurants (companies listed on Bucharest stock exchange [6]) from 2018-2021, we will be able to observe the evolution of their performances during the pandemic, especially 2020. One can conclude that the effect of the pandemic is all the more pronounced as the performance indicators have recorded low values. These data are a first empirical evidence of the association of performance and the COVID-19 pandemic.

The applied methodology is the product of the theoretical basis for analyzing the rates of return on resources consumed and the empirical research required by this problem.

The theme approach is based on the method of qualitative and quantitative analysis, on the basis of which we analyze and highlight the results and conclusions regarding the efficiency of the consumption of resources expressed through expenses are analyzed and outlined.

2.3. CONCLUSIONS

Analyzing and managing an activity is always a challenge for entrepreneurs. Profit analysis is a type of analysis that provides an insight into absolute profitability, while an analysis of the rates of return provides an insight into relative profitability. The expression of relative profitability is achieved by means of rates of return that provide the information necessary for aspects such as:

- managing and orienting the production activity towards those products, branches or sub-branches that offer the greatest advantage to the company;



- efficient management of the use of the resources available to the company;
- optimization of commercial strategies;
- making comparisons between groups of companies;
- etc.

By accessing the www.bvb.ro website, the "hotels and restaurants" section and analyzing the indicators that reflect the performance of the companies, one can see that 2020, the pandemic year, is the year of negative results for most companies. They have made considerable efforts so that the development of the company, the relations with customers and suppliers, with the state institutions to be maintained within the limits of normality.

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WHAT TAX OPTIONS DO COMPANIES HAVE FROM 2023?

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Abstract

Until now, 2022, companies could, depending on certain achieved indicators, be payers of profit tax, microenterprise income tax, or specific tax. Starting from January 1, 2023, in Romania, companies will only be able to choose between the profit tax and the microenterprise income tax. Therefore, the specific tax will no longer apply from this date, being eliminated. HoReCa (acronym for the hospitality industry: Hotels, Restaurants, Cafe) companies can choose to keep or become microenterprise income tax payers starting January 1, 2023. The microenterprise income tax will have a single rate of 1% (the 3% rate is eliminated), and thereafter, companies can choose to change the payment regime only from the beginning of each financial year. If the HoReCa companies can opt for any of the two possible tax regimes, the same is not possible for the other companies that must fulfill a total of 6 criteria. The criteria to be met for the option, the period in which this option must be chosen, the fiscal and accounting implications of these options are the subject of this article.

Keywords: tax, profit, revenue, HoReCa, specific tax

Classification JEL: M41, H30

1. INTRODUCTION

The profit tax assumes the application of a single rate of 16% to the fiscal profit (affected by tax deductions and non-deductible expenses), and the tax on the income of micro-enterprises currently requires the application of a rate (or 1%, if there is at least one employee with a normal working schedule and minimum employment salary, or 3% if the aforementioned criterion is not met) on taxable income (turnover and others according to the provisions of the Fiscal Code, with some exceptions). Starting from January 1, 2023, the income tax on micro-enterprises undergoes important changes, including the inclusion of new criteria (associates/shareholders who hold more than 25% of the value/number of participation titles or voting rights in no more than three Romanian legal entities that empowers to apply the tax system on the incomes of micro-enterprises, including the person who verifies the fulfillment of the conditions) and the transition to a single rate of 1%.

2. SPECIFIC TAX STARTING FROM JANUARY 1, 2023

Until now, 2022, companies could, depending on certain achieved indicators, be payers of profit tax, microenterprise income tax, or specific tax. Starting from January 1, 2023, in Romania, companies will only be able to choose between the profit tax and the microenterprise income tax. Therefore, the specific tax will no longer apply from this date, being eliminated. HoReCa (acronym for the hospitality industry: Hotels, Restaurants, Cafe), Romanian companies that carry out activities corresponding to special CAEN codes (5510, 5520, 5530, 5590, 5610, 5621, 5629, 5630) can choose to keep or become microenterprise income tax payers starting January 1, 2023 without restrictions: without



verifying the conditions of inclusion in the micro-enterprise taxation system; without applying the rules for exiting the micro-enterprise taxation system during the year, respectively: exceeding the ceiling of 500,000 euros, the share of income from consulting and/or management in total income, non-hiring of staff within 30 days of termination the work report of the single employee; without taking into account the condition of holding shares in at most three micro-enterprises.

The microenterprise income tax will have a single rate of 1% (the 3% rate is eliminated), and thereafter, companies can choose to change the payment regime only from the beginning of each financial year. If the HoReCa companies can opt for any of the two possible tax regimes, the same is not possible for the other companies that must fulfill a total of 6 criteria: they have at least one employee; they achieved incomes that did not exceed the equivalent in lei of 500,000 euros (currently, the ceiling is one million euros); have achieved incomes, other than those from consultancy and/or management, in a proportion of more than 80% of the total incomes; have associates/shareholders who hold more than 25% of the value/number of participation titles or voting rights in no more than three Romanian legal entities that qualify to apply the tax system on the income of micro-enterprises, including the person who verifies the fulfillment of the conditions provided for application of the system; the social capital is owned by persons other than the state and administrative-territorial units; is not in dissolution, followed by liquidation, registered in the trade register or in the courts, according to the law.

CONCLUSIONS

The tax on the income of micro-enterprises is no longer mandatory, becoming optional from January 1, 2023. The taxation system for tourism and catering companies, provided for by Law no. 170/2016 regarding the specific tax, is eliminated. They can choose from January 1, 2023 one of the two valid regimes, profit tax or microenterprise income tax, without restrictions. So, HoReCa can opt for the income tax of micro-enterprises regardless of whether they meet the legal conditions or not, as a facility given to this much-tried field and following the Covid pandemic. For the year 2023, taxpayers, including those who carry out activities in the HoReCa field based on the CAEN codes mentioned above, have the obligation to express their option of applying the tax on the income of micro-enterprises or the profit tax and to communicate it to the territorial fiscal body by the latest on January 15, 2023, by submitting the declaration of mentions - form 700. What implications these changes have that come into force from the beginning of 2023 we will see in the article in extenso.

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TAX IMPLICATIONS REGARDING THE DECISION TO GRANT DIVIDENDS UNTIL THE END OF THE YEAR 2022 AND AFTER

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Abstract

The change in the dividend tax rate starting January 1, 2023 by increasing from 5% to 8%, as well as the legislative changes regarding the calculation base of social health insurance contributions applied to self-employment income, determined, as expected, a wave of dividend distributions of profits from previous years, but also from the current year. For the distributions from previous years, the carried forward profit existing in the credit balance of account 117 "Carried forward result" can be distributed until the end of 2022 by decision of the general meeting of associates or shareholders. Net dividends can be withdrawn until the end of 2022, with the payment of dividend tax at a rate of 5% until the 25th of the month following the withdrawal. There is also the possibility of distribution to dividends and their withdrawal after January 1, 2023, the tax on dividends being still at a rate of 5% with a payment deadline of January 25, 2023. For the net profit obtained in 2022 up to the level of the III quarter, distribution to dividends is possible on account of the interim financial statements.

Keywords: *dividend, dividend tax, tax rate, interim financial statements, option to grant dividends*

Classification JEL: *M41, H30*

1. INTRODUCTION

The tax on dividends valid in 2022 is at a rate of 5%. Starting January 1, 2023, the tax rate increases to 8%. At the same time, starting from January 1, 2023, the basis for calculating the social health insurance contribution for income from independent activities changes, causing increases in the CASS owed by natural persons who obtain income from independent activities. Of course, for taxpayers, the effect of these changes involving increases in dividend tax and CASS starting in 2023 was to try to temporarily avoid the increase in these taxes due on dividend income, which will apply from 2023. Since the legislative change came during the third quarter of 2022, the only option for the distribution of the accumulated net profit in 2022 for the granting of dividends also in 2022 involves carrying out the inventory and drawing up and submitting the interim financial statements within 30 days of their approval in the general meeting of associates.

2. DECISION ON THE GRANT OF DIVIDENDS GRANTED UNTIL THE END OF 2022

The legislative amendment which increased the tax on dividends and CASS borne by natural persons who earn income from independent activities, including dividends, starting from 2023, entered into force in July 2022. Therefore, natural and legal persons had and have until the end of 2022 the possibility to distribute the accumulated net profit in 2022, as well as the carried forward profit (profits obtained up to and including 2021 and which have not been distributed or used), benefiting from a 5% dividend tax rate, and the CASS being capped at 12 minimum salaries ($12 * 2,550 = 30,600$ lei), i.e. in the



amount of 3,060 lei (30,600 lei * 10%). The granting of dividends from the profit obtained in the year 2022 involves the carrying out of the inventory, as well as the preparation and submission of interim financial statements within 30 days of their approval in the general meeting of associates (it is interim financial statements for the II quarter and/or the quarter III). Dividend tax is declared and paid by the 25th of the month following the month in which the dividends are paid, according to the Fiscal Code. For dividends distributed in 2022, but unpaid in the year of distribution (including interim ones), the tax is paid by January 25 of the year following the distribution (respectively 2023 in our case). The obligation to declare and pay belongs to the company that distributes and pays the dividends to individuals. For natural persons, the declaration of income from dividends obtained in 2022 and the related contribution to thealth is made through the single declaration, until the annual deadline of 25 May 2023, and the actual payment of the contribution is made in the year following the year of obtaining the income (25.05.2023). The obligation to declare and pay belongs to the natural person who collected dividends. Starting from January 1, 2023, the dividends distributed to natural persons will determine the CASS at the level of 6 gross minimum wages per country, in force at the time of submission of the single declaration, in the case of incomes between 6 and 12 gross minimum wages per country; at the level of 12 gross minimum wages per country, in force at the time of submission of the single declaration, in the case of incomes between 12 and 24 gross minimum wages per country; respectively at the level of 24 gross minimum wages per country, in force at the time of submission of the single declaration, in the case of incomes of more than 24 gross minimum wages per country. The temporary avoidance of the increased tax and CASS can still be achieved by distributing the profits (carried forward and accumulated to quarter 3 2022) until the end of 2022, even if they are not necessarily paid in 2022, although to avoid the increased CASS it is advisable that the actual payment of dividends should also be in 2022.

CONCLUSIONS

The dividend distribution decision must also take into account the annual tax reductions for equity increases (reductions that can reach 15%), where the retained earnings - credit balance is an important factor regarding adjusted equity. Dividends can be distributed annually, after the approval of the financial statements for the previous year, or quarterly, during the year, after the approval of the interim financial statements (regularization is done together with the annual financial statements).

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NUMERICAL FISCAL RULES PRECURSOR OF FISCAL PERFORMANCE

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Abstract

Tax rules and other institutional and economic factors can, in principle, either exacerbate or mitigate the pro-cyclicality of tax policy. In the wake of the global financial crisis, the sustainability of public finances has become one of the most important issues in Europe. Diverging fiscal circumstances in European countries reflect the outcome of their economic performance and fiscal institutions. In the past decades, many European countries have introduced fiscal rules and set up independent fiscal agencies to strengthen their budget, process and improve their fiscal performance. (Roch et al., 2021). However, the design and features of the rules varied significantly across countries. A growing number of countries have improved the legal basis of their national tax rules (statutory level or above) and many of them have also introduced formal enforcement mechanisms. At the same time, over the last decade, the share of countries with cyclically adjusted tax rules has declined, probably reflecting significant operational challenges.

Keywords: *tax rules, sustainability, performance, flexibility, costs.*

Classification JEL: *E60, E62, F30.*

1. INTRODUCTION

A fiscal rule is a long-run constraint on fiscal policy through numerical limits on budgetary aggregates. Fiscal rules usually aim at correcting distortionary incentives and limiting pressures for over spending, especially in good times, to ensure fiscal responsibility and debt sustainability. During the pandemic, fiscal frameworks have been put to the test. The widespread use of bailout clauses was one of the novelties of this crisis, which helped provide space to policies for responding to the health crisis. Evidence shows that fiscal rules, in general, have been flexible during crises, but have not prevented a large and persistent build-up of debt over time. Experience shows that deviations from debt limits have been very difficult to reverse.

2. PAPER BODY

Kopits and Symansky (1998), define a fiscal rule as a permanent constraint on fiscal policy by simple numerical bounds on fiscal performance indicators. It is preferable to focus on rules that impose specific, binding constraints on government policy choices.



These rules can be set by legislation or by political agreement, as is usually the case at the national level.

There are different features of rules such as their legal basis, coverage, escape clauses, stabilisation properties and enforcement procedures. There is a need to make a balance sheet of the current key supporting features, including independent monitoring organisms and fiscal responsibility laws. A number of governments around the world have adopted fiscal policy rules, particularly a mid-term worsening of fiscal performance and rising debt levels. The main reason for the need for fiscal rules is to address deficit biases, correct distorted incentives and limit pressures to overspend, especially when times are good, therefore ensuring fiscal responsibility and debt sustainability (Schaechter et al., 2012; IMF, 2009).

Effectiveness is enhanced when rules have regulations or political support (Wyplosz, 2012). Marneffe et al. (2011) propose that the effectiveness of rules can be improved when they are framed within a medium-term economic management framework. Basdevant (2012) makes a similar point that the timeframe in which a fiscal target should be met is critical, particularly in ensuring flexibility. In designing spending rules, Ljungman (2008) suggests that they should exhibit comprehensiveness and have an inflation adjustment, a mechanism to manage spending fluctuation, a time frame, a clear numerical definition and a legislative requirement. Chowdhury and Islam (2012) insist that since macroeconomic stability is not a sufficient condition for economic growth, the design of fiscal rules should, therefore, include a growth objective.

While recognizing that it is virtually impossible to have a fiscal rule that possesses all desirable features, we also consider Kopits and Symansky's (1998) recommendations on the features of an ideal fiscal rule. Some studies have argued that an ideal tax rule is one that is transparent, flexible and implementable (Guichard et al., 2007; Price, 2010). Tax rule adoption has continued to increase globally in recent decades based on two new global datasets. (Hamid R. Davoodi; Paul Elger et al., 2022). While advanced economies have been leaders in adopting fiscal rules, these rules have also become increasingly common among emerging market and developing economies (EMDEs).

CONCLUSIONS

One of the most important factors affecting the effectiveness of tax policy in a country is the right choice of tax rules. This is particularly important during an economic crisis, manifested, among other things, in a drastic deterioration of the public finance sector in a state. The economic crisis has highlighted the need to reform the previous binding fiscal rules and the need to strengthen their enforceability in order to transform the rules into an instrument that, on one hand, is an instrument to ensure fiscal stability and, on the other hand, an instrument to support economic growth. Tax rules can be introduced for several reasons. One reason is to ensure macroeconomic stability in the economy and another reason is to maintain a stable fiscal policy in the long term. The rules also aim to reduce the negative externalities of the pursuit of an independent fiscal policy by EU countries. However, during an economic crisis, the main objective of fiscal rules is to reduce excessive deficit and debt levels and also to improve the credibility of fiscal policy.



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ASPECTS REGARDING THE REASSESSMENT OF MANAGEMENT PERFORMANCE IN LOCAL PUBLIC ADMINISTRATION

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Abstract

In the Romanian local public administration, the management must be responsible for the good management of the entity and for the well-being of the citizens. The statute, through the administrative levers at its disposal, supports and guides performance. The management has the administrative capacity and the responsibility of the stability of the value threshold of satisfaction thus creating possibilities of public orientations in the desired direction. In this sense, town halls, local and county councils have become financing entities with a high degree of autonomy. In the decision-making process, they must reach the highest standards of economic development, for the well-being of citizens. The determining premises in the choice of theme reside in the increased interest in the benefit of the citizen, but without neglecting the interest of the state. In our approach, we created a conceptualization and a quantification of the term managerial performance from the perspective of the public sector. The main contribution of this work is the use of modern bibliometric tools for producing results and taking into account the various indicators that are currently used in the specialized literature.

Keywords: performance, management, information, accounting, public sector

Jell code: M41, H11, H63.

1. Introduction

Measuring the performance of public administration in the context of globalization belongs to new currents in public management such as New Public Management. The current trends within the philosophy of New Public Management involve an adaptation of the criteria of the private system in the public sector. However, the approach of measuring the performance of the public sector, as well as the efficiency and reduction of expenses, finds its contributions in the context of its development. The need for a new approach regarding the administrative system and implicitly public management also came as a result of the development of the public sector and the multiplication of the functions it must perform (Whittington, 2008; Zhang and Andrew, 2014).

The NPM emphasizes the importance of using market-based measures for accountability for the cost of services provided, the allocation and efficient use of financial resources, rather than relying on cash accounting (Christiaens et al, 2010; Aggestam et al, 2013). Public management implies an adaptation of the criteria of the private system in the public sector, even if performance has for a long time been seen differently in the 2 systems, the public and the private (Sanderson, 2001; Brown and Pyers, 1988), and at the same time



allows the comparability of the two accounting systems from the public and private sectors respectively (Lapsley, 1999). Increased attention is paid to performance indicators within administrative processes (van Mierlo & Kerauden, 1998), the evaluation of the results obtained in close connection with the established objectives or the existence of quality standards in public services.

The needs of citizens change, at the same time as those of public authorities. New preferences and needs emerge, and programs and projects will be adapted and funded so that the quality of delivery of existing ones is satisfactory. (Mikesell, 1995; Wang, Dennis, & Tu, 2007).

Public institutions become exclusively concerned with the activity of providing public goods and services, of the best possible quality, related to the needs of the local community without taking into account the resources wasted in the process. Public managers have often spent public funds in an unjustified way, being too concerned with the result and too little with how it is achieved.

Therefore, in achieving the objectives and results of the public sector, efficiency and economy must prevail. Performance in the public sector provides an overview of efficiency and effectiveness, and efficiency should not be ignored in favor of effectiveness, performance measurement is generally a complex process and quite difficult to achieve, due to the monopoly position on some services provided by administrative authorities.

In Romanian local public administration, town halls, local and county councils have become financing entities with a high degree of autonomy. In the decision-making process, they must reach the highest possible standards of economic development, efficiency and effectiveness, for the well-being of their citizens, or for attracting highly qualified labor force.

2. Literature review

Consider the need for efficient public management, to increase the efficiency and capacity of the administration, to increase the overall performance, as well as the financial one, to be vital tools of the municipalities. The Romanian administration is still at the beginning of using indispensable tools for performance measurement and implicitly those of today's management.

The possibility of measuring the financial performance of local authorities depends on the availability and accuracy of information from the financial-accounting statements, a fact noted by (Padovani and Scorsone, 2011).

In the field of performance measurement, the type of indicators preferred by some authors are the financial performance indicators that are based on a set of financial-accounting information characterized by relevance and constitute performance control keys (Brown 1993; Maher and Nollenberger 2009), and, increasing relevance financial-accounting information represents the managerial tool (Sohl et al., 2009; Wang, 2003). Other authors create a combination of factors and indicators, both financial and economic, social, or organizational (Groves, Valente and Nollenberger, 2003; Hendrick, 2004; Zafra-Gomez et al., 2009; Cabaleiro et al., 2011).

Practitioners and specialists involved in the development of models for measuring and evaluating the financial performance of a local entity (Honadle et al., 2003; Carmeli, 2003; Wang, Dennis and Tu, 2009; Padovani and Scorsone, 2012) have noticed that the activity



that carried out at the level of the public entity must respond to three essential requirements: quality, ethics, education.

We believe that public management must understand the key terms associated with the activity at the level of the public entity, namely efficiency, effectiveness, economy, performance, evaluation, decision control, and at the same time apply them. In this sense, the public entity must benefit from a coherent, continuous, qualified and stable management in the face of changes of a political nature (Lee, S.Y., Whitford, A.B., 2013).

As a conclusion, public management through its actions and decisions must develop, perfect and improve the information system of a financial-accounting nature in order to obtain relevant financial-accounting information that can significantly contribute to: increasing the quality of the decision-making act; increasing the quality of management as a whole; fair remuneration of executive and non-executive management.

4. Findings

A global picture of the main dimensions that influence the financial performance of local authorities allows to outline a link between the financial performance of local authorities and the economic framework in which the authority carries out its activity or the economic development of the communities. Zafra-Gomez, Bastida and Hernandez (2008) argue that the ability of an authority to improve its financial situation depends on the level of income of the population and the level of local economic activity. For example, in Romania, a share of 47% of the income tax goes to the local budgets of the communes, cities and municipalities on whose territory the tax payers carry out their activity, a share of 13% to the local budget of the county and a share of 22% (Law no. 273/ 2006). Since the performance indicators are based on a set of financial-accounting information characterized by relevance and constitute performance control keys. The management has the administrative capacity and the responsibility of establishing the value threshold of satisfaction, thus creating the possibility of orienting the public entity in the desired direction.

Obtaining and maintaining the competences of the management mandated with the management of the public entity must direct its attention to the following aspects: be aware of the role within the public entity and at the same time have a participatory contribution to the economic development of the territory in the public interest. Among the factors of the financial performance of a municipality we find: expenses and revenues, managerial practices, the legislative framework and its changes, the local economy, social factors, demographic factors, political factors, but also natural calamities. In evaluating the performance of the local economy, the terms of population and its characteristics, labor force and its level of training, productivity, income, standard of living, entrepreneurial capacity, diversification or concentration of economic activities, comparative and competitive advantages must be analyzed. From an internal perspective, the financial performance of internal policies regarding the level of taxation can be important from a double perspective: both for substantiating revenues and expenditures for establishing the budget balance (Lazar, Inceu and Zai, 2005, p. 67).

From an external perspective through different ways of approaching public management and decisions can be made about the possibility of allocating financial resources (Schafritz and Russell 2016), from the central level, based on utility and opportunity criteria.



In the assessment of financial performance (Levine, 1980; Stanley, 1980; Groves and Valente, 1994; Pagano and Hoene, 2002; Douglas and Gaddie, 2002; Jones, 1979; GASB, 1987; Pagano, 1993) emphasis is placed on identifying the financial situation municipalities and on the capacity of local authorities to provide adequate public services (Merigó, J.M., Yang, J.B. 2017), and fulfill their present and future obligations.

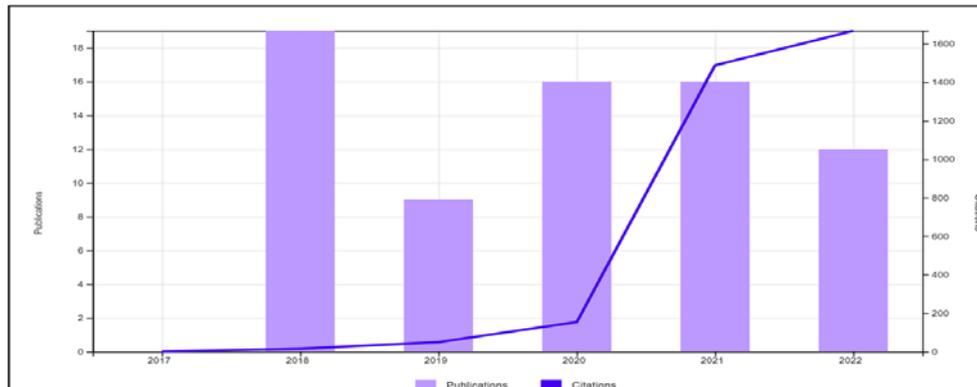
There are observations (Kloha et. al., 2005) that underline the main shortcoming that, although an important volume of financial and fiscal information is synthesized, they are not useful to the authorities because they analyze too high a number of variables, being difficult to assess which are really important. Also, the educated population is positively associated with an increase in income at the population level, so that the community must become an entrepreneurial one, based especially on an educated population. Local authorities with a strong business environment and high level of entrepreneurship are most likely to benefit from a high level of total revenue. Regarding the financial indicators and the correlations between them, it is appreciated that the degree of dependence on the central budget correlates negatively with the number of the population, so that as a community is smaller in population, especially small ones, the probability that it is more dependent on the central budget increases. This fact leads to the rigidity of local authorities' expenses and this fact is associated with the degree of dependence on the revenues from the central budget, which implies that those municipalities, with a statistically small population, tend to be dependent on the central budget (shares broken down from VAT or income tax), which automatically implies a reduced level of own revenues (rigidity is negatively and strongly correlated with indicators of own revenues and the degree of self-financing).

We can state that as a community is less populated, the probability that it is more dependent on the central budget increases.

Research methodology

The main contribution of this paper is the use of modern bibliometric tools for producing results and taking into account different indicators that are currently used in the specialized literature. Among the four forms of scientific research described by specialized literature, the present study takes 3 forms: descriptive, built on the principle of knowledge; explanatory, aiming to identify causal relationships in order to test working hypotheses; application, for solving the problems identified in practice. It is found, following an analysis, that there is a rich literature in this field, the practice is quite limited in our country, in the field of measuring the financial performance of local authorities. As our research interest is in the evaluation of the financial performance of local authorities we wanted to analyze its relevance in the literature by using bibliometrics. In figure no. 1 shows citations of publications in the period 2017-2022.

Figure no. 1 Citations and Publications Over Time



Source: <https://www-webofscience-com.am.e-nformation.ro/wos/woscc/citation-report/b9f0741a-ab0f-4a9d-9842-e855e6369be8-614eb502>

There is an increase in the number of citations of scientific publications from the period 2017-2022.

Heavily used as a research tool for decades, the Web of Science Core Collection, produced and maintained by Clarivate Analytics (2021), is one of the world's most popular scientific publishing platforms, from which we extracted the available database information. At the same time, the platform offers a period of whole decades of research.

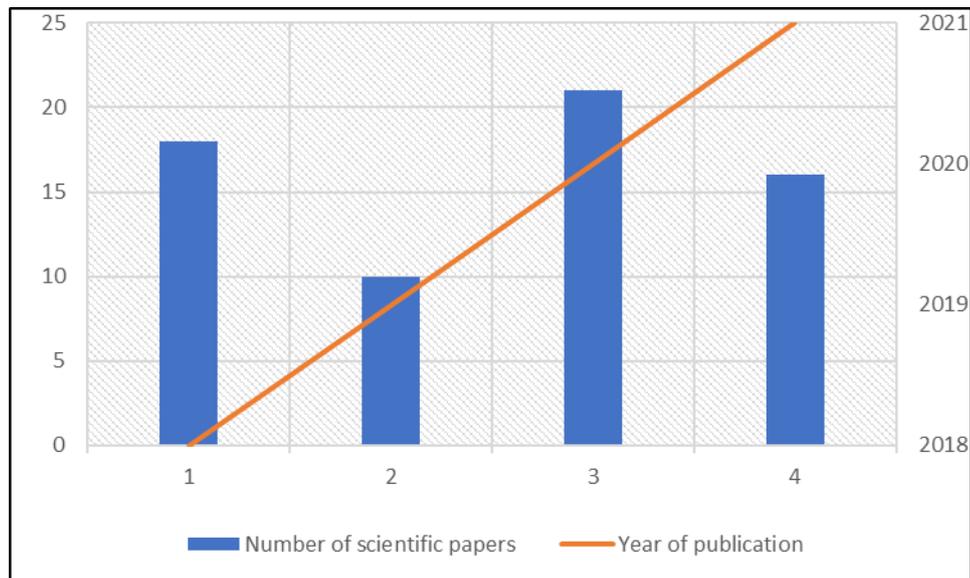
The paper combines several tools to represent the importance of bibliographic material found in WoS. The number of papers is assumed to indicate quantity, while the number of citations indicates influence in a research field. The h index is a combination of both. This study analyzes the 191 most influential papers in accounting research.

The ranking is categorized by journal so that all papers from the same journal appear together, becoming more relevant.

We used the key terms financial performance, management, public administration and then refined the search to select only information about publications published in the last 5 years (2018-2022), from the categories business finance, economics, management, business, social sciences interdisciplinary, public administration political science, operations research management sciences, computer sciences artificial intelligence, computer sciences interdisciplinary applications, development studies, information science library science, international relations we obtained the statistical sample containing 78 scientific publications, written in English, as well as a number of 408 by authors.

In Figure no. 2 I graphically represented the number of publications with the subject of financial performance and NPM in the public administration and their annual distribution in the period 2018-2021 (I removed the year 2022 from the presentation, as it is not finished, and the graphic comparison has no relevance).

Figure no. 2 Breakdown by year of scientific papers that have as their subject financial performance and NPM in public administration in the period 2018-2021



Source: Author's projection

We observe that the interest in the study of financial performance and management in public administration has a predominantly increasing trend in the period under consideration. In Table 1 we show the 20 analyzed keywords, ordered in descending order according to the strength of links with other keywords.

Table 1. Relevant keywords used by authors in financial performance research.

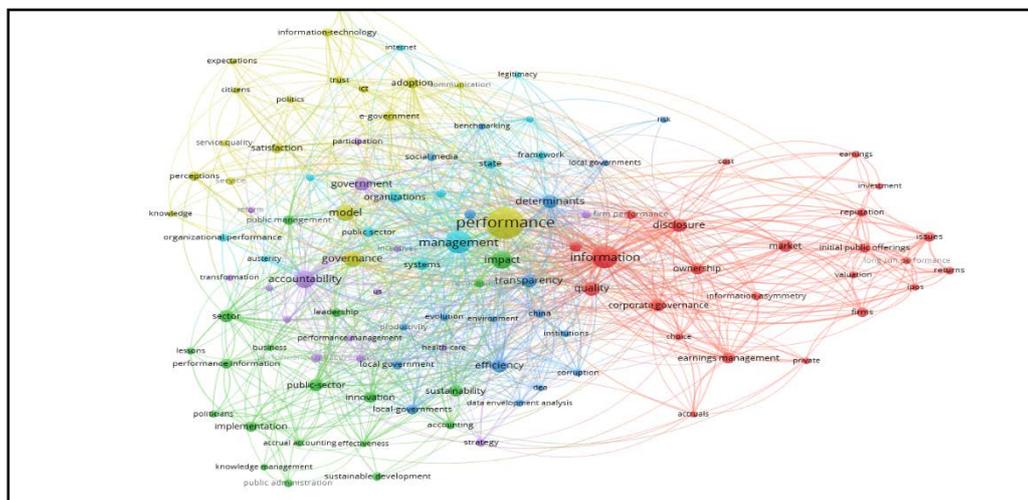
No.	The keyword	Links	Total link strength	Occurrences
1	Performance	92	383	106
3	Information	80	255	56
2	Management	85	249	56
4	Accountability	51	125	33
5	Governance	53	108	26
6	Quality	53	99	22
8	Transparency	47	95	19
7	Determinants	47	85	20
9	Organization	46	80	14
10	Efficiency	53	77	18
11	Ownership	38	74	15
12	Local governments	37	66	11
13	Public management	42	58	11
14	Sistems	34	56	14
15	Public sector	30	53	11
16	State	30	52	12
17	Initial public offerings	26	51	11
18	Earnings management	27	49	14

19	Innovation	32	49	13
20	Satisfaction	30	46	12

Source: Author's projection

Figure no. 2 shows the significance or relevance of the most important keywords identified in the studied sample in terms of the intensity of the link with other keywords in terms of simultaneous appearance in the same work.

Figure no. 2. The connection network between keywords regarding the quality of accounting information



Source: Authors' processing with the help of the VOSviewer program

After obtaining the sample I described previously, I proceeded to the actual bibliometric analysis using the scientific mapping methodology with the help of the computer program VOSviewer (Centre for Science and Technology Studies, Leiden University, Netherlands, 2020), a software adapted for the construction and viewing bibliometric networks.

Finally, we studied the distribution of the most intensively used keywords with the intention of observing and analyzing the links between them, considering only those proposed by authors in published works, and we set a minimum threshold of 20 occurrences simultaneous.

Groups of keywords that are related to each other are graphed with the same color and appear simultaneously in the same paper. We obtained 6 groups of keywords: performance, management, information, accountability, government and public sector.

The word performance, in red color, contains 24 keywords, most of which we mention: accruals, choice, corporate governance, cost, disclosure, earnings, earnings management, financial performance, information, firm performance, firm, information asymmetry, initial public offerings, investment, ipos, issues, low-run performance, market, ownership, private, quality, reputation, returns, valuation. The figure renders the relevance of each



keyword by means of nodes whose size indicates the degree of importance: the larger the node, the label, the more relevant the term it represents within the sample. Liniile, reprezentate grafic prin curbe redau legăturile dintre două noduri și descriu frecvența de apariție a celor doi termeni pe care îi conectează: cu cât linia curbă de legătură este mai groasă, cu atât apariția simultană a celor două cuvinte-cheie unite de respectiva linie este mai frecventă. Simultan cu cât curba de legătură este mai scurtă, cu atât cei doi termeni pe care îi unește au o relație mai puternică, apariția lor este cea mai relevantă (de exemplu, o frecvență ridicată de apariție simultană în aceeași lucrare a cuvintelor-cheie performanță și management se traduce printr-o intensitate crescută a corelației dintre ele din punct de vedere conceptual, subliniind importanța unui sistem de bune practici și de administrare eficientă a entității.

Puterea legăturilor dintre elemente se realizează cu ajutorul metodei de normalizare folosind tehnica de layout VOS și VOS , tehnica de clustering, (Eck, Waltman, Dekker și Van den Berg (2010), Waltman, Van Eck și Noyons (2010), Waltman și Van Eck (2013) și Van Eck și Waltman (2014).

5. Conclusions

Performance evaluation in the activity of local public municipalities must be analyzed through the lens of results based on the achievement of objectives with efficiency and effectiveness. The community, as the main beneficiary of the entire activity of the local public administration, wants the operative achievement of all the objectives assumed or imposed conjuncturally, through the development of a legal, quality administrative act. Also, the rigidity of expenses is negatively and statistically significantly associated with the population indicator, with the level of education of the citizens and implicitly the degree of employment of the population in a community is lower. As the population is less educated, the probability that the local budget is more dependent on the central one is higher, respectively, the self-financing capacity of the local authorities is lower.

The bibliometric analysis carried out revealed some interesting information. Keyword analysis reveals strong links between the concept of performance, management, information, accountability, government and public sector. The results of the study reveal an important research interest in managerial performance.

The approach in this context of the concepts of performance, management, information, accountability, shows how an efficient and responsible administration of the entity can contribute to the increase of economic dedication, decision-making transparency and the accuracy of financial reporting. We believe that the number of bibliometric studies with managerial performance as a subject is limited in the specialized literature.

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STRENGTHENED COOPERATION – FORM OR TOOL OF FLEXIBLE INTEGRATION

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Abstract

The nation-state: a contradictory reality. Whether we are talking about the European Union, or about the multiple congruent realities in the international space, we cannot overlook the essential aspects related to governance and interdependence between the actors. The more we delve into the sphere of the mosaic of European power, the more we realize the complexity that surrounds us in the EU and especially the complexity of the decision-making process.

Keywords: *strengthened cooperation, integration, nation-state, international space;*

1. INTRODUCTION

The question of flexible integration entered the agenda of the Intergovernmental Conference of 1996/1997, which led to the Treaty of Amsterdam, when it seemed that only a few countries would adopt the single currency and flexibility was also needed to achieve a tighter coordination of policies economic loc. for France and Germany, flexibility was just a means to deepen integration by overcoming the obstructions of the conservative governments of Great Britain, while for the British it was a way to opt for non-integration in certain areas. In the end, all the member states agreed on a new mechanism of close, increased or strengthened cooperation, which allowed a group of countries to, in certain policy areas and under strict conditions, use community institutions and procedures to deepen or expand integration. According to the provisions of Article 43 of the TUE, introduced by the Treaty of Amsterdam, the strengthened cooperation had to support the objectives of the EU and its interests, respect the principles established by the treaties and the community institutional framework, be an alternative means and engage the majority of the member states, not affect the *acquis communautaire* and other policies developed based on the provisions of the treaties, not to encroach on the rights, obligations and interests of the other member states, to be open to all member states, to comply with the additional specific criteria stipulated in Article 11 TCE and Article 40 TUE depending on the field involved and to be authorized by the Council of the EU according to the established procedures.

2. PAPER BODY

In spite of the reluctance of some EU countries towards new forms of flexibility of integration, almost all of them considered that the strengthened cooperation must be



regulated very strictly and that it must not lead to the fragmentation of the Union or become a nerve and nodal point of the EU governance system. Strengthened cooperation was more quickly seen as a tool used in exceptional circumstances or for testing bolder initiatives, being open to all states, including those that initially do not participate but later are attracted by the benefits of this cooperation. Of course, the strengthened cooperation would accentuate the diversity and complexity of the Union, putting in difficulty the insufficiently informed citizens, but also the national legislative forums and the EP, especially in the line of exercising demographic control over the national executives. It would implicitly end up aggravating the so-called democratic deficit, which after Maastricht it became a central topic of debate in the EU. [4]

Strengthened cooperation could introduce important secondary legislation that would affect the community legal system (community law), different community regulations applying in different countries. If flexibility becomes the rule and not the exception, then there would be a risk of political fragmentation, with member countries no longer sharing common goals and values. The risks are however mitigated by the clear provisions of the Amsterdam treaty.

CONCLUSIONS

The resulting general conclusions are focused around the major significance of some units and aspects that together constitute the process of European governance and of strengthened cooperation. Today's strengthened cooperation aspects: a result of a hard work of generations of politicians, who tried and even managed to build a Union where the major term, around which it gravitates, is cooperation. On the ruins of the war that brought chaos, death and destruction, the Union came into existence through a radical change in the way Europeans look at life in their own states, on their own continent. Changed but also scared by the possibility of a new conflict breaking out, European politicians have built something unique in terms of structure, decision-making process and political aspirations..

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THE LEVEL OF NET WAGE IN ROMANIA AT THE END OF THE PANDEMIC

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Abstract

Wages constitute the predominant part of a household's income and have an impact on aggregate demand through household consumption and possibly through investment to meet increased demand. If the propensity to spend wage income is greater than the propensity to spend profits, rising wages can cause an increase in aggregate domestic demand

Keywords: *wage, Romania, pandemic crises*

1. INTRODUCTION

In Romania there is a minimum wage mandated by the government and no worker in Romania can be paid less than the minimum wage in the economy. Employers in Romania who fail to pay the economy's minimum wage can be held liable by the Romanian government.

2. PAPER BODY

Salaries in Romania, an extremely important topic for Romanians, because each of us wants to collect as much income as possible at the end of the month. To progress on an individual level we should start by explaining the basic terms: [3]

➤ **What is salary**

According to the Romanian explanatory dictionary, the salary represents the consideration for a service rendered, by concluding an employment contract.

➤ **What does net / gross salary mean?**

The net salary represents the amount of money you collect and benefit directly from month to month. In other words, the amount of money you are left with after your employer pays your debts to the state (social insurance, health insurance and income tax).

➤ **What is the minimum wage**

According to the Labor Code, starting from 01 January 2021, no employee with a normal work schedule can collect a gross salary of less than 2300 RON, meaning a net salary of 1347 RON (minimum salary in the economy). In order to fulfill these conditions, it is mandatory that there is an employment contract between the two parties: employee and employer.

➤ **What are the salaries depending on the field of activity**

Although the minimum net salary per economy in Romania is only 1,347 RON, the differences between remuneration following the provision of services can be very large. The lowest salaries are recorded in the following fields: textile industry, wood processing,



security and protection, agriculture, arts and culture, and at the opposite pole are the fields: IT, legal, banking, human resources, finance, accounting and quality control .

The IT field is fully developed, especially in Bucharest and Cluj. Thus, an IT-ist ends up earning an average net salary of 5,800 RON.

➤ **Top salaries in Romania**

The minimum wage per economy positions Romania vis-à-vis the other European wages in last place in the ranking, next to Bulgaria.

Despite the strong growth in the last decade, the minimum wage in Romania remains among the lowest in Europe from any point of view. The growth trend has moderated significantly in the past two years, leading to widening wage gaps with the West and with many neighboring countries. [5]

CONCLUSIONS

In conclusion, although the salary in recent years has tripled, in the European ranking, Romania is positioned at the end, with the lowest gross salary per economy, next to Bulgaria. From January 2020, no salaried Romanian with a normal work schedule can collect less than 300 euros per month, specifying that it is a gross salary.

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THE CAUSAL RELATIONSHIP BETWEEN BANK CREDIT FOR REAL ESTATE AND ECONOMIC GROWTH IN ALBANIA

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Abstract

Construction has become one of the main sectors supporting economic growth in Albania in recent years. Some of the factors that have boosted the growth are: the increase of residential projects, the continuation of post-earthquake reconstruction works and public investments, mainly in road construction. A VEC model will be presented in this paper that uses bank credit for real estate as a cointegrated variable with GDP growth, as the construction sector in Albania occupies a very important role in the economy. The objective of this model is to identify the short-term and long-term causal relationship between this credit activity and economic growth in Albania. The analysis by subject and purpose of credit use shows that real estate investment credit for individuals occupies the largest share of the total credit portfolio, followed by real estate credit granted to businesses. From the results of the econometric model it was concluded that credit to the real estate sector has a positive effect on long-term economic growth. The construction sector is one of the sectors that contribute the most to GDP and, at the same time, to the growth of the banks' loan portfolio. Lending to this sector, according to the results of this model, has a positive influence on the economy.

Keywords: Albania, bank credit, economic growth, real estate, VECM

Classification JEL: C33, G21

1. INTRODUCTION

Construction has become one of the main sectors supporting economic growth in Albania in recent years. Some of the factors that have boosted the growth are: the increase of residential projects, the continuation of post-earthquake reconstruction works and public investments, mainly in road construction. Construction was one of the activities least affected by the pandemic crisis, as the residential sector also benefited from the unusual boom in real estate sales, which led the economic performance after 2020.

Thus, the main objective of this paper is to identify the short-term and long-term causal relationship between this credit activity and economic growth in Albania, by employing a VEC model that uses bank credit for real estate as a cointegrated variable with GDP growth.

2. THE IMPACT OF BANK CREDIT FOR REAL ESTATE ON THE ECONOMIC GROWTH

A VEC model is presented in this paper that uses bank credit for real estate as a cointegrated variable with GDP growth, as the construction sector in Albania occupies a very important role in the economy.



For this model, the focus will be on the independent variable real estate credit (% of GDP). The other independent variables considered are: treasury bills (% of GDP); deposits (% of GDP); ROA and the Herfindahl index. This study uses quarterly time series covering a 24-year period from 1998q4–2021q4, making a total of 93 observations for each variable. All regressions and econometric tests are performed using R software.

To this end, this study proposes the use of the Johansen Cointegration test to determine whether there is a long-term relationship between this credit activity and economic growth. Also, the first step before estimating the econometric model is to select the time lag of the impact of the variables on the model.

The mathematical representation of the equation is:

$$EQgdpg = 0.08credit_restate - 1.43treasury + 0.24saving - 1.24roa - 0.05hh$$

(equation 1)

Impulse-response functions were derived for the GDP growth equation and the real estate credit equation. An increase in GDP growth first increases lending, then a contraction, followed by a positive trend in long-term lending.

CONCLUSIONS

The analysis by subject and purpose of credit use shows that real estate investment credit for individuals occupies the largest share of the total credit portfolio, followed by real estate credit granted to businesses. From the results of the econometric model it was concluded that credit to the real estate sector has a positive effect on long-term economic growth. The construction sector is one of the sectors that contribute the most to GDP and, at the same time, to the growth of the banks' loan portfolio. Lending to this sector, according to the results of this model, has a positive influence on the economy.

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THE ROLE OF CO-PAYMENT IN CHANGING THE HEALTH SYSTEM IN ROMANIA

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Abstract :

The monitoring of the public health system, of patients, can be effective through a careful contribution of family doctors, who have the major goal of preventing communicable diseases on the one hand, and chronic diseases on the other, through a transparent assessment made through the patient file, completed by computer, simply called "corona form". We thus understand that the role of the National Health Insurance House is to provide the settlement sent by the family doctors, automatically and completely (through SIU).

This is how it can be explained, the important role of family doctors, which is reflected through a simplified and direct balance, doctors-patients-providers of medical services, respectively the National House of Health Insurance. Will this be a reason to choose a public health system or a private one?

The legislation established for the introduction of co-payment must become a legal framework of ease in the health system, so that all insured persons can identify their own system of medical services, used both from a financial point of view, but also necessary. Any health system must be identified by universal access of the entire population to medical services, state or private, to benefit from quality and efficient medical services, to have equity for all members of society, regardless of age, sex, religion, social status, who may have the financial ability to pay. Solidarity in the health system remains in fact the principle that must characterize a healthy system, for society regardless of social, economic, political, demographic problems.

Overall, we must consider that the health system with diversified funding ensures the safety of any patient, with care based on both evidence and from an ethical point of view, confidential and with transparent compensation possibilities, avoiding possible cases of malpractice.

Keywords: co-payment , health system, medical service providers, malpractice

Classification JEL: C10, H 75, I10

1. INTRODUCTION

Anything i mprovement a ctivity t hrough s ervices phys ician qua lified, he lps t o improve health the population. If look the basic principles of organisms international , o f the O rganization World H ealth O rganization , we c an l ook at a h ealth s ystem t hrough purposes followed , respectively, a health qualitative population , a contribution financial , necessary , correct and transparent with social protection against a risk financially , but and in a ppearance of answers gi ven t o t he popul ation t o t he ev entualities e xpectations non - medical . (1) A he alth s ystem i s e fficient i n c onditions i n w hich r esources can be generated, maybe there is financing sustainability, there is service provider's physician and it is found that stewardship can be found through an administration efficiency of the health system. R esearch a ctivity de velopment i n t he t he m edical f ield , of t he pr oduction of medicines , m aterials a nd ot her e quipment m edical , ha ve pos itive r epercussions i n



organization on the one hand the provision of services medical , on the other hand of the qualification with specialized medical personnel . CONSIDERED sources diversified funding through state, local budget , payments direct , community , through insurance social health or through private health insurance , a system own health must to identify causes and effects and how own development , through program implementation and projects with respect legislation in the vigor . Collect but and distributions fund for the health system , the choice methods looking the payment service providers medical , must to be as May transparent , the National Health Insurance House , representing a main pillar in the health system . (2)

2. A HEALTH SYSTEM CAN BE FINANCING EFFICIENT EVEN WHEN THERE IS CO-PAYMENT

Anything policy of the health system in the country ours, it is regulate through information gathering, existence a capable management in the coordination the health system in the corroboration with the social situation and economy of the country, through an involvement consistency of the system Community but and a performance of collaboration with the others health systems international .

If funding through the state budget, is characterized through the coverage of a aryl large population, however there is an impediment in as regards the allocation of funds, these being determined by priorities economic, therefore insufficient for need strictures of the population.

funding through the insurances social health but and the through private insurances are determined on the side through contribution and the insured employers, so characteristic by contribution on the one hand, on the other hand through formation a n insurance fund, characteristic of private insurance, so through contributions of the insured what they are exposed to a certain degree of illness, correspondingly clauses provided in the insurance contract.

Compared to those presented, co - payment, or funding the health system through direct payment, is made between the consumer of health services and health care provider country existence another intermediary financial. benefit this forms of financing in the the health system , it manifests itself through a full responsibility , discourages an over - consumption of services medical , leads to an increase in collection funds from the health system by 10%, helps to increase quality services medical . On the other hand Parthian has a disadvantage that the population vulnerable not may be had a quick access and immediately, influenced by the sources finances at his disposal. (3)

If we do an analysis of the co- payment, the unit's hospitals with beds collects from the insured, depending on the conditions stable through Boards of Directors, between 5 lei and 10 lei minimum, the value services physician for the basic package, excl services physician for cares palliative, in emergency regime, except the persons from art. 225, Law 95/2006, young people from 18 to 26 years old , pupils , students , who have no income , but no longer more than 3 months after starting year university , pensioners with pensions up to 740 lei, but and people with conditions retrieval in the health programs .(4,5)

Drafting an estimate, valid for 5 days worker , entered in the effective from July 1, 2021, so that through this is possible express the value services medical , which details list



costs that can have them insured and which can become a form of settlement through the National Health Insurance House. If through the public health system costs may be higher accessible, co -paid in the the system private not can be accessible through costs raised. No more through example, there is some interventions paraclinical MRI and CT that cannot be performed than through referral letter from the family doctor. Personal contribution will not be required in the state hospitals, in change for private hospitals, this would lead to a competition in the the system private health, the cost interventions being very small. If only an appendicitis operation can be settled with the state for a value of 2500-2600 lei, at one hospital private the costs this operations can reach 6000 lei.

Then When there is situations for policyholders who opt out for services physician in the system private, ambulatory, specialized clinic, paraclinic, service providers medical can request, by consent to the insured, a personal contribution in the coverage the differences between charges service providers physician agreement and charges borne from the budget Fund National Unique Health Insurance, each category of medical service being displayed at the office private providers and paid by the insured either directly or through a contract concluded with an insurance company.

In the basis the law is possible say that the insurances voluntary complementarity support both co-payment how and role staff due. (6)

If we are talking about a health system sustainable, which to can to support themselves alone, you must to we in the view that regardless of funding sources, the population It is the only one who can Let him choose own services medical, determined by capacity financial, the need and opportunity the medical act

CONCLUSIONS

From my point of view I think that it is information required population, looking at a service system medical, who, when and how they can be accessed in the time and space IU. If the health system in Romania, holds account that we have a population aged, vulnerable, with possibilities financial reduced, it is needed realization of a scales from a moral and ethical point of view, in realization of services physician fair, honest for all population, either on contribution base, either by payment direct, Health Insurance House must to at fault unique, having in the view that there is May many categories of health homes, so that collect and distributions fund be tween consume and health service providers to can Enable each citizen access to primary, ambulatory, specialized medical assistance in a country member of the Union European. In the market health system, in depending on the price the service consumer medical decides the type the medical service, so that price it becomes many or the key rationalization insufficient resources.

Then When the costs services physician grow and the quality their decreases, so that must meaning the fact that in a health system, funding should not to be coordinated by payment mechanisms.

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THE DYNAMICS OF TRADITIONAL FINANCIAL MARKETS AND THE CORRELATION WITH THE FINANCIAL DIGITAL MARKETS

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Abstract

From its inception, the financial digital assets' market has gone through some major price movements in 2013, 2017 and 2021. Despite these major price movements, many online traders, investors, and academics have shown a growing interest in the financial digital markets. Since the beginning, this new asset class along with the market it generated, had some unique properties along with its dynamics, and could not be easily compared with other traditional financial assets.

In this paper will try to assess the correlations between the traditional financial markets and the main drivers of the financial digital markets: Bitcoin and Ethereum. We will have a holistic view of the financial digital assets market and will try to understand the influence, along with the correlations and other contagion effects, which derive from the traditional financial markets.

The purpose of this paper is to create a better understanding of how the markets interact with each other, in the context of a new asset class, which is in an emerging and evolving stage. The juvenile crypto assets market clearly responds in a more dynamic way to every impact that is generated from the traditional finance, and these shocks are usually translated in price movements and volatility. We will assess how these assets behave as a store of value for hedge purposes, and will analysis how these assets perform in comparison with the more mature markets from the traditional finance.

Keywords: *Crypto Assets, Crypto Market, Financial Markets, Correlation, Hedging.*

Classification JEL: *F20, F21, G29.*

1. INTRODUCTION

In this paper we will analyze the influence and other correlations of the traditional financial markets towards the crypto assets market. Our research will evolve around the two main crypto assets, Bitcoin (BTC) and Ethereum (ETH), which combined have a dominance of market capitalization of around 60%. For this study we consider that the dominance of these two assets represents a clear research element, as most of the trading pairs in this market go against these assets. Further, we can clearly observe that when BTC and ETH move in a direction, the whole market is following, thus our assessment for utilizing only these two assets for our research is valid.

2. PAPER BODY

The crypto assets market is unique in its dynamics compared to the needs and volatility of the traditional financial assets. A direct consequence of the interest it generated, could be clearly seen by the market capitalization of crypto assets which



reached 2.8 trillion US dollars in November 2021 (Coinmarketcap, 2022). Despite the enormous growth of the financial digital assets market, there are views that Bitcoin cannot be considered a hedge or haven during financial distress. For instance, when a financial asset is uncorrelated or negatively correlated with other financial assets, it has a weak and robust hedge. In this regard, the findings of the previous research offer contrasting insights (Bouri et al., 2017a)

Smales (2019) clarifies the argument that Bitcoin lacks safe-haven property primarily due to high liquidity, volatility, and transaction cost. During the pandemic, considered an indicator of financial distress, Conlon and McGee (2020) argue that Bitcoin is not a haven as its price movement follows closely with that of the S&P500 index. On the other hand, Dyhrberg (2016) considers that Bitcoin can be a hedging instrument but largely depends on the stocks, time horizons, and investment horizons. Similarly, Bouri et al. (2017b) reveal that Bitcoin performs better than Gold in many instances as a hedging instrument. Aslanidis et al. (2019) investigated the dynamic conditional correlations between Bitcoin, equities, and bonds. The research revealed significant positive correlations between the different types of cryptocurrencies. While the research was conducted to find a link between crypto assets and more conventional investments, none was discovered.

Kim et al. (2020) examined the association of cryptocurrencies and other assets using Garch Dynamic Conditional Correlation. The study also used Nonlinear Asymmetric Garch Dynamic Conditional Correlation as another econometric technique to investigate the volatility in BTC and other financial assets. The authors argued that the high volatility during the pandemic in many financial assets makes it hard to compute volatility for crypto assets. Findings of the study suggested that the S&P 500 and Gold are significantly related to BTC in terms of log return and volatility.

Kakinaka and Umeno (2022) investigated the responsiveness of return volatility to return shocks in six representatives of the crypto assets market. For instance, the selected crypto assets in the study are Bitcoin, Ethereum, Ripple, Litecoin, Monero, and Dash. The study revealed an asymmetric relationship between return volatility and return shocks. In addition, the study found a scaling-dependent structure in the asymmetric relationship between the return shocks and return volatility. The fractal regression analysis allowed the authors to quantify the scaling factor. Findings of the study further suggest that return volatility is not only affected by return shocks, but shocks across scales are also significant in this regard.

CONCLUSIONS

Crypto assets such as Bitcoin have matured from an obscure asset class with few users to an integral part of the digital asset revolution, raising financial stability concerns. Crypto assets are no longer on the fringe of the financial system. Amid greater adoption, the correlation of crypto assets with traditional holdings like stocks has increased significantly, which limits their perceived risk diversification benefits and raises the risk of contagion across financial markets.

Before the pandemic, crypto assets such as Bitcoin and Ether showed little correlation with major stock indices. They were thought to help diversify risk and act as a hedge against swings in other asset classes. But this changed after the extraordinary central



bank crisis responses of early 2020. Crypto prices and US stocks both surged amid easy global financial conditions and greater investor risk appetite.

For instance, returns on Bitcoin did not move in a particular direction with the S&P 500, the benchmark stock index for the United States, in 2017–19. The correlation coefficient of their daily moves was just 0.01, but that measure jumped to 0.36 for 2020–21 as the assets moved more in lockstep, rising together or falling together. The stronger association between crypto and equities is also apparent in emerging market economies, several of which have led the way in crypto-asset adoption. For example, correlation between returns on the MSCI emerging markets index and Bitcoin was 0.34 in 2020–21, a 17-fold increase from the preceding years.

Stronger correlations suggest that Bitcoin has been acting as a risky asset. Its correlation with stocks has turned higher than that between stocks and other assets such as gold, investment grade bonds, and major currencies, pointing to limited risk diversification benefits in contrast to what was initially perceived.

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TAX TREATMENTS AND ACCOUNTING POLICIES SPECIFIC TO THE COMMUNITIES

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Abstract

Taking into account the re-establishment, after 1990, of the old associative forms, as independent entities, with legal personality and with ownership of the forests owned in common by all members, whether they are village, forest communities, freeholder or compossessorate communities, but also the different categories of obtained income and their differentiated tax regime, in this study we proposed to address the tax treatment applicable to the obtained income, on the one hand, by the established associative entities, and on the other hand, by associated members of the community, so that, later, in a subsequent article, we will also refer to the way of reflecting both the incomes and the taxes due in the accounting.

Keywords: landed fund, associative entity, community of freeholders, tax policies.

Classification JEL: L31, M41, M48

1. THE LEGAL FRAMEWORK OF THE ESTABLISHMENT OF COMMUNITIES

The communities, as independent entities, with legal personality, and with ownership of the forests held in common by all members, whether they are village, forest communities, freeholder or compossessorate communities, were re-established, after the revolution, having a legislative framework, first the Government Ordinance no. 26/ 2000 regarding the associations and foundations, [1], then the Law no. 1/2000 regarding the reconstitution of the right of ownership over agricultural and forest lands, requested according to the provisions of the Landed Fund Law no. 18/1991 and the Law no. 169/1997. [2]

The legal framework for the re-establishment of the old associative forms called “community of freeholders” and their separation, in a way, from associations and foundations with which they are not similar, in many respects, was achieved through the amendment and addition to the Law no. 1/2000 by the provisions of the Law no. 247/2005 regarding the reform in the fields of property and justice, as well as some adjacent measures, [3] which, in Art. 26, par. (1), it provides: “Associative forms of ownership of land with forest vegetation, pastures and hayfields, community of freeholders in common, undivided free peasant communities, compossessorate communities, purchase communities, border forests, urban forests, political communes, cooperatives, other communities and associative forms with different names, they will be issued a single property title, at the request of their legal representative, with the mention of owner, as the case may be: “community of freeholder”, “community of free peasants”, “compossessorate”, “border forests”, other associations and associative forms with the name of the respective locality”, and in Art. 27, it specifies that: “Administration and exploitation of forest lands provided for in Art. 26 of this law is made in accordance with the statutes of the associative forms admitted by the legislation of the Romanian state during the years 1921 - 1946, to the



extent that they do not contravene the legislation in force” as then according to the provisions of Art. 28, par. (1) of the same law to state that: “In order to organize the administration of forest lands provided for in Art. 26 of this law and the determination of responsibilities regarding their administration, the entitled persons will reorganize, based on this law, in the initial associative forms”.

Starting from the legal framework of the establishment of the community of freeholders, in the following we have proposed to address the tax treatment applicable to the obtained income, on the one hand, by the established associative entities, and on the other hand, by associated members of the community, so that, later, in a developed article, we also refer to the method of registration in accounting.

2. TAX TREATMENTS SPECIFIC TO THE COMMUNITIES

From a fiscal point of view, the communities and the activity carried out by them fall under Art. 15, par. (4) from the Law no. 227/2015 on the Tax Code, with the subsequent amendments and additions, hereinafter referred to as the Tax Code, according to which, for the calculation of the tax result, the associative forms of ownership of land with forest vegetation, pastures and hayfields, with legal personality (non-profit organizations, employer organizations, trade union organizations) apply the provisions of par. (2) and par. (3), which refer to the types of non-taxable income specific to them, on the one hand, and on the other hand, to the maximum limit of non-taxable income, if they also obtain other income that does not fall into the non-taxable category. [4]

Having previously defined both the legal regime of the communities and their tax regime, we will now turn our attention to an aspect that is at least controversial, according to our information, because most of the time it was decided in litigation, regarding the tax result obtained by these entities and the tax nature of its distribution to the members of these associative forms, depending on the shares held by each.

These entities register, in general, two large categories of income: taxable income, obtained from the performance of the economic activities, respectively from the exploitation and valorization of the wood mass per foot, taxable only if they exceed the limit provided for in Art. 15, par. (3) from the Tax Code and non-taxable incomes, mainly from governmental or extra-governmental funds, which either take the form of amounts received as subsidies from the Agency for Payments and Interventions for Agriculture (APIA) for the sustainable exploitation and maintenance of alpine gaps owned, either in the form of compensation or financial support, distributed through the Specialized territorial structure subordinated to the central public authority, which is responsible for forestry, for the restrictions on wood mass exploitation, according to the provisions of Government Decision no. 447/2017 for the approval of the Methodological norms for grant, use and control of the compensations representing the counter value of the products that the owners do not harvest, due to the protection functions established by forestry arrangements that determine restrictions in the harvesting of wood mass. [5]

Corresponding to the two income categories, depending on the expenses related to the non-taxable income, on the one hand, and the taxable income, on the other hand, the result of the exercise is determined, which can be distributed to the members of the community, depending on the shares held, amounts which we believe do not take the form of dividends and, therefore, are not taxed at the 5% rate, they fall into the category of



incomes from other sources for which the entity must withhold a 10% tax at source, an amount that is reduced, according to the tax legislation with the elimination of the non-taxable incomes resulting from “the exploitation and valorization of the wood mass, defined according to the relevant legislation, from the forests they own, in a maximum volume of 20 m³/year, for each associated member”.

3. CONCLUSIONS

From the analysis carried out, it follows that, according to the previously mentioned legal provisions, incomes distributed to members of the community, natural persons, are exempt from taxation, up to a maximum of incomes obtained from the exploitation and capitalization of 20 m³/year, for each associated member, provided that these incomes are obtained from the exploitation and utilization of wood mass, not from incomes of another nature or type, such as subsidies received from APIA for the protection of the alpine gap or from other government sources. In other words, the amounts distributed to the associated members from the surplus obtained by the entity from the incomes obtained from the exploitation and valorization of the wood mass that exceed the counter value of 20 m³/year, for each member, must be taxed at the rate of 10% and in full all the distributed amounts that have as source the incorporation income obtained from sources other than those previously mentioned, i.e. those from subsidies received from APIA or other governmental or non-governmental institutions.

For this, the entity must separately record in the balance sheets both the non-taxable income, therefore without patrimonial purpose, as well as the taxable income obtained by the communities from the exploitation and capitalization of the wood mass so that when establishing the surplus or the result of the exercise, the source can be precisely identified of the origin of the amounts distributed to its members, depending on the shares, from the revenues obtained from the utilization of wood mass, separately from those obtained from the subsidies received from APIA or other bodies.

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POSSIBILITIES OF PRESENTING FINANCIAL INFORMATION RELATING TO DIVIDENDS FROM THE AMOUNTS DISTRIBUTED TO OTHER RESERVE FUNDS

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Abstract

Following the establishment of measures in the field of public investments by the Emergency Ordinance no. 114/2018, but also of some fiscal-budgetary measures, the information provided by the Order of the Minister of Public Finance no. 1802/2014 for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements are not sufficient for accounting professionals to reflect these economic phenomena in the financial statements.

Looking from this perspective and taking into account in the case of economic operators with full or majority state capital that apply the provisions of the Government Ordinance no. 26/2013, the major importance of the complete description of the economic phenomena related to the distribution and transfer in the form of dividends or payments to the state budget, of 35% of the amounts allocated to other reserve funds, found in the existing cash availability accounts in the electronic cash register and accounts at banks, as well as those related to short-term investments on the date of December 31st, 2018 and which on the same date are not taken, through purchase contracts, to be used as own sources of financing, we considered it useful to carry out a study aimed at analyzing the possibility of presenting these economic phenomena, within the entities' financial reports, respectively their accounting method, in order to facilitate the interpretation of the information related to these transactions, by all users of the accounting information. In this sense, in the case of our approach, we will address issues related to ensuring complete registration in accounting, depending on the national reference represented by the Order of the Minister of Public Finance no. 1802/2014 for the approval of the Accounting regulations regarding individual annual financial statements and consolidated annual financial statements.

Keywords: *dividends, other reserve funds, autonomous administrations.*

Classification JEL: *M41, M48*

1. INTRODUCTION

The financial statements are drawn up and presented by various entities around the world, in particular, for external users. Thus, they must provide a true picture of the entity's assets, liabilities, financial position and profit or loss. [5]

The order of the Minister of Finance no. 1802/2014 for the approval of the Accounting regulations regarding the individual annual financial statements and the consolidated annual financial statements (OMPF no. 1802/2014) provides that the highlighting in accounting of the destinations for the accounting profit is carried out after the general meeting of shareholders or associates has approved the distribution of the



profit, through registration of the amounts representing dividends due to shareholders or associates, reserve funds and other destinations, according to the law.

By the Emergency Ordinance no. 114/2018 regarding the establishment of some measures in the field of public investments and some fiscal-budgetary measures, the amendment and addition of some normative acts and the prorogation of some terms (EGO no. 114/2018) provides for the obligation to distribute and transfer in the form of dividends or payments to the state budget, in the case of autonomous administrations, of 35% of the amounts allocated to other reserve funds, found in the existing cash availability accounts at home and bank accounts, as well as those related to short-term investments on the date of December 31st, 2018 and which, at the same date, are not taken, through purchase contracts, to be used as own sources of financing.

In this context, since all principles are subordinated to the faithful image, as a fundamental objective of accounting, [1] + [4] our approach within this material refers to the description of the method of accounting for the dividends, from the amounts allocated to other reserve funds, in accordance with OMPF no. 1802/2014.

2. THE ACCOUNTING TREATMENT OF THE DIVIDENDS FROM THE AMOUNTS ALLOCATED TO OTHER RESERVE FUNDS THROUGH THE PRISM OF THE NATIONAL REFERENCE

OMPF no. 1802/2014 refers to the mandatory accounting treatment applied to the destinations of the accounting profit, after the general meeting of the shareholders or associates has approved the distribution of the profit, by recording the amounts representing dividends due to the shareholders or associates, reserve funds and other destinations, according to the law. Thus, the dividends distributed to shareholders, proposed or declared after the balance sheet date, as well as other similar distributions made from profit, should not be recognized as debt at the balance sheet date. [5]

By EGO no. 114/2018 it is stipulated the obligation to distribute and transfer in the form of dividends or payments to the state budget, in the case of autonomous administrations, of 35% of the amounts distributed to other reserve funds, found in the existing cash availability accounts in the electronic cash register and bank accounts, such as and those related to short-term investments on the date of December 31st, 2018 and which on the same date are not taken, through purchase contracts, to be used as own sources of financing. [3] This provision applies to the economic operators with full or majority state capital that apply the provisions of the Government Ordinance no. 26/2013 regarding the strengthening of financial discipline at the level of economic operators in which the state or administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority contribution, approved with additions by the Law no. 47/2014, with subsequent amendments and additions. [2]

In this context, in the case of economic operators to whom the provisions of GEO no. 114/2018 are applicable, an objective within our scientific approach, consists in studying the possibility of reflecting these phenomena from an economic point of view, within the financial reporting of entities, respectively the way of accounting for the distribution and transfer in the form of dividends or payments to the state budget, in the case of autonomous administrations, of 35% of the amounts allocated to other reserve funds, found in the existing cash availability accounts at electronic cash register and bank



accounts, as well as those related to short-term investments on the date of December 31st, 2018 and which, at the same date, are not taken, through purchase contracts, to be used as own sources of financing.

In order to achieve the aimed purpose, we consider an entity A that closes the 2018 financial year with the following elements (Table no. 1).

Table no. 1 *The situation of the amounts allocated to other reserve funds, found in the existing cash availability accounts in the electronic cash register and bank accounts, as well as those related to short-term investments on the date of December 31st, 2018 and which on the same date are not taken, through purchase contracts, to be used as own sources of financing.*

Crt. No.	Year 2018	Value (lei)
1.	Other Reserve funds	100,000.00
2.	Cash available in the electronic cash register and bank accounts	150,000.00
3.	Amounts taken through purchase contracts, to be used as own sources of financing	80,000.00
4.	Amounts not taken through purchase contracts, to be used as own sources of financing (4 = 1 – 3)	20,000.00
5.	Dividends distributed and transferred to other reserve funds (2 = 1 x 35%)	7,000.00

Thus, the debt situation, which must be registered and paid within 60-day term from the date of approval of the financial statements for 2018, represented by the distribution and transfer in the form of dividends of 35% of the amounts allocated to other reserve funds, found in the existing cash availability accounts in electronic cash register and bank accounts on the date of December 31st, 2018 and which on the same date are not taken, through purchase contracts, to be used as own sources of financing, amount to 7,000 lei.

For the analyzed entity, this situation involves the following possibilities of registration in accounting, in the **balance sheet** drawn up for the financial year 2018 in accordance with the provisions of **OMPF no. 1802/2014**:

- the dividends to be distributed and transferred from the amounts representing other unused reserve funds as own sources of financing are recorded:

1068 „Other reserve funds”	= 457 „ Dividends to be paid”	7,000.00
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- the payment of the dividends to be distributed from the amounts representing other unused reserve funds as own sources of financing is recorded:

457 „ Dividends to be paid”	= 5121 „ Bank accounts in lei”	7,000.00
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Thus, a true picture of the economic reality and the results of the economic-financial and accounting analyzes of the internal or external user is provided.

3. CONCLUSIONS

The accounting policies of an entity consist of its efforts to adopt the principles, bases, rules, practices, conventions specific to drawing up and presenting the financial statements. [1]



Regarding this, and taking into account our scientific approach, we believe that in the case of the entities to which the provisions of EGO no. 114/2018 are applicable, the accounting treatment proposed above regarding the distribution and transfer in the form of dividends or payments to the state budget of 35% of the amounts distributed to other reserve funds, found in the existing cash availability accounts in the electronic cash register and bank accounts, as well as those related to short-term investments on the date of December 31st, 2018 and which on the same date are not taken, through purchase contracts, to be used as own sources of financing, provides a true picture of the economic reality.

We believe that the distribution to dividends of other unused reserve funds, found in the cash availability accounts, must be preceded by an analysis of the sources of their formation because, according to the tax legislation in force [6], the use of other reserve funds whose source of formation are the tax facilities leads to their taxation as amounts assimilated to income, in the period in which it is used, an aspect that generates an additional debt of these entities. Although the legislation in the field provides for this distribution only for the amounts existing in the balance on the date of December 31st, 2018, [3] taking into account the size of the debts generated by that application, the entities have become cautious in the following financial years regarding the existence of availability that does not be taken through purchase contracts, to be used as own sources of financing, in the event of the existence of amounts in the category of other reserve funds.

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THE PENSION SYSTEM REFORM IN RN MACEDONIA IN THE DIRECTION TOWARDS HIGHER FUNCTIONALITY AND EFFECTIVENESS

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Abstract

The pension systems in the world are characterized by different structures as a result of the different socio-economic and demographic conditions in the countries, the influence of the people's culture and their habits and perceptions for saving when they are retired. In the last decades, the risks of the aging population and the changing nature of the labor market have urged wide spectrum of the pension systems reforms in order to mitigate them, and with the final aim – providing sustainable pension system and an appropriate income for the insured people after their retirement.

Socio-economic and demographic changes in RNM in the early 1990s were reflected in the pension system that was faced with financial difficulties in its working.

In order to solve these problems, a thorough reform of the pension and disability insurance started in our country, with which a three-pillar pension system was introduced, with a combined way of funding the future pensions and with a diversification of the demographic and economic risks, in order to provide secure pensions and long-term financial stability of the pension system.

By introducing multi-pillar pension system we expect a long-term system stability and certainty in realizing the pension and disability insurance rights, through realizing long-term benefits for the individuals, for the pension system, and additional effects on the economy.

The aim of this research is through a method of analysis to confirm the necessity of the pension system constant upgrading in the direction to higher transparency, establishment of solvent pension system, the savings increase and encouraging the investment by the people and the economic growth.

Keywords: Pension system, financial and social security, reform, sustainability, functionality

Classification JEL:G22,G23

1. INTRODUCTION

The pension system as a segment of the socio-economic life is an integral part of the economic system in a national economy. The pension system successful functioning is especially important for all who belong to it, such as the insured persons who allocate assets for contributions and the pensioners who take resources in the form of pensions. The pension system financial stability from the aspect of the Fund's revenues and expenditures relation is conditioned by a large number of factors. The bases of the pension system that existed before the reforms implementation, like today, are built on the generational solidarity principle on which the demographic factors have the biggest influence. Namely, the changes that happened in the demographic structure in the period of the second half of the twentieth century, caused troubles in the pension system functioning as a result of the people's average lifetime increase and the employed/pensioner ratio decrease. These



demographic changes led to significant disruptions in the world pension systems and in the pension funds revenues movements.

The economic crises and unfavorable economic parameters cause constant pressure on the employment and the number of insured persons and with that, on the funds' revenues. The employment stagnation and decrease, as a consequence of the negative economic results and the pensioners' number increase, as a result of the demographic factors, significantly deepen the pension systems problems.

The unfavorable changes of the demographic and economic factors imposed a need of implementing pension systems reforms all over the world. At the same time, the reforms should have influenced the improvement of the pension systems' financial performances. Therefore, the reforms were directed to introduction of combined systems with state and private funds, i.e. introduction of voluntary pension insurance or introduction of mandatory and voluntary private funds.

The indispensable implementation of the pension system reforms in RN Macedonia was also conditioned by the same factors that influence the system's costs increase and the revenues decrease. As a result of the pensioners' number decreasing, i.e. due to the demographic factors influence, and the unfavorable employees/pensioners ratio, it was indispensable to start deep and thorough reforms of the pension system. The reform procedures started in 2006 in collaboration with the International Monetary Fund and the World Bank and result of that is our today three-pillar system.

1. THE REFORMED THREE-PILLAR PENSION SYSTEM STRUCTURE IN RN MACEDONIA

The economic development of states is a very important issue due to the economic, social and political structure of developing economies [2], and the study of the interaction between fiscal policy instruments and economic, political and social stimuli [10], reinforces the idea that the state, as an independent entity, acts on three main interdependent sectors according to figure no. 1, which have different responsibilities, namely: the economic, political and social sector. (Cristea Loredana Andrea, Fiscal policy and the conceptual mechanism of fiscal system, Nr.02 din 2021, Universitatea "Constantin Brancusi" din Targu-Jiu, Analele Universitatii/University's Annals)

Especially important sector is the social sector from the view of the state's role in providing financial and social security of its citizens. In order to provide financial and social security after the end of the working life, developed and functional pension system is indispensable. The socio-economic changes that happened in the previous period of time were reflected in the pension systems all over the world, which were faced with problems in functioning. This trend was also present in our pension system which turned out to be not-functional and unsustainable, and because of that the need of reforms implementation and its constant upgrading was imposed.

Macedonian pension system is a combined system of public, currently funded insurance and private, capital funded pension insurance, that enables financial and social security of the citizens in RN Macedonia. This structure is a result of the pension system thorough reform which had been prepared several years and its legal framework was established in 2000. (REPORT on the situation in capital funded pension insurance, 2021, Agency for supervision of capital funded pension insurance)



The Macedonian pension system is a part of the social insurance of RNM and has the following structure: (REPORT on the situation in capital funded pension insurance, 2021, Agency for supervision of capital funded pension insurance)

- Insurance based on generational solidarity (so called the first pillar);
- Mandatory capital funded pension insurance (the second pillar);
- Voluntary capital funded pension insurance (the third pillar)

The first pillar is funded on a current base (PAYG), which means that the pensions of the current pensioners are paid by the contributions of the existing insured people. That pillar functions on the principle of the so called defined pensions, i.e. it provides pensions according to prior defined formula for the pension calculation. Part of the old age pension, the disability pension, family pension and the lowest pension amount are paid from the first pillar. (Strategic plan of the Capital Financial Pension Insurance Supervision Agency for the period from 2021-2025,)

The mandatory capital funded pension insurance (the second pillar) is an insurance based on the assets capitalization, on the principle of defined contributions, where there is a close connection and dependence between the invested assets volume – the contributions and the future pension allowances realized by each person based on the market laws. Namely, this kind of insurance is based on the principle of assets collecting through contributions payment to the individual accounts which assets are further invested and the profit decreased by the system working expenses is added (accumulated) to the individual accounts assets. This pillar provides a right for pension insurance in a case of an old age, i.e. an old age pension is paid (additionally to the pension from the first pillar). (Objectives of the pension system reform and expected benefits, Agency for the Supervision of Capital Funded Pension Insurance)

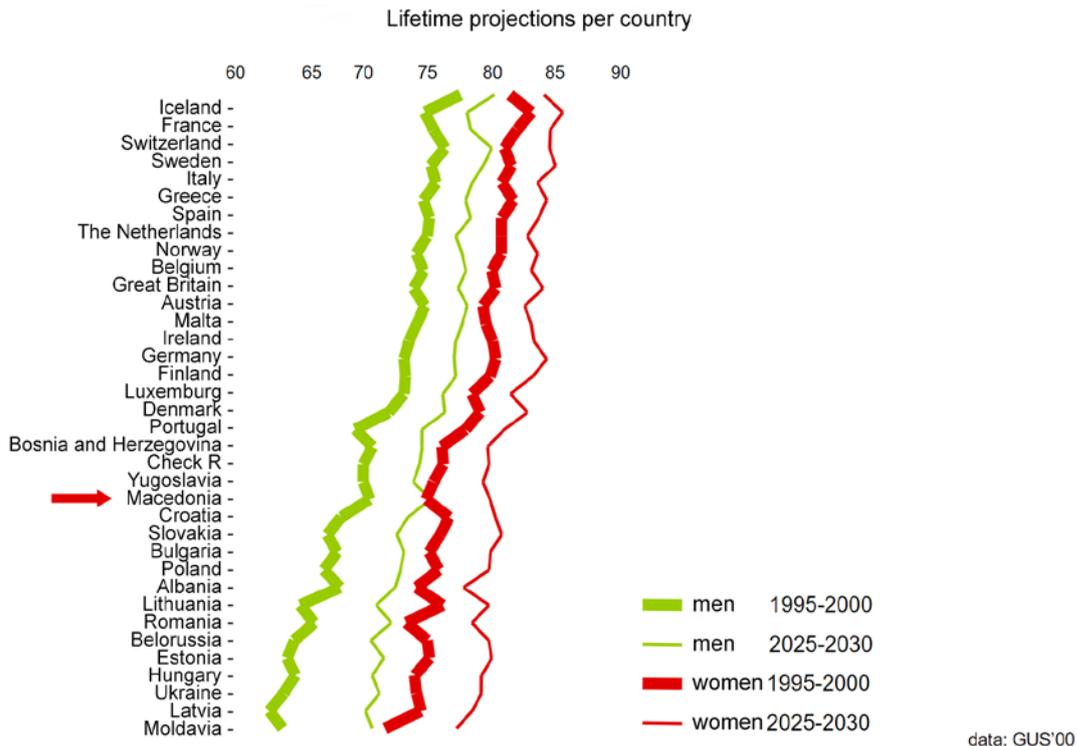
Voluntary capital funded pension insurance (the third pillar), is also insurance on the basis of the assets capitalization, on the principle of defined contributions, but on a voluntary base. The important thing in this insurance is the fact that it can include all persons who want to provide higher financial security besides the mandatory insurance, and all persons that are not covered by the mandatory insurance (in the first and the second pillar). Furthermore, the third pillar enables formation and financing of professional pension schemes. (Objectives of the pension system reform and expected benefits, Agency for the Supervision of Capital Funded Pension Insurance)

2. REASONS FOR THE PENSION SYSTEM REFORM

The pension system of the Republic of North Macedonia has a long existence with a constant upgrading during the time and continuous development. Socio-economic changes in the previous period (in the beginning of 1990s) did not bypass the pension system as well, which was faced with serious problems in the current functioning.

Namely, the unfavorable movements that occurred in the economy from the transition start towards market economy caused increase of the number of enterprises that worked with a lost, declared redundant labor, opened insolvency proceedings. Those were the main reasons that influenced the decrease in the number of active insured people on the one hand and the increase of the number of pensioners on the other hand, which led to decrease in the insured people and pensioners ratio. (Structure of the pension system in the Republic of North Macedonia, Agency for supervision of capital funded pension insurance)

Additionally, the demographic factor influence on the pension system is more pronounced. In fact, the analyses of the changes in the population structure within world frames on a long period of time show a general trend of aging of the population. (Structure of the pension system in the Republic of North Macedonia, Agency for supervision of capital funded pension insurance)



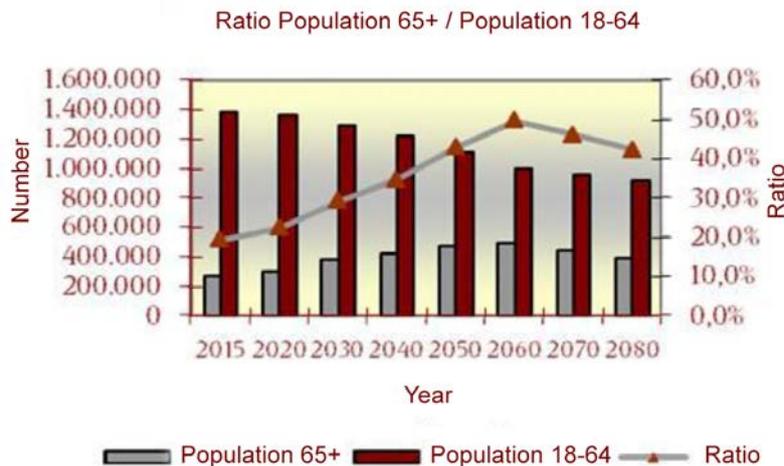
This demographic trend is also present in North Macedonia. The demographic projections show the lifetime increase by about 5 years in the following 40 years.

One illustration for the aging of the population is through the so called population pyramids. The population pyramids shown in the graph below illustrate the population structure change by age groups from 2020 to 2050 (projections). From the shown projections it can be seen that the young population in the Republic of North Macedonia in 2050 will be decreased compared to 2020, while the old population sees a growth in the same period. This means that the trend of aging of the population will continue in the next several decades. (Agency for supervision of capital funded pension insurance)



Source: United Nations (United Nations, Department of Economic and Social Affairs, Population Division. World Population Prospects; The 2015 Revision)

The population age structure is an important demographic factor for the working force formation. Projections of the movement of the able-bodied population (from 18 to 64 years), the old population (over 65 years) and the ratio of old/able-bodied population are shown in the following graph. This ratio is an indicator of the aging of the population. (Agency for supervision of capital funded pension insurance)

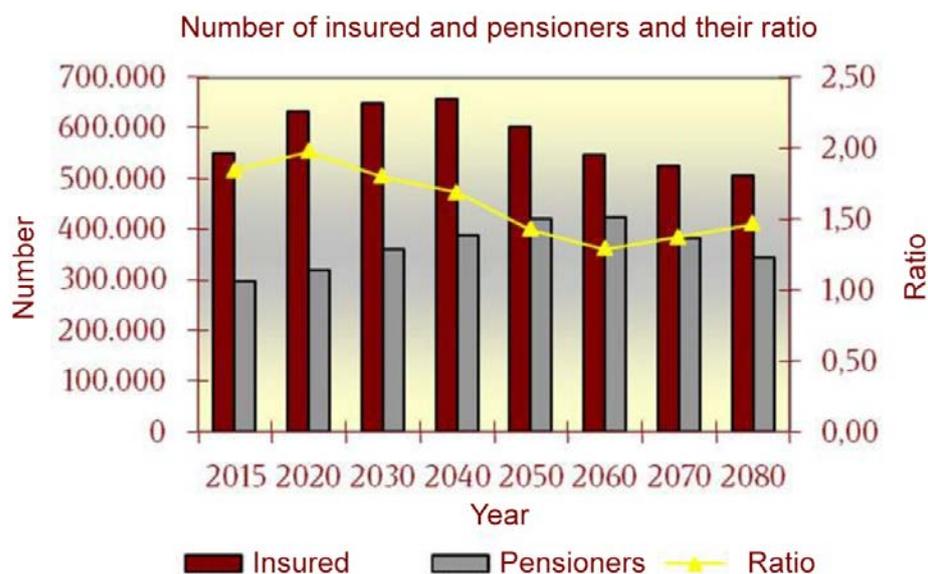


Source: Report on the pension system in R. Macedonia with actuarial projections, December 2015 (Fund of PDIM)

It can be seen that a small increase of the able-bodied population up to 2020 is expected and then it gradually decreases due to the low fertility rate (fertility rate should be higher than 2,1 in order to have the population growth). On the other hand, the people's lifetime increase due to the better living conditions, better health services etc., is a reason for continuous increase of the number of the population above 65 years old. The ratio of these two groups of population is expected to increase from 19,45% now to 49,745 in 2060

and to decrease to 42,28% in 2080. That means that in the future, about a half of the population above 18 years will be old population. Prior analyzed population demographic movement, i.e. the aging of the population, influences the number of pensioners. The higher number of old persons in the total population number means the higher number of pensioners, while the increased expected life lasting causes longer pension use. On the other hand, unfavorable economic conditions, especially high unemployment, accompanied with the fertility rate decreasing, influence the decrease in the number of insured persons in a long-term. For the system with a current funding (PAYG), the ratio between the insured persons and the pensioners is very important, because the pensions to the existing pensioners are paid by the contributions of the existing insured persons. (Agency for supervision of capital funded pension insurance)

Projections of the future movement of the number of the insured persons and the pensioners, and their ratio, are shown on the following graph.



Source: Report on the pension system in R. Macedonia with actuarial projections, December 2015 (Fund of PDIM)

From the graph we can see that in the initial period of the projections the number of the insured persons increases as a result of the unemployment rate decrease and the increased economic growth. But after 2030 the number of insured persons starts to decrease due to the demographic movements and the economic growth stabilization. The number of the pensioners constantly increases in the next 50 years, and then it decreases. The ratio between the insured persons and the pensioners, from the 1,8 insured persons to one pensioner at the moment decreases to 1,4 insured persons to 1 pensioner in a long term. This ratio trend means that less and less insured persons will pay for a higher number of pensioners.

The influence of the above mentioned factors on the Fund of PDIM solvency in a long term is especially pronounced and such a system, without reforms implementation, would function in a long term with a deficit, which would significantly increase.



Having in mind the a.m., and in order to avoid such situations, a need of implementing a reform of the pension and disability insurance in our country, is imposed.

The system fiscal balance would be maintained if the contribution rate increases, the pensions decrease or if the taxes are increased. But in this way the system balance would be provided for a short term, while on a long term the system will not be efficient and solvent. However, the contribution rates increase will disable the economic growth and will lead to a situation that the payers avoid their obligations to settle the contributions to the system that are the basic source of its financing. On the other hand, the decreased pensions will not be sufficient amount of resources needed after the working life end.

Due to those reasons, the thorough reform of the pension system was designed and implemented with which a three-pillar pension system was established in RN Macedonia, with a combined way of funding the future pensions and with a diversification of demographic and economic risks, with an aim to provide certain pension for the present and future generations of pensioners and a long-term financial stability of the pension system. (Structure of the pension system in the Republic of North Macedonia, Agency for supervision of capital funded pension insurance)

By the implementation of the new pension system, we expect balance of the revenues and expenditures of the Fund of PDINM in a long term, because by introduction of the capital funded pension insurance the insurance obligations are decreased on the basis of generational solidarity. (Structure of the pension system in the Republic of North Macedonia, Agency for supervision of capital funded pension insurance)

3. THE PENSION SYSTEM REFORM AIMS AND EXPECTED BENEFITS

By implementing the indispensable reforms and establishing the three-pillar pension system which is a system of public currently funded pension insurance and capital funded pension insurance in the Republic of North Macedonia we expect a long-term stability of the system which is an important element of the social insurance. Namely, the establishment of the three-pillar pension system enables resources for the old age to be provided from three different sources which will make the risk diversification, having in mind that the pension and disability insurance is realized in a long period of time. And in that long period of time some unpredictable movements can occur (both positive and negative) in the population and in the economy as well, and with the system diversification, on the one hand a long-term protection of the old people will be provided, while on the other, a solvency of the pension system in a long-term.

The reform design starts, first of all, from keeping the principles and norms of the not-reformed pension system: mandatory pension and disability insurance, the rights dependence on the assets investment length and volume, social fairness and respect for the conventions and recommendations by the International Labor Organization. The capital funded pension insurance is based on the norms for providing resources for financial security of the persons on the basis of the assets capitalization and pensions providing on the basis of defined contributions, assets investing on the basis of security, the risk diversification and liquidity and transparency. Furthermore, the reformed system is in accordance with the Statute of the Republic of North Macedonia according to which the citizens have a right to social security and social insurance on the principles of social fairness. That means keeping the insurance against all risks principle (old age, death and



disability). (The pension system in the Republic of North Macedonia before the reform and reasons for its introduction, Agency for Supervision of Capital Funded Pension Insurance)

The basic aims in the reform designing were: (The pension system in the Republic of North Macedonia before the reform and reasons for its introduction, Agency for Supervision of Capital Funded Pension Insurance)

- Security in realization of the pension and disability insurance rights,
- Insurance of short-term and long-term solvency of the Fund for pension and disability insurance in North Macedonia,
- Maximal security and minimal risk,
- Guaranteeing righteousness in the pensions for all generations,
- Strengthening the public's trust in the pension system through achieving the other aims.

Furthermore, the primary aim of the voluntary capital funded pension insurance in RN Macedonia is: (The pension system in the Republic of North Macedonia before the reform and reasons for its introduction, Agency for Supervision of Capital Funded Pension Insurance)

- Providing higher income after retirement for the insured persons who have been already insured in the one-pillar and two-pillar pension system (compulsory pension and disability insurance), and who want and are able to allocate additional resources for higher financial security or for maintaining higher living standard after the retirement;
- Providing pension for the persons who are not covered by the mandatory pension insurance personally for themselves or for other persons. These are: long-term unemployed people, employed in projects or in foreign missions, unemployed spouses, and other persons no matter if they are employed or unemployed;
- Providing preconditions for establishing professional pension schemes in the process for harmonizing the social insurance system in North Macedonia with the system in the European Union.

By realizing the a.m. aims, some benefits both for the individuals and for the pension system in the country will be realized, too.

Expected effects for the individual	Expected effects for the system
<ul style="list-style-type: none"> ▪ Higher security ▪ The risks diversification ▪ Working transparency ▪ Voluntary and additional saving 	<ul style="list-style-type: none"> ▪ Solvent pension system ▪ The national savings increase ▪ The investment power strengthening ▪ The economy growth ▪ Increase of the Macedonian labor market efficiency

Expected effects for the individual

The advantage of establishing such a system for the individuals is the significantly higher security because the pensions will be funded by two or three pillars in case the individual decides also for the voluntary capital funded pension insurance. So, this way of pension



payment will enable significantly higher security for the individual after the end of the working life because the system's risk diversification is provided.

The third pillar enables higher incomes after the end of the working life to those insured persons who have already been insured in the one-pillar or the two-pillar pension system (mandatory pension and disability insurance), but who want and are able to allocate some additional amount of resources in order to provide higher financial security after the retirement. The voluntary pension insurance gives a possibility to a defined group of persons who are not covered by the mandatory pension insurance (unemployed ones, employed in projects or in foreign missions, unemployed spouses, and other persons no matter if they are employed or not) personally for themselves or from other persons, to provide pension allowance.

Another advantage for the individual is the transparency of this pension system thanks to the fact that the individual has in disposal his/her own individual account into which has insight at any time.

Expected effects for the system

Each country, when creates the social policy, has an aim to provide the pension system stability and certain incomes for the pensioners, and it is expected to achieve that by the implemented reform of this system.

The reforming of the pension system will also enable some macroeconomic effects, such as a increase of the national savings, the capital accumulation and the investment activities strengthening, increased economic growth and higher efficiency of the labor market. Moreover, the population's saving will be also increased, and with that the investment power and the economic growth, as well.

At the same time, preconditions for encouraging the domestic capital market development through investing resources of the pension funds will be created. The existence of the pension companies from its part will enable new financial services, instruments and financial institutions. Also, it is expected the implemented reform to strengthen the Macedonian labor market efficiency, to increase workforce participation and to decrease unemployment.

The voluntary pension insurance also sets a legal framework for organizing professional pension schemes and harmonization with the European flows and the European social model strengthening.

CONCLUSIONS

The pension funds are important institutional investors that provide security and stability in the individual incomes, after the end of the working life. Providing secure income for the pensioners is very complex and important function of each state.

In the second half of the 20th century, as a result of the several factors influence, the relation between the employed people and the pensioners became significantly worse, and because of that many countries started implementation of the pension systems reforms.

As the situation in the Macedonian pension system was the same as in the developed market economies, the need of reforms was imminent. The reform was implicated by the influence of many factors that made the Fund work difficult, but the demographic indicators had the greatest influence. The unemployment is also a serious



problem that has negative consequences for the financial state of the Fund for pension and disability insurance.

In order to decrease the critical factors influence and to improve the Fund's financial state, systematic measures must be taken, which would contribute to improvement of the demographic and economic performances. Other more important way for normalization of the population demographic movements is the standard of living improvement, with which the population would not have problems for expenses covering and for providing better living conditions.

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EVOLUTION OF THE CAPITAL MARKET AND MACROECONOMICS OF AN EMERGING MARKET. CASE STUDY FOR THE CZECH REPUBLIC

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Abstract

The economic and financial state of a European country is indisputably in close connection with the evolution and mechanisms that engage the European Union markets. This connectivity results from a globalisation process at international and regional level that has become increasingly pronounced in recent decades. This general tendency of economic and financial integration, but also through the prism of new geo-political premises, which raise doubts on the benefits generated by the globalization phenomenon. All the more so for an emerging market, the path of which depends on its integration with the markets of developed countries. This paper highlights the contagion of emerging markets to events that create inflections of markets at international level, as well as the correlations between the stock market and macroeconomic indices, taking as a case study the Czech Republic market. Through a descriptive analysis of the most relevant capital market indicators and macroeconomics, the study empirically addresses the evolution of the Prague stock exchange in parallel with the economic condition of the Czech Republic, finding similarities and differences in the behavior of these indices. For this analysis, the following indicators were selected: the total value of the traded shares, the number of domestic counterparts listed on the stock exchange, GDP per Capita, the annual volume of GDP, the consumption price indices, and foreign direct investments, net inflows, as well as the current account amount.

Keywords: Czech Republic, macroeconomic indicators, capital market, globalisation

Classification JEL: E03, F62, F65

1. INTRODUCTION

Member of the European Union since 2004, with a similar course to Poland in terms of transition to the Western economy. With an economy focused on industry (28%) and a level of exports of 80% intra-Community, of which more than 30% to Germany, according to the statistical data provided by the EU for 2020, the Czech Republic has integrated into the European economy bringing a n i mportant c ontribution i n t he t echnological a nd industrial f ield. T he C zech r epublic's t ransition f rom a c losed e conomy l ike Czechoslovakia to a free market was a successful one.

2. PAPER BODY

The Czech Republic has one of the most developed former communist markets, with the advantage of an economy based on industry and innovation, which gives it sustainable development. Even though the Czech Republic has the internal economic and financial resources for a viable development, its integration at European level has a considerable



impact on the indicators recorded, the analysis below wanting to highlight the causal factors that determined the course of the Czech market in the period 2000-2020.

The degree of globalization of the Czech Republic is also proven by its geo-political status within the European Union, noting that it has been an EU Member State since 2004, as well as a member of the Schengen area since 2007.

Regarding the total volume of traded shares, an indicator whose values were not officially indexed in 2015-2020, we note an extremely accelerated ascent in the two years leading up to accession to the European market. This high level remained for a short period of time, with the 2008 crisis radically affecting the Czech capital market.

As we have noted in previous analyses in the case of the number of domestic companies listed on the stock exchange, we can see that this indicator was not in an obvious correlation with the other indicators of the capital market. In the case of the Czech Republic, the number of listed companies decreased significantly in the period 2000-2006, and in the post-crisis period this indicator stabilized at values between 13 and 20.

From a macroeconomic point of view, the Czech Republic has overall developed positively. Considering the GDP per capita indicator to be the most relevant in analyzing the living standards of the population, we consider that the Czech Republic is a market that has seized the opportunities offered by the integration into the European community. Regarding the evolution of foreign direct investments, we note its high degree of volatility, not being able to find correlations between this indicator and the evolution of the other analyzed indices.

The overall state of the Czech Republic's economy can be argued more solidly on the basis of the balance of account, the path of which we consider to be more correlated with the macroeconomic reality. Thus, in the period 2000-2013, the Czech Republic recorded a deficit, which in our opinion was kept under control. We justify this observation by keeping over a long period of time a relative stability of the negative values. Since 2013, the current account balance has been positive, which shows that the Czech Republic is finding its way to the premises of becoming one of Europe's developed economies. In our opinion, the favorable trend demonstrated by the macroeconomic evolution entitles the Czech Republic to a firm or a privileged state among the developed countries of the European Union, demonstrating through stability, domestic production capacity and a clear increase in the living standards of the population.

CONCLUSIONS

Analyzing the evolution of capital market and macroeconomic indicators in the case of the Czech Republic, it is found that the capital market is in correlation with the economic environment in important moments of inflection, in which the international context determines substantial changes in the business environment. The most conclusive example is the 2008 crisis, which significantly affected all the indicators analysed. Also, the period before the crisis recorded a positive evolution, a trend that characterized not only the Czech market, but overall, the European market.

In conclusion, the Czech Republic's market registered a positive evolution, the main reason being the integration of the economic and financial market in the regional context of the European Union. Government measures as well as fiscal policies have brought major benefits both from a macroeconomic point of view and for the evolution of the stock



market environment. We can thus conclude that the czech emerging market has benefited from the advantages of globalisation even more than the developed European markets, even if the degree of economic and financial integration is not as high.

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ECONOMIC EFFICIENCY – WITNESS OF THE INVESTMENT DECISION

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Abstract

The action of entrepreneurs within the competition is competitive when it is efficient, ensuring the achievement of great effects in relation to the resources allocated or consumed.

Human activity consumes resources and produces effects. The rational use of resources increases the role of efficiency criteria for the adoption of economic decisions.

Between useful economic effects and the effort of labor and financial material resources, there is an objective, causal and functional relationship.

Economic efficiency is determined by the relationship between the results obtained in an economic activity and the expenses incurred in that activity and involves reporting to a spatio-temporal comparison base, its analysis is done in comparison with the level of similar activity or on project variants with different parameters : volume of investments, level of operating expenses, lifetime.

The analysis of economic efficiency answers the following questions: how resources are used and how much of them is consumed, looking at the degree of capitalization, as well as their saving, it being necessary that the resources be structured according to criteria that meet the requirements of the economic analysis.

The approach to economic efficiency of advanced or allocated resources determines saving as a criterion of efficiency. From the point of view of the consumed resources, there is the question of the degree of capitalization, obtaining the greatest possible economic effects per unit of resource consumed.

Economic analysis determines the consideration of all effects, so as to find the way to compare different types of effects, by bringing them to the same denominator, but proceeding to partial approaches, talking about efficiency, social economy, ecological.

From a quantitative point of view, the correlation between efforts and effects is expressed through efficiency indicators that take the form of a mathematical report, it being necessary to use a system of efficiency indicators to highlight all possible correlations, identifying and quantifying all resources allocated or consumed and the types of effects generated.

Keywords: *economic efficiency, economic efficiency indicator, insolvency crisis, economic profitability.*

1. Introduction

The increased economic efficiency results from the conditions of modern technology, which capitalizes on raw materials and energy, ensuring high quality products at a low cost.

Profitability and economic efficiency are related to each other, and their determination involves solving problems regarding the technique, the combination of production factors to the quantity of products offered on the market.

The results of the investment depend on an uncertain future, investigations into the future are necessary, determining the degree of risk in obtaining them, making assessments regarding the changes that may occur regarding manufacturing technologies, prices and product demand on the market, thus estimating the level profitability that can be obtained.

Certain conflicting factors operate in the field of investment and must be determined in order to substantiate decisions. Investment resources are limited, obtaining bank loans has a high



cost, so directions and projects are analyzed in which to place the funds that can determine different useful effects.

The evaluation of investment projects follows the costs and receipts for the economic agent, as well as the efforts and advantages for the national economy.

The economic efficiency indicator has a cognitive capacity for information and expresses, characterizes a side, a certain aspect of investment efficiency, depending on the category of efforts and compared effects, fixing in specific measurement units on the project variant, which is the level of economic efficiency of investments for the decision maker.

The dynamic approach to problems in the economic and financial analysis of investments and the use of efficiency indicators are calculated taking into account the action of the time factor.

Regardless of the greater or lesser number of indicators used in project evaluation, it must allow to give reasoned answers to the following questions: which is the most effective variant among the possible and admissible ones developed for the realization of the investment project; the adopted project if it is the most economically efficient compared to other investment projects in the respective field or in other fields.

Investments materialize under conditions of high efficiency when scientific calculation criteria and methods are used.

The economic efficiency criteria of investments express the most important aspects of the investment process, but a distinction must be made between the efficiency criteria that reflect the interests of the national economy and those that concern the interests of an economic agent. Regarding the interests of the national economy, the criterion applied for the evaluation of the project is the increase in national income. At the level of the economic unit, the main criterion is profitability, but also cost reduction.

Investment projects represent the essential tools of the development policy with the respective objectives.

Mathematical, statistical - informatics, econometric and simulation methods are applied in the calculations and analysis of the economic efficiency of investments, helping to find the best variants of resource distribution, the choice of manufacturing technologies.

In order to determine the most favorable solution for the interests of the economic unit, several variants of linear programming must be developed and solved, changing the efficiency criterion, because the optimal solution differs from one criterion to another.

2. Contents

Entrepreneurs perceive risk as an outcome with a certain probability. Risk is thought of as a probability of loss attached to a gain. The investor will accept the risk and foresee that he will be able to compensate the loss with an additional gain, anticipated with a certain probability, the size of the risk is a function of the variances of the profit.

Business risk is a defining element in the activity of economic agents. This risk can be reduced by economic agents, if they know the market well based on marketing studies, if they apply strategies and methods of sales promotion, of adapting the offer and prices to market conditions.



The necessary operation in estimating the efficiency of the company's activity is to measure the risk when making an investment, taking into account the strategies adopted by the company regarding the economic activities and the way of financing the development.

The insolvency crisis, the inability of the company to honor its commitments, constitutes a danger for the functioning of the economic mechanism.

An informative role is the dimensioning of the risk in the economy, of the investment risk, showing how big the potential losses will be in the expected business.

The optimization action is based on the fact that any activity has a purpose, and economic activity aims to cover needs under the conditions of maximum efficiency of the use of production factors.

The optimum at the level of the economy is expressed by the balance that is created between the existing material and labor resources in a period of the production structure corresponds to the requirements. The optimum within the economic units appears as the level of volume and the structure of the activity, a state of equilibrium in the use of resources between the sides of the production process that ensures the size of the efficiency criterion.

Economic efficiency in the optimization process appears in the form of a goal determined by the maximization of results or the minimization of efforts and consumption of material, labor and financial resources.

The optimal-effective ratio cannot be interpreted abstractly, breaking the link between the goals pursued or the effects obtained and the investment efforts.

The optimum must be assessed in the context of restrictions on the resources required to achieve a maximum volume of useful effects or to achieve a given level of effects with minimal efforts.

An investment for the protection of the environment in a n a rea c an d etermine t he achievement of 80% air purity, taking into account the technology used. More sophisticated or expensive technology can increase the percentage to 90%. Any movement of this ceiling towards the ideal requires expensive investments.

An optimal and efficient variant, but not every efficient variant is also optimal.

For strategic management, it is important to know the absolute optimal point, which is the ideal point for technical-economic qualitative transformations.

Investing in new tech is required to change the maximum effect cap.

Conclusions

Investments in any economy make the connection between the present and the future, ensuring the prerequisites for increasing the standard of living.

The evaluation of the economic efficiency of investments is carried out as a continuous process during the preparation of investment decisions, aiming to stimulate and ensure the development and adoption of solutions with maximum economic efficiency.

The analysis of the economic efficiency of the investments includes: 1. the interpretation and assessment of the results based on the calculation of the established indicators, the analysis of the indicators for each variant and the comparison of their level on the solution variants, the synthetic, quantitative and qualitative assessment of the variants, taking into account



the economic and social effects foreseen for to obtain, the formulation of recommendations for decision-makers regarding the effective option that would be chosen under the given conditions.

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RISKS OF EXPORTING ON CREDIT AND METHODS OF PROTECTION

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Abstract

Success in a competitive business environment is conditional on the creditworthiness of customers.

Credit means trust, but lenders need to be protected against the risk of recovering the loaned amounts through some form of financial loss insurance.

The staggered payment of imported products also occurs if the fixed assets are not delivered in component parts, but have a high value and a long use.

The financial aspects are also raised for economic agents that import raw materials and materials, spare parts, food or non-food goods to supply the population. Importers need a step up until they acquire the foreign exchange resources needed to pay for their imports. Buyers agree with suppliers that payment for products is staggered over time.

Exporting on credit carries risks for the exporter and the financing bank.

The export risks refer to non-receipt of the value of the goods delivered on credit or late collection, the buyer's refusal to take over the goods that have arrived at the destination, the termination of the buyer's contract during the production process at the supplier, the damage or destruction of the goods during manufacturing or of transport.

These risks can be grouped into commercial risks, caused by natural calamities, political risks, currency risks.

The deterioration of the buyer's financial situation determines the commercial risk, making it impossible for him to pay the amount due when due.

The production of natural calamities that make the buyer unable to pay, determines the risk of origin, the catastrophe.

Events beyond the buyer's will and solvency that prevent them from fulfilling their obligations to the external supplier determine political risk.

Keywords: *export risk, credit, commercial risk, political risk, currency risk.*

1. Introduction

Credit insurance aims to protect against financial losses from non-payment, the inability to pay of buyers who purchased goods on credit, or from the insolvency of credit beneficiaries. Credit insurance policies protect receipts from commercial activity in terms of transferring the risks of non-payment to the insurer, potentially increasing turnover.

Regardless of the size of the risks, there are three requirements for the insured: prevention by collecting, processing and interpreting customer information to minimize the risk of non-payment, to the insurer; debt collection, the ability to recover debts anywhere in the world; insurance, payment of compensation in case of non-payment of the insured debtor.

Insurable risks can be grouped into two categories: commercial risks and political risks.

Commercial risks are related to the buyer's financial situation, referring to non-payment due to the buyer's insolvency; temporary or permanent impossibility of the buyer to pay for the goods purchased or services provided; the buyer's refusal to accept the contracted goods, for reasons beyond the seller's control.



Political risk represents a separate category, important for the correct assessment of the possibility of returning the credit and the risk of non-payment.

The political risk materializes in difficulties and delays in the process of transferring money from the buyer's country, the impossibility of transferring the respective amounts from the importer's country to the exporter's country; the introduction of regulations regarding export or import licenses in the buyer's country, the withdrawal or non-renewal of the export license or the imposition of trade restrictions after the date of entry into risk; risks regarding public buyers, those entities that cannot be declared bankrupt.

Insurable risks for export credit insurance represent the dangers resulting from the sale of goods or the provision of services on credit outside the country.

The insured, by insuring domestic credits, protects himself against the risks of prolonged non-payment by the buyer or his insolvency during the period between production and distribution, before the final sale to the consumer.

The general turnover policy is the most commonly used, referring to importers who buy on credit. The difference with domestic credit insurance lies in the fact that in the case of exports on credit, the importer of the insured operates in another country, the risk assessment must take into account factors external to the buyer.

A credit limit is established for each external buyer, which is an estimate of the external buyer's ability to pay and represents the maximum unpaid and insured amount at a given time.

The object of the medium and long-term export insurance contract is the export of capital goods of large values, or services that are delivered in stages, involving payment in installments, over long periods of time. The insurance provides protection against the risk of non-payment due to commercial or political causes. Banks and financial institutions that credit commercial operations carry out the coverage, the compensation will also include the interest on the credit granted to the debtor.

Depending on the insurance value, the insured period, the country risk, the method of payment and the guarantees provided in the contract, determine the level of the insurance premium, which is paid once the insurance policy is concluded, in a single installment in periodic installments.

2. Contents

An export contract can have as its object deliveries of goods, execution of works, provision of services; when the contracting parties agree that the supplies, works or services that are the subject of the export contract will not be paid for on delivery, but after a period of time, the supplier grants the external buyer a trade credit; the supplier assumes the risks of export on credit, the treasury effects of the export operation with term payment. Exporting on credit blocks the financial resources of the supplier, incorporated in the products delivered on credit, for a period of time, he is forced to complete them by resorting to a bank loan.

Supplier credit is granted for short periods of time, as regards the export of large values, the supplier cannot block his financial resources for long periods of time, without jeopardizing his own financial management. The buyer must find the resources he needs to pay for the import upon delivery of the supplier's products by approaching a bank in the supplier's



market, requesting the loan, the buyer's credit, which is a form of financial credit, being linked to an operation of export.

The export is carried out through the commercial credit granted by the supplier to the business partner, the external buyer or through the buyer's credit, granted by a bank to the external buyer. These forms of export credit aim to favor commercial exchanges in the interest of the contracting parties, granted by private operators, under conditions close to those practiced on the market.

External loans from public resources are granted under better conditions than those practiced by private insurers.

Many export risks that will be grouped according to when the risk occurs and its nature, being covered by export credit insurance. The risks covered by the insurance of export credits, viewed from the perspective of the moment when they appear, refer to the period preceding the signing of the contracts or to the period after it.

An economic agent in order to enter a foreign market with his products must prospect that market, to convince himself if and under what conditions he could export to that market. Prospecting the foreign market causes the potential exporter to spend, without the certainty that his action will be successful, making it possible to conclude export contracts.

International competition takes sharp forms in the case of objectives aimed at product deliveries, execution of works or provision of services across borders, of high international competition values, takes serious forms.

Conclusions

The change in the economic conditions during the validity period of the firm offer, compared to those considered when it was drawn up, may entail for the exporting agent, in the case of awarding the order, a loss that cannot be recovered from the importer.

The bidder is obliged to submit a bond in favor of the buyer, guaranteeing that the bidder, in the event of the transaction being awarded, will sign the external contract, under the conditions stipulated in the submitted offer.

Risk insurances that include the remittance of firm offers can be concluded for long periods of validity.

An ordinary insurer, in the event of a catastrophe, covers the loss or damage of the insured goods, and an export credit insurer covers the inability of the buyer to take possession of the ordered goods or pay for them when due.

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LIFE INSURANCE AND INFLUENCES ON REINSURANCE

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Abstract

The particularities of life insurance influence reinsurance. These particularities are the following: the average duration of the insurance, the insurance is concluded for a fixed sum insured, the accumulation of capital, the average duration of the insurance.

Life insurance is long-term insurance and reinsurance will need to be long-term reinsurance, as the direct insurer may lose reinsurance coverage before the insurance contract expires or pay reinsurance prices that are not commensurate with premiums. of insurance that they collect.

By terminating the insurance contracts, the transferor's portfolio is adjusted according to these changes to the reinsurance agreement requested by the reinsurer.

Life insurance reinsurance contracts contain provisions that address the direct insurer's need for long-term protection. Non-proportional excess claims agreements for protection against risk accumulations cannot be entered into for long periods, as their provisions depend on the structure of the portfolio which changes over time.

Non-proportional reinsurance is not common for life insurance and occurs only in addition to standard forms of reinsurance.

Life insurance policies are taken out for a fixed sum, with no partial claims.

In life insurance that also covers the risk of disability and where the pension paid is the value, not knowing the duration for which it must be paid, there are reinsurance agreements that resemble excess of loss protection.

In life reinsurance, almost all reinsurance agreements are proportional agreements, and Surplus agreements have the largest share.

Keywords: *life insurance, reinsurance, proportional reinsurance, share-part agreement.*

1. Introduction

The amount to be reinsured initially does not depend on the sum insured, but on the risk sum. The amount at risk is less than the sum insured, exposing a larger initial reserve.

Proportional agreements guarantee the coverage period, the insurance contract.

The reinsurer, in the case of proportional reinsurance, participates in the changes brought to the original insurance, this is also valid in the case of increases in the insured amount due to the application of the cause of dynamic adaptation, having importance in the conditions of a high rate of inflation.

Proportionate agreements provide for a minimum amount below which reinsurance ceases to operate.

The size of the amount for the risk is important in life insurance that the insurer can retain in its charge, in the event of the occurrence of an insured event. Actuarial models of varying degrees of complexity are used to calculate retention.

Actuarial models have the same objective – establishing the results of the portfolio retained by the direct insurer, the claims that are produced are independent, excluding the



accumulations of risks produced. When determining the retention, commercial considerations and own experience are taken into account.

Surplus reinsurance is the most suitable type of reinsurance to achieve the purpose of the reinsurance agreement in terms of the need for long-term protection to smooth the retention of the reinsured and reduce the resulting fluctuations.

The ceding company, when determining the surplus ceded in reinsurance, must follow all the insurances concluded and that the insurances will be taken into account according to the amount for the risk in each case and not according to the insured amount.

The determined surplus will be assigned from the newly concluded insurance.

With regard to Life Insurance with dynamic adaptation, increases in the sum insured resulting from the acceptance of dynamic adaptation, will be reinsured in the same proportion as the basic sum insured throughout the duration of the insurance.

Surplus cedings up to a certain maximum are made automatically, based on the agreements, without the reinsurer being informed about each insurance contract. This maximum limit is sometimes split between several Surplus reinsurance agreements, overlapping agreements that operate one after the other. This division may have several causes, the intention being that the results of the first agreement should be as stable as possible. The reinsurer wants information about the large insured sums, in order to be able to call for retrocession, while for the sums belonging to the first surplus it is possible to simplify the administrative activity.

Amounts exceeding the capacity of the agreement are offered to the same reinsurer with whom the agreement is concluded, the optional assignment is made on the same terms and conditions as the assignment based on the agreement. Sometimes, special terms and conditions are set for optional transfers, which involve additional administration work.

2. Contents

There are situations in life insurance when quota-part reinsurance offers the best solution to achieve the desired goal, especially if the aim is to simplify the reinsurance administration activity as much as possible.

In the case of collective insurances, quota-part reinsurance agreements are obtained.

Quota-part reinsurance can become a useful tool when reinsurance aims to reduce the volume of business retained in own charge.

The share-part agreement constitutes a form of supplementing the services provided by the reinsurer to the insured. The task of administering a quota-part reinsurance agreement is simple if the sums ceded under the agreement are limited and if what exceeds the limit is taken over by a "Surplus" reinsurance. The additional effort caused by individual reinsurance in Surplus of amounts exceeding the limit is insignificant.

Proportional life reinsurance depending on the actuarial model used can be reinsurance based on coinsurance and reinsurance based on risk premium. This life reinsurance is important both from an actuarial point of view and from the reinsurer's participation in the risk underwritten by the direct insurer.

The reinsurer pays the reinsured a certain commission as its share of underwriting and administration expenses.



The insurer and the reinsurer may have different positions regarding the distribution of the profit obtained to the policyholders. The differences may arise from the different rates of profit obtained by insurers and reinsurers on the investment of the accumulation part, from the fact that the insurer may be obliged to pay the policyholders higher profit shares or dividends than those obtained from the investment of the accumulation part by applying to the reserve or from overall profit, from the fact that the insurer's investment profit may be higher, due to different investment policies.

The reinsurance commission does not contain the reinsurer's contribution to the insurer's expenses, but also a contribution to the profit to be distributed to the insured, so that the reinsurer is not affected by the constantly changing profit or dividends.

Conclusions

Relatively young insurance companies active in the field of life insurance, the financial costs of the start-up activity can be so high that these companies are forced to give in quota reinsurance - part of the business, a situation in which the reinsurer also assumes a part from these expenses, or they can limit the volume of newly concluded insurances.

The simplest situation is when the insurance-reinsurance contracts do not provide for the distribution of the insured's profit or when the reinsurer does not have to assume the payment of benefits.

The commissions, the reinsurance premium, the way the deposit is calculated, the interest rate on the deposit, the terms of redemption, are factors that influence the method of reinsurance quotation on a modified coinsurance basis.

The large number of factors and long time periods to be considered in the case of basic conditions require deep mathematical calculations.

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INSURANCE PREMIUM IN LIFE INSURANCE

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Abstract

In life insurance, the rights and obligations specified in the agreement are dependent on the probability of survival of the insured.

In a life insurance company, the most important role in calculating insurance premiums is played by the actuary, also known as the life insurance mathematician. Its most important tasks consist in the determination of the insurance premium, the establishment of mathematical reserves, the redemption value for capitalized products, the development of new products.

Premium tables are calculated on the basis of demographic statistics, mainly mortality tables.

The mathematics of life insurance operates with the probabilities of survival and death. In the case of personal insurance, other than life insurance, other statistical data are also used: frequency of accidents, type of activity, etc.

For estimation, it is considered that what happened in the past will be repeated in the future under similar conditions.

In some countries, because life expectancy differs greatly between men and women, insurance premiums may be different for people of the opposite sex of the same age. Typically, a woman will pay insurance premiums at the same level as a man 3-5 years older. The main elements that influence the level of the insurance premium are of a general nature such as the mortality tables on the basis of which the insurance premiums are calculated at the level of a determined population, the general state of health of the population but also of a special nature such as the age of the insured, the state of his health, the duration of the contract, the level of the insured sums that will be paid upon death or at the maturity of the contract in the case of capitalization insurance, the interest rate obtained from the investment of the premiums, the expenses related to the issuance of the insurance contract, the profit of the insurance company.

Keywords: *insurance premium, premium table, risk premium, redemption value.*

1. Introduction

The premium rates must be adequate, which means that for a group of contracts, the amount of money collected from the policyholders, plus the interest earned on their investment, must be sufficient to pay all the promised insured sums and cover the expenses the insurance company;

Premium rates must be fair, that is, they must take into account the risk of each insured person.

Risk assessment is the main responsibility of the underwriting department of some insurance companies, the risk is assessed as standard or below standard, depending on the average life expectancy of the persons concerned. For sub-standard risks, the applicant is required to pay an extra insurance premium;

The premium rates must not be excessive compared to the sum insured promised.

The insurance premiums that life insurance companies collect from their customers are calculated according to the mentioned criteria. Since they are medium or long-term insurances, the risk of death increases from year to year due to natural aging, which means that the company should charge an ever-increasing insurance premium each year, called the risk premium, which



represents the probable value of the assumed risk throughout each insurance year. This is not convenient for the insured and is difficult for the insurer. An annual premium is calculated, constant throughout the insurance period, called leveled premium, which has the same value throughout the premium payment period, being between the extreme values of the (natural) risk premium. Thus, the insurer will collect, in the first years of the insurance period, a higher premium than the one necessary to cover the risk, and later, due to the advancing age of the insured, it will collect a lower premium than the one corresponding to the risk. The insurer collects certain sums of money from insurance premiums not used for a while and which, together with the related interest, will be used when the leveled premiums are no longer sufficient to cover the risk of the insured.

2. Contents

As a way of paying the insurance premium in life insurance, it can be paid only once in the form of a single premium, or in periodic, staggered installments.

The single premium is calculated in such a way as to cover the risk for the entire insured period.

In this way, the insurer will benefit from the full amount of money from the beginning, for the entire duration.

The single premium collected, to which is added the interest resulting from its investment, will be used to cover the payment of the insured sum, regardless of the date of death, or upon the expiration of the contract. This method of payment is rarely used in practice, more frequently for limited-term life insurance.

Insurances with staggered payment of the premium are the most frequently used, especially in the case of long-term insurance, because the amount that would represent the single premium would constitute a very large financial effort of the insurance contractor. The calculation of staggered premiums takes into account the fact that the insurer can accept the collection of the same premium - in terms of the staggered level over time, so the risk of death is defined from one year to another due to the aging of the insured person. Consequently, the current value of the premium rates will be equal to the single net premium.

As a result, it is necessary to set up a reserve fund, to which is added the interest resulting from the investment of the money and the future premiums that will be collected. It must be sufficient for the payment of the insured sum, regardless of when the death of the insured occurs.

The net premiums calculated in life insurance take into account: the possibility of the insured event occurring, the age and gender of the insured person, the current value of the premiums, the current value of the insured amount, the technical interest, the profitability of the insurance company.

In the calculation of the net premium, the insurer's expenses imposed by the stages of the sale preparation process, the sale itself and the maintenance of the policy or the reserve funds intended for the payment of the insured sums are not taken into account.

All these expenses must be covered by the insurance company's activity and the only way is to add a net premium supplement, obtaining the gross premium, which is the premium actually paid by the insured.



Expenses are an important factor on which the insurance premium is calculated. These expenses can be initial or permanent.

The initial expenses are made only at the conclusion of an insurance contract and are higher, while the permanent expenses are made every year with a reduced level.

Conclusions

The expense deposit is intended to cover initial and permanent expenses. The insured pays at each premium a part of the amount constituting the initial expenses, to which are added the amounts representing the permanent expenses for the respective period.

An important aspect relates to the premium discounts that the insurer can offer. These are of two types:

- frequency reductions that are granted when insurance premiums are paid at longer intervals, single or annual, semi-annual payment. The reason for applying this discount is related to the fact that the insurance company benefits from larger amounts, paid in advance over a longer period, being able to invest them, and on the other hand, it no longer incurs any expenses for the collection of premium rates at smaller time intervals;

- reductions in size, the main purpose of which is to encourage policyholders to take out high value policies. In general, they are granted when the annual insurance premiums exceed a certain level set by the insurer.

Both types of discounts are set unilaterally by the insurer, who, depending on the market situation, has the right to modify them periodically, notifying the customers on the anniversary of the contract. They are applied to the gross insurance premiums to which the additional premiums for the additional clauses are added.

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THE FISCAL SYSTEM AND TAXATION - CHALLENGES, PERSPECTIVES AND FUTURE DEVELOPMENTS

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Abstract

The main aim of this research paper is to provide a complex framework on the fiscal system and taxation mechanism. The establishment of taxes is the practical representation of the fiscal sovereignty of each particular state. The fiscal system represents the totality of taxes and fees, while concept also includes the set of principles, forms and methods of establishing, modifying and canceling them, including the measures by which their payment is ensured. In addition, the fiscal mechanism is in fact an instrument at the disposal of the fiscal administration to fulfill the objectives and tasks established by the government authority. On the other hand, voluntary compliance mechanisms of taxpayers represent an important aspect in collecting budgetary revenues.

Keywords: *fiscal system, taxation, fiscal policy, budgetary revenues*

Classification JEL: *E62, H3*



THE CONCEPT OF ECONOMIC SUSTAINABILITY AND ITS VARIOUS IMPLICATIONS ON BANKING SYSTEM DEVELOPMENT

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Abstract

The main aim of this research paper is to investigate the impact of economic sustainability and its various implications on banking system development. Sustainable economic practices must be encouraged in order to achieve a high level of banking development, especially considering the recent restrictions imposed by the COVID-19 pandemic. Practically, sustainability represents the ability to exist and develop without depleting natural resources for the future so that next generations have the same chances. Technically, there are 3 principles of sustainability: economic, social and environmental.

Keywords: banking system, COVID-19 pandemic, economic sustainability, economic growth

Classification JEL: E5, E47



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SECTION 3

EFFECTS OF EDUCATIONAL ACTIVITY, LEARNING PLATFORMS AND SUPPORT FOR EDUCATIONAL ACTIVITY



LIFELONG LEARNING ESSENTIAL CONDITION FOR INCLUSION AND INTEGRATION

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Abstract

Lifelong learning is a continuous process of flexible learning opportunities, linking learning and competences acquired in formal institutions with the development of skills in non-formal and informal contexts, especially in the workplace. This means continuous learning, anytime and anywhere. Although the concept has changed over time, the basic reasoning remains the same: people need to update their knowledge and competences as individuals, citizens and employees. It is an essential aspect to support competitiveness in the context of a global economy and technology-based knowledge, to promote social integration and participation in a democratic society.

Keywords: *lifelong learning, formal education, non-formal education, informal education, key competences, educational policies.*

Classification JEL: *I2, I24, I26, I28*

1. INTRODUCTION

Contemporary economic and societal challenges determine the need to develop a new paradigm of education - that of lifelong learning (LLL) and the awareness that education does not end with obtaining a degree or a job, permanent learning is a prerequisite for adapting to the ever-changing professional, economic, social, informational and technological demands.

Appearing in the 70s of the twentieth century, the concept of lifelong learning has developed and changed over time, advancing in the European Community to the level of policies. Currently, the lifelong learning strategy has become a priority in European and national educational policies. Raising the level of skills, promoting transversal skills and finding ways to better anticipate labor market needs, including based on dialogue with industry, are essential to multiply the chances of success in life, to support equitable, sustainable and favorable growth to inclusion and to guarantee social cohesion.



2. PAPER BODY

Lifelong learning is considered an essential feature of the information society. Population ageing; massive emigration of adults in search of better job opportunities; low employment rate; low level of competitiveness; shortcomings in the education system; lack of skills; early leaving of studies; functional illiteracy are just some of the challenging causes for supporting long-term economic growth, which led to the need to reformulate the concepts of educational systems.

In this context, the **lifelong learning** strategy aims to achieve the following objectives:

- increasing participation in lifelong learning
- improving the relevance of education systems
- vocational training for the labor market.

Lifelong learning is a continuous process of flexible learning opportunities, linking learning and competences acquired in formal institutions with the development of competences in non-formal and informal contexts, especially in the workplace. It reflects a concept of continuous learning, anytime and anywhere.

Lifelong learning is based on 3 concepts:

- formal education is official and takes place in a state institution according to a well-defined program;
- informal education represents spontaneous or unorganized influences from the environment, family, group of friends, mass media, etc. on the individual;
- informal education takes place outside the official curriculum, allowing the formation of skills, abilities, knowledge that everyone feels closer to the soul and thus personalizing education.

In 2000 the European Union at the Lisbon Summit announced the entry of Europe into the age of knowledge. At this summit, the memorandum of lifelong learning (lifelong learning – LLL) was adopted, which found that the labor market constantly requires the improvement/renewal/updating of professional knowledge, skills and competences.

In the memorandum "European Communities: A Memorandum on Lifelong Learning" [5], the concept of Lifelong Learning is presented, a definition taken from the European Employment Strategy:

Lifelong learning is all learning activities, intentionally undertaken on an ongoing basis with the aim of improving knowledge, skills and competences.

The central priority of the Lifelong Learning Program is to transform the European Union into the most competitive knowledge-based economy in the world, capable of sustainable economic growth accompanied by a quantitative and qualitative increase in the number of jobs and greater social cohesion [7].

European educational policies propose the following long-term strategic objectives:

- putting lifelong learning and mobility into practice;
- increasing the quality and efficiency of education and learning processes;
- promoting equity, social cohesion and active citizenship;
- stimulating creativity and innovation, including entrepreneurship, at all levels of the education system. [6]



Lifelong learning encompasses early childhood education, pre-university education, higher education, adult education and continuing vocational training. At the level of the European Union, lifelong learning is intended for adults aged between 25 and 64 and includes all forms of learning:

- *Formal education* takes place in the education system which includes schools, colleges, universities and other educational institutions for children and young people, starting with 5-7 years and continuing until 20-25 years;
- *Non-formal education* is provided outside public educational institutions, but is based on educational objectives, study time and support for learning. This form of education does not aim to achieve a certain level of education and is aimed at people of all ages;
- *Informal learning* is not structured, is not systematic and does not end with certification. It includes self-education and the knowledge gained is not tested.

The approach to lifelong learning in the EU is specified by the following stages of lifelong learning [6]:

- early childhood education (ISCED 0);
- compulsory education (ISCED 1-3);
- vocational education and training (ISCED 4-5);
- tertiary education (ISCED 6-8);
- adult education.

The Education and Training 2020 strategic framework considers that Europe's success depends on pre-school, primary, secondary, higher and vocational and technical education and aims to promote the *principle of lifelong learning by combining support with formal, non-formal and informal learning in the fields of education, training and the youth*. The Europe 2020 strategy proposes to achieve the following objectives:

- *increasing intelligence*, by reforming education and vocational training;
- *inclusive growth*, to reduce unemployment, poverty and social exclusion;
- *sustainable growth*, through the efficient use of resources and competitiveness [4].

Lifelong learning takes place within, but also outside, traditional education and training systems and focuses on the training and development of key and domain-specific skills, qualifications or specialties during compulsory education, which, in turn, serve as a foundation for lifelong learning. Lifelong learning *places individual responsibility at the heart of the learning process*. [11]

The term competences refers to a combination of skills, knowledge, abilities and attitudes and includes willingness to learn in addition to „knowing how”

Thus the key competences comprise three aspects of life [10]:

a. personal fulfillment and lifelong development (cultural capital): key competences must enable people to pursue their individual goals in life, driven by personal interests, aspirations and the desire to continue learning throughout life;

b. active citizenship and inclusion (social capital): key competences must enable individuals to participate in society as active citizens;

c. employment (human capital): the ability of each person to obtain a decent job on the labor market.



The European Parliament and the Council of the EU recommend that Member States develop „the provision of key competences for all as part of their lifelong learning strategies”. [8]

The recommendation on key competences for lifelong learning established the European framework of reference for key competences and defined the competences that every citizen needs for personal development, employment, social inclusion and active citizenship.

Key competences represent a multifunctional, transferable package of knowledge, skills and attitudes that all individuals need for personal fulfillment and development, social inclusion and finding a job. These must have developed at the end of compulsory education and must act as a foundation for learning as part of lifelong education. [8]

The eight areas of key competences that must be adapted to the social, linguistic and cultural framework of individuals are:

1. Communication in the mother tongue;
2. Communication in foreign languages;
3. Competences in mathematics and elementary skills in science and technology;
4. Competences for the use of new information and communication technologies;
5. Competences for learning to learn;
6. Interpersonal relationship competences and civic competences;
7. Spirit of initiative and entrepreneurship;
8. Cultural awareness and artistic expression.

As competences requirements are constantly changing, more and more jobs are becoming highly technological, competences development is increasingly relevant to ensure resilience and adaptability to change. This called for the revision of the 2006 Recommendation and the adoption in May 2018 of the new Recommendations on Key Competences for Lifelong Learning [9].

As instruments for the implementation of European policies in the field of lifelong learning they can be highlighted:

- The European Framework of key competences;
- The European Credit Transfer and Accumulation System (ECTS);
- The Europass;
- The European Qualifications Framework for lifelong learning;
- The European Quality Assurance in Vocational Education and Training (EQAVET);
- The European Credit System for Vocational Education and Training (ECVET) etc.

The Strategic framework for european cooperation in vocational education and training (ET 2020) helped to build trust and mutual understanding that supported the first initiatives on the European education area and national reforms. [3]

In the Resolution of the Council of Europe on a strategic framework for European cooperation in the field of education and training in the perspective of the realization and further development of the European education space (2021-2030) it is mentioned that, „societal, technological, digital, economic and environmental challenges affect

increasingly the way we live and work, including the distribution of jobs and the demand for skills and competences. [2]

The establishment of the European Education Area proposes the consolidation of ongoing efforts and further development in **six main directions** (fig.no.1):



Figure 1. Main directions for the development of the European Education Area

Source: Adapted by the authors after: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the achievement of the European Education Area by 2025 [2]

- *Quality.* A quality education provides young people with the knowledge, skills and attitudes they need to thrive in life and meet the many challenges they will face.
- *Inclusion and gender equality.* Education has failed to reduce inequalities related to socio-economic status, despite the fact that the best performing education systems are those that value equity. Across Europe, individuals' educational experiences follow social patterns. Students from disadvantaged backgrounds are over-represented among those with insufficient results.
- *Green and digital transition.* Education and training policies and investments geared towards a green and inclusive digital transition hold the key to Europe's future resilience and prosperity. The transition to an environmentally sustainable, circular and climate neutral economy has a major impact on employment and society.
- *Teachers.* Teachers, trainers and educational staff are at the heart of education. They play the most important role in making education a fruitful experience for all learners. The vision for the education profession within the European Education Area includes highly competent and motivated teachers who can benefit from a range of support and professional development opportunities throughout their varied careers.
- *Higher education.* Student and staff mobility has progressively opened up higher education and strengthened the foundations of structured cooperation. The Bologna



Process had a stimulating role for internationalization and mobility. The added value of mobility is clear: data shows that a study abroad experience significantly helps career prospects.

- *Geopolitical dimension.* High-quality international cooperation in education and training is also vital to addressing existing and emerging global challenges. It is essential for achieving the Union's geopolitical priorities and sustainable development goals for 2030. [1]

The European Education Area provides a perspective on the future of education and training in the European Union. It identifies the key issues and sets the way forward, in accordance with the principle of subsidiarity and with full respect for member states' competences on education and training at national, regional and local level. The initiatives describe the means and steps needed to create the European Education Area by 2025.

Efforts to create the European Education Area will go hand in hand with the European Skills Agenda, the renewed education and training policy and the European Research Area.

CONCLUSIONS

Education systems at all levels need ambitious transformations based on continuous learning; the flexibility of educational trajectories; modularity of educational courses. At the same time, it is necessary to focus on the use of modern training methods, formats and new didactic tools, including digital educational tools. The European Education Area and the Digital Education Action Plan are essential for future economic recovery and growth at European level. They establish a common vision of the future of education, which is linked to commitments on green and digital transitions.

It is obvious that LLL reduces the effects of the phenomena of "professional aging" of the population, labor migration, and the lack of qualifications on the labor market; contributes to ensuring equity and social cohesion, promotes active citizenship; it stimulates creativity, entrepreneurial spirit, personal responsibility, increases income and self-confidence.

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MILESTONE OF DESIGNING AND BUILDING THE NEW EDUCATIONAL STRATEGIC PROCESS FOR A RESILIENCE SYSTEM

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Abstract

The paper addresses a very topical issue regarding the future of education in a world of multiple transformations. The fundamental objective of the paper was to highlight the need to design and build an innovative strategic process, based on relevant stakeholders, at the level of each educational organization to respond to future challenges in the educational system. Throughout the paper I highlighted the need to look boldly into the future of the knowledge, skills, attitudes and values that will matter most and the type of learning environments and educational opportunities for students that facilitate their success and well-being. The challenge is to project the future where resilience to external risks and innovation in education go hand in hand. The paper proposes a model of a strategic process based on relevant stakeholders, based on scientific investigations, comparative analyzes of studies, articles, indexes from the specialty literature in the field of education.

Keywords: innovation, strategy, value, resilience

Classification JEL: : I29

1. INTRODUCTION

We live in a world of deep transformations where volatility, uncertainty, complexity and ambiguity (VUCA-concept) have intrinsic characteristics, self-evident realities. Added to these are mega-challenges such as climate change, the impact of artificial intelligence (AI) and new technologies, mass migration or global taxation. That is why we need to reshape education and intensify research, cultivate collective intelligence, imagination and a vision to create a better future.

The impact of technology on education has generated new opportunities and implicitly the need for change. Keeping up with and anticipating the impact of technological change requires a new vision, boldness and courage from leaders and policy makers, as well as possibilities for implementation at the level of every school organization. Artificial intelligence, cloud computing, big data, the Internet of Things, virtual reality and other forms of digitization are fundamentally reshaping the world, changing what we learn as well as the means by which we learn. The pandemic has accelerated digital transformation. [2]

Today, we face a "hyper-digital" reality characterized by universal, ubiquitous connectivity, disruptive digital business models, mainly automated physical production, increasingly virtual work. All of this will transform businesses and markets, the nature of work and the demand for skills. Digitization affects security and privacy, as well as health



and well-being, especially for children. It has an impact on social relations, cohesion and the functioning of democracy.

Tehnologiile digitale aduc schimbări importante și oportunități pentru ceea ce oamenii trebuie să învețe și cum să învețe într-o lume care abundă în tehnologie. Ele ne permit să facilităm accesul a unor noi stakeholderi, cum ar fi persoanele în vârstă; tineretul care nu are un loc de muncă, educație sau formare (NEET); și persoanele cu nevoi speciale. Tehnologia permite educatorilor și cursanților să acceseze cunoștințe în mai multe formate și în moduri care unesc timpul și spațiul. De asemenea sprijină noi moduri de predare care se concentrează pe elevi ca participanți activi.

2. PAPER BODY

The most advanced and proactive educational systems have thought technologies that enhance experiential learning by supporting project-based teaching methods, problem-solving and investigations, facilitating the development of creative thinking and cooperative learning and providing real-time formative assessments. There were also exciting examples of technology supporting learning through interactive, non-linear courses based on state-of-the-art instructional design, sophisticated software for experimentation and simulation, social networking and educational games. These are the learning tools that are needed to develop the knowledge and skills of the 21st century. Today, a teacher can educate and inspire millions of learners and communicate his ideas to the whole world

Perhaps the most relevant feature of digital technologies is that they not only serve individual students and educators, but can also build a collaborative learning ecosystem. Technology can build communities of learners that make learning more collaborative, thereby increasing goal orientation, motivation, persistence, and the development of effective learning strategies. Similarly, technology can build communities where educators share and enrich educational resources and practices and contribute to improved performance. It can also help educational leaders and governments develop and share best practice in curriculum design, policy and pedagogy. However, there can be tensions between digital learning ecosystems, social functions of education and physical learning environments. [4]

Whether they come in the form of gradually evolving trends or abrupt systemic shocks, changes are reshaping the world, concerns and belief systems of the children, youth, families and communities that education serves; they redefine our expectations of education and affect the ways in which learning is organized. Education is no longer just about teaching students something, but about helping them develop a reliable compass and the tools to confidently navigate an increasingly complex, volatile and uncertain world. It is about building curiosity – opening the mind; it is about compassion – opening the heart, and it is about courage – mobilizing our cognitive, social and emotional resources to act. These may prove to be the best weapons against the greatest threats of our time: ignorance – the closed mind; hate - the closed heart, and fear - the enemy of freedom.

The purpose of education is to empower students, both individually and collectively. As societies continue to change, education systems must adapt. They must provide people with the most appropriate opportunities to develop the knowledge, skills,



attitudes and values that enable them to realize their potential throughout life – from early childhood to old age. Learners must develop agency and co-agency to thrive in a changing world. They need to develop a sense of responsibility to actively participate in building societies and the ability to define purpose and take action to achieve goals, including realizing their own learning. The development of agency over one's life and learning is itself a result of systems' capacities to provide opportunities to learn.

Learners will need to take responsibility and design their own learning trajectories through combinations of institutionalized formal and non-formal education with self-directed, autonomous and informal learning.

It is important to reflect on the future of education from the perspective of three elements: [4]

- Approaching learning in an integrated, balanced way based on visible learning;
- Lifelong learning- continuous and permanent process, which guides the entire activity;
- Evaluation of the entire scope of social learning outcomes;

Success towards an innovative activity oriented towards a sustainable future in education is based on the progress made in education from the perspective of the three elements presented.

A new vision in education is therefore required, taking into account the challenges of the future, and the strategic process is intensified by rethinking the mission, fundamental objectives, strategic options, resources, deadlines and strategic advantages. [1]

CONCLUSIONS

The challenges to education are increasingly intense, deep and fast. The cocktail of cost inflation, stagnant or declining quality, significant declines in student numbers in advanced economies due to aging populations and economic problems, prohibitive tuition fees, the spread of online learning, ossified administrative structures and extremely of hierarchies that prevent any possibility of reform initiated from the top, excessive administrative staff, general waste of resources the complete lack of alignment with the demands of the labor market and of collaboration with companies interested in hiring university graduates risk creating a significant challenge for the systems of education.

That is why a new strategic process based on relevant stakeholders, on innovation, openness, flexibility and newly created value is a necessity for sustainable development.

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DEVELOPING YOUNG PEOPLE'S SKILLS IN ENTREPRENEURSHIP THROUGH APPLIED METHODS USING THE ROCT LEARNING PLATFORM

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Abstract

The evolution of society requires new approaches in the vocational training of young people in order to integrate them into the labor market. Entrepreneurship are among the field to which many of them aspire since high schools, motivated by financial benefits, independence and the desire to put business ideas into practice. The need to prepare potential entrepreneurs results from the complexity of the business environment, which generates risks, sometimes difficult to predict. Given the large number of firms that fail each year, a solid entrepreneurship education for young entrepreneurs increases the chances of a newly created firm meeting the challenges of the environment. The descriptive and applied empirical research aimed to implement the concept of an exercise company in high schools for the development of skills and entrepreneurial spirit among young people. To carry out the work, I studied the correlation between the entrepreneur, business sustainability and the applied learning methods, capable of developing skills and competencies needed by a young entrepreneur used in the education process. At the same time, this study analyzes the usefulness of the educational platform in the training of young people's entrepreneurial skills. The methods used in the research were: qualitative, descriptive and applied analysis.

Keywords: *entrepreneurship, exercise company, entrepreneur, skills, curriculum*

Classification JEL: *M21, I21*

1. INTRODUCTION

Recognized as an engine of economic growth has led scientists to study, define and explain entrepreneurship as a process or as a result "creates new economic activities or new organizations" (Reynolds, 2005) and scientists who direct their study to the individual, who has the ability to identify and exploit opportunities (Casson, 1982) by taking risks (Schumpeter, 1934). Many authors in the field of entrepreneurship, through research, seek to explain the "heart" of entrepreneurship (Stevenson and Gumpert, 1985), the "force" of entrepreneurship (Bays, 1988) or the "spirit" of entrepreneurship (Abdnor, 1988), each trying to discover the most sensitive characteristics and the foundation of the concept qualitatively. The implementation of the "exercise company" concept in high schools with a service profile ensures the organizational framework in which students can develop their planning, training, organization and coordination skills and the key skills of attitude, creativity and innovation, essential for fostering the entrepreneurial "spirit" and developing entrepreneurial "forces" for young entrepreneurs.



2. INNOVATIVE TEACHING METHODS AND CONCEPTS

The Exercise firm method (a business cell) develops the entrepreneurial spirit of students by simulating the processes in a company. Teams of 10-15 students, coordinated by the teacher, set up a company in which they carry out all the economic processes in a real company. Commercial relations are established between the exercise firms, on a market of exercise firms, in which they play different roles of suppliers, customers, competing enterprises. Students are initiated into technological processes specific to companies in different fields of activity, trade, tourism, finance, production with the support of parent companies.

The Center of exercise companies (ROCT) approves the establishment of exercise firms/simulated enterprises; it has the role of a bank and the role of public bodies (Public Finance Administration, C.A.S, Trade Registry Office, ITM, Court of Arbitration). The ROCT's communication with the practice firms at the national level, is carried out especially through the educational platform: www.roct.ro. Platform facilities for exercise firms are: information; taking over, continuing activity; promotion of contests: fairs of exercise companies, contests, Business Plan competitions, Quality brand; statistics; free domain for companies to promote products/services; document models for online transactions in the country and abroad; a virtual market of exercise firms.

The implementation was coordinated by the Ministry through the National Center for the Development of Vocational and Technical Education in Romania (CNDIPT) and aimed at: 1. The training of teaching staff 2. The establishment by order of the Minister of the Central Training Firms from Romania (ROCT), 3 The allocation of three hours from the Framework Plan for the technological laboratory "exercise firm" through a specialized curriculum for high schools with a Services profile, the development of teaching materials through projects (guides).

In 2002 at the national level, 34 practice firms were established, of which 6 practice firms in the Economic College "Virgil Madgearu" Ploiești Municipality, one of the colleges that boosted the implementation of the concept and the increase in the quality of educational activity through competitiveness, and in 2022 the network it included 1078 exercise companies. College that organized 11 editions, consecutively of the Exercising Firms Fair and the Romanian Business Challenge entrepreneurship competition through the involvement of the Prahova Chamber of Commerce and Industry, associations, financial institutions and economic agents. In Pandemic (may 2020), young people could experience the activity at home, in the telework system, in a mixed multinational team, and training companies, from the country and abroad, competed for the best strategies and means of promotion for the development of the business through online sales within the competitions organized by the College "Virgil Madgearu" Ploiești and partners.



CONCLUSIONS

Through the "exercise company" method, economic contents are assimilated more easily, learning becomes attractive, applied, developing competencies, skills and deepening theoretical knowledge. The method stimulates the native entrepreneurial qualities, sometimes latent, the entrepreneurial spirit, the ability to communicate, negotiate, responsibility, initiative, creativity, etc. The organic integration in the community of the institution, which becomes a center of coordination and leadership of virtual businesses. The exercise firm develops the skills necessary for a young person to integrate in the market work and a viable entrepreneur in a global and dynamic market.

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TOURISM LEARNING PLATFORMS

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Abstract

At all educational levels, digital technology has taken the lead in pedagogical change, new learning paradigms and the rethinking of the curriculum. Undoubtedly, digital technology is a major force in our society and the challenges that come with the digital revolution in tourism education seem to be producing more and more transformations. The digital learning platform provides a more flexible and adaptable learning experience, as well as a more engaging and interactive learning method. The result of this study is to determine the most common platforms for tourism learning, but also the benefits and limitations that it presents to the digitized field of tourism education in the literature.

Keywords: *educational activities, education in tourism, e-learning, digital platforms.*

CLASSIFICATION JEL: *I20, L82, N70, Z32.*

1. INTRODUCTION

To become more efficient and develop the quality of our human resources requires a lucid and just effort, called education. Between educational tourism and education in the field of tourism, a relationship is formed that is still being studied by specialists and although they seem similar at first sight because both encompass people's journey to gain new knowledge and experience, they are different. In order to be able to work in a professional way and to prepare human resources, tourism education is used. Edu-tourism is used by people who want to emphasize studies and collect knowledge during the trip. Educational tourism complements the needs and ambitions of tourism. This article will define tourism alongside educational activities related to educational tourism and will present various platforms that people interested in learning more about tourism can access. [3]

This paper uses a literature review methodology, focusing on published research, open resources, and reports in the field under review.

The results of various studies such as that of Balula et. al. showed that teachers and students agree that some of the obvious benefits of using digital technology in tourism education are: flexibility of time and space, the development of technical/systemic skills and the opportunities it opens up for authentic teaching and learning. In addition, despite the fact that the use of digital technology seems to increase student engagement, there is still much to be done to fully address the development of the digital skills of both students and teachers. [1]



2. TOURISM AND INFORMATION AND COMMUNICATION TECHNOLOGY

Internet technology has made it possible to interact between students, teachers, peers and educational resources in ways that may not have been possible in the past. In fact, the Internet has irrevocably changed the way people access information and how much information anyone can access thanks to its three distinctive features: connectivity, interactivity, and technological convergence, while local and wide-ranging networks release the Internet as a learning resource with software tools that enable interactive communication. [5]

The tourism industry has grown rapidly in recent years, and technology has played a major role in its development. From online booking platforms and e-commerce, to educational interactive courses and apps, technology has made it easier than ever for people to plan and enjoy their travels.

In recent years, and more recently as a result of the disruptions of the COVID-19 crisis, research interest in technology and information and communication technology (ICT) has exploded. It is therefore useful to organize the set of information already known in this area in order to better direct the course of future studies.

Tourism and hospitality are now different from the way they were in the past thanks to technology and ICT. The development of the Internet in the 1990s and the subsequent evolution of social networks of websites and smartphones facilitated user access and the production of tourist content, which revolutionized the way travelers imagine, plan and experience their holidays. Also, in order for travel companies to remain competitive, distribute their products and sell their services, technology has become essential [4]

E-tourism, or e-tourism, is the use of electronic technology in the tourism industry, including the promotion and booking of travel services, the provision of tourist information and the management of tourist destinations. E-tourism has revolutionized the way the tourism industry works and has had a profound impact on how tourists consume and experience travel services. The use of technology in tourism dates back to the early days of the travel industry, when the first travel agents began to use computers to store and share information about travel destinations and services. However, the real breakthrough of e-tourism came with the advent of the internet, which created a global market for the tourism industry and provided a new platform for the promotion and sale of travel services. Today, e-tourism is an essential part of the tourism industry and is responsible for an increasing share of bookings and travel receipts. E-tourism has also been a major driver of innovation in the tourism industry, with a growing number of travel companies using technology to improve the customer experience and offer new and unique travel services. Looking to the future, e-tourism is expected to continue to grow in importance as the tourism industry becomes increasingly digitised and travellers become more comfortable booking and consuming travel services online.

Educational programmes in tourism need to be completely rebuilt and rethought by changing the way it is taught and the nature of what is taught in view of extraordinary industrial and societal developments. Singh and Lee (2008) argue that educational institutions in the tourism industry must accept and use state-of-the-art digital tools to properly train future tourism specialists. In addition, they suggest that information and communication technology can provide the tools to engage users by improving traditional



classroom courses with collaborative activities and interaction between educable and educational institutions. This could thus increase the effectiveness and efficiency of the training and education of tourism students. [2]

CONCLUSIONS

Looking to the future, e-tourism is expected to continue to grow in importance as the tourism industry becomes increasingly digitised and travellers become more comfortable booking and consuming travel services online.

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PERSPECTIVES OF EDUCATIONAL ACTIVITY IN TOURISM

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Abstract

Tourism education is crucial in preparing students to meet the demands of the increasingly dynamic tourism sector, which means that it is necessary for them to develop both professional and practical skills. The workforce is heavily used by the sphere of tourism, and educational opportunities in this area allow students to apply what they have learned in the classroom. The development of personal and professional talents is achievable in this way for learners. This study aims to review the activities used in educational institutions, expose educational tourism, and show the value of educational activity in the tourism industry.

Keywords: *educational activities, interactive learning, tourism education, tourism.*

Classification JEL: *A20, A29, D80, I20.*

1. INTRODUCTION

The article substantiates the opportunity of using interactive teaching training technologies in the process of education for students in the field of services / tourism, because the training of specialists in the field of tourism is one of the most important topics considering the quality of the staff, a key factor of tourism development. The essence of interactive teaching methods have been analyzed compared to traditional ones. The advantages and characteristics of using interactive methods in the educational process that help to achieve learning objectives, increase motivation to study, shape professional creative thinking, increase students' interest, stimulate teamwork, overcome shyness and insecurity in the real working environment. [7]

The study of tourism has become a popular science for education. Tourism education was originally taught in the form of a vocational school, but as it developed, it was taught as a study in a variety of academic aspects. Under the name of vocational school, tourism was first taught in higher education and has since acquired a number of many other educational nuances. In order to balance supply and demand, tourism education was implemented. The tourism industry needs to be examined much more closely, as it is constantly changing, which means that both its positive aspects and its difficulties in the idea of solving them must be addressed. Lewis (2005) attests that: "Balancing the professional and liberal aspects of tourism education is vital to produce a well-rounded graduate. This balance develops students who are generally educated and informed and



responsible in the development of tourism, as well as professionally functional in tourism. Focusing only on the vocational team makes students impoverished and makes them less likely to be able to respond to stakeholders in a developing tourism society." [4]

The research methods used in the present research have resulted in the general theoretical ones (analysis, synthesis, abstraction, and generalization) and the methods of scientific knowledge (study of the specialized literature and description).

2. TOURISM EDUCATION

Tourism education has developed in a heterogeneous and ad hoc way at national and even international level, with little to no connection with the current or perceived requirements of the tourism industry. [1]

Tourism education is a field dedicated to the teaching of knowledge in the field of tourism industry but also in related fields. Tourism education can include training in areas such as tourism management, marketing, hospitality, and travel. Many universities have programs that focus on learning about the industry, while others specialize in a specific field of tourism education. This type of education is an important part of the curriculum of any school of tourism profile, familiarizing the educable with important topics such as customer service, financial management and cultural preservation. These subjects are often taught by teachers with experience working in the industry or with companies doing business with tourists. Students can also learn about these topics by participating in activities related to them, such as internships or trips to locations frequented by tourists. In order to better correlate theoretical and practical activities, a minimal material basis is required, such as computers with internet access, so that students can research relevant topics in the field of education and tourism, but also an easy access to different specialized prints. Regular feedback from teachers about their work is indispensable in educational activities. In the end, it is necessary to have opportunities such as field trips and the various activities that put the knowledge acquired along the way to the test.

CONCLUSIONS

In conclusion, this article presented the advantages of practicing innovative activities that would attract students to pursue studies in the field of tourism. As we are in a continuous evolution from a technological point of view, more and more platforms, and ways to educate learners will emerge. Their involvement in internships or working in the sector develops their skills to solve possible problems that may arise at work. Active learning helps students to communicate effectively to look ahead and form, qualities beneficial to tourism because there will be a well-developed workforce. Tourism is undergoing and will continue to undergo changes and students who want to practice in this field must be sufficiently prepared to be able to accept any change easily and there is no other way but to practice educational activities specific to real-life situations. [5]



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UNEMPLOYMENT OF POST-HIGH SCHOOL GRADUATES IN ROMANIA

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Abstract

The aim of this paper is to analyse what is hidden behind the unemployment spells of post-high school graduates. 25,761 unemployment spells of post-high school graduates registered at the National Agency of Employment Romania, during January 1st 2014 –October 31st 2017 are analysed. The obtained results can be useful for policymakers.

Keywords: *unemployment spells, probability, hazard, post-high school education, job.*

Classification JEL: *J64*

In the last years, societies have faced an alarming increase in the unemployment rate of educated individuals and clear discrepancies between the skills required by employers and the skills developed by graduates. Unemployment and underemployment are phenomena that generate long-term negative effects in the lives of all individuals. Individuals affected by unemployment struggle even after the unfortunate experience is over, with studies demonstrating negative cross-generational effects of unemployment. Thus, the importance of studying unemployment, the sensitive points of this worrying phenomenon is obvious.

The main objective of this paper is to investigate what is hidden behind the unemployment spells of post-high school graduates. 25,761 unemployment spells of post-high school graduates registered at the National Agency of Employment Romania (NAE), during January 1st 2014 –October 31st 2017 are analyzed. The endogenous variable of the study is unemployment duration, measured in days. The mean duration of unemployment for the analyzed dataset is of 189.66 days, the median value is 182 days and the mode is 181 days. The distribution of the analyzed unemployment spells has a positive skewness and a kurtosis of 8.644.

Personal characteristics of analyzed individuals, such as gender, age, region, urban/rural area of living etc are analysed in association with the unemployment duration and re-employment chances. Out of all 25,761 analyzed spells, 4,711 ended due to (re)employment, on short-term or long-term, 18 ended due to the fact that the individual obtains on his own account higher incomes than the value of the social reference indicator (ISR), 2,765 spells are deactivated due to expiry of the legal period for receiving unemployment allowance and the rest are deactivated due to other reasons.

The Kaplan-Meier estimator and the semi-parametric Cox proportional hazard model in a competing-risks approach are used to estimate the effect of various personal characteristics of individuals on the unemployment spells, exit states and (re)employment



hazard of post-high school unemployed graduates. The obtained results are use useful for policy makers in order to develop policies to combat unemployment and improve employment for this particular educational group.

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ECOLONOMY – A NEW WAY OF THINKING AND LIVING THE DREAM WITHIN HOPE

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Abstract

The authors set themselves to substantiate a new model of development for the economic, socio-political and spiritual life, starting from the systemic crisis of the actual model. Because “man is firstly what he thinks”, the authors conceive the healthy thinking paradigm, based on the five “C”-s: Courageous, Critical, Creative, Constructive and Coherent. Thus, the seed-ideas of the new model spring from the minds of human beings.

The ways on which are to be produced the fundamental changes in assimilating this model are reflected by the five “D”-s: Dragoste (Love), Dreptate (Righteousness), Demnitate (Dignity), Decență (Decency), Dumnezeire (Divinity). The authors subordinate the harmony between the five “C”-s and the five “D”-s to the requirements imposed by the health of the whole living, natural and created by the systemic wisdom of the universe which ensures the coexistence and succession of generations. The central pillar of the new way of thinking and of practical action is education in love and integral understanding of the existence in relation. The new principles on which is to be reconstructed the ecologic model are in harmony with the equilibriums of “integrated living integers”, with the aspirations and expectations of the Total man and All men. The dream within hope is in our vision also the engine for direction transformations according to the rule of win-win for all the participants of economic, political, social, cultural, and spiritual life.

The experience lived by humanity highlights the fact that only that which is assimilated culturally, spiritually, what enriches continually the Tree of Life with new knowledge and beauties, becomes long lasting healthy, harmoniously integrated, dreamt, and hoped by mankind. The core of this model resides in the competition of man with himself, in a natural soil, socially and spiritually fertile. This is favorable for flourishing scientific knowledge, its bearing of fruits with the help of people loving naturalness and Truth, Hope and Dream. From this perspective it is required also a new way of valuating the results of economic and social life, of human action, taking into account people’s aspirations and expectations, their dreams and hopes.

To his end, the authors propose the construction and making use of the Human Contentment Index (HCI) as an expression of human belief in harmonizing efforts with our dreams and hopes. The paper ends with the exhortation: “Dare to dream!” even the impossible if you want it to be possible.

KEYWORDS: healthy thinking, ways of change, ideas flexibility, serenity of changes, human contentment.

JEL classification: A12



SECTION 4

EUROSCEPTICISM, ANTI- GLOBALIZATION, RESETTLEMENT OF INTERNATIONAL POLITICAL AND ECONOMIC RELATIONS



CHINA'S ECONOMIC GROWTH UNDER THE REIGN OF XI JINPING

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Abstract

China, with a continuous existence of more than four millennia, represents one of the oldest civilisations in world history. Today's People's Republic of China is the second economic superpower of the world. It is not only the second-biggest economy in the world but also the largest trading nation. The aim of our paper is to briefly present and analyse China's economic growth since Xi Jinping has taken the power in 2012. In this sense, the author used a qualitative research method. The paper demonstrated that China's economic growth constitutes one of the most important issues on Xi Jinping's agenda. Also, it showed that in the past decade the Asian colossus attained remarkable achievements in the evolution of its GDP and growth rate.

Keywords: *economic growth, gross domestic product, China, Xi Jinping*

Classification JEL: O4, O40, O53

1. INTRODUCTION

China, with a continuous existence of more than four millennia, represents one of the oldest civilisations in world history. It is said that for an extended period of time “the sophistication of the culture, science and technology of China left the West lagging far behind” (Kerr, 2013, p. 12).

Today's People's Republic of China (PRC) is the second economic superpower of the world. The increasingly major role the PRC plays in the world economy is highly recognized by both theoreticians and practitioners. China is not only the second-biggest economy in the world but also the largest trading nation (Jaivin, 2022). Several important economic achievements have been obtained in the last decade, the so-called “Xi era” (Wasserstrom, 2022).

The aim of our paper is to briefly present and analyse China's economic growth since Xi Jinping has taken the power in 2012. In this sense, the author used a qualitative research method.

2. LITERATURE REVIEW

Economic growth constitutes a major concern for policymakers all over the world. This is also the case of China, an economic colossus. A decade under the reign of Xi Jinping has witnessed extraordinary change from an economic point of view. As “Xi wants to rule the world” (Brown, 2018, p. 2), he has made considerable efforts to ensure China a significant economic growth (Rudd, 2022).



3. RESEARCH METHODOLOGY

In order to achieve the objective of the paper, the author used a qualitative research method. The information was collected through desk research.

4. RESULTS AND DISCUSSION

In the period 2012-2021, China's GDP rose continuously and its growth rate registered, on average, significant values (Table no. 1). These performances show a keen preoccupation with maintaining impressive economic growth.

Table no. 1. The evolution of China's GDP and growth rate in the period 2012-2021

Year	GDP (current US\$trillion)	Growth rate (annual %)
2012	8.53	7.9
2013	9.57	7.8
2014	10.48	7.4
2015	11.06	7.0
2016	11.23	6.8
2017	12.31	6.9
2018	13.89	6.7
2019	14.28	6.0
2020	14.69	2.2
2021	17.73	8.1

Source: World Bank, 2022

CONCLUSIONS

The paper demonstrated that China's economic growth constitutes one of the most important issues on Xi Jinping's agenda. Also, it showed that in the past decade the Asian colossus attained remarkable achievements in the evolution of its GDP and growth rate.

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THE IMPACT OF THE ENERGY CRISIS ON FINANCIAL MARKETS AND INDUSTRY

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Abstract

Given the current socio-political context, in conjunction with the energy crisis, special attention is paid to the prudential supervision of the financial stability of market entities. Strict evaluation of investment fund portfolios and risk management mechanisms, with a strong focus on liquidity risk and the use of specific instruments, can lead to the avoidance of an economic crisis.

Keywords – energy, crisis, socio-political, U.E., financial market;

Classification JEL: G10, Q42;

1. INTRODUCTION

The objective of this research study is determined by the actual context, energy crisis generating a major impact of the financial markets and industry currently, there are global concerns to find solutions aimed at limiting the effect of the energy crisis on the global economy.

2. LITERATURE REVIEW

The specialized literature is poor regarding the current energy crisis and the impact on financial markets and industry, but despite all this, economic specialists express their motivated opinion on the impact of the energy crisis on the economy. For example, Commissioner for Economy Paolo Gentiloni, Commissioner for Energy Kadri Simson. Neagu O. and Teodoru C. analyzes the impact of energy consumption and cost on the economy.

However, one can observe the transition towards green energy, from crisis to innovation. This will not be the last crisis in the brave new world of clean energy.

3. CONCLUSIONS

More attention should be paid to the energy crisis on the economy as a whole and at the same time it can be treated as a transit stage to green energy.

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SOME CONSIDERATIONS ON THE EU'S ENERGY CRISIS

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Abstract

In this paper was emphasized the idea that beyond the inflationary impact, the current energy crisis is shaping up to be much more harmful for the EU economy than the pandemic period and its well-known restrictive measures. The energy crisis manifests in the EU through the lack of energy, because the production capacities do not have raw material, aspects that obviously led to rising prices. Thus, the EU energy market is insufficiently regulated, even if the model was proved valid in peacetime. In the current context, where Russia launched a harsh war against Ukraine, and energetic war against the Europe, it is demonstrated that EU model is no longer reliable for such a critical situation. The standardization of energy industries requested for all EU countries did not take into account the geography. Each country has a different mix of energy resources such as Poland and Germany who benefit from large coalfields or Norway and Romania that hold important gas resources. Also, EU policy makers that realize, the rules in the energy system have changed, being dictated by the "market", by the "marginal price", respectively the low price is sold first, the last traded price being the highest. In other words, the energy produced by renewables is the first sold, while the highest price is for charcoal and gas. In practice, the European energy crisis does not support this theory found in the market.

Keywords: EU, energy crisis, economy, gas, electricity

Classification JEL: Q28, Q48, Q54

1. INTRODUCTION

In the current literature (**Marinescu, 2021**) is rightly appreciated that Energy represents an indispensable resource for daily activities, even if reference is made to the population or economic agents. Thus, in the recent period the explosive increase of energy prices on European level, has an obvious negative effect on the dynamics of consumer prices reflected in the generalized increase of inflation rates at the EU level. Meanwhile, began to increase the concerns on the potential medium and long-term effects of these shocks, on the business environment on one hand and the recovery of economic activity, on the other hand. On the global level, returning the activity, along with the cancellation of the restrictions imposed by pandemic and the full reopening of economies generated the alert growth of demand for natural gas and electricity both from households and industrial production.

2. SOME CAUSES OF EU'S ENERGY CRISIS

Obviously, one of the main causes of energy crisis from EU is the Russian invasion in Ukraine. In this context, the price of fuels has increased as a result of Russia's aggression against Ukraine which has also raised concerns about the security of energy



supply in the EU. [1] In addition to the geopolitical factor, there is a mix of events on the continental level who led to the current reality such as: the closure of heating plants in Western Europe as it happened with charcoal, nuclear and gas plants; the logistics of fuel supply caused by a combination of very low water levels in the Rhine (e.g. impact of coal delivery to German power plants) and logistical problems caused by the Russian-Ukrainian military conflict, periods of low levels of wind and solar production.[4]

Among the relevant channels for the dissemination of these shocks should be emphasized those regarding the real disposable income of households and to the resources available for corporates' investments, in the conditions where energy inputs are difficult to substitute with other factors of production at least on the short and medium term.[3]

This difficult context of energy crisis marked by the Russia – Ukraine war calls into question the EU's position on the global map of economic competitiveness and energy security.[4] Thus, as a result of the strong increase in energy prices, against the background of assuming the most ambitious green transition targets and sustainable development objectives.

3. CONCLUSIONS

Finally, it should be mentioned that the EU energy crisis is deepening in accordance with the even more Russia restrictions on exports of natural gas forcing governments spend billions to protect businesses and consumers against rising bills, while the region is approaching the severe recession. Thus, the current energy crisis on the natural gas and electricity is an alarm signal at the European level, which should have a strong echo at the strategic level of policy decisions in the energy field.

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ECONOMIC BENEFITS OF ROMANIA'S ACCESSION TO SCHENGEN AREA

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Abstract

This paper aims to highlight some major economic benefits that Romania could have in the context of a potential accession to the Schengen area. At the same time, our country can fully benefit from the advantages that confers the status of the European Union member. Without Schengen accession, Romania risks losing time and money and will not be able to recover the gaps compared to the other member states of the European Union. Also, Romania's entry into the Schengen Area would contribute enormously to a positive perception of our country among investors, and the growth of the Gross Domestic Product (GDP) will be in convergence with the average of the European Union. Moreover, would offer support to businesses in Romania to reduce their costs for exports. Moreover the status of member state of the schengen area, would offer support to Romanian businesses to reduce their export costs. Moreover, Romania's accession to the Schengen area means benefits for the entire European Union. Furthermore, our country's accession to the Schengen area could generate a significant increase with more than 10% of trade operations between Romania and its main partner states from the European Union. Last but not least, the accession to Schengen will increase the attractiveness of Romania as a business and tourist destination.

Keywords: Schenghen area, Romania accession, EU, trade deficit, economy

Classification JEL: F10, F15, N74

1. INTRODUCTION

Generally, it is known very well that the free movement and the removal of internal border controls is one of the most major achievements of the process of European integration. (Deacu, 2022) Also, Schengen area respectively the space without internal border controls, was established in 1985 in Luxembourg by an intergovernmental agreement concluded at Schengen, through the initial participation of five Member States (Belgium, Germany, France, Luxembourg, the Netherlands). Currently, the Schengen area is the largest area of free movement in the world, in which 26 European countries participate allowing free movement of more than 420 million people and free movement of goods and services.

2. SOME BENEFITS OF ROMANIA'S ACCESSION TO SCHENGEN AREA

The main advantage brought by Romania's accession to Schengen is the freedom of movement of citizens and shorter travel times. Regarding Romania, the accession to Schengen, together with the neighbor country Bulgaria, would mean that there will be no more border controls between our country, Bulgaria, Hungary and Greece. Thus, between these states, crossing the border will be possible regardless of time and place, but with a valid identity document.[3] Therefore, crossing internal borders can be compared to a



journey inside the country without citizens realizing when have crossed the border. Thus, joining the Schengen area represents a major advantage for people who want to travel, regardless the means of transport chosen: plane, train, coach or personal car. If Romania will enter Schengen together with Bulgaria, will disappear the waiting times at land border of crossing points with Hungary Bulgaria, and Greece. In such a scenario, would be made major time savings, especially during the holiday season. However, the greatest advantages of accession to Schengen will benefit the Romanian carriers, which are currently facing with long waiting times. [2]

Thus, Romanian carriers accused the abusive controls to border, which generates infernal queues, huge waiting times for drivers and delays in delivery of goods to customers, which can determine both the penalization of carriers, as well as serious problems in the supply of cities or during production processes and last but not least increasing costs for end users. Therefore, the goods could reach to destination faster and more efficiently, which would lead to lower costs and cheaper products. In this context, transport companies will bear lower costs with fuel, wages and daily allowances.

Another major advantage of Romania's accession to Schengen would be increasing the level of foreign direct investment that will lead to development of the economy, production, logistics and transport.[1]

Also, among the advantages of our country's accession to Shenghen, cannot be omitted a greater European integration, such that Romania can become a more relevant and active actor in shaping the EU future policies. If Romania would become a member of the Schengen Area, could increase the attractiveness in obtaining Romanian citizenship, as a result of the wide opportunity to travel in Europe, provided by the identity document issues by the Romanian authorities, that will allow free travel within the EU.

3. CONCLUSIONS

Finally, it is important to mention that Romania's accession to the Schengen area accelerates economic growth and balances the trade deficit. increasing Romania exports and exporters' competitiveness are the main advantages of integration in the Schengen Area. Therefore, increasing the exports brings both economic growth, as well as reducing the trade deficit, one of the biggest vulnerabilities of Romanian economy.

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SECTION 5

JOBS AND ECONOMY DURING THE COVID- 19 PANDEMIC



THE INDUSTRY IS MAKING EFFORTS TO RESTORE ITSELF

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Abstract

The industry remains the main branch of the national economy in terms of the formation and growth of the gross domestic product, thus the growth of the national economy. The prices in the industry continued to rise during 2022, having the effect of diminishing the result in real terms. Regarding new orders, in the last months of 2022, we are seeing a slight increase in them, especially domestically. From the point of view of energy, we find an unpleasant situation. Due to the increase in the price of natural gas, oil and electricity, domestically they have increased, contributing massively to the reduction of the quality of life. In an attempt to highlight this trend of the evolution of the industry as a whole, we used the statistical indicators provided by the National Institute of Statistics and Eurostat, we made some correlations that are established between these variables and the gross domestic product and the standard of living. At the same time, we used logical, interpretative and comparability analysis, internal in time and international in space.

Keywords: E31,O13,Q43.

Classification JEL: energy resources, Russian-Ukrainian conflict, inflation, GDP, economic-financial crisis

1. INTRODUCTION

In the analysis of the evolution of the industry and the effect that this branch has on the formation and growth of the gross domestic product, we started from the study of the new orders placed in the industry, as a gross series or a seasonally adjusted series.



We also focused on the study of the evolution in the price of industrial products which is increasing and also feeds the increase in the rate of inflation calculated on the basis of the HICP. We also focused on the study of primary energy resources, starting from the effect that the war in Ukraine has on this field of activity. We found that both the domestic production of gas and oil, as well as the import of these products, recorded decreases. The decreases will also be recorded on account of the European Union Directive to ensure a saving in gas and electricity consumption of around 10, maybe 15%.

In this context, due to these increases and the reduction of the population's real salary income, there is the prospect of a decrease, with serious consequences, for the population. The standard of living will decrease.

They are directives of the European Union that provide for reaching a balanced level of the minimum wage per economy in the countries of the European Union or of the lowest possible pensions in the European Union. This is the theory. The concrete conditions in our country cannot ensure such an evolution. In the in extenso presentation of this article, we have extensively used suggestive graphs and tables that make it easier to understand the evolution of the industry in our country and the effect it will have, in real terms, on the growth of the gross domestic product.

2. METHODOLOGY, DATA, RESULTS AND DISCUSSIONS

The gross domestic product has industry as its main source of growth. This is regardless of whether the industry declines because it is the most extensive field in our country's economy. The extractive industry, like the manufacturing one, is likely to ensure a share of approximately a quarter of the total value of the gross domestic product and contributes to the change of this indicator to the same extent. There is a slight encouragement in terms of industrial production in the first ten months of 2022. There are some increases, but affected by the increase in the prices of industrial products which is clearly higher. These increases in these products fuel the increase in the inflation rate.

Going further, we note that also in terms of the turnover recorded in the industry, we note in the last three months of 2022 slight increases which, however, cannot neutralize the effect of the increase in the prices of industrial products.

In the analysis of the evolution of the industry, we must take into account the fact that there are few internal sources to ensure investments in the industrial branches of interest for the national economy. In the context of the industry analysis we also include the analysis of primary energy resources. As a result of the crises faced by the world economy, but especially as a result of the effects released by the energy and food crisis, influenced by the war in Ukraine, we find that energy is the essential factor fueling the increase in inflation, prices in general, and decrease in the standard of living. We note that the production of gas and oil decreased as well as that of electricity which also decreased during the whole year 2022. This situation will certainly be maintained until the end of 2022 but depending on the escalation or maintenance of the war in Ukraina will continue to grow in 2023. Maybe with lower rates, but it will continue to be a danger to inflation control.

From the data presented in the complex presentation on this topic, based on graphical representations and explanatory tables, it is clear that the industry must benefit



from support from the state budget, as well as the attraction of new foreign investments or the participation of professional companies from the country to important objectives in the European Union or on a wider scale.

There are still fears that the armed conflict in Ukraine will continue for a longer period, as there are enough dangers in terms of rising prices of energy and electricity products.

All this will affect economic growth in real terms, after deflation, and, consequently, on the decrease in the quality of life of the population.

CONCLUSIONS

The study of this article leads to some practical conclusions. First, industrial production is on the way to recovery but needs a boost, both through foreign direct investment, through the opening of new commercial companies with foreign capital, and through the wider use of investment.

Another conclusion is that such a trend of the industry is called into question due to the continued increase in the inflation rate, as well as as a result of the effects of the COVID 19 crisis, the energy and food crisis that will not reduce or even stagnate at a level for a period of time but, on the contrary, under the impetus of the armed conflict in Ukraine, they will increase.

The industry will remain the main branch, with a major contribution to the formation and growth of the gross domestic product but, unfortunately, at lower levels. It is necessary to take some measures, even if the macroeconomic management does not expressly want them, to control and reduce inflation.

Inflation has a dual role. On the one hand, by applying the taxes, the VAT on inflated prices ensures an increase in the revenues of the state budget, but, equally, it affects the standard of living of the entire population (about 90% of it) who will see their salary income (mainly salaries, the minimum in the economy, pensions very affected by inflation).

Along this path, winter is also coming which, combined with the effects of the COVID 19 pandemic, and associated with effects that are difficult to anticipate now, of the armed conflict in Ukraine, will be able to represent a real target regarding the course of the season which is in its term but, as a result of fairly low temperatures will have an effect on the population, including its health.

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POST COVID EVOLUTIONS OF TOURISM IN MEMBER STATES OF THE EUROPEAN UNION. SIMILARITIES AND DISPARITIES

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Abstract

The free movement of people, the increase in the standard of living in the states of the European Union and beyond, the increase in free time, the increase in the appetite of individuals for travel, as well as the development of the specific infrastructure, have led in recent decades to a significant increase in tourist traffic and, implicitly, the development tourism industry, and adjacent industries, with significant effects at regional and local level. Unfortunately, the outbreak of the Covid-19 pandemic at the beginning of 2020 had a significant negative impact on tourist traffic and implicitly on the tourism industry both globally, regionally and locally. Although the resumption of tourist traffic took place gradually, at the level of the European Union states, significant differences were highlighted. Starting from this assessment, the paper performs an radiography of the evolution of tourist traffic in the European Union, between January 2018 and September 2022, highlighting the similarities and differences between the member states, from this point of view.

Keywords: *tourist traffic, Covid-19, tourist arrivals, tourist reception structure.*

Classification JEL: *C10, L83*

1. INTRODUCTION

In most modern economies, implicit in the development strategies of the European Union, tourism plays an important role [1], being a development factor at national, regional and local level [2-4], with an important role in sustainable development and growth of the standard of living of the population.

Unfortunately, this process was significantly affected by the outbreak, at the beginning of 2020, of the Covid-19 pandemic, with negative consequences especially on tourism [5,6], with major implications on the workforce [7], with reductions of over 50% in this area [8].

The analyzes carried out after the outbreak of the pandemic have brought to the attention of those involved in tourism a series of challenges regarding the traditional approach to the restoration policy of tourism [9,10], versus new approaches such as virtual

reality tourism, virtual tourism and augmented reality [11] , as well as various ways of returning to normal, in the new conditions [12-14]

Taking into account these aspects, the main objective of the research carried out was, on the one hand, the impact of Covid-19 on the European Union tourism circulation, and on the other hand, the identification of the disparities and similarities between the member states in the process of returning to normal tourist circulation, both in terms of domestic and foreign tourists.

2. METHODOLOGY

To achieve the objectives of the paper, the main indicator analyzed was the arrivals in the tourist reception units with accommodation functions, from member states of the European Union in the period January 2018 – September 2022 [15]. Taking into account the available data, 25 of the 27 Member States were included in the research, in the case of Ireland and Bulgaria, there are large discontinuities in the data series.

In order to ensure the compatibility and comparability of the evolution of the phenomenon of tourist traffic, relative indicators were determined and used, i.e. tourist traffic indices from January 2019 to September 2022, with a fixed base in the corresponding months of 2018:

$$y_{k,i-12} = \frac{x_{k,i}}{x_{k,j_{2018}}}, i = \overline{13,57}, j_{2018} = \begin{cases} i \bmod 12, i \bmod 12 \neq 0 \\ 12, i \bmod 12 = 0 \end{cases} \quad [1]$$

In (1) $X[x_{k,i}]_{k=1,25, i=1,57}$ is the matrix of the number of tourist arrivals from the 25 analyzed states, between January 2018 and September 2022.

The normalized data series of the evolution of arrivals were also used:

$$z_{k,i} = \frac{x_{k,i} - \bar{x}_k}{\sigma}, \quad \bar{x}_k = \frac{\sum_{j=1}^n x_{k,j}}{n}, \quad \sigma = \sqrt{\frac{\sum_{j=1}^n (x_{k,j} - \bar{x}_k)^2}{n}} \quad [2]$$

In (2) $Z[z_{k,i}]_{k=1,25, i=1,57}$ is the matrix of normalized values of the number of tourist arrivals in tourist reception structures with accommodation functions in the period January 2018 - September 2022.

For testing the statistical significance of the parameters used, the main null hypothesis is: parameter does not differ significantly from zero; is not statistically significant ($t_s < t_{\alpha/2, df}$), where t_s is the value of the Student statistic calculated according to the data series whose parameter was determine, and df represents the degree of freedom. The 95% confidence coefficient ($\alpha=0.05$) was used to test the statistical hypotheses.



CONCLUSIONS

The results obtained highlight the major impact that the Covid-19 pandemic had on tourist circulation in the analyzed states, not only through the drastic reduction of its values, but also through the perturbations triggered, and which have not yet led to a stabilization of this process. There are still large and very large amplitude oscillations, in addition to those determined by seasonality, with effects on the stable operation of tourism industries. Their amplitude is significantly higher in relatively small states, such as Cyprus, Malta, Luxembourg, as well as in Slovenia.

On the other hand, there were significant differences between the analyzed states in terms of the duration of the return process of tourist traffic, both in terms of domestic tourism and of foreign tourists. However, tourism, in terms of the amplitude of tourist traffic, in the last year, recorded higher values than those recorded before the outbreak of the pandemic.

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THE IMPACT OF DUAL EDUCATION ON THE LABOR MARKET

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Abstract

The scientific approach of this paper addresses the problem of the imbalance in the labor market between the educational offer and the labor force demand. One of the problems that led to the imbalance on the labor market and the labor shortage is conditioned by the weak interaction between the professional training system and the actors involved in the hiring process. Under these conditions, we consider that professional education in the dual system becomes a very important mechanism. This allowed the author to analyze the model of dual education at the national level but also the experience of other countries.

Keywords: labor market, deficit on the labor market, educational offer, demand and supply of labor, dual education

Classification JEL: J23, M35

1. INTRODUCTION

The rigors of the labor market demonstrate the need to adjust the traditional model of professional training to the realities of the economy. The dual education model is considered effective, if it works under the specific conditions necessary for it, as shown by the practice of developed states.

The term "dual education" is widely used as a comprehensive term, referring to the fact that teaching and learning in VET (vocational technical education) is characterized by "duality" from two points of view:

- the duality of learning spaces (VET schools/providers and training companies), which share responsibility for providing theoretical and practical training;
- the duality of actors involved (public and private actors), who share responsibility for VET policies and practices [8].

The dual character of learning spaces is the basis of the definitions used in European and international specialized literature. According to UNESCO, "the dual education system is called "dual" because it combines apprenticeship in a company and vocational education in a vocational school in a single course" [14]. Within the company, the apprentice benefits from practical training, which is complemented by theoretical training at the vocational school.

According to CEDEFOP, dual education refers to "periods where learning or training in an educational institution or training center is combined with learning or training at the workplace". CEDEFOP also refers to dual education as work-study, emphasizing that the term "dual education" can be used as a synonym for "work-study",



”apprenticeships” or ”work-based learning”. There are, however, a number of small but significant differences between these terms, as they differ from the point of view of the two aspects mentioned above [13].

II. THE CURRENT SITUATION OF DUAL EDUCATION IN THE REPUBLIC OF MOLDOVA

In the Republic of Moldova, dual education has been applied in the professional technical education system since 2014, at the initiative of the Ministry of Education and Research of the Republic of Moldova in coordination with the Chamber of Commerce and Industry, which carries out the support and monitoring activity of dual education. Education Code of the Republic of Moldova no. 152/2014 establishes that in technical professional education, for certain trades/professions dual education can be applied, under the conditions established by the Ministry of Education and Research through coordination with other relevant central bodies and with interested economic agents. Dual education takes place, in parallel, in technical vocational education institutions and in enterprises or other economic units [1].

With the entry into force of the Law on dual education, No. 110 of 21.04.2022 (hereinafter Law), the detailed and comprehensive legal aspects of dual education in the Republic of Moldova were established. The law fully regulates the organization of dual education, but also the status of the parties involved (Chamber of Commerce and Industry, economic agents), as rules generally applicable to all fields. This normative act is circumscribed by the principles and values promoted by the European Union, and the German experience in the organization of dual education was taken into account when drafting the law.

Until the entry into force of the Law, the way of organizing and conducting technical professional training programs through dual education were established in the Regulation on the organization of technical professional training programs through dual education, approved by Government Decision no. 70 of 22 January 2018, which will possibly be repealed, because a large part of the rules can be found in the Law.

Through the intervention of the new Law, the basic problem is to be partially solved, which aims to reduce the impact on the reduction of the level of employment and the shortage of qualified labor. The problem of labor shortage in the national economy results from the following findings:

- The Republic of Moldova registers the lowest employment rate compared to the EU states and those in the region - only 42% of the country's population is employed. According to EU policies, an employment rate of 50% is considered a high risk for the country's economy.
- Informal employment shows an increasing trend. About 39% of the employed population is informally employed (self-employed, informal employment, employed in households for own consumption). In the last 5 years, the number of informally employed people has increased by about 30%. This situation reduces the share of formal employment. Under these conditions, the phenomenon of ”black work” and ”envelope wages” develops.



- During the year 2022, according to the statistical data of ANOFM, about 11182 vacant jobs are registered. In this sense, there is a slow reduction in the supply of labor, against the background of an increase in the demand for labor.
- The reduction in labor supply is generated by demographic problems, massive migration of young and qualified labor. Demographic decline means that fewer and fewer young people enter the labor market. The major risk that can be identified in the coming years is generated by the continuation of the labor force exodus, in particular, in the countries of the region (Romania, Poland), which in turn face enormous labor force deficits. The largest absorption of labor force from the Republic of Moldova is expected to be in Romania.
- The reduction in the labor supply, especially the skilled one, denotes the harmful impact on the national economy. As a result, a contradiction is registered: the reduction of labor productivity (labor efficiency), the added value in the economy and the increase of labor costs (employers are forced to raise wages).

All these problems mentioned above can generate essential problems for the national economy in the coming years. Therefore, it is necessary to develop a set of measures that will contribute to the development of an attractive labor force training system. Under these conditions, the Law on dual education ensures the legal framework necessary for the large-scale development of dual education, which will partially ensure, together with traditional professional education, the labor market with qualified personnel.

In accordance with the provisions of art. 11 of Law no. 110/2022 the Chamber of Commerce and Industry is assigned a series of powers, including:

- the activity of support and monitoring of dual education;
- the establishment of a committee to verify the unit's compliance for participating in the professional training process through dual education;
- drawing up and managing the register of units in dual education;
- other duties and responsibilities [2].

In this sense, the Law establishes the keeping of records of economic units involved in dual education by the Chamber of Commerce and Industry, which, according to the law, ensures the activity of support and monitoring of dual education.

Practice shows that not all units involved in dual education have sufficient resources, especially human resources, to realize the implementation of dual education. As a result, after the initiation of the dual education program, various situations appear, which sometimes even lead to the termination of the partnership between the educational institution and the economic unit, which has a negative impact on the students.

In order not to admit such situations, the Law provides by art. 19 verifying the unit's ability to satisfy the conditions for organizing the professional training program through dual education and the generic and professional skills according to the criteria regarding the unit's compliance for participating in the process of professional training through dual education [2].

The financing of dual education is ensured from the state budget. The vocational technical education institution, based on the financial resources allocated according to the Education Code, ensures the necessary conditions for the professional training of the student. The expenses of the unit, incurred for the organization and realization of dual education, are subject to compensation from the state budget, in a proportion of no more



than 50% of the expenses allowed for compensation, in accordance with the normative acts of the Government.

Considering the positive impact of dual education on the quality of the workforce, the Ministry of Economy is planning for the years 2023-2025, financial means of at least 10 million lei to support economic agents, which participate in the implementation of dual education. In this sense, in accordance with the provisions of art. 20 paragraph (3) of the Law is to be elaborated and implemented by the Government, the compensation mechanism from the state budget for the expenses of economic agents involved in dual education.

The new Law includes rules of a primary nature regarding the principles, the organizational procedure, the participating parties, their rights and obligations within dual education, or this fact will lead to the univocal interpretation and application of this institution, removing some confusions that previously existed in the legislation.

The efficiency of the educational process and work practice within the educational institutions will allow the introduction of new disciplines to ensure the labor market in the Republic of Moldova with qualified specialists in the existing fields of activity and in new ones.

The perspectives of the organization of dual education in the Republic of Moldova in accordance with the new legislation assume a series of benefits for students: professional training in a real work context based on the equipment within the unit/economic agent; social package offered to students from vocational technical education through: payment of the scholarship, accommodation in the institution's dormitory, for secondary vocational technical education - free food; professional training remuneration, the size of which cannot be lower than the guaranteed minimum amount of the salary in the real sector; greater opportunities for employment and career advancement.

At the same time, dual education is also advantageous for economic agents who have the opportunity to participate in the training of the workforce in accordance with their own needs; to select students in the process of conducting the admission competition; participate in the assessment of students' skills upon completion of the professional training program; to select the best candidates after the completion of the training period, with a view to employment.

The adoption of the new law on the organization and proper functioning of dual education obviously represents a step forward in the effort to identify viable solutions for the many problems faced by both technical vocational education and economic agents in securing the workforce.

CONCLUSIONS

One of the problems that led to the imbalance on the labor market and the labor shortage is conditioned by the weak interaction between the professional training system and the actors involved in the hiring process. This is amplified by a low level of anticipation of jobs and the necessary competence for the priority areas of economic development, as well as the lack of involvement on the part of local public authorities.



Under these conditions, we consider that professional education in the dual system becomes very important, given the fact that it offers young people both theoretical knowledge and practical experience, and economic agents - qualified staff.

For seven years, the Republic of Moldova benefited from support from Germany and Switzerland for the development of dual education, obtaining impressive results: 71% of dual education graduates found work immediately, compared to 43% of the technical education system. Given the fact that the Republic of Moldova adopted the Dual Education Law, this is a factor that speaks of the serious intention of all parties involved to develop dual education on a large scale.

We need three important conditions for young people to be able to contribute to the development of the country: a favorable environment for investments in creating jobs, economic agents to invest in our country and qualified people, or the good functioning of dual education in the Republic of Moldova depends, largely due to the economic situation in the country.

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THE INCREASING OF LABOUR FORCE EMPLOYMENT THROUGH ACTIVE LABOUR MARKET POLICIES

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Abstract

In this scientific endeavour, the issue of active labour market policies (ALMPs) is addressed, as an essential element in increasing employment. ALMPs have been a concern for several researchers, with several aspects of them being addressed, as well as their impact on different workforce categories. In the case of long-term unemployment, the ALMPs come to financially and logistically support the respective persons for a faster integration into the labour market. At the national level, ALMPs have demonstrated their effectiveness and purpose pursued by government institutions in several countries. Starting from the content of ALMPs at the EU level, we analysed those services and measures that have been implemented for several years in the Republic of Moldova. In order to carry out the research, we performed an analysis of the annual statistical reports prepared by NEA from the Republic of Moldova. Indicators reflecting the content of ALMPs were identified from the annual statistical reports. Also, the dynamic analysis of the selected indicators allowed us to ascertain certain trends regarding the implementation of ALMPs in the Republic of Moldova.

Key words: *labour force, labour market, active labour market policies, disadvantaged groups, employment services, active measures.*

JEL Classification: *E24; J21; J48.*

1. INTRODUCTION

Labour market policies are defined as policies that provide income replacement and labour market integration measures for job seekers (the unemployed), but also for the underemployed and employees looking for better jobs. If passive policies aim to financially support the unemployed, active policies support the faster integration of jobseekers into the labour market.

ALMPs have evolved as a means by which national governments seek to reintegrate the unemployed and others outside the labour market into work. Encompassed in various employment programmes, job placement schemes and policies aimed at the most disadvantaged groups in the labour market, ALMPs have usually been viewed as 'supply-side measures' (Valizade et al., 2022). Later, ALMPs began to be "demand-side" oriented, by engaging employers in various programs to provide jobs to disadvantaged people in the labour market (Liechti, 2020; Wang et al., 2020).

The implementation of ALMPs can generate a more effective match between job vacancies and registered unemployed by adjusting the skill mix of job seekers or improving job search efficiency (Estevão, 2007). ALMPs also contribute to increasing labour productivity, as a result of vocational training programs or direct subsidies for job creation. This increase in productivity would change the demand for labour and increase employment and wages (Estevão, 2007).



ALMPs have a history of including targeted measures for both unemployed and employed people. Initially, ALMPs were mainly directed at employed people to deal with regional imbalances, migration assistance and upward job mobility [Schömann, K. 1995)]. The concern of ALMPs changed significantly and became almost exclusively oriented towards the unemployed. The first systematic conceptualization of the distinction in active and passive labour market policies, in an internationally comparable manner, was established in the 80s of the 20th century.

ALMPs were developed in Sweden as a crucial component of the social democratic strategy, which aimed to combine the competitiveness of an open economy with the security of full employment and social justice [Toft, 2003)]. Although it started as a truly social-democratic policy, the concept of ALMP was also accepted by liberal and conservative politicians, as well as by liberal economists [Armingeon, 2007)].

At the EU level, the Europe 2020 Strategy was approved in which one of its objectives consisted in the creation of efficient and competitive ALMPs, to help people reduce periods of unemployment and facilitate the transition to new jobs (EC, 2013).

2. LITERATURE REVIEW

ALMPs can be defined as policies aimed at helping the unemployed return to work (Fernandez-Urbano & Orton, 2020). The OECD defines ALMPs as follows: "Active labour market programs include all social expenditure (except education expenditure) intended to improve or increase the beneficiaries' chances of finding gainful employment ability to earn a living. This category includes expenditures intended for:

- government employment services and institutions;
- vocational training adjusted to the labour market;
- special programs for young people in the process of transition from the school to the work;
- labour market programs aimed at providing or promoting jobs for the unemployed and other people (except for young people and people with disabilities);
- special programs for people with disabilities" [OECD, 1996].

Theoretically, the traditional justification for implementing ALMPs has been to reduce imbalances in the labour market and counteract rigidities and distortions. This comes from the recognition that governments cannot sustainably address unemployment by expanding demand alone (Bellmann and Jackman 1996). Improving the matching process by reducing skill mismatches or increasing participant search efficiency is considered among the most important channels for how ALMPs exert direct effects (Wapler et al., 2022). Improving the matching process by reducing skill mismatches or increasing participant search efficiency is considered among the most important channels for how ALMPs exert direct effects (Wapler et al., 2022). Improved labour market matching policies aim at raising the probability, efficiency and quality of labour market matching by supporting job seekers and employers as well as by taking an intermediate and brokerage role to overcome informational deficiencies (Lehmann & Kluge, 2010).

In recent years, employers' interest in ALMPs has become increasingly high (Van Berkel et al., 2017). This is because greater employer involvement in ALMPs creates a win-win-win situation (McCollum, 2012). McCollum's claim is explained by the fact that job seekers are employed in existing vacancies as a result of their participation in



vocational training programs. In turn, employers receive work-ready employees, and service providers offer jobs to clients.

Employment plays a key role in the formation of individual identity, mental health and well-being (Wood and Burchell, 2018). Therefore, several researchers have been concerned with evaluating the effects of ALMPs on the mental health and well-being of individuals, proving their positive effect as a result of individuals returning to work (Sage, 2015; Crost, 2016; Ayala & Rodriguez, 2013). Therefore, the involvement of employers and employers' organizations in the policy process is necessary to make ALMPs effective and responsive to labour market demands (Martin & Swank, 2012).

At the national level, increased spending on ALMPs leads to decreased unemployment-related suicides (Niedzwiedz et al., 2016). In this context, some research aimed to evaluate the impact of ALMPs on disadvantaged groups (Bonoli & Liechti, 2018), while others analysed the impact of ALMPs on the unemployed (Fervers, 2019). Some authors have analysed the competitiveness of ALMPs at the level of some EU states (Bánociová & Martincová, 2017).

The significance of ALMPs is more noticeable in situations of crisis or economic imbalances. Brown & Koettl (2015) identified five objectives that a country should focus on in times of crisis. The first objective is to provide incentives to maintain the existing job. The second objective is to provide incentives for the creation of new jobs. The third objective is to provide incentives to increase knowledge, and the last two objectives are to increase the level of employment to increase the productivity and skills of employees.

3. THE CONTENT OF ACTIVE LABOUR MARKET POLICIES

ALMPs are included in the services and measures promoted on the labour market, at national level.

Services refer to labour market interventions where the main activity of the participants is related to job search and where the participation usually does not result in a change in the labour market status. In addition, the services cover the functions of the Public Employment Service (PES) that are not directly related to the participants, such as: job placement services, services for employers, administrative functions, overheads and other activities [European Commission, 2018)]. The measures refer to labour market interventions where the main activity of the participants is other than looking for a job and where the participation results in a change of labour market status.

Services represent the first category of interventions on the labour market and include all the actions and activities undertaken by the SPO together with the activities provided by other public agencies or any other bodies that facilitate the integration of the unemployed and other people looking for a job or that assist employers in the staff recruitment and selection process. EC classifies services in several categories, most of them being present on the labour market of the Republic of Moldova (Table 1).



Table 1. Classification of labour market services

Service name	Service type	Service description
Customer Services	Information services	They are provided to jobseekers in the form of ad hoc information on employment opportunities, training and other forms of assistance, together with job placement services for employers.
	Individual case management services	It represents individualized assistance services (intensive counselling and guidance, job search assistance, individualized action plans) and targets the unemployed as part of a planned path to sustainable (re)employment.
Other services provided by the PES	Administration of labour market policy measures	It covers the activities of the PES related to the implementation of labour market policy measures.
	Administration of labour market policy support	It includes the activities of the SPO related to the administration and payment of unemployment benefits and other payments regarding labour market policies, as well as its supervision of other bodies that carry out the payment function (National Social Insurance House in the case of the Republic of Moldova).
	Other services/activities	It covers all other services, activities and general expenditures of the PES that are not found in the other categories.

Source: Prepared by the author based on [European Commission, 2018].

Employment measures represent another type of intervention on the labour market, responsible for their implementation being a government institution (National Employment Agency in the case of the Republic of Moldova). Employment measures are aimed at both jobseekers to support them to gain employed status and employers. Figure 1 shows the classification of measures regarding labour market policies, according to the EC.

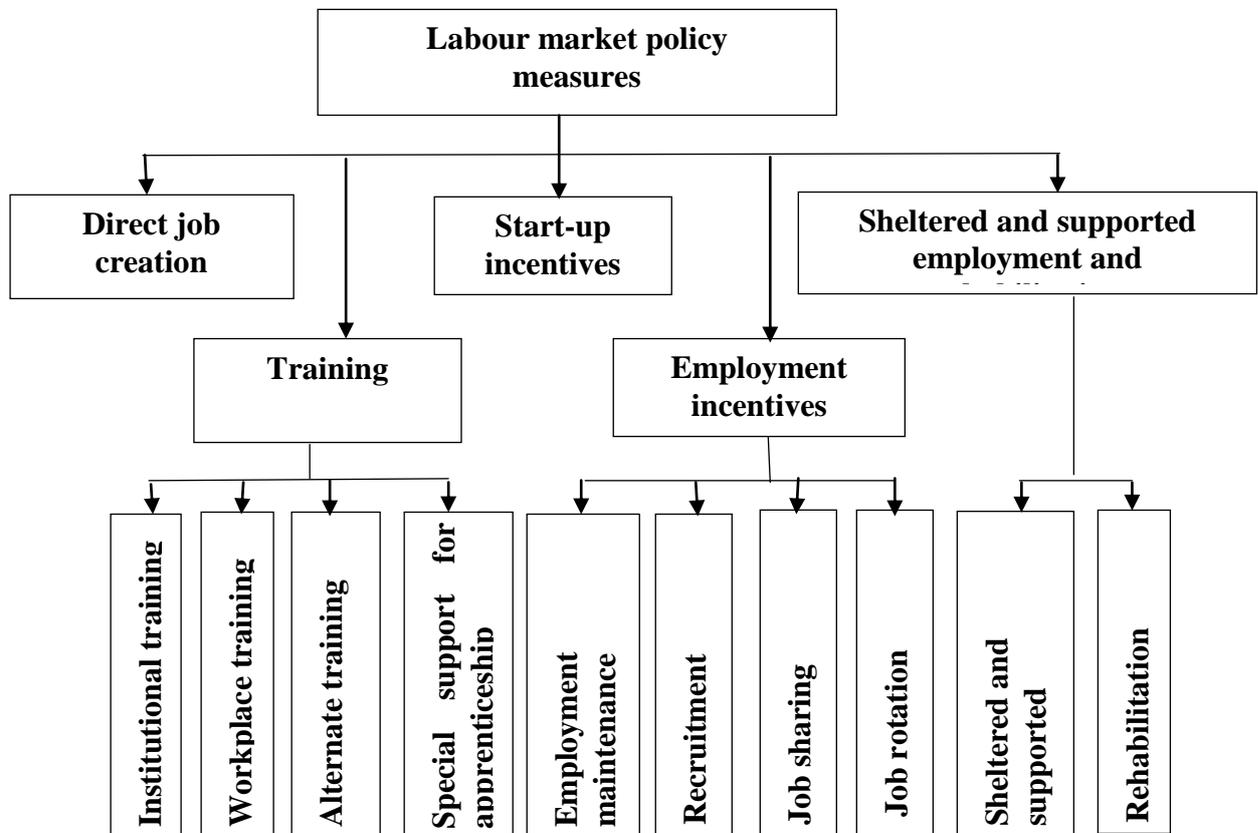


Figure 1. Classification of labour market policy measures, according to the European Commission

Source: Prepared by the author based on [European Commission, 2018].

As Figure 1 shows, there are several active measures covering labour market policies, classified into five categories: vocational training, employment stimulation, job creation, business start-up stimulation, job rotation and job sharing.

4. CONCLUSIONS

ALMPs have an essential role to support disadvantaged people in the labour market and have been developed and implemented to increase the level of employment among them. Given that some categories of disadvantaged people fail to integrate into the labour market, government institutions, especially the Public Employment Service, implement various services and measures for a faster transition to a job.

The Republic of Moldova does not have a long experience in implementing ALMPs. Over the years, NEA from the Republic of Moldova has provided several services to job seekers. Regarding the active measures, vocational training has been implemented for several years on the labour market, and the beneficiaries were the persons registered as unemployed at the NEA. Starting from 2019, when the new law on employment promotion



and unemployment insurance entered into force, the spectrum of active measures was expanded and adjusted, to a large extent, to EU requirements.

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THE IMPACT OF DIGITAL ECONOMY ON THE ECONOMIC GROWTH AND THE DEVELOPMENT STRATEGIES IN THE POST-COVID-19 ERA

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Abstract

The digital economy is considered an effective measure to mitigate the negative economic impact of the coronavirus disease 2019 (COVID-19) outbreak. However, few studies have assessed the role of the digital economy on the economic growth of countries along the Belt and Road and the impact of COVID-19 on their digital industries. This study constructs a comprehensive evaluation index system, and applies a panel data regression model to empirically analyze the impact of the digital economy on the economic growth of countries along the "Belt and Road" before COVID-19. The main mechanism of action is to promote the modernization of industrial structure, overall planning of employment and adjustment of employment structure. In addition, COVID-19 has boosted the demand of the digital industry in general, and the impact on the demand side is much greater than that on the supply side. Propose a development strategy to bridge the "digital divide" of the countries along the "Belt and Road", and strengthen the role of the digital economy in the post-COVID-19 era on industrial modernization, employment and trade

Keywords: digital economy, coronavirus disease, development, strategy, industrial modernization.

Conclusions and Policy Implications

This study constructs a comprehensive evaluation index system, and uses principal component analysis to measure the maturity of digital economy development in countries. A panel data regression model is then applied to empirically analyze the impact of the digital economy on its pre-COVID-19 economic growth. The digital economy has a significant positive impact on the economic growth of countries along the "Belt and Road". It can stimulate economic growth by promoting the modernization of industrial structure, overall planning of employment and adjustment of employment structure. COVID-19 has generally stimulated the demand for digital industries in countries along the "Belt and Road", and its impact on the demand side of the digital industry is far greater than that on the supply side.

Countries along the "Belt and Road" should determine their own advantages and disadvantages based on the results of digital economic development, and formulate effective development strategies and paths. Countries should focus on strengthening research and development support for digital cutting-edge technologies such as artificial intelligence and 5G, strengthen the training of professional talents, and improve the environment for digital economic innovation.

In the post-COVID-19 era, it is necessary to pay attention to the driving role of the digital economy in industrial modernization and employment. On the one hand, it is



necessary to combine economic globalization and informatization construction to further promote the deep integration of the digital economy and traditional primary, secondary and tertiary industries. Countries along the “Belt and Road” need to use ICT technology to improve the digital management and operation level of traditional industries, optimize the efficiency of industrial resource allocation, improve economic benefits, and increase industrial added value. On the other hand, we must make good use of the important role of the digital economy in stabilizing the labor market. In the post-COVID-19 era, the need to live, work and learn digitally will increase significantly. This is a rare opportunity for the development of the digital economy. Therefore, countries along the “Belt and Road” should use the employment boosting mechanism of the digital economy to promote digital employment, thereby improving work efficiency and contributing to the smooth recovery and growth of the economy.

In the post-COVID-19 era, countries along the “Belt and Road” should strengthen cooperation in the digital economy and promote the deep integration of the real economy with the digital economy, industrialization, and informatization. Improve the digital network, promote the construction of informatization, create a "digital silk road", and create new growth points for cooperation. During the COVID-19 epidemic, the demand for digital life, work and study in countries along the "Belt and Road" has increased significantly, providing a rare opportunity for the development of the digital economy. Therefore, these countries should continuously improve their digital economy development strategies and optimize and improve the construction of information infrastructure such as artificial intelligence, Internet of Things, and industrial Internet. In addition, it is necessary to create an environment conducive to the development of digital enterprises and help enterprises increase investment in digital technology.

Countries along the “Belt and Road” should rely on the digital economy to develop a new pattern of service trade and strengthen the coordination of digital trade and e-commerce. COVID-19 has disrupted the movement of people and logistics, forcing a digital transformation of traditional trade in goods and services. In contrast, driven by emerging digital technologies such as big data, cloud computing, artificial intelligence, and blockchain, digital commerce is becoming the dominant form of global commerce. Therefore, countries along the “Belt and Road” need to improve their technological innovation capabilities and expand the scope of cooperation related to trade in services, such as cross-border e-commerce, conference calls, telemedicine, distance education, unlimited payments, etc., to promote the construction of a “digital trade community”.

As the initiator of the “Belt and Road” initiative, China should not only promote the development of its own digital economy, but also focus on the long-term design of the “Digital Silk Road”. China can leverage its technological advantages in digital economic cooperation among countries along the “Belt and Road” through economic exchanges and support. In addition, it is necessary to take effective measures to encourage Chinese information companies to invest and export abroad, and to provide high-quality information technology products to countries along the “Belt and Road”. In addition, China must also help countries that lack the capacity to build their own to upgrade their network infrastructure to achieve the goal of "One Belt, One Road" connectivity.



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UNEMPLOYMENT OF HIGHLY EDUCATED DISABLED INDIVIDUALS IN ROMANIA

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Abstract

The aim of this paper is to investigate whether the type of disability has a significant effect on unemployment spells and (re)employment probability of highly educated disabled individuals in Romania. In addition to this variable, we will analyze the effect of other personal characteristics of disabled individuals. The obtained results can be useful to policymakers.

Keywords: *disability, unemployment, integration, exclusion, education*

Classification JEL: *J64*

Disabled individuals are a special group, subject to social risk and often affected by exclusion from community life. The main objective of this paper is to investigate whether the type of disability has a significant effect on unemployment spells and the (re)employment probability of highly educated disabled individuals in Romania. In addition to this variable, we will analyze the effect of other personal characteristics of individuals. Two datasets with information about highly educated disabled individuals registered as unemployed at National Agency of Employment Romania (NAE) are analyzed.

The first sample contains 123 unemployment spells, 87 of which are completed, with the date of exit from unemployment mentioned, and 36 spells are without the specified date of exit. The results of the econometric analysis showed that, for sample 1, only the allowance variables and its type have a significant impact on the duration of unemployment and the (re)employment probability of the highly educated disabled individuals. Highly educated disabled individuals who receive unemployment benefits during their current spell, have 86% lower a (re)employment hazard than the unemployed who do not receive unemployment benefits. Also, the unemployed who receive unemployment benefits, in the amount of 75% of the SRI value, have a 95.4% lower (re)employment probability than those who do not receive unemployment benefits. The second sample contains 125 unemployments spells, belonging to highly educated disabled individuals. The results of the econometric analysis show that, for sample 2, the highly educated unemployed with mental disabilities have a 90.8% lower (re)employment probability than those with physical/locomotor disabilities, which is the reference category. The other differences between the different types of disabilities are not significant. Similar to sample 1, gender, region and area of living do not have a significant effect on the duration of unemployment and the (re)employment probability. Age, however, is an important factor in the likelihood of ending unemployment by (re) employment. Similarly,



a person's studies and university specialization influence the chance to integration or reintegration on the labor market of highly educated disabled unemployed.

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THE ENERGY CRISIS IN THE WORLD – THE HELL FOR THE GLOBAL ECONOMIES

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Abstract

Energy markets began to tighten in 2021 because of a variety of factors, including the extraordinarily rapid economic rebound following the pandemic. But the situation escalated dramatically into a full-blown global energy crisis following Russia's invasion of Ukraine in February 2022. The price of natural gas reached record highs, and as a result so did electricity in some markets. Oil prices hit their highest level since 2008.

Key words: *Energy Crisis, Global Economies, low investment*

JEL Classification: L83

1. INTRODUCTION

Higher energy prices have contributed to painfully high inflation, pushed families into poverty, forced some factories to curtail output or even shut down, and slowed economic growth to the point that some countries are heading towards severe recession. Europe, whose gas supply is uniquely vulnerable because of its historic reliance on Russia, could face gas rationing this winter, while many emerging economies are seeing sharply higher energy import bills and fuel shortages.

While today's energy crisis shares some parallels with the oil shocks of the 1970s, there are important differences. Today's crisis involves all fossil fuels, while the 1970s price shocks were largely limited to oil at a time when the global economy was much more dependent on oil, and less dependent on gas. The entire world economy is much more interlinked than it was 50 years ago, magnifying the impact. That's why we can refer to this as the first truly global energy crisis.

Some gas-intensive manufacturing plants in Europe have curtailed output because they can't afford to keep operating, while in China some have simply had their power supply cut. In emerging and developing economies, where the share of household budgets spent on energy and



food is already large, higher energy bills have increased extreme poverty and set back progress towards achieving universal and affordable energy access. Even in advanced economies, rising prices have impacted vulnerable households and caused significant economic, social and political strains.

Climate policies have been blamed in some quarters for contributing to the recent run-up in energy prices, but there is no evidence. In fact, a greater supply of clean energy sources and technologies would have protected consumers and mitigated some of the upward pressure on fuel prices.

2. THE RUSSIA'S INVASION OF UKRAINE AND THE ENERGY CRISIS

Energy prices have been rising since 2021 because of the rapid economic recovery, weather conditions in various parts of the world, maintenance work that had been delayed by the pandemic, and earlier decisions by oil and gas companies and exporting countries to reduce investments. Russia began withholding gas supplies to Europe in 2021, months ahead of its invasion of Ukraine. All that led to already tight supplies.

Russia's attack on Ukraine greatly exacerbated the situation. The United States and the EU imposed a series of sanctions on Russia and many European countries declared their intention to phase out Russian gas imports completely. Meanwhile, Russia has increasingly curtailed or even turned off its export pipelines. Russia is by far the world's largest exporter of fossil fuels, and a particularly important supplier to Europe. In 2021, a quarter of all energy consumed in the EU came from Russia.

As Europe sought to replace Russian gas, it bid up prices of US, Australian and Qatari ship-borne liquefied natural gas (LNG), raising prices and diverting supply away from traditional LNG customers in Asia. Because gas frequently sets the price at which electricity is sold, power prices soared as well. Both LNG producers and importers are rushing to build new infrastructure to increase how much LNG can be traded internationally, but these costly projects take years to come online.

Oil prices also initially soared as international trade routes were reconfigured after the United States, many European countries and some of their Asian allies said they would no longer buy Russian oil. Some shippers have declined to carry Russian oil because of sanctions and insurance risk. Many large oil producers were unable to boost supply to meet rising demand – even with the incentive of sky-high prices - because of a lack of investment in recent years. While prices



have come down from their peaks, the outlook is uncertain with new rounds of European sanctions on Russia kicking in later this year.

Some governments are looking to cushion the blow for customers and businesses, either through direct assistance, or by limiting prices for consumers and then paying energy providers the difference. But with inflation in many countries well above target and budget deficits already large because of emergency spending during the Covid-19 pandemic, the scope for cushioning the impact is more limited than in early 2020. Rising inflation has triggered increases in short-term interest rates in many countries, slowing down economic growth.

Europeans have rushed to increase gas imports from alternative producers such as Algeria, Norway and Azerbaijan. Several countries have resumed or expanded the use of coal for power generation, and some are extending the lives of nuclear plants slated for de-commissioning. EU members have also introduced gas storage obligations, and agreed on voluntary targets to cut gas and electricity demand by 15% this winter through efficiency measures, greater use of renewables, and support for efficiency improvements.

To ensure adequate oil supplies, the IEA (*INTERNATIONAL ENERGY AGENCY*) and its members responded with the two largest ever releases of emergency oil stocks. With two decisions – on 1 March 2022 and 1 April – the IEA coordinated the release of some 182 million barrels of emergency oil from public stocks or obligated stocks held by industry. Some IEA member countries independently released additional public stocks, resulting in a total of over 240 million barrels being released between March and November 2022.

The IEA has also published action plans to cut oil use with immediate impact, as well as plans for how Europe can reduce its reliance on Russian gas and how common citizens can reduce their energy consumption.

The invasion has sparked a reappraisal of energy policies and priorities, calling into question the viability of decades of infrastructure and investment decisions, and profoundly reorientating international energy trade. Gas had been expected to play a key role in many countries as a lower-emitting "bridge" between dirtier fossil fuels and renewable energies. But today's crisis has called into question natural gas' reliability.

3. CONCLUSIONS

The current crisis could accelerate the rollout of cleaner, sustainable renewable energy such as wind and solar, just as the 1970s oil shocks spurred major advances in energy efficiency, as well as in nuclear, solar and wind power. The crisis has also underscored the importance of investing in robust gas and power network infrastructure to better integrate regional markets. The EU's



RePowerEU, presented in May 2022 and the United States' Inflation Reduction Act, passed in August 2022, both contain major initiatives to develop energy efficiency and promote renewable energies.

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SIGNIFICANT FIGURES ABOUT ROMANIA'S ECONOMIC HISTORY

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Abstract

Romania is one of the countries that everyone should know to point on the world map. In this paper, figures will be those who will talk about the market, the transition, the crisis, the pandemic, and the crisis again. Opposed to other European countries, Romania was one where the policies have been taken for the sake of time and the development delayed to occur. Currently, Romania can boast with a weak market established, a market-oriented to the Europe or America than to the southern market who is closer and more similar to us.

The transition in Romania is like a diamond with lots of facets: political, legal, economic and social ones. Unfortunately not everybody doing the political jump was able to recognize the value of that diamond. The first negative impact lasted three to five years. Once the glimpse started, a relative recovery was lightly designed to create a new system of economic, socio-political and cultural networks and relations; the big advantage was to base it democracy principles and competition and open market mechanisms.

Keywords: *transition, Romania, crisis, Philips curve*

Classification JEL: P20, H12,

1. INTRODUCTION

When we speak about transition to a market system, in Romania we take into consideration hard policy choices. First of all we speak about a transition without an end. In the last 33 years state intervention was only to hamper efficiency and growth. In order to promote the competitiveness, the transition took place from authoritarian rule to democracy in Southern Europe and from communism to democracy and market in Eastern Europe and South-Eastern Europe. Most of the people during these periods have tended to associate new democratic regimes with high hopes for a better life. Big was the surprise, when all these hopes have not concretized, the economy performed less well than expected, and the political participation faded away. This is the reason why now, after 33 years from communism we are still in a sickly transition. The reason why I say this is that Romania is steel seen as “late reformers” - expression valid for both past and present (by the United Nations Development Programmers, the UNDP; see Deacon 2000:150) or “limited to modest reform” (by the World Bank, 2009).

In Romania, the command economy system disposed not enough mechanisms to allow the creation of specialized inputs. The lack of internal competition, restriction to the cancellation of the role of demand in the economy - not to discuss the eventual pressure exerted on by a sophisticated demand producers, resource allocation based on non-



economic criteria, lack of motivation and information are valid both for Romania, but also for other EU countries. All of this led to national competitive advantage based exclusively on cost factors and localized in standardized segments of the market.

According to Michael Porter (Porter, 1992), countries with economies in transition are at the first stage of development of their competitive advantages, that in which they arise essentially from the endowment of factors and of their lower prices. Porter's view is also shared by Ferenc Vissi, the president of Hungarian Competition Office. This one completes the earlier analysis by linking the stages with the development of the competitive advantages and with the sequence of competitive exposure levels into the economic plan of any nation.

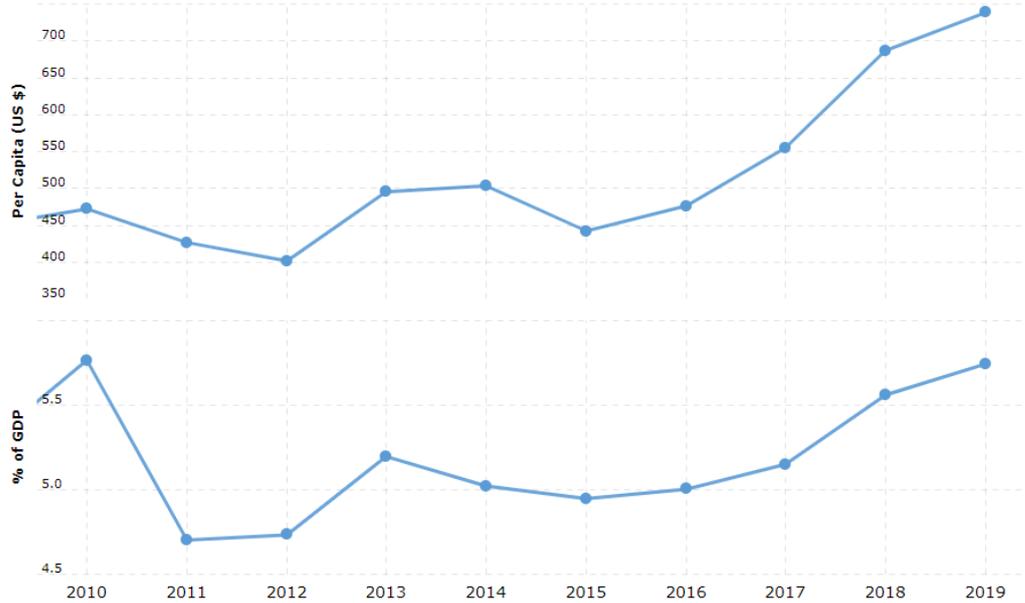
Its conclusions are cited in a report on the competitiveness of Hungarian enterprises, conducted by a group of researchers under the coordination of Attila Chikane, a professor at Budapest University of Economic Sciences (Chikane and others, 2005, p.12-13). In a system of axes, Vissi placed on the horizontal the development of stages based on factors, investments, innovation and wealth, and on the vertical the levels of exposure to national, international, multinational and global competition, identifying three main paths of development, presented in the chart below.

Romania is at the stage where most of its competitive advantages arising from the acquisition of factors condition in which have been involved together with the development of reforms directly in global competition. The economy had not had enough time to advance to stages of development based on investment and innovation, which it would allow a lower risk exposure. One of the restrictions that countries in transition to be located on this line of development would be that at least some economic sectors to hold competitive advantages resulting from investment and innovation. Discard, under guidelines adopted reforms and higher stages of the struggle directly to international competition, Romania is in the direct confrontation with the requirement to redefine its competitive advantages, in a sense enabling it superior economic performance.

In what follows, I will present a short look at three sectors of social policy in Romania: healthcare, exports and unemployment. The dates presented are provided by international organizations, national official sources, and some national and EU research projects.

When we are taking into consideration, the health care system the government cut down the pension spending because of the demographic pressures. This is the reason why Romania started from a low level of spending.

Figure 1: Romania Healthcare Spending, 2011-2019 as percentage of GDP



Source: National Human Development Report: Romania 2021, and the database of Research Institute for Quality of Life (Romania).

As it is easy to observe the reform of health care in Romania seemed to be an incomplete privatization. The aim of the reform was first to improve on primary health care and then to change the health social insurance system. The creation of new institutions was encouraged (for example, the College of Physicians of Romania). The relevant laws were passed and public expenditure decreased from about 5.7 % of the GDP in 2010 to 4.7 % in 2011. From that moment the Neither the pension system leads to a better life. The living standards of the old people have generally been very low. Among the all, the peasant population was the one that fared worst than the general population. In 2022 the financial condition of the pension system is very difficult, the budgetary spending on pensions is unsustainable in relation to contributions collected. In 2021, Romania spent the least money, as a percentage of GDP, on social protection in the European Union. Romania's expenses amounted to aprox 14.6% of GDP in 2021. By comparison, the European average of social assistance spending is 28.2% of the European Union's GDP, according to the latest data from Eurostat, the statistical office of the European Union. As for the structure of social spending in Romania, most money goes to old-age pensions (54.6%), while 34% of the money allocated to social assistance in Romania goes to people with disabilities or other health problems . Unemployment absorbs only 0.6% of the money allocated to the social assistance system.

Increasing the number of contributors to the pension system, raising the retirement age and other measures to reform are absolutely necessary to increase the sustainability of the pension system. The new pension law mainly answers to these requirements, but on short and medium term financial situation of the pension system will continue to be a major challenge.

Reviewing the performance of the Romanian economy in 2012-2021, a report of the International Monetary Fund has stated: “Romania’s stabilization and reform efforts still lag behind those of most other transition countries in Central and Eastern Europe, reflecting mainly the “stop-and-go” approach to reform and macroeconomic stability

pursued for much of the past 2 years” (IMF 2021:2). Now, in 2022, the facts are the same. In the Second review of the Stand-By Arrangement and Request for Modification of Performance Criteria, IMF presents the situation of Romania in a very optimistic and poetical way: “Growth has returned to Romania, but the recovery remains fragile.” Implementing the ambitious structural reform agenda and achieving the fiscal goals for 2023 will be challenging. Following the Executive Board’s discussion on Romania, Mr. David Lipton, First Deputy Managing Director and Acting Chair, stated: “Romania has made good progress under the new Stand-by arrangement. Policy implementation has remained strong and all performance criteria were met.” The authorities commitment to continued reform has helped restore market confidence and economic stability. Under so good circumstances, I wonder how the main macroeconomic indicators do not show a reality however so beautiful. Moreover population cannot be fed only with economic figures and government statements. Standard of living is the one which in practice presents the real Romania's development level.

2. The evolution of the main macroeconomic indicators

Being a country that is no longer to Romans, in the last 33 years Romania has privatized and sold all that could be attractive to foreign investors. Even in these circumstances economic growth proved to be slow. All the big Romanian companies have already been sold or privatized. We cannot speak about progress based on growth, even less about a long-term strategy. For this reason, in order to have a healthy economic growth, strong structural reforms which takes into account the market needs will be the most viable for Romania. As we can see in Figure number 2, 2015 was the second year of economic contraction for Romania, when GDP recorded a decrease of 11%.

Figure 2. The evolution of GDP during 2011-2021



Source: author calculation on the basis of data from World Data Bank, the European Statistical Office database, International Monetary Fund, the European Central Bank.

Analyzing as a whole during 11 years, the graph that shows the evolution of GDP in Romania demonstrates not only the economic cyclicity in the Romanian transition process between 2011 till 2021 but also the economic instability mechanisms in competitive training. The macroeconomic instability was caused primarily by the evolution of the relative prices. The process of liberalization supposed, gradual destruction of the former centralized pricing mechanism, which was based on a low level of commodity prices used as intermediate inputs in domestic production as well as prices of services considered subsidiary economic activities. Different trends recorded - over time - of the different prices induced at a global acceleration of inflation rate, a phenomenon that can be seen in figure number 3.

Figure 3. The evolution of inflation during 2010 – 2021

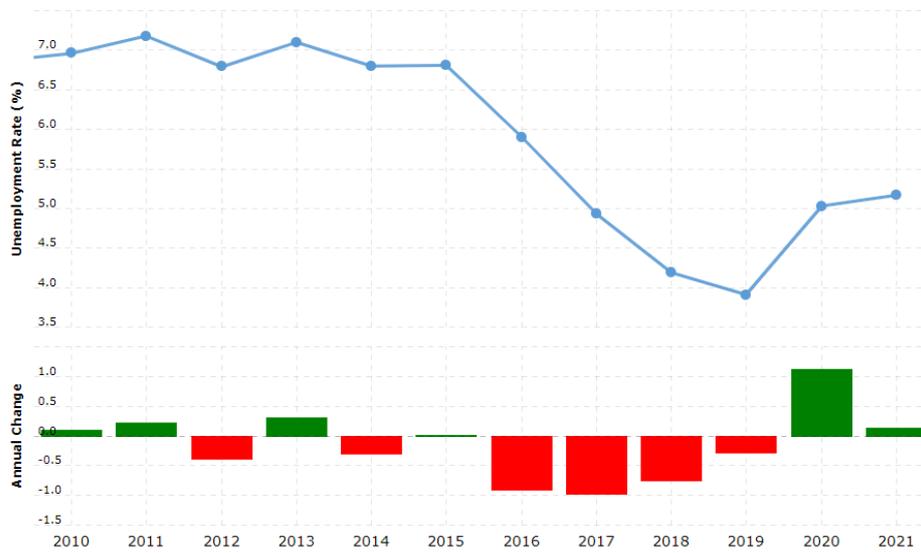


Source: author calculation on the basis of data from World Data Bank, the European Statistical Office database, International Monetary Fund, the European Central Bank.

An immediate conclusion is that the hyper-inflation was associated usually with the economic downturn, which explains why policy makers are more and more interested in combating the phenomenon of increasing prices, of sustainable macroeconomic stability. This disaggregation of the economy is very useful in studying the changes that occurred during the years that have passed, because it allows differentiation between sectors affected by distinct factors, while maintaining an overall vision useful at the political decision.

Romania begins to pass over two structural barriers related to the mechanisms of development of competition: the high level political decision not always supports the priority of development of the service sector;

Figure 4. The evolution of employment during 2010-2020

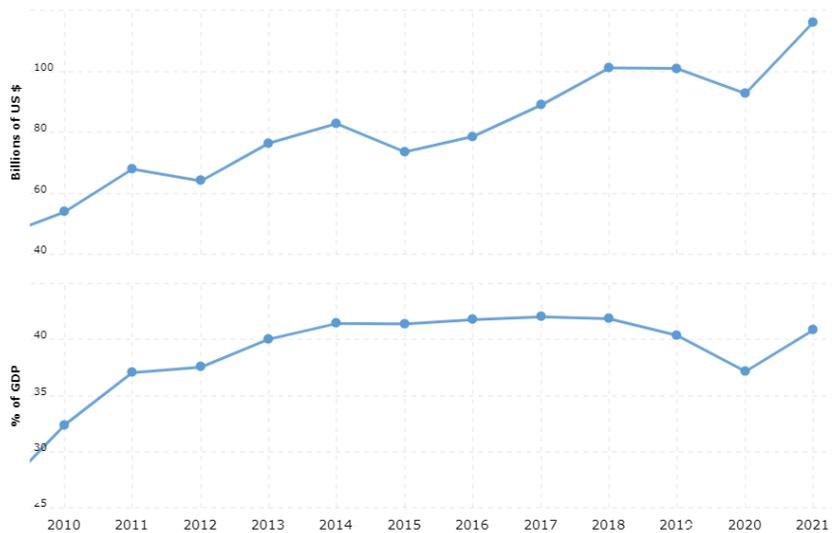


Source: author calculation on the basis of data from World Data Bank, the European Statistical Office database, International Monetary Fund, the European Central Bank.

Despite the fact that the Romanian transition followed the gradually reform trend without profound social impact shocks, there can be highlighted some significant structural changes in the evolution of the economic sectors. Over the course of just eight years, the Romanian economy crossed a road that countries like Portugal or Ireland have covered for two decades. There is a reversal of trends for the two opposite sectors – services and industries, in the economic growth, the service answering by strong wage pressures of the evolution of the economy. This is explained by the concentration of autonomous non-governmental services sector, which are dominated by their trade union power, which lead to the maintenance of over-employment status of labor in many branches. This phenomenon is found less in industrial sub-branches, which have had to adapt more quickly to competitive circumstances, by their exposure to international markets of goods.

The permanent opening of the Romanian economy, a phenomenon characteristic of this last decade has made the global economic cycle not to fully reflect the evolution of the foreign trade.

Figure 5. The evolution of exports during 2010 – 2021

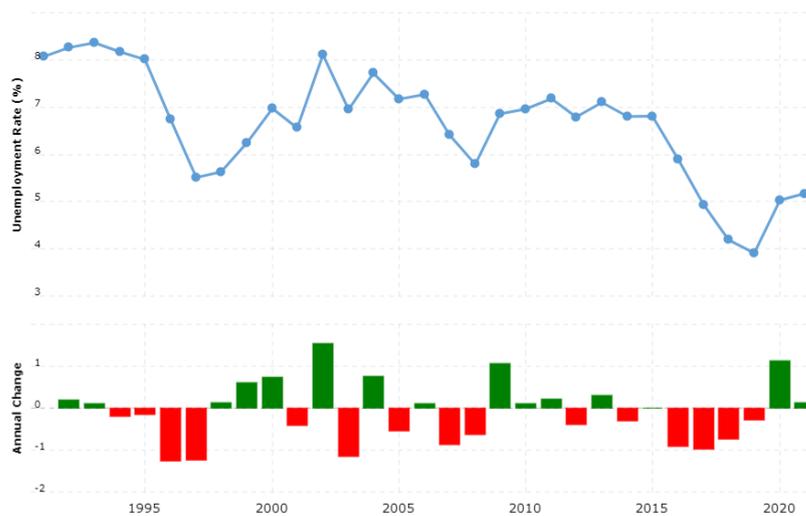


Source: author calculation on the basis of data from World Data Bank, the European Statistical Office database, International Monetary Fund, the European Central Bank.

After falling sharply in 2009, Romania's total exports began to recover, especially with the contribution of cereals like grain, corns, machines and electrical equipment. In 2022 Romania is the largest European exporter of cereals. Three major export industries of the early transition period lost ground. It's about oil, machinery and transport equipment, while exports in these industries, more sophisticated, have low lower value-added industries, textiles and metals, have increased their share in total exports. In 2009, transport equipment and chemicals were the ones who made it possible to maintain exports at a value curve similar to that of 2004-2005.

Even so can be put into question the competitiveness of Romanian products on the global market in the context of massive economic openness. Obviously, the gradual slow penetration of foreign direct investment, revived the dynamics of exports, but short term effects have not been evident yet. What is worth noting is that the Romanian economy has followed a volatile race, with annual fluctuations. Foreign trade was only slightly influenced by external events, showing inertia and lack of competitiveness.

Figure 6. The evolution of unemployment rate during 1995 – 2020



Source: author calculation on the basis of data from World Data Bank, the European Statistical Office database, International Monetary Fund, the European Central Bank.

A general characteristic of the labor market in Romania during this analyzed period was the occurrence of the unemployment rate, as a natural effect of the dynamic imbalance existent in the markets this way. Reducing the population actually filled during 2011-2021 in time of the economic decline was accentuated by the tendency of sectors restructuring. Between 2010 and 2021, the population of Romania decreased by approximately 1 million people. How unemployment has evolved in recent years is shown in figure number 6. In 2020 according to National Institute of Statistics in Romania, at 143 pensioners, there were 100 children under the age of 15. It means major imbalances in pensions and the labor market. It's no longer the age pyramid, it's just a small base.

1. Inflation and unemployment – a nonlinearity Philips Curve

In order to explain the relationship between inflation and unemployment, in the following it will be presented the Philips curve . Because unemployment is countercyclical, the relation between these two macroeconomic indicators becomes positive. From USA perspective and other industrialized economies Phillips curve must be convex, while Gordon (1997) argues in favor of a linear curve and Stiglitz (1997) even of a concave one. In my research I will consider a standard Philips Curve, represented by a distributed lag on past inflation as we can see in the following:¹

$$\pi_t - \pi_t^e = \beta(L)(\pi_{t-1} - \pi_{t-1}^e) + \gamma(L)(u_{t-1} - u_{t-1}^N) + \delta(L)X_t + \varepsilon_t$$

π_t : realized inflation,

π_t^e : expected inflation

$\beta(L)$, $\gamma(L)$, and $\delta(L)$ are polynomials in the lag operator,

u_t^N : the NAIRU at time t

X_t : a vector of possible supply shocks (typically commodity prices or import prices).

¹ Staiger et all (1997, 2001), Greenslade et all (2003), and Fabiani and Mestre (2001) are some of studies having Phillips' Curve as a topic.

The disturbance ε_t is assumed to be normal with mean zero and variance σ_{ε}^2 .

ε accounts for supply shocks that shift the inflation unemployment trade-off, such as import prices or changes in the exchange rate

The data for the empirical analysis is obtained from WB, Eurostat and Romanian Statistics Institute databases.

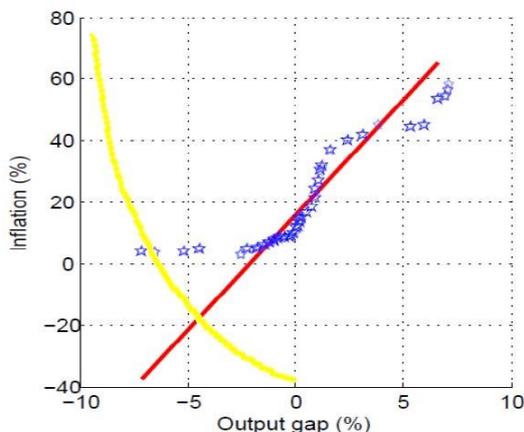
Table 1. Regression Statistics

<i>Regression Statistics</i>	
Multiple R	0.96410928
R Square	0.92950671
Adjusted R Square	-0.04514662
Standard Error	12.82921188
Observations	12

Source: author calculation

Diagnostics tests for Romania show not only instability but also nonlinearity for this model. We can easily observe that the adjusted R^2 value is really high (0.92950671). The estimated equation calculated by least squares method and the graph that result from it is presented next.

Figure 7: Shape of the Philips Curve for Romania



Source: author calculation

The graph presents through the red line the inflation output gap during 2010-2020, and with the yellow line the original shape of the Philips Curve. In Romania, things are not only strange to explain but also unsustainable from an economic point of view. The inflation target in Romania has a few problems because of the monetary duality of the economy – with a lot of interest differential, premature liberalization of the capital under an immature and imperfect market. Existing currency fluctuation can only cause financial instability. In order to prevent such phenomena, disinflation has to be reconciled and the high capital input has to be discouraged.

In current times, the object of the National Bank of Romania is to maintain price stability. Most central banks use the Phillips curve to forecast inflation or to set the interest rate, despite the fact that its analysis is full with empirical difficulties. Even so, a careful



empirical modeling of the functional form of the Phillips curve is very important. In Romania, since the adaption of the inflation targeting regime, the economic environment was sickened of structural changes and shocks. In this context the National Bank of Romania has been concern for the sustainability of disinflation. This objective was such important despite the fact that in 2020 the global pandemic crises have propagated its effect on the national economy. Now many economists believe that The National Bank should reduce the interest rate more aggressively considering the fact that we are waiting a future economic crisis, even if in the last year and a half the economy raised with more than 10%. In practice all the central banks, including NBR set their short term interest rate according to inflation and output cap. The current output gap is surprisingly high maintaining firm proposals to reduce interest rates. What is important to know is that stabilizing inflation around the target would also stabilize the output gap at the relevant level for wellbeing.

The conclusion of my research presents a nonlinear Philips curve in Romania. This isn't only my conclusion. Some economists of the European Central Bank have reached the same conclusion in their study (Musso et al., 2018). In opposition with our case, they found that in the Euro area there is a particular relation with the output gap and the Philips case in this case is linear. This research should not surprise us taking into account the strong inertial tendency of prices in Romania. In this situation the central bank monetary policy strategy should be a flexible inflation targeting. This is important in order to adopt appropriate economic policy measures for the stabilization of the economy in the context of the current period after the biggest health crisis in the last 100 years.

CONCLUSIONS

Romania was behind a lot of countries from CEE in implementing reforms that were necessarily to complete the transition from one part state and command economy to a pluralist democracy and a fully functioning market economy. Most of the people were disappointed because their expectations after the Communist period were destroyed. There was neither prosperity nor improved standard of living,

The most suitable term which describes the behavior of an economy integrated into the world economy is competitive. This should be the Romania trend nowadays. Compared with other countries the evolution of Romania's macroeconomic indicators followed a divergent trajectory. Including the evolution of Romania's trade performance is not very encouraging. Romania's trade deficit has become the source of serious concern in terms of financing, especially in the last 3 years. The current period made to be reborn under the dust of libraries the intellectuals -worthy of new ideas - such good for a recession period. This article should be the bridge to others starting to reveal the spirit of intellectual adventure in times of crisis showing how a period of recession provides work for intellectual environment.

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HOW ATTRACTIVE ARE THE SALARIES ON THE LABOR MARKET IN THE REPUBLIC OF MOLDOVA

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Abstract: *The consolidation of economic market relations in the Republic of Moldova led, on the one hand, to the diversification of the population's forms of income, and on the other hand, to the reduction of the role of the salary in the formation of the population's income. Against the background of inflationary processes, privatization processes, other economic transformations in the context of the transition to the market economy of the 90s. 20, there was a continuous process of degradation of the real wages of workers. In the situation where the salary no longer fulfills its basic economic and social functions, i.e. reproduction, motivation, stimulation of economic growth, the population is no longer connected to the fulfillment of its employment to the labor market of the Republic of Moldova and chooses the labor markets from other countries where the salary conditions are more favorable. This fact has led to the intensification of international labor migration.*

Keywords: *salary, employees on the labor market, minimum wage, employment rate, fields of activity.*

Classification JEL: J6

1. INTRODUCTION

The process of the labor market constitution in the Republic of Moldova in the context of the consolidation of economic market relations led to the elimination of the imposition of the economically active population to provide labor services in a mandatory manner and, therefore, to the freedom of people to choose an alternative activity income-generating work. On the other hand, the mass privatization processes that took place in the 90s of the 20th century led to the drastic reduction of the activity of several enterprises and, therefore, to the sending of the personnel of the enterprises on unpaid leave, or even to their dismissal. All these processes generated, on the one hand, the increase of unemployment, especially the disguised one, and on the other hand, the diversification of the population's forms of income unrelated to any productive activity and the reduction of the role of the salary in the total available income of the population in favor of income from other types of activities. However, people laid off or sent on unpaid leave were forced to find other sources of income in order to survive.

It has been created a situation in which the salary can no longer fulfill its basic economic and social functions, namely, reproduction, motivation, stimulation of economic growth. And the population of the Republic of Moldova stopped tying their work and employment needs to the labor market in the Republic of Moldova, thus choosing the labor markets of other countries where the salary conditions and job guarantee are more favorable. This fact has led to a strong intensification of international labor migration.



The object of this article is the analysis of salaries in the Republic of Moldova, their evolution during the period of transition to the market economy, to explain why they cannot be considered as a motivating factor for improving the situation on the labor market and increasing the level of employment. For a more in-depth analysis, a vast literature in the field was used, studies, monographs, articles, informative notes, official data of government institutions concerned with the issue of salaries in the Republic of Moldova. Statistical data from the National Bureau of Statistics, the National Bank, as well as some data taken from various national and international studies conducted in recent years were used.

2. SALARY – DEFINING ELEMENT OF THE LABOR MARKET

The liberalization processes on the labor market in the Republic of Moldova in the context of the current transition to the market economy, in addition to the fact that they determined the freedom of individuals in terms of their decision to provide work services or not, also led to the expansion of alternative forms of income-generating activities to the detriment of the provision of work services and, respectively, to the diversification of the population's forms of income. This fact led, in turn, to the reduction of the role of wages in the total disposable income of the population in favor of income from other types of activities. Under these conditions, the role of the state also became less decisive in the regulation of the wages of workers, this role being shared with employers, unions, employers, etc.

Thus, processes in the field of paying workers became uncontrollable, and wages began to be determined only apparently by market forces. However, in the situation where the mechanism of the labor market is extremely fragile, and the forces of the labor market do not manifest themselves in the most perfect way, the salary as the equilibrium price on the labor market can no longer fully realize its economic and social functions of basis, namely reproduction, motivation, stimulation of economic growth. For this reason, the salary is currently presented, rather, as a social allowance and not a real labor price negotiated fairly by both parties to the employment contract, thus leaving the scope of labor relations. Distinct thanks to these processes in the field of income policy, there is a continuous degradation of occupational indicators, which can lead, in the future, to serious consequences for the functionality of the national economy.

Under these conditions, a large part of employees, (mostly employed in the public sector) who form their income exclusively from salaries, are disadvantaged compared to other categories of the population who ensure the bulk of their income from other sources. This situation leads to the degradation of the motivation of salaried work and, consequently, to an exodus of the labor force from the productive sphere to other fields of activity, including, in the underground sector of the economy, which registered during the years of transition to the market economy a rather impressive growth, or adding to the army of international labor migrants.

In general, the decrease in the role of wages in the formation of incomes, in favor of other sources of income, is a natural process under the conditions of the transition to the market economy. But when this decrease takes uncontrolled proportions, there can be a



transfer of the reproductive function of the labor force from wages to other forms of income, which are not directly related to the labor process, thus undermining the functioning mechanism of the labor market and, in general, of the prospects for sustainable economic development.

Thus, if in economically developed countries the share of salary in total income, through various government policies, is maintained at a level of around 50-70%, thus ensuring the motivation of work, the high level of employment and, therefore, the increase in labor productivity and social justice, in the Republic of Moldova the share of the salary in the total income available in the Republic of Moldova only in 2019 reached the level of 50%.

It should be noted that the strongest degradation of occupational indicators was observed at the end of the 90s, the beginning of the 2000s, correlating with an extremely low level of the share of wages in the total disposable income of the population (37.8% in 2001). Over the years, against the background of the strengthening of the labor market functioning mechanism, the share of wages in the total disposable income of the population gradually began to increase. Thus, if in 2006 the share of the salary in the total disposable income of the population was 39%, in 2021 this indicator reached the level of 50.8%.

However, the increase in the share of wages in the total income of the population did not generate any increase in the level of employment in the Republic of Moldova. According to the data of the Labor Force Survey, the employment rate in the Republic of Moldova during the last 15 years oscillates around the level of 40%.

3. EVOLUTION OF WAGES IN THE REPUBLIC OF MOLDOVA

Analyzing the salaries in the Republic of Moldova at the present moment, it can be seen that they continue to be extremely low compared to the level of salaries in neighboring countries or in the countries of the European Union. Thus, the average gross monthly salary in the Republic of Moldova in 2021 was about 8979.8 lei or 502.48 USD, the lowest level among European countries. In the 2nd quarter of 2022, it reached the value of 10376.2 lei, 14% higher than in the same period of the previous year.

Although during the last years the average salary in the Republic of Moldova has registered significant increases, it continues to be low. The growth of the average gross salary in the economy increased from 2013 to 2021 from 3674.2 lei to 8979.8 lei or 2.45 times.

Such an increase could appear very significant in developed countries. But for the Republic of Moldova, it is not high enough to really increase the level of well-being of the population.

The low level of wages, as well as their relative equalization through various capping measures from the socialist period, caused a demotivation of workers' work manifested by the weakening of work discipline, the reluctance of workers to raise their



qualifications, which, in turn, led to a decrease in labor productivity in all branches of the national economy. These practices are still observed today, especially in the budget sector.

One of the main tools of the state used in wage policy for a possible wage increase is the minimum wage. By increasing it, the increase in average wages in the economy can also be influenced. It should be mentioned that in the Republic of Moldova, there are two different mechanisms for establishing minimum wages: on the one hand, in the budget sector the minimum wage is equivalent to the reference value from the unitary wage system, and on the other hand, in the real sector (at enterprises, organizations, institutions with financial autonomy, regardless of the type of ownership and form of legal organization) it is established every year by government decision, following tripartite negotiations between unions, employers and the state, which take into account the annual increase of the index consumer prices and the growth rate of labor productivity. Thus, the minimum wage for the real sector of the economy is established annually in hourly size and monthly equivalent calculated for a full work schedule of an average of 169 hours per month. On April 22, 2022, the value of the monthly minimum wage in the real sector of the economy was set at a level of 3500 lei per month, which represents only 38.97% of the average wage in the economy in 2021 and only 37.4% of the wage environment from the real sector.

Although wages in the Republic of Moldova expressed in euros have increased by an average of 10% in recent years, it cannot be said that this increase in average gross monthly wages was the fastest growing among the countries of Central and Eastern Europe. In Romania, for example, a member country of the European Union which in recent years was facing an acute shortage of human resources, resorted to significant salary increases, so that the average gross salary in the economy in the period 2014-2018 increased on average by 16%. It must be noted that this practice has given good results, contributing to the increase in the level of employment.

3. SECTORAL GAPS IN THE FIELD OF PAYING

Another problem related to the evolution of salaries in the Republic of Moldova is the differentiation of the population depending the income according to the field of activity. Indeed, against the background of the increase in the average gross salary in the economy, the polarization of society continues to persist even today. The differentiation of the population according to income is conditioned not only by the diversification of forms of income, but also by the differentiation of salaries in various branches of the republic's economy.

The excessive differentiation of average salaries in various sectors of the economy confirms the fact that the state practically has no power of influence in ensuring the economic efficiency and social equity of the salary policy.

Against the background of the growth of the average gross wage in the economy in recent years, wages in the various economic sectors have not increased uniformly. The evolution of salaries according to the economic sector showed that in the period 2013-2021



the slowest rate of salary growth was recorded in the field of communal services, construction, transport, processing industry, while the highest increases were recorded in health and social work, art and recreation, information and communication, etc.

The essential increase in salaries in health and social assistance was determined by the effects of the reforms carried out in the field of health care. However, it cannot be said that these wage increases also led to a high level of wages compared to other fields of activity.

Low wages cause an acute shortage of personnel, especially in education and health. As a result, the services provided in these areas are not of the best quality. So, the state has not managed for a long time to establish a sufficient budget to increase salaries in the budget sector and stimulate the improvement of public services. It should be mentioned that even now the salary differences between the budgetary and real sectors are quite large. The average salary paid in the budget sector in the 2nd quarter of 2022 was 8712.9 lei, 25.7% lower than in the real sector which was 10960.4 lei.

The increase in salaries in the field of information and communications was determined, first of all, by the increase in demand for services in this field of activity.

CONCLUSIONS

Currently, the Republic of Moldova is characterized by an extremely low level of wages that generates a crisis of salaried work that is manifested by the increase in the intensity of international labor migration that also leads to the degradation of the situation on the labor market.

Against the background of emigration, the demographic crisis is also deepening (the stable population of the Republic of Moldova is in continuous reduction, and demographic aging).

Some economic sectors face an acute shortage of qualified personnel, and staff turnover and difficulties in hiring employees lead to an increase in work intensity, without this being accompanied by a commensurate increase in employee incomes.

Against the background of low wages, employers are willing to pay part of the remuneration "in the envelope", generating the expansion of the underground sector of the economy. Under these conditions, companies that practice legal remuneration are at a competitive disadvantage (having higher costs);

The low level of wages determines, respectively, a low level of population consumption, which presents an important impediment to the growth of industrial production and aggregate demand.

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SECTION 6

DIGITAL TRANSFORMATION OF THE ECONOMY: CHALLENGES, TRENDS AND OPPORTUNITIES



CAUSES OF THE "UNNOTICED " ECONOMY

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Summary

A good knowledge and a rigorous analysis of the theory underlying the study of economics "Unnoticed " is a necessity in conducting analyzes and studies. The economy"unnoticed "is part of a country's economy but we cannot omit it from analyzes and /or calculations. The more permissive the system and the more fragile the structure, the more corruption increases. From studies conducted over time on the „unnoticed "economy, it was found to be a source of growth and even escape from the marginalization of underdeveloped economies.

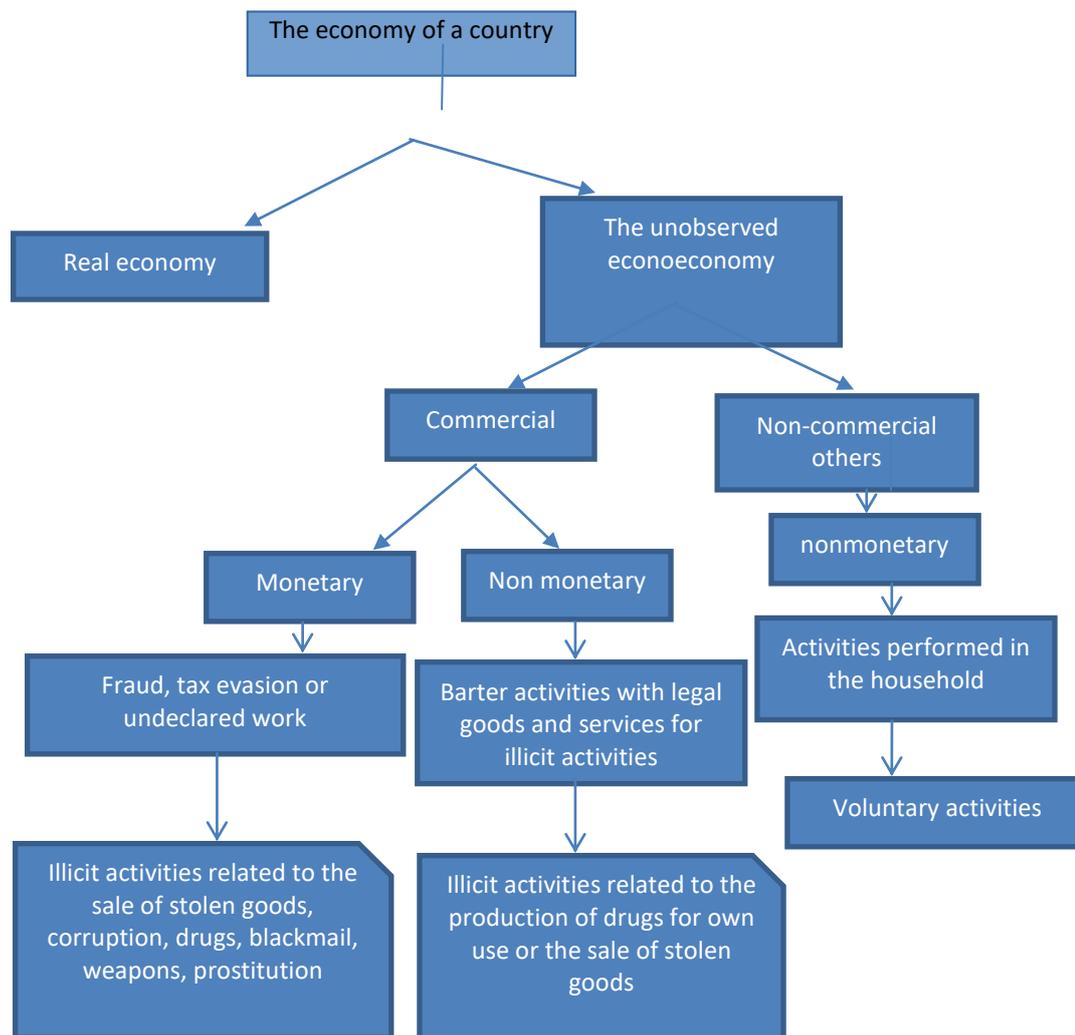
Keywords : Unnoticed economy, corruption phenomenon, factors.

JEL codes: A14, B22

REL codes: 13I

Introduction

Identification of the concept of "unnoticed " economy is the main step in identifying the "underground" economy. We cannot regard it as two types of economy, the economy of a state is unique. The relationship that we consider correct or rather true according to the principles of logic is that between the economy itself and the "unnoticed " economy can established a relationship as from side to side, together forming the whole of the real economy of a country. We have shown this in Figure 1.



Source: Figure 1 is a reinterpretation of Pierre Prestianu from L'Economie Soutteraine

Fig.1-Hierarchy of the unnoticed economy

A complete description of the unnoticed economy could be seen as a whole that may include underground economic activities (unofficial), commercial and non-commercial, undertaken in an organized form, which are not in the state records, legal or illegal, harmful or beneficial to economic society. The "unnoticed" or parallel economy is the result of specific factors. It is imperative to know and understand the phenomenon, to be aware of the path to use for beneficial purposes for a country's economy. Regarding this set of information provided by the official statistical institutes, they are put under a cone of doubt, information that underlies the studies and reference calculations. Both types of savings, both unnoticed and real, cannot be assessed separately,

The unnoticed economy must be seen as part of the economy of any country, which exists no matter what we do as an integral part of the economy. It is important to start by

looking for solutions of understanding and knowledge to find effective methods to combat it.

Over time, people have wondered why there is an "unnoticed" economy and very few have tried to find an answer. Finding in the specialized literature various versions of opinions, we selected as the majority of answers the fact that there is an "unnoticed" economy in the incapacity of the economic agents but also in the incapacity of the state institutions. The "unnoticed" economy is present because it gives for consumption real needs, economic goods. The "unnoticed" economy is present because it can be a good way to control global powers. The "unnoticed" economy can be seen as a total of economic activities that generate income that can be hidden by the state. At the macro level, two economic entities integrate into the "unnoticed" economy if they escape the tax records, but the borders are sometimes imperceptible.

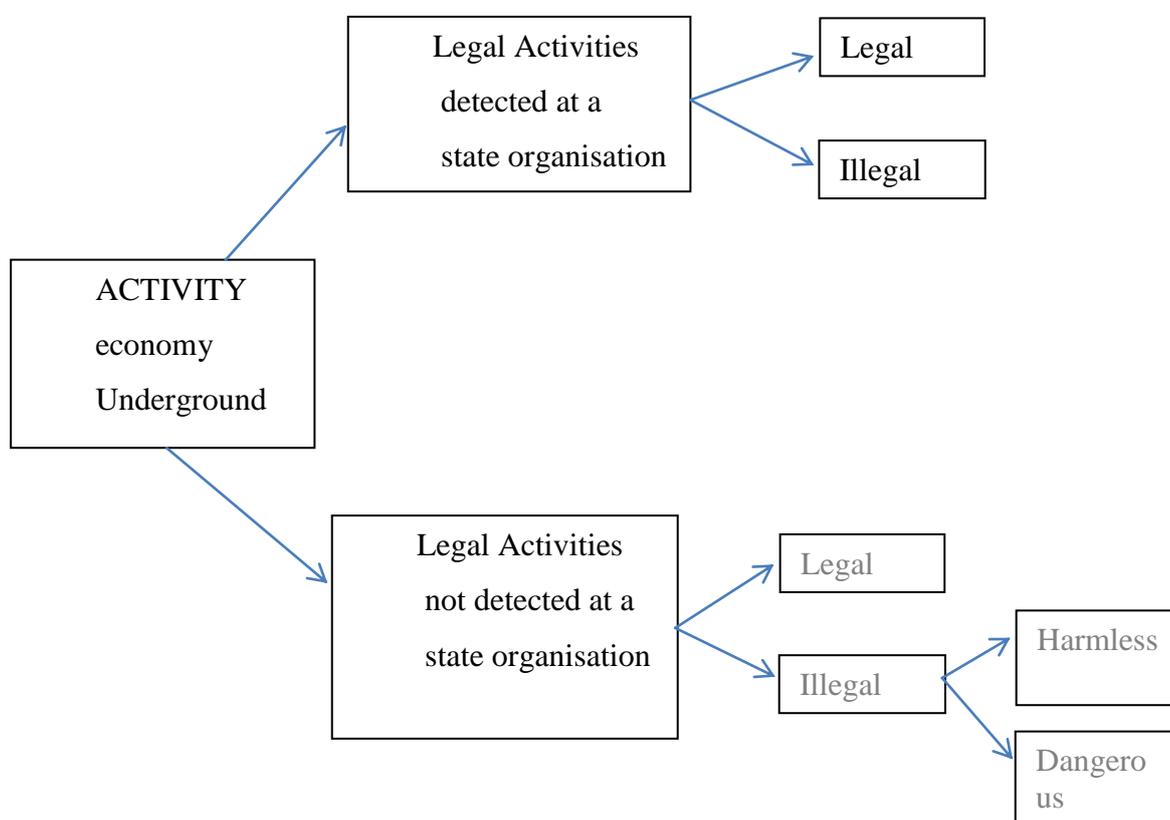


Fig.2. Classification of the "unnoticed" economy

The bottom line is that there are no two types of savings, only one. The true relationship based on the notions of logic exposes us to the fact that a relationship cannot be established between the two economies, together they form everything in the real economy of a country.

The higher the share of self-employment, the higher the hidden economy. Speaking of undeclared work, we find it as a component of monetary business along with tax fraud and evasion.



Throughout history, the "unnoticed" economy has become present in various proportions. The Economist mentioned in a 2008 article, that the countries with the highest fragility in the face of corruption are the countries that have recently joined the European Union. Poor bank loans cause many bankruptcies to the banking system during the period of entry into the EU. A high level of corruption is mainly due to the inability of the authorities to control such activities, including the fact that control of this process is not, in fact, desired.

In order to limit the growth of the "unnoticed" economy, it is necessary to simultaneously apply coercive measures or increase sanctions if they already exist, to amplify economic measures that have the role of developing economic growth, reducing fiscal pressure, but also to achieve a real legislative stability.

Criteria for establishing the arguments for which there is an "unnoticed" economy

In the economy of any country it is a component of the "unnoticed" economy. The system of natural freedom, Adam Smith's theory is the one in which each individual pursues his own interest for the benefit of society as a whole. The weaknesses and strength of men are given by God. At the same time, his project was to delimit the natural laws that regulate the moral laws.

Sense of ownership under fiscal pressure. Psychological studies on taxpayers have shown an exponential increase in tax evasion only if the payer perceives it as unjustified. We can conclude that the general perception indicates suspicions regarding the use of public revenue, the less the laws will be respected.

Egoism Vs. Altruism. The phenomenon of tax avoidance is not just an economic phenomenon, but a social one with a very high psychological impact. An explanation has been found in the specialized economic literature, namely: "it is human nature to agonize and avoid as much as possible the transfer of parts of wealth" (Le Bars, 1979). What we understand in everyday life by the term selfish, is that person who pursues self-interest with priority and does not want to share with people around him his achievements or his wealth. According to the studies of Anthony Giddens, in which the evolutionary stages of the human species are detailed in great detail, in the light of Charles Darwin's research, we can say that the human species is prone to "natural selection".

The implementation of a successful theory must take into account the specifics of a nation.

Public property and / or private property. The sense of private property, of one's own good develops the pursuit of wealth. Due to this fact, to collect wealth he will be tempted to avoid paying contributions to the state and thus to "help tax evasion", especially if he feels that he is unjustified.

In other words, we see "unnoticed" and "unnoticed" exchanges as a component of the economy. In the globalized market economy, the competition is very high, the existence of supply and demand is very extensive and the price is formed freely on this consideration, the market of "visible" exchanges functioning. The "unnoticed" exchange market is part of a market economy. The control tool is the development of a responsible and especially coherent legislative framework, through collective accountability to the state, behavior to taxation. The degree of voluntary compliance does not increase with the reduction of



income or income tax, people continued with the old habits. The more permissive the system and the more fragile the structure, the more corruption increases.

CONCLUSIONS

The “unnoticed ” economy can have positive effects if it serves the economic environment by satisfying the demand for ordinary services and for small entrepreneurs, craftsmen. The part of the “unnoticed” economy can develop new markets and to help to the increase of financial resources which can develop economic growth both for the “unnoticed” economy sector and for the real one. We can highlight the impact of the expences on on the economic growth and on the income taxation.

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FUSION BETWEEN ARTIFICIAL INTELLIGENCE AND AUTOMOTIVE SALES MARKET

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Abstract

In the era of Industrial Revolution 5.0, the focus is on the green economy, sustainability, and durability. The integration of artificial intelligence in automobile sales to support business sustainability is a major goal when talking about a market that exists anywhere, anytime, without having a physical meeting point between the seller and the buyer. Identifying modalities of integration of artificial intelligence into automobile sales by using various tools already known but implemented in the company's value chain is an important research objective. Thus, analysis of the implementation of applications with artificial intelligence will be done through empirical research in the specialized literature. The way AI is used in marketing only leads to digital customer activities through very fast action.

Keywords: *Artificial intelligence, modalities of integration artificial intelligence, market, sales*

Classification JEL: *M21, M31, M15*

1. INTRODUCTION

The innovative business model, implemented in the environment of the Industrial Revolution 5.0, has as its first objective the alignment with the green economy. This provides a series of concepts that ensure sustainability and implicit durability [3].

Artificial intelligence (AI) is the technology that supports sustainability through the way it designs, manufactures, and delivers a product [2] in automobile sales. Artificial intelligence is the essence of sustainability, and to prove this, there is a need to find ways to implement it at various key points in the automobile supply and sales chain.

2. LITERATURE REVIEW



Artificial intelligence is changing the way business is done, improving all processes, from the manufacturing of products to their sale, products that can be cars.

It is necessary to develop, first, intelligent systems that learn from experiences and then reproduce in similar cases the implementation. Many of these AI-based applications are not used from the beginning of the production chain until the cost of a car is collected, which can lead to differences in subsequent AI development. By knowing all the stages of innovation in the production and sale of cars, an AI knows the speed of production and, respectively, the period in which the car will be delivered for sale. Linking the two processes, production and sale, also requires a safe stock to satisfy the customer's needs.

The benefits that AI brings to car sales are given by the elimination of errors from manual sales errors, executing the sales process much faster, regardless of workload, simultaneous sales activity for several customers, and IT security ensured when accessing data.

Marketing automations are ensured by manipulating data on various communication channels related to AI and customers.

3. METHODOLOGY AND RESULTS

The table below shows the results to integrate artificial intelligence based on empirical research:

No.	Background	AI integration	Source
1	Users have their own requirements	AI will identify for each user, the system requirements	[1]
2	Automating tasks	Use of Chatbots	[4]
3	Identifying how customers analyze a product	Support for customers in decision making	[5]
4	Synthesizing Big Data according to customer requirements	AI analyzes and changes business strategy	[1]
5	Employees need time to think about the execution of some tasks	AI eliminates time without tasks	[2]

Table no. 1 Integration of AI

CONCLUSIONS

The integration of artificial intelligence in the innovative business model, in car sales, leads to the satisfaction of the customer's needs, in a minimal time for researching the offer and quickly translating it into an order for the sale of a car. In this context, the factors that drive the company towards performance and profitability will be highlighted.

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MULTI-CLOUD COMPUTING: BENEFITS AND CHALLENGES FOR BUSINESSES

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Abstract

More and more enterprises, from all industries and of all dimensions, have oriented to cloud computing adopting due to their capability of offering the opportunity to implement and consume those cloud services that are most suited to their business objectives. But, for businesses is important to know what strategy of cloud computing is the best one to adopt. A multi-cloud solution seems to become a significant innovation in recent years. According to the latest Cloud Security Report (2022) published by Cybersecurity Insiders, more than 33% of the organizations that participated in the study reported that are following a multi-cloud strategy for more services integration, scalability, or for a continuation of business development, and 76% of them used two or more cloud service providers. Multi-cloud can meet the various needs of companies, but it has disadvantages, too. The paper aim is to support businesses to decide which cloud-based technology suits them by offering a brief overview of cloud computing deployment models, focused especially on the multi-cloud approach, and highlighting what problems are solved by such a solution, but also its risks exist.

Keywords: *Cloud Computing, Deployment models, Multi-cloud, Business adoption, Technology*

Classification JEL: *L21, M15, Q55*

1. INTRODUCTION

The term "cloud computing" is used for new features of network computing and trends in digital technology. The first detailed definition of cloud computing and the most referred to in the literature on the subject is the definition by the National Institute of Standards and Technology (NIST): "Cloud computing is a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction" (Mell and Grace, 2011). This definition is completed by five essential characteristics of the model (on-demand self-service, broad network access, resource pooling, rapid elasticity, and measured service), three service models of delivery cloud computing (Software as a Service, Platform as a Service, and Infrastructure as a Service) and four main deployment models (private cloud, community cloud, public cloud, and hybrid cloud). Over the last decade, due to many businesses adopting this technology as a pillar of their IT resources to perform their current activity, cloud computing had a continuously increasing evolution (Golightly and others, 2022). New emerging concepts, technologies, and terminologies adjacent to cloud computing are still appearing, so anything involving delivering hosted services over the internet is named cloud computing. Even if cloud computing is a popular term, it is still difficult to define it because its technologies and goals are continuously evolving (Yin, 2020).



2. MAIN CLOUD DEPLOYMENT MODELS

The four main types of deployment cloud models, defined by NIST, are private, public, hybrid, and community. A private cloud is deployed and managed within a single organization with multiple users, and the public cloud is deployed and managed in a third-party organization, i.e. the provider, a hybrid cloud is a combination of private and public clouds unified by an underlying technology that allows for data application portability between them, and the community cloud is a cloud environment where the computing resources are sharing between multiple organizations and managed by one or more community contributors (Mell and Grace, 2011). The increased usage of Cloud Computing in the last decade was directly related to the benefits expected by customers from it (Imran and others, 2020). But, even if it is obvious that cloud computing has become more and more useful to any kind of organization, especially for businesses, due to the possibilities offered to scale their computing resource needs according to their business objectives and financial possibilities, in time were highlighted numerous limitations that cloud systems face, regardless of the model of implementation. The literature on the subject, but also numerous professionals in the field, highlighted serious problems that the beneficiaries of this technology could face, respectively: data security and privacy risks, legal issues related to security, the lack of standardization and problems of interoperability, high latency, and even vendor lock-in (Hong, 2019; Tavbulatova and others, 2020; Mohammed and others, 2021). Table no. 1 presents the most highlighted advantages and disadvantages of the four main models of deployment cloud computing in recent research systematized by Mohammed and his colleagues in their comprehensive review.

Table no. 1. - The advantages and disadvantages of main cloud deployment models

Cloud model	Advantage	Disadvantage
Public cloud	Reduced time to develop new products Cost-effectiveness No contract (Pay-as-you-go) Ensures scalability/ reliability No user maintenance effort	Higher security risks Network performance may be suffering instabilities. Slow speed depends on internet quality. Lack of customization Lack of investment
Private cloud	More customization Higher security/privacy Enhanced reliability Greater control over the server Higher performance	High costs devoted to a private cloud infrastructure On-site maintainance Capacity ceiling
Community cloud	Compromise data security and privacy Flexibility and Scalability Improved Services Available and Reliable Cheaper than private cloud	Costs higher than public cloud. Share fixed amount of bandwidth/data storage among all members
Hybrid cloud	Optimal utilization Flexibility Control the resources allocated Cost-effectiveness Data center consolidation	More maintenance High initial costs Challenging on data and application integration

Source: Adapted from Mohammed and others. From cloud computing security towards homomorphic encryption: A comprehensive review. TELKOMNIKA, 2021, p.1154;



To cover part of those disadvantages a multi-cloud strategy can be adopted.

3. MULTI-CLOUD STRATEGY

The main benefit of a multi-cloud strategy for a company is the advantage of using several cloud providers and implicitly benefiting from the main assets and capabilities of each one. Combining services from several providers offers the possibility of combining different subscriptions so that all needs are covered at an optimal cost while optimizing computing resources. In addition, more providers will offer more autonomy, making data management flexible, and advanced security even if a certain complexity is associated with the multi-cloud approach.

Other important reasons why multi-cloud is a better solution for businesses is that this approach avoids dependence on a single cloud provider, ensuring the high requirements of resources and services for large companies, disponibility of backups in case of calamities or planned inactivity, assuring services proper with specific features that are not delivered by others (Petcu, 2013; Jamshidi and Pahl, 2014). The multi-cloud system consists of multiple hardware, virtual machines, various operating systems, private clouds, etc. from different providers.

But, the complexity of this type of cloud environment is hidden for the users of multi-cloud services by accessing a user-friendly unified interface named multi-cloud application interface (Imran and others, 2020). When a user requests a service, the client-side interface analyzes and transfers it to the cloud service provider-side interface. The requested service is admitted and served by an available cloud, according to request criteria based on complex advanced technologies for choosing the proper cloud. The complexity of multi-cloud seems to be the main challenge, especially because many companies become multi-cloud customers by fortuity acquisitions of one-by-one clouds from different providers.

Organizations can adopt many types of architectures for their multi-cloud like re-deployment, relocation, refactoring, rebinding, replacement, cloudification, or modernization (Jamshidi and Pahl, 2014; Vyas, 2018). Thus, this can result in a gathering of various cloud environments and operating models that need new skills to achieve the business outcomes that multi-cloud can deliver by eliminating this complexity under multi-cloud operating. Another significant issue is that not all companies are capable of effective management or only economically enough multi-clouds to achieve their objectives.

CONCLUSIONS

There are many reasons to choose one or another cloud computing deployment model. Firstly, each cloud deployment model covers the different necessities of businesses, so it is essential to choose the right model, the model that satisfies the specific needs of the firm. Also, more relevant could be the cost of adopting a model or another, because different models have different costs, and the cost can be determinant. Not in the last, the characteristics of each environment and the security offered by the provider determine the right choice.

So, it is necessary to investigate and analyze the various deployment models of such technology and the potential challenges and constraints of its adoption according to



the business framework and its requirements. While each four main cloud computing deployment models come not only with benefits but with disadvantages, too, the recent multi-cloud strategy seems to solve some of these problems by providing customers with better alternatives.

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THE IMPACT OF ENERGY SAVING CONVERSION IN THE CONTEXT OF REPOWEREU ON THE INDIVIDUAL CONSUMER

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Abstract

The saving energy in an aggregated way regardless of the type of consumer, individual or company, has the effect of accelerating the process towards clean energy. In the current context, generated by the war started by Russia in Ukraine, the target of saving energy is doubled by reducing energy dependence on fossil fuel imports from Russia. The main purpose of this research is to analyze the challenges faced by the individual consumer in the formation of a rational consumption in the conditions of a modern society on the one hand, and on the other hand respecting the trinomial of sustainability – accessibility - safety in terms of feasibility and costs. The article falls into the field of consumer behavior and investigates some aspects related to the sustainable behavior, energy saving and lifestyle of energy consumers. The results of the research show that there is still a need for the development and implementation of policies to stimulate sustainable energy consumption.

Keywords: *saving energy, behaviour, individual consumer, REPowerEU*

Classification JEL: *D12, O13*

1. INTRODUCTION

The independence and energy security of Europe requires the elimination of dependence on Russian energy sources. In this sense, in May 2022, the European Commission communicated the REPowerEU plan whose actions aim to build a resilient energy system and an efficient energy union [1].

Saving energy is one of the measures proposed within the REPowerEU plan, along with diversification of supply; replacing fossil fuels to obtain clean energy and making smart investments and reforms. Moreover, the REPowerEU plan seeks to increase the energy saving target from 9% as stipulated in the Fit for 55 to 13%.

The policymakers in the European Union are increasingly emphasizing the promotion of sustainable behavior, and the identification of the factors influencing the reduction of energy consumption in routine activities are the objective of numerous studies [2-13].



2. METHODOLOGY

Through a sustainable behavior, each individual can contribute to saving energy and implicitly to stopping the degradation of the environment, ensuring that future generations will also benefit from a healthy environment. The way of consumption and the lifestyle can be adapted to the new circumstances.

The research problem is measuring the perceived level of sustainable behavior by energy consumers and testing the effects that knowledge about energy saving has on sustainable behavior as well as on their lifestyle. The main objective of the study is to evaluate the effects that individuals' knowledge about energy saving has on their sustainable behavior.

In order to achieve the proposed objective, we used two research methods: exploratory, respectively the specialized literature review and cross-sectional, respectively the survey.

In the documentary study, we started by identifying the papers that specifically reported the perceptions or awareness of energy consumption and savings. The Google Scholar search was based on possible combinations of the following keywords: "consumer perceptions", saving economy "consumer awareness", "energy consumption", "REPowerEU", "energy use" and "energy savings" limiting our search to published articles after 2021. The transversal research carried out with the help of the questionnaire was the basis of the measurement of different characteristics of interests to achieve the proposed objective.

CONCLUSIONS

The study highlighted the individual consumer's perception of energy saving as a result of the requirements imposed by the current context generated by Russia's war with Ukraine.

We have identified the knowledge of individuals regarding energy, the elements that determine the adoption of sustainable behavior, a fact that allowed the elaboration of a conceptual model aimed at two aspects: one cognitive (knowledge about saving energy) related to making a decision, and another affective that guides choices consumers (sustainability), both with a positive and direct impact on sustainable behavior. The results of the research show that factors such as the gender of the individuals, their level of income, their level of training or their level of information have a significant influence on the adoption of energy saving.

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THE INTEGRATION OF IRPA VERSUS RPA SOLUTIONS IN THE ECONOMIC PROCESSES - IN THE AUTOMOTIVE INDUSTRY. A CASE STUDY.

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Abstract

The major challenges of this post-pandemic era will be those related to the automation of as many steps as possible, related to economic processes, existing in companies in Romania and beyond. This case study aims to highlight the advantages and disadvantages of the two automation solutions in the SAP area, one native iRPA (Intelligent Robotic Process Automation) versus one purchased from another software provider, namely UiPath - the RPA solution. The authors of this scientific article will refer, from the data collected in the research they carried out, to everything that means the adaptation of the professional accountant to the changes that come with the adoption of these technologies, why these technologies are welcome and why their role in economic activity is more than necessary.

Keywords: *iRPA – intelligent Robotic Process Automation, AI - Artificial intelligence, modalities of integration iRPA with ERP – Enterprise Resource Planning, Accounting, Processes. Business, Economics*

Classification JEL: *M21, M31, M15*

1. INTRODUCTION

Returning after everything that the COVID-19 pandemic meant, at work, physically, for the accounting professional, meant a rethinking of what he does daily, of the way in which economic processes can be supported by his input, using the systems of ERP type, in the present case the authors will refer to SAP. It may seem paradoxical, but this period in which people did not physically go to work changed the way economic processes can be approached through the lens of intelligent technologies, in this case iRPA or RPA, but also the involvement of AI - artificial intelligence. A series of steps, stages, that the accounting professional used to do in the economic processes he was dealing with,

are now automated to a very high percentage, intelligent technologies helping to achieve them (repetitive things have been greatly removed, as well as execution errors).

2. LITERATURE REVIEW

A series of articles mention the importance of adopting and adapting RPA-type solutions, Ai-type solutions as well as even solutions from the mechatronics area in economic activity [1]. These solutions will help, around economic processes, to eliminate redundant work, the verification of a large data sets, the import and export of the data from the ERP systems, etc. In the studies that the authors searched for, the role that must be played by the adoption of such intelligent technologies is mentioned, must be, the benefits they come with.

3. METHODOLOGY AND RESULTS

The figure below shows the automation steps used to integrate iRPA – AI – ERP on a project used in modeling for an economic process, based on exploratory research:



Figure no. 1 Integration of iRPA - AI - ERP

CONCLUSIONS

The conclusions of this research lead us to affirm that the integration of intelligent solutions must be done as quickly as possible, the volume of activities and processed data being very large. A series of events can occur at any time (pandemics, wars, etc.), so going to work is no longer a necessity. Anyway, working remotely is now an option that a number of companies are taking into account, so a series of automations will find their place in the activities of professional accountants.

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THE EVOLUTION OF THE IT INDUSTRY

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Abstract

In addition to the organic evolution, since this pandemic year, the good international reputation of Romanian software engineers, who are increasingly sought after, in complex projects involving innovative, new generation technologies, such as: blockchain, AI, big data, deep learning, streaming, etc. We estimate growing investments in the area of Big Data and AI, especially in the segment of large companies, whose need has evolved from software solutions that store data (ERP, CRM solutions) to a need to understand that data and interpret in a correct way to be able to make good decisions in real time.

Keywords: *software, technology, Big Data and AI*

Classification JEL: D80 Information, Knowledge, and Uncertainty: General

1. INTRODUCTION

The evolution of the IT industry is currently being followed with pragmatic and speculative eyes, being an important pillar of Romania's economic development. The pandemic has accelerated the trends that are now moving mainly towards the digital age. In recent years, companies have made the transition from online commerce to streaming, and concepts such as work from home and digital nomads are among the main manifestations of this evolution.

2. How important has digitization and integration of quality software experiences become in 2022?

I think that the IT industry in Romania is in the process of acquiring a new concept: data driven culture. The premises of this effect are found in the fact that most of our actions generate data. Whether we are talking about business actions or social media preferences, they create "repositories" of raw data, which refined, plant business trends.

The need for a data-driven strategy is rooted in the promise of digital transformation. In a data-driven culture, decisions are derived from quantitative context and the process of discovering and interpreting patterns. Thus, the main goal of companies is to provide a digital experience consolidated on the identification of customer needs by analyzing the



purchase journey of a product and developing good practices that allow the data to be actionable. The previous mentions refer to the digital transformation that results: the digitization of some processes. The newest strategy pushed to the forefront by the pandemic is accelerated digitization, which involves adopting the latest technologies, automating business processes and data visualization.

The demand from companies for the expansion of Data teams is proving to be a priority, as data is the new gold. Based on this rationale, we are witnessing an abundant need for innovation in the data sector and consequently for experts to operate under the sign of this newness. The initiation into such a career starts from data processing and analysis roles, with branching towards Data Engineering, Business Intelligence or Data Science. What is interesting to observe, compared to other roles, is the accelerated progress from one position to another, a fact that only explains the context and speed with which investments are made in this area of development.

The turnover of companies in the software industry in Romania increased by approximately 14.5% compared to 2020 and was 246% higher than in 2012, reaching a record level of almost 10 billion euros in 2021, according to data from at the Ministry of Finance.

CONCLUSIONS

From the camp of IT specialists, this field proposes a different kind of technology impact. The context of data is not just about numbers, it involves creativity. The latter can define a new type of objective that directs the IT community to research. For example, the Data Scientist role combines multiple technical capabilities: mathematics, statistics, logical thinking, programming, machine learning and most importantly creativity, forecasting/anticipation. What I want to convey with this example is that we are in a full transition process from: I am here to do my job regardless of the result, to: I am here to be part of the result. Especially this applies when the data outlines ideas for software development, process optimization, digitization, consequently impact in the world.

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E-BUSINESS STRATEGIES FOR SMES

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Abstract

E-business represents electronic businesses, digitized businesses, which have business processes that take place online, on the Internet, on the extranet. The business processes carried out by e-businesses are related to: customers, internal environment, business management. Buying goods and services, making payments, collaborating with customers, suppliers and other business partners, selecting employees are some of the digitized processes. Businesses are being reshaped, business models are emerging adapted to today's digital environment, which is dominated by increasingly advanced digital technologies. SMEs are increasingly turning to electronic tools to provide security against data theft. They are increasingly used by enterprises: digital certificates, data encryption tools.

The paper presents a business strategy model that can be implemented by enterprises, to transform a classic business into a digitized business, which includes as many digital processes as possible.

Keywords: *e-business, digital signature, digitalization, SMES, digitized processes*

Classification JEL:

1. INTRODUCTION

Elaborating the strategy of the enterprise means taking action to create the future of that enterprise [2].

The transition from a classic business to a digitized business is a decision of the company's management. Transforming a business into an e-business means having answers to several questions like: What strategy is suitable for my business? How much should I invest in this business? What processes can be digitized? Is it necessary to build a new business? What are the most important changes that can facilitate the digitization of the business? [3]

The studies carried out reveal the fact that there is a direct link between IT and the entrepreneurial performance of SMEs. Digitized businesses, e-business strategies developed and implemented, orientation towards markets in the digital environment, business partnerships created and developed in the electronic environment contribute to increasing the performance of enterprises by developing the e-business component of the business. [1]

2. E-BUSINESS STRATEGIES FOR SMES

To develop a strategy means for any enterprise, to give a direction of action to that enterprise, towards a well-established target. If the goal of an enterprise today is to adapt to the increasingly digitized environment in which we live, then it is necessary to develop and implement an e-business strategy.

It is necessary to develop and implement a digital business strategy because [3]:

- there are insufficient resources for digital initiatives;
- there is no digital business development department;
- digital development does not only mean implementation of digital technologies.

E-business strategies have many elements in common with classic strategies developed by companies. Any strategy is based on the following elements [3]:

- ✚ the existing performance of the enterprise;
- ✚ the way to achieve the established objectives;
- ✚ establishing the resources necessary to achieve the objectives;
- ✚ the development of long-term plans for the development of the enterprise;
- ✚ identifying the company's competitive advantage.

There are different levels of strategies developed depending on the size of the organization.

The factors that contribute to the successful implementation of an e-business strategy within SMEs are [3]:

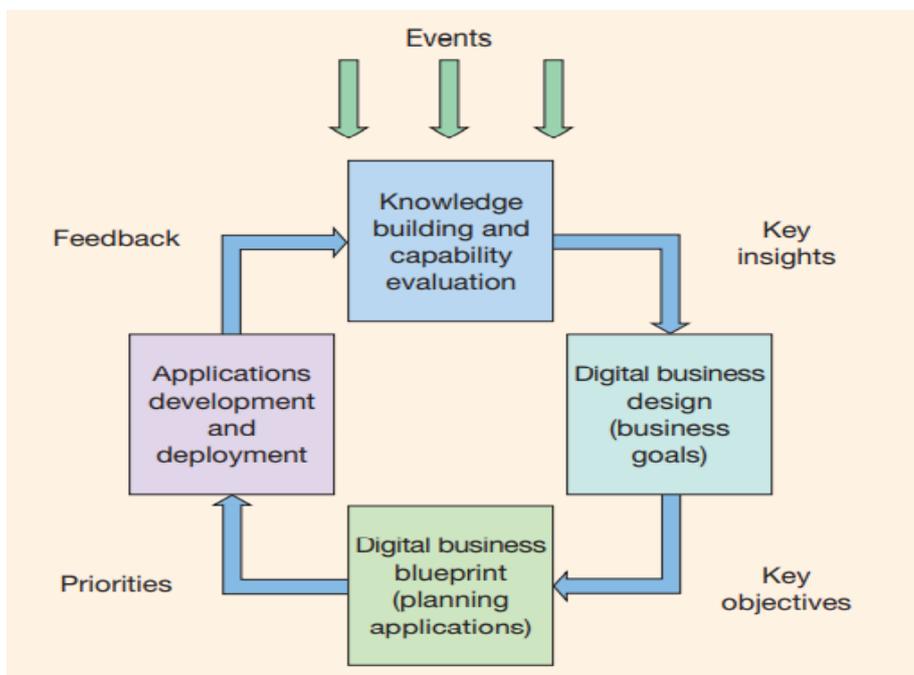


Figure 1 Dynamic model of digital business strategy

Source: Chaffey, D. - Digital business and e-commerce management. Strategy, implementation and practice, Pearson Education Limited, 2015, p. 192



- a. effective presentation of the offer of goods and services offered on the market;
- b. use of the website;
- c. building relationships with individual clients;
- d. creating and maintaining connections with groups of like-minded individuals or organizations;
- e. adapting prices to those of competitors, existing on the Internet;
- f. creating a brand for e-commerce;
- g. the motivation to use the Internet and to innovate;
- h. maintaining and developing connection with partners in the IT field, to improve processes.

An e-business strategy model is presented in Figure 1. The development of a strategy starts from a strategic analysis of business resources and processes, financial and human resources analysis, a SWOT analysis of the organization, an analysis of the competitive environment. Strategic objectives are then set, with the vision and mission of the digital business defined. Ways to add value to the business are identified. The e-business strategy is structured, which represents a digital business model. Then we proceed to the implementation of the strategy.

CONCLUSIONS

The development and implementation of an e-business strategy by SMEs contributes to the success of the organization, to the adaptation to the digital environment in which we all operate today, to the internationalization of business, to the increase in the number of customers, to the sustainable development of enterprises, to the protection of the environment.

The implementation of a digital strategy by SMEs is a success factor for them. The digital strategy, in order to prove its effectiveness, must include several strategic directions regarding the products and services offered, processes that can be digitized, building relationships with online customers, building a brand in the online environment, improving processes by using IT systems.

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THE PROMOTION OF RENEWABLE ENERGY SOURCES - IMPORTANT OBJECTIVE IN THE CONTEXT OF TRANSITION TOWARDS GREEN ENERGY

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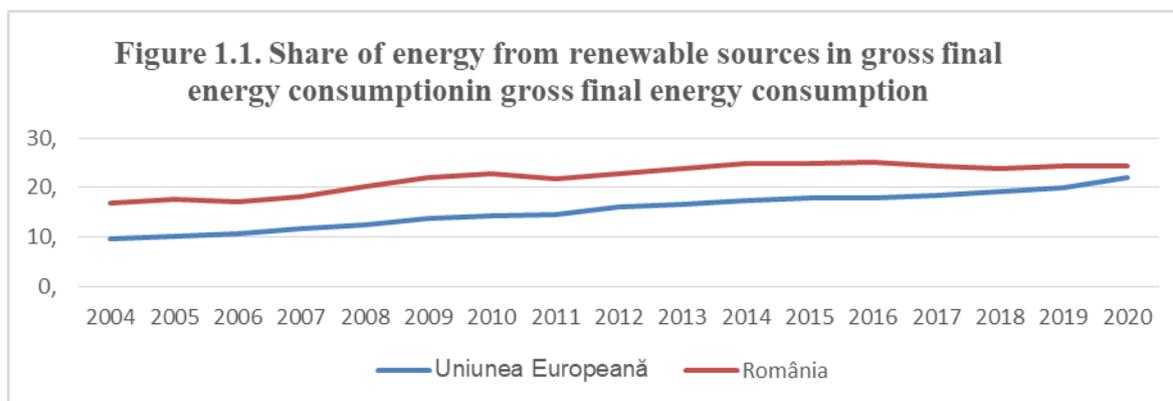
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ABSTRACT:

Renewable energy sources are alternatives to fossil fuels that help reduce greenhouse gas emissions, diversify energy supply and reduce dependence on uncertain fossil fuel markets, especially oil and gas. The development of renewable energy sources may also have the potential to boost employment by creating jobs in the new "green" technology sector.[1] Energy from renewable sources in the European Union has increased in recent years, from around 9,6% in 2004 to 22% in 2020. In Romania, the share of energy from renewable sources increased from 16.8% in 2004 to 24.4% in 2020, being 2.4% higher than the share of the European Union.

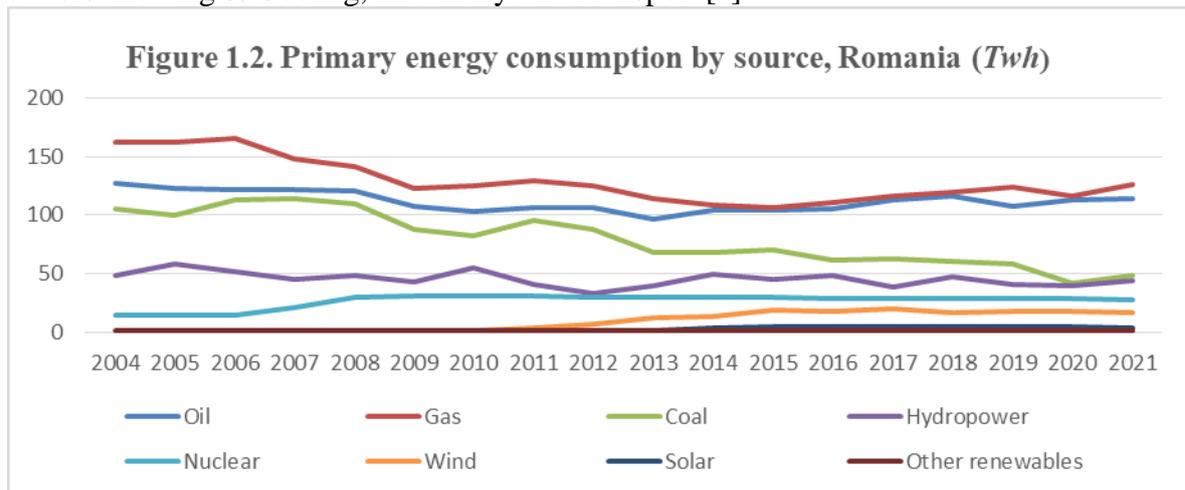
Keywords: renewable sources, green energy, energy strategy

The promotion of renewable energy sources represents an important objective for Romania at the level of 2030 in the context of the transition to green, clean energy. The share of renewable energy in the gross final energy consumption in the period 2004-2020 (Figure 1.1.) registers an upward trend, being above the European average. Also, the proposed objective for 2020 was 24%, and Romania exceeded the proposed objective[2] placing Romania in 10th place in the EU and above the average level of the Union.



Sursa: https://ec.europa.eu/eurostat/databrowser/view/NRG_IND_REN__custom_4020162/default/table?lang=en

According to Romania's 2020-2030 energy strategy, significant increases in electricity production from solar and wind sources are expected until 2030. At the level of 2030, Romania targets a primary energy consumption of 32,3 Mtoe, respectively a final consumption of 25,7 Mtoe, representing a reduction of 45,1% and 40,4% respectively compared to the 2007 PRIMES scenario.[3] In order to achieve the proposed EU objectives and targets, Romania will develop a series of policies and measures aimed at both reducing energy consumption and encouraging the use of renewable energy sources in the relevant sectors: Heating & Cooling, Electricity and Transport.[4]



Source: <https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy/downloads.html>, Statistical Review of World Energy

The main renewable energy resources of Romania are hydropower, nuclear, wind, solar, biomass and geothermal energy (Figure 1.2.). Hydropower continues to make the largest contribution to the range of renewable energy sources at 27,6%, followed by nuclear power 20%, wind power 12,4% and solar photovoltaic panels 3,4%. The electricity mix has undergone structural changes over the last decade. While coal's share has halved over the past 10 years, renewables have filled most of the gap, and natural gas has seen sustained growth from 11% to 18% as an energy transition fuel.[5]

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ENERGY INTENSITY - ENERGY EFFICIENCY ANALYSIS INDICATOR. COMPARATIVE STUDY: EU-27 AND ROMANIA

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ABSTRACT:

Energy intensity is considered a measure of the energy efficiency of a technological process, an installation, etc. at the level of the final consumer. High values of energy intensity indicate high costs induced by transforming energy into a service or finished product, while low values indicate low costs.[2] The factors that influence energy intensity are largely economic factors: production structure, price, exchange rate, etc., and to a lesser extent technical and technological factors [1]. Improving the efficient use of energy is equivalent to reducing energy intensity and represents the essential goal of the national policy in the field of energy efficiency.

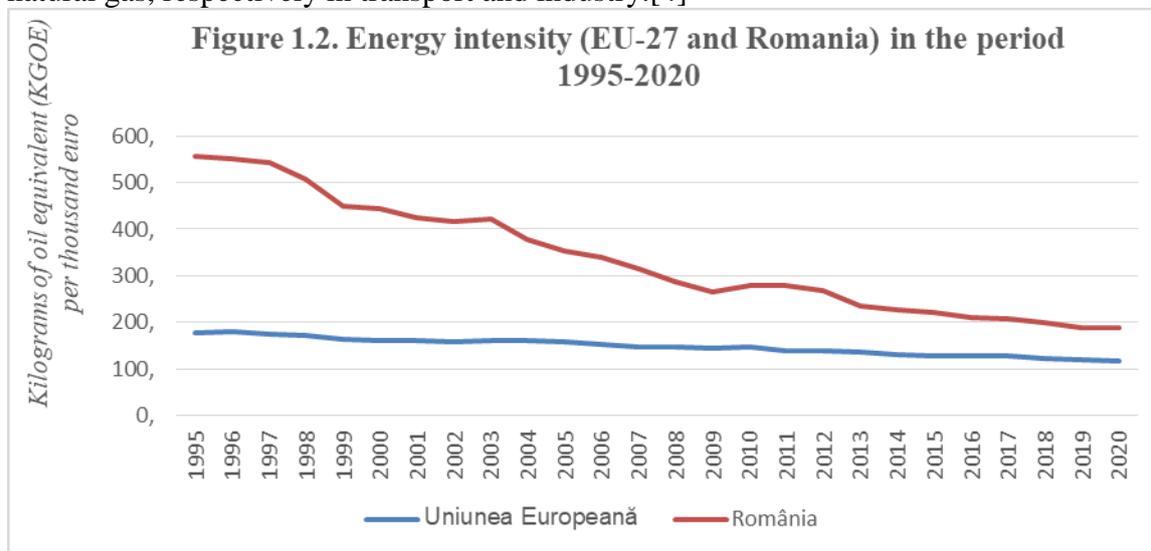
Keywords: energy efficiency, energy intensity, final energy consumption, GDP

Energy efficiency is one of the least expensive ways to reduce greenhouse gas emissions, reduce energy poverty and increase energy security.[4] Energy efficiency represents the ratio between the value of the performance result obtained, related to the resulting services, goods or energy, and the value of the energy used for this purpose.[3]

Energy intensity represents the amount of energy needed to create a service or finished product.[2] Energy intensity is one of the main indicators for the analysis of energy use efficiency and is included in the list of indicators of sustainable energy development, adopted by international bodies with responsibilities in the field of energy and statistics.[1] Final energy intensity is defined as the ratio between final energy consumption (with climate correction) and the value of GDP. GDP is converted to 2010 euros using purchasing power parities. The purpose of climate corrections is to remove the influence of the cold season. Climate corrections are made only in the residential and service sectors. In the case of Romania, the value of the energy intensity indicator depends on the way in which the GDP is expressed. This has a particular impact on comparisons made with the existing international situation.[5]

Energy efficiency in Romania has continuously improved in recent years (Figure 1.1.). Between 1995 and 2013, Romania recorded the highest average rate of decrease in energy intensity in the EU, of 7,4%, amid the restructuring of industrial activity.[4] If in 1995 the energy intensity in Romania was 3,14 times higher than the average in the European Union, in the period 2012-2016 the final energy intensity decreased by 21,54%, and in 2020, the value of the final energy intensity decreased, being 1,63 times higher than

the EU average. The highest potential for increasing energy efficiency in Romania is found in the heating of buildings, in the transformation of primary energy resources into electricity in thermoelectric plants, in the transport and distribution of electricity and natural gas, respectively in transport and industry.[4]



Sursa: https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ei/default/table?lang=en

Increasing energy efficiency through technology investment is essential for energy-intensive businesses to compete internationally. Further rapid growth of energy efficiency in industry is more difficult, high potential currently being found especially in increasing the energy efficiency of buildings (residential, office and commercial premises).

The European Union is committed to leading the global energy transition by meeting the objectives set out in the Paris Agreement on climate change,[6] aimed at providing clean energy. To fulfill this commitment, the European Union has set the objective of improving energy efficiency by 32,5% in 2030.

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TECHNICAL PROGRESS AND COMPETITION

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Abstract

The research of the relationship between technical progress and competition is of interest, from the perspective of this work, at least from two points of view. Thus, technical progress (in the broad sense) contributes significantly to the structural and qualitative change of the market, depending on the size of the demand. At the same time, through new technologies, new products, new services, this factor considerably influences the offer – both quantitatively and qualitatively.

From another point of view as an economic and social reality integrated more and more deeply into the production processes, technical progress forms a specific market, integrated into the general system of markets. Its internal dynamics – with a strong competitive component – influence the totality of the active markets at a certain moment in the economy and confer distinct characteristics to the competitive environment.

Keywords: *technical progress, innovation, competition, market.*

Classification JEL: *O10, O30*

1. INTRODUCTION

In the '50s, in the midst of the postwar reconstruction period, a book appeared in France that would mark a discontinuity in economic thinking. It is about the work due to the French economist Jean Fourastie, "Le grand espoire du XX – eme siecle", whose merit, still unknown today, consists in highlighting – in a systematic manner, based on statistical, economic and sociological analyses – the role played by technical progress in supporting economic growth and shaping social structures in the twentieth century.

So how do we define technical progress? We call technical progress the increase in production obtained with a fixed amount of raw materials or human labor.

A defining element, deduced from economic analyzes carried out over long time series, consists in the fact that the intensity of technical progress is not equal in all branches of the economy, which gives an irregular character to the contemporary economy. We can talk about the division (segmentation) of the economy into distinct sectors, individualized according to the intensity of the technical progress from which they could benefit. This irregularity can be related to a wide register of criteria, which ultimately supports its reality within a national economy: depending on economic sectors, going down to the level of technical equipment, managerial skills, training and motivation of staff.

2. Literature review

The French economist Jean Fourastie states the following in connection with the importance of technical progress: labor productivity depends to a large extent on technical progress which, in turn, depends on scientific progress. (Technical progress is considered



as scientific progress embodied in economic facts). However, scientific progress depends on a set of complex and unpredictable factors. [1]

The great economist Michel Didier titles the last chapter of his work *Economics: the rules of the game* in the interrogative mode: "Towards a new economy?" the author aims to find a meeting place between traditional economic approaches, developments in the real economy and projections formulated in the last decades in the form of scenarios, hierarchies of dominant trends. In all these attempts, technical-scientific progress is fundamentally involved, either as an individualized factor, or as integrated into broader concepts such as the industrial revolution, industrial, post-industrial, computerized society, etc. [2]

A first level of analysis is, in the author's view, the evaluation of the "post-industrial model", a model launched in the economic and socio-political literature by the American sociologist Daniel Bell ("The coming of post-industrial society"). The post-industrial society does not keep its promises - says Michel Didier. the abundance in the developed countries was obtained through the disordered development of artificial needs; to equate the accumulation of material goods with well-being is a mystification. Poverty and social inequalities have not disappeared, and the danger of economic crises threatens the social progress.

3. Technical progress and its importance for economic growth

The market is defined as a highly complex economic category that reflects the totality of sales and purchase relationships that take place in society, in their interaction, in close connection with the economic space in which they take place. the real relations between production and consumption are reflected on the market, through the correlative categories of demand and supply and the price categories. [3]

A more nuanced and plastic definition states that the market is, in essence, a social institution and its organization is linked to other institutions, mentalities and behaviors specific to each people. The market appears as a set of means of communication, through which sellers and buyers inform each other about what they have, what they need and the prices asked and proposed before concluding the transactions. In other words, markets are communication networks.

The markets intertwine and form an organic and organized ensemble, with self-regulating mechanisms. It influences each other so that the evolution and mutations in any part of the market are reflected and affect the other segments and the market as a whole. Precisely for that reason, the market must be seen as a market system, with a complex structure, which synthetically reflects the complexity of economic life as a whole and the multiple existing interconnections and dependencies.

Due to the complex of factors that influence the market, a state of perfect and lasting equilibrium proves, every time, a utopia; such a model is used either to simplify reasoning or for didactic reasons. Reflecting the economic life (and not only) of a society, the market is suited to it: more dynamic or slower, with more sensitive and effective self-regulation mechanisms, or more rudimentary. Precisely the dynamic component allows the market to absorb impulses from real economic life, to value them, to sanction (positively or



negatively) the activity of each economic agent. For these reasons and for many others, the market is a factor of growth and modernization of the economy.

Since in the market economy all economic processes, the actions of economic agents and the regulation of the economy take place on the field of competition, this is considered as the dynamic factor of economic life. It is the reflection of the free initiative of the economic agents, of their freedom of action and decision in a normal market, unhindered by artificial barriers.

Direct or indirect - technical progress is fully integrated into the competitiveness equation, and thus becomes an increasingly present factor of the competitive environment. The strategy of any company that aims to develop must incorporate these elements, find its own solutions to enhance the competitive capacity of innovation.

CONCLUSIONS

In the knowledge-based economy, the success of companies is increasingly a relational success. Enterprises actively seek to intensify cooperation with public research laboratories, universities and including other private companies. The recognition of a company or a country will increasingly be determined by the capacity and efficiency with which they will know how to access, absorb and use information.

Many corporations have implemented programs to disseminate knowledge and information between subsidiaries; the stimulation of the innovation process is done through training courses and continuous education. The transfer of knowledge between subsidiaries to the same firm holds a major share in the international transfer of knowledge. The fight for the control of the standards leads to the creation of partnerships between companies. The complexity of today's technical specifications, the multitude of applications leads to divergent developments in the innovation process. The control and imposition of its own technical specifications is an important factor in the success of economic activity.

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COUNTRY RISK AND ITS MAIN MEASUREMENT INDICATORS

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Abstract

Most decisions in social and economic terms, at the micro, meso and macro level, are taken without having accurate (perfect) information and, therefore, the decision-making problem becomes an extremely complex one. A measurement, an assessment in time and space of the risk in the economic environment thus becomes a necessity that must be assumed as an expression of reality.

In this context, making decisions in international affairs, under conditions of uncertainty, requires the most accurate knowledge of the economic, political and social realities of the partner countries, knowledge possible through the assessment of country risk.

Keywords: *risk, indicators, country risk. commercial risk;*

Classification JEL: *F40, P10*

1. INTRODUCTION

The loans made by governments enjoy the greatest credibility especially if they are denominated in national currency. If the government assumes the right to print money, the issue of inability to pay is broadly an academic one. In these circumstances, there is a risk that a country will finance its payment of its debts through excessive issuance of currency, thus reducing the value of its obligations through inflation. When a country borrows in foreign currency, the risk of it defaulting is higher, as the issuer cannot print money for the purpose of paying off debts.

This risk was evident during the '80s, when many issuers who were forced to restructure their foreign currency obligations also took responsibility for restructuring private sector obligations, due to the fact that they restricted foreign exchange. Establishing the country rating is important even if the government does not want to enter the international financial market: it also sets out the parameters within which the private sector operates.

2. The concept of country risk

In a broad conception, risk means the possibility of losses occurring within an economic business, as a result of the occurrence of unpredictable events and phenomena.[1]

At the microeconomic level, the commercial risk of the enterprise may appear (often measured by the coefficient of operating leverage, i.e. a coefficient of elasticity of the operating results to changes in production), the financial risk (measured by the leverage effect of indebtedness, the coefficient of elasticity of financial profitability, etc.), investment risk, marketing activity risk, etc.



Commercial or non-commercial risks may arise in international economic transactions (import, export, cooperation, etc.). In general, commercial risks are determined by several causes, including: non-acceptance of the goods by the buyer; non-payment on time of the consideration for the goods or service; situation of the buyer in a state of insolvency, etc. Non-commercial risks can be determined by: the adoption of restrictions on currency transfers; government intervention; changes in the political regime; natural calamities or state of war, etc.

Thus, we note that the risks, in international economic transactions, may be caused by the partners (the risk of non-payment, the risk of non-production of the goods or the non-performance of the service) and caused by the economic, political and social situation of the partner countries (the country risk).

The concept of country risk includes all the risks that may accompany capital investments abroad. It occurs at the macroeconomic level and refers to: transfer risk, generalised country risk and sovereign risk. The country risk is the risk of losses caused by the economic, political and social situation and the evolution of this situation in the partner country.

The general country risk includes all the general, economic, political and social risk factors that influence the business environment in the partner countries. These risk factors can be: social and political events that prevent the importer from complying with the contractual conditions (war, revolutions, embargo, import ban, etc.); social and political events that prevent the exporter from complying with the contractual conditions (war, revolutions, export embargo, etc.); sudden devaluations of the contract currency; deep recessions ș.a.m.d.

3. Country risk assessment indicators

The indicators that are frequently used in the measurement and analysis of country risk aim to characterize the economic situation and the political situation of the country.

If the evaluation of the political situation is based mainly on qualitative aspects, on the analyst's experience and on the subjective assessment, on the other hand, for the evaluation of the economic situation there are a series of statistical indicators aimed at characterizing the capacity of a country to honor its external commitments. Sources of information for country risk assessment.

In order to eliminate possible errors, caused by subjectivity, incomplete or distorted information, data and information for the calculation of economic and political indicators used in country risk assessment are collected from various national and international sources, including: national official statistics; national economic publications; official international statistics; international economic publications: Financial Times, The Economist, The New York Times, Wall Street Journal, Le Monde etc; reports and studies of specialized institutions for country risk assessment: Moody's Investors Service, Standard and Poor's Rating Group, Economist Intelligence Unit etc; profile publications specialized in rating analysis: Institutional Investors, Euromoney etc.; reports by governments and non-governmental organisations; information provided through field research and personal contacts.

In addition, in assessing the macroeconomic situation, it is studied how the country can cope with possible international shocks. This is a sensitivity analysis, or "stress",



which includes scenarios specific to the structure of each economy, including standard scenarios: global recession, high global interest rates, a collapse in commodity prices.

The most important indicators that describe the macroeconomic situation are:

- Real gross domestic product per inhabitant (GDP/place) or Real gross national product per inhabitant (GNP/place);
- -The branch structure of the economy;
- Structure of GDP by categories of expenses (public sector, private sector, gross fixed capital formation, etc.);
- The rate of economic growth (of real GDP) analyzed as such but also incorrelation with the rate of population growth, with the growth of investments, with the growth of savings, etc. (that is, the type of economic growth);
- Economic, human and capital resources;
- The structure of the employed population;
- The efficiency of exploitation of economic resources;
- Size and structure of savings: savings/GNP, real interest rate;
- The size and structure of investments: gross investments/GDP, the economic efficiency of new investments, the ratio of gross internal investments/gross internal savings;
- The percentage of the budget deficit in GDP;
- Inflation, measured, as a rule, on the basis of the GDP deflator, but also on the basis of the consumer goods price index;
- Increasing the money supply;
- Indicators of the quality of the labor force, unemployment and structural imbalances, infant mortality, average life expectancy;
- Income level per inhabitant;
- Indicators of the standard of living.

To characterize the state of the economy, indicators of the balance of payments are also used, indicators that reflect the country's ability to cope with external debt coverage needs and external shocks. The most used indicators of the balance of payments are:

- the growth rate of imports;
- the growth rate of exports;
- degree of coverage of imports by exports;
- export structure on the main partners;
- the value structure of exports on the main products;
- the share of imports of goods and services in GDP;
- the import structure of the main products (food, oil, non-essential goods and services);
- elasticity of demand for imported products depending on income;
- elasticity of demand for exported products depending on income;
- current account balance as a percentage of GDP;
- the balance of the current account relative to the receipts of the current account;
- balance of payments relative to GNP.

Another category of economic indicators, external debt indicators, allow highlighting the danger of a liquidity crisis, which can be an alarm signal for external creditors. They are chosen, by the specialized companies, from the following indicators:



- external debt service;
- structure of external debt by maturities and creditors;
- total external debt in relation to GDP (or GNP);
- the total external debt related to the export of goods and services;
- external debt related to: export plus income from the country's properties from abroad plus net unilateral transfers;
- short-term external debt compared to total external debt;
- the total interest paid (as a measure of the cost of borrowing) related to the export of goods and services;
- bank debts related to the export of goods and services;
- the debt reported to the amortization of the debt;
- medium-term public debt service related to the export of goods and services;
- medium-term public debt service plus short-term interest relative to the export of goods and services;
- reserves related to debt service;
- reserves related to imports;
- capital inflows related to external debt service.

CONCLUSIONS

The risk assessment process involves the use of quantitative and qualitative techniques and methods that are necessary to obtain information on the nature of the risk occurrence probabilities and, finally, the estimation of these probabilities.

The problem of measuring and statistical analysis of country risk is included in the general topic of risk in the economy.

It can be seen that in recent years risk analysis has become an increasingly widespread practice in all fields of activity, serving in the choice of various possible options within them. Macro-models for business risk assessment were developed between the components of the models, with complex interactions and "feed-back" relationships.

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FLEXIBLE EVALUATION OF MODELS BASED ON NEURO-FUZZY METHODS

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Abstract

Computational intelligence is a science that aims to simulate biological intelligence. Neuro-fuzzy model uses fuzzy rules "if condition", "then action" to describe the system. The most famous hybrid neuro-fuzzy method is ANFIS (Adaptive Network-based Fuzzy Inference System). Compared with fuzzy systems, neuro-fuzzy ANFIS systems have the ability to adapt during the learning process. ANFIS is an adaptive neural network that implements the learning algorithm of the Sugeno fuzzy model. This work deals with the ANFIS neuro-fuzzy system problem and its modeling using Matlab.

Keywords: ANFIS neuro-fuzzy system, Takagi-Sugeno fuzzy rules, Matlab modeling
Keywords: digital economy, coronavirus disease, development, strategy, industrial modernization

INTRODUCTIONS

Computational intelligence is the science of creating intelligent agents. An intelligent agent is a system that acts intelligently. Aims of this science is to model biological intelligence. Computational intelligence techniques are fuzzy logic, artificial neural networks and evolutionary computation.

From the theoretical point of view, fuzzy systems and neural networks are equivalent, as are inter-convertible. It has been shown [Hayashi, Buckley-1994] that any system can be approximated by a fuzzy neural network and any neural network can be approximated by a fuzzy system. Based on rules.

Between the different nonlinear identification techniques, methods based on neuro-fuzzy models become increasingly used. These methods combine the techniques based on neural networks based with the techniques based on the fuzzy inference systems.

Neuro-fuzzy models describe systems via fuzzy rules "if condition", "then action" represented in a lattice structure which learning algorithms known in the field of artificial neural networks can be applied.

Due to its structure, neuro-fuzzy model has a high degree of interpretation and analysis to explain phenomena that can not be represented by classical functional model. Both neural networks and fuzzy systems are motivated by human thinking processes.

THE ARCHITECTURE ANFIS

In a fused NF architecture, ANN learning algorithms are used to determine the parameters of FIS. Fused NF systems share data structures and knowledge representations. A common way to apply a learning algorithm to a fuzzy system is to represent it in a special ANN like architecture. However the conventional ANN learning algorithms (gradient descent) cannot be applied directly to such a system as the functions used in the inference process are usually non differentiable.



This problem can be tackled by using differentiable functions in the inference system or by not using the standard neural learning algorithm. In the case of fuzzy systems the connections between different information are explained by means of conditional rules. At the same time neural networks explain the relations between information network using values unexplained. Neuro-fuzzy systems combine semantic transparency of rules with the learning abilities of neural networks. The most popular hybrid neuro-fuzzy method is ANFIS (Adaptive-Neural-based Fuzzy-Inference-System).

Contrary to the fuzzy systems, neuro fuzzy ANFIS systems have the ability to adapt during a learning process.

ANFIS is an adaptive neural network that implements a learning algorithm for Sugeno fuzzy models. This hybrid learning algorithm proposes not only to estimate parameters of the consequences of fuzzy rules but specifying the membership functions of the premises fuzzy rules, whose parameters are defined by the network weights.

The algorithm starts with fixed values for the parameters of the premises of rules. Then, the two sets of parameters are adjusted during an iterative process. In phase signal propagation from inputs to outputs, parameters of the consequences of rules are estimated by the method of least squares. The error back propagation phase, the parameters of the premises of fuzzy rules are updated by a gradient down optimization method.

ANFIS implements a Takagi Sugeno FIS and has a five-layered architecture. The first hidden layer is for fuzzification of the input variables and T-norm operators are deployed in the second hidden layer to compute the rule antecedent part. The third hidden layer normalizes the rule strengths followed by the fourth hidden layer where the consequent parameters of the rule are determined.

Output layer computes the overall input as the summation of all incoming signals. ANFIS uses backpropagation learning to determine premise parameters (to learn the parameters related to membership functions) and least mean square estimation to determine the consequent parameters.

A step in the learning procedure has got two parts: In the first part the input patterns are propagated, and the optimal consequent parameters are estimated by an iterative least mean square procedure, while the premise parameters are assumed to be fixed for the current cycle through the training set. In the second part the patterns are propagated again, and in this epoch, backpropagation is used to modify the premise parameters, while the consequent parameters remain fixed.

CONCLUSIONS

The problem of identifying a nonlinear system is approximating the function f starting from the known sequence (data) of input $x(t)$ and output $y(t)$. If the purpose of modeling is only achieving an accurate prediction for y , not is a major difference between models based on neural networks, models based on the fuzzy inference system or the neuro-fuzzy system because all quite accurately approximate nonlinear systems of this type.

Often, besides aiming to achieve more accurate predictions, it is desirable to create a model that can then be used for learning and analyzing of properties.

In models based on fuzzy logic the relationships between variables are represented by rules with vague predicate such as: if the " temperature too high " then " temperature rise is rapid." These rules define on qualitative manner the relationship between cause and effect.



Depending on the structure of rules, can be distinguished two main fuzzy models: the Mamdani model and Sugeno- Tagaki model.

On the Mamdani model, information from the antecedent of the rule (the conditional part) and from the consequent of the rule (the consequence) are fuzzy propositions.

If x is A , then y is B_i

Linguistic fuzzy model is useful to represent qualitative knowledge.

In Tagaki-Sugeno model the information of antecedent is defined in the same way as the Mamdani model, but the consequence is a linear function of the input variables.

If x is A_i , then $y_t = a_t x + b_t$

The information of antecedent describes fuzzy regions in the input space where the function consequence is valid. The output y is calculated by taking the average of contribution of individual rules.

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The challenges of the circular economy in the green transition in Romania

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Abstract:

The circular economy is part of the green economy that actively contributes to the achievement of economic development objectives. The sustainable and sustainable development of the economy is based on the balance between the three dimensions of development: economic, social and environmental. The digitization of the three dimensions, which give quality to life, is the tool that can support and accelerate the development of the circular economy whose key words are production and reuse. The volume of waste at the global level is increasing, resources are decreasing, and ecological imbalances are increasingly raising alarm signals about the quality of life on earth. In this framework, the circular economy represents a production and consumption model that looks at the manufacture, use and reuse of all recyclable raw materials, to put them back on the market and help them have a longer life. The circular economy can significantly reduce the negative effects of the extraction and use of natural resources and contribute to the restoration of biodiversity and natural capital in Europe. The current challenges of the green transition are identified with a series of elements specific to the circular economy: resource use efficiency, clean energy, resource productivity, pollution reduction, sustainability, technological improvement, disassembly, adaptation, cycle closing strategies ș.a. All this presupposes the existence of a legal framework, favorable to the implementation of the circular economy in the green transition in Romania.

Keywords: green economy; green transition; .

Classification JEL: L83, Q01, Q56, Z32

1. Introduction

The energy crisis and the ever-increasing reduction of natural resources in the context of the accentuated deterioration of air, water, soil quality and the impact of natural ecosystems has determined a series of challenges by international bodies regarding the circular economy and waste management acting urgently in the direction of identifying the most good solutions and technologies in this period called "green transition".

In a circular economy, the value of products and materials is maintained as much as possible. Waste and resource use are minimized, and when a product reaches the end of its life, it is reused to create additional value. This can bring major economic benefits, contributing to innovation, sustainable economic growth and job creation, [1].

The European Commission has presented an action plan for the circular economy which aims at a more sustainable design of products linked to the reduction of waste and the responsibility of all producers and consumers within the European Union.

The training of producers and consumers for a circular economy is based on extending the life cycle of all products on the market, so that the raw materials used become less and less and the waste is as small as possible. According to data provided by Eurostat, from 2018 to the present, the European Union produced over 2.5 billion tons of waste annually,



and Romania recorded 22 million tons of waste every year during the same period. Romania has a lot of measures to take in terms of improving waste management. In this context, the municipal waste recycling rate is one of the lowest in the EU while landfilling is still the dominant form of waste management.

For example, in 2018 the recycling rate of all waste except major mineral waste was only 29%, compared to the EU average of 55%. Similarly, the municipal waste recycling rate reached only 14% in 2020, compared to the EU average of 48%, placing Romania among the lowest performing countries in the EU. The European Commission has identified Romania as being among the countries at risk of not reaching the EU objectives for 55% of the total volume of residual materials and waste produced. The recent study on the analysis of Romania's environmental performance, carried out by UNECE, shows that the level of separate collection of recyclable materials from municipal solid waste remains low, being only 12.9% of the total municipal solid waste generated in 2021, [2].

Thus, through the implementation of the action plan for the circular economy, special attention will be paid to sectors with intensive consumption of resources, such as electronics, plastic materials, goods and materials used in production, construction and mining. At the same time, the selection of waste will be carefully monitored coming from individual homes.

2. Interconnecting the circular economy with the green green economy

In this period of green transition, a circular economy strives to reduce the "input" of new resources, especially non-renewable resources, to use, reuse and exploit resources in the economy as much as possible, and to minimize the "output" of emissions and waste.

The development of a circular economy needs new approaches to the life cycle, which allow to overcome the barriers associated with the consumer market uptake of the latest technological innovations in this field. Making progress in this direction must take into account current models where "today's goods are tomorrow's resources at yesterday's prices", as well as the need to raise awareness, inform and train the general public, [3].

Under a circular economy model, the aim is to bridge the gap between production and the cycles of natural ecosystems – on which people ultimately depend. It's not about being "less harmful", it's about creating an economy that works in harmony with our natural world.

Thus, the circular economy is recognized for sustainable and sustainable economic development at least for:

- sustainability of resources – renewable, recyclable, biodegradable materials or any resource that reduces the amount of waste is used;
- life extension – new methods are developed for the design and manufacture of products, so that they have as long a life span as possible. Resources that would normally have been lost through material waste are repurposed to aid in repair, remediation or remarketing;
- product equals service – the business that made the product must offer not only the object or service itself, but also additional related benefits, such as assistance or trainings;



- sharing platforms – with their help users and customers are informed about how to benefit as much as possible from a product, how to use resources intelligently or how to save with the help of recycling;
- end of life – creating production systems that use goods considered waste as resources for new products.

It is necessary to create a Romanian model of the circular economy, taking into account the challenges, but also the associated opportunities for the operationalization of the transition to the circular economy and the valorization of residual materials in a circular approach.

The interconnection of the circular economy with the green economy leads to the improvement of welfare and social equity, simultaneously with the significant reduction of environmental risks and ecological crises.

In this paradigm, the transition to a green economy can be viewed from several directions, respectively[4]:

- efficient use of resources through the implementation of innovative approaches, which allow the optimization of resource consumption and the minimization of GHG emissions and waste
- approaching resources from a sustainable perspective to ensure the preservation of natural capital, the resilience of ecosystems, respectively ensuring social inclusion.

CONCLUSIONS

In Romania, the implementation of the circular economy model is just at the beginning, the importance of this activity not being fully understood at the level of Romanian society. Although the training of all the factors that directly contribute to a circular economy is deficient, there is still an important potential to develop circular economy projects in the coming years, in Romania. These projects come in particular through the lens of the need to apply European regulations in the field and the provisions of Romania's National Strategy regarding the Circular Economy. In an international context full of challenges, the circular economy represents an opportunity to reduce the dependence on imports of raw materials which is at a high level in Romania and in Europe.

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Trends in current economy - fiscal implications of virtual currency transactions

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Abstract

There are interpretations on the market to the effect that the income from trading cryptocurrencies, mediated with the help of the platforms used for this purpose, but having a settlement modality that is not clearly defined and, moreover, with trading that is not regulated by any supervisory body, is still considered taxable income.

Lack of centralised control for crypto assets, their quasi-anonymity, the valuation difficulties, the hybrid features, the rapid evolution of technology, as well as the shape that virtual currencies may take are all challenges in establishing fiscal obligations.

Moreover, the forms for which they can be used, both for payments, and for investment purposes, encumber classification and potential fiscal compliance. Such difficulties also arise from the need to identify the relevant mediators, the reportable event, the valuation of assets, and the available information, among other things. As it is clear for all - just like with "traditional" financial instruments, the income obtained from crypto assets should be subject to taxation.

Keywords: *cryptocurrencies, income taxation, virtual currencies.*

1. INTRODUCTION

The cryptocurrency phenomenon has become, over the past years, more specifically since 2019, a priority for the national central authorities: ministries, government, central bank, financial supervisory authorities, as well as for the international organizations, such as the International Monetary Fund or the G20 Summit.

The position of the authorities for this new and altogether exotic phenomenon has been and continues to be lacking in a well-established trajectory, as they send out warning signals, or take the way of forbiddance, or express their intention to create a favourable legal framework.

2. PAPER BODY

Considering the evolution of the cryptocurrency phenomenon, the identification of the main coordinates for taxation is due, given that, after all, a clear definition of virtual currencies and/or cryptocurrencies is lacking.

In fact, the income obtained from cryptocurrency transactions has been interpreted by specialists as being income obtained from investments, which can be credible, but not an



accurate interpretation, because, under the Fiscal Code, the income obtained from investments is defined strictly, if we are to refer specifically to the law in force (operations and instruments are applied in a strictly controlled environment in terms of the law), and the analysis of the adjacent provisions does not allow for the fiscal aspects of virtual currencies to be bundled under the category of securities or financial instruments.

As a result of the above, the only accepted option, as also indicated by the structure of the law in Romania, is for such revenue to be subject to taxation as being the result of income from other sources, since this income group includes all revenue identifiable as a taxable base (granted, taking into account the exceptions provided by the Fiscal Code), but without being separately defined as taxable under the law.

Regarding the determination of the taxable base, respectively the determination of the taxable moment for cryptocurrency transactions, one of the trouble spots emerges upon determining the taxable moment for transactions with virtual currencies.

Universally speaking, each natural person that operates these transactions and makes a gain, performs a taxable operation. For instance, if a natural person trades in a virtual currency (for instance, Bitcoin), and purchases another virtual currency (for instance, Ethereum), making a gain as a result of this operation, we are dealing with a taxable operation.

Moreover, if a natural person trades in virtual currencies for the purpose of acquiring goods and services, they are performing a taxable operation.

However, one of the major matters of interest is the anonymity and the rather concealed, practically unregulated nature of transactions in cryptocurrency, generating a plurality of uncertainties, both for the fiscal body, and for the taxable person, regarding the declaration and taxation of the income, as long as they are not crystalized or clarified by the law in force.

If the income from trading in cryptocurrencies is also stated in cryptocurrency and it is not converted into a tangible income, with an easily detectable traceability, such income definitely becomes virtual income.

CONCLUSIONS

In my opinion, if virtual currencies are not recognized by the Romanian or European law as currencies, electronic currencies, or actual currencies, the natural person only acquires an actual benefit when such virtual currencies are converted into the legal currency, more specifically at the time of a transfer into a bank account or when goods and services providing benefits to the natural person are acquired.

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A BRIEF ANALYSIS OF SOCIAL MEDIA BRAND CONTENT AND STRATEGY DURING THE COVID-19 PANDEMIC

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Abstract

COVID-19 has had a profoundly negative impact on society and the worldwide economy. Due to this severe health catastrophe, businesses and schools were closed, and the government issued lockdowns and "stay at home" advisories. As the illness spread, customers began to spend more time at home and make online purchases. The use of technology, media, and social media has increased as a result of this collective trauma. By spending more time on social media, many people attempted to overcome the effects of lockdown and social isolation. This paper aims to develop an understanding of how the social media communication strategy of companies has been changed during the COVID-19 pandemic. The research methodology was based on the collection of secondary data and qualitative analysis of several business practices in terms of social media use during the COVID-19 pandemic. The results sustain that even during the COVID-19 pandemic, several companies managed to engage with their consumers through the use of social media platforms, namely Facebook and Instagram, in a creative and innovative manner.

Keywords: brands, social media, strategy, communication

Classification JEL: M1, L1, L2

1. INTRODUCTION

Considering the changes that occurred in customer behavior due to the COVID-19 pandemic, companies had to rethink their brand strategies in order to remain relevant to their consumers. Therefore, in this context, many of them had focused especially on capturing the potential of social media platforms in order to keep in touch with their targeted audience. This paper aims to develop an understanding of how COVID-19 has shaped the social media brand communication strategy of organizations, starting from existing literature.

2. LITERATURE REVIEW

According to a study conducted by Kantar, one of the world's leading companies in data analytics and brand consulting, during the beginning of the second quarter of 2020, digital marketing importance has increased significantly as a consequence of the limitations imposed by the COVID-19 pandemic (Mehta, et al., 2020). The lockdown

period had a clear impact on media consumption, not only in penetration, but also in time spent on each media: less Out of Home (OOH), cinema, printed newspapers or magazines, experiential events or transport and more digital, social networking and TV (Mehta, et al., 2020).

3. METHODOLOGY

The present paper addresses a qualitative examination of several business practices in terms of social media use during the COVID-19 pandemic.

3. RESULTS AND DISCUSSIONS

Numerous organizations had changed the content of their marketing communications. Thus, several brands rapidly responded by disseminating content related to COVID-19. Initially, the created and distributed postings were entirely related to the pandemic situation. Thus, these COVID-19-related posts belonged to a different category and had nothing to do with the brands' promotional efforts. Afterwards, brands included COVID-19-related information in their posts on social media in order to promote their products or brands. Even during the COVID-19 pandemic, several companies managed to engage with their consumers through the use of social media platform in a creative and innovative manner (for instance, live events on Facebook; Instagram live session for stress release and other wellbeing topic; virtual tours; creating and promoting challenges on social media) (Report Facebook, 2020).

Study case: Old Town Books initiatives on Facebook and Instagram



The owner of the *Old Town Books* business, Ally Kirkpatrick, began providing *online writing lessons*, *virtual book clubs*, and a kids *reading challenge* on Facebook. The store encouraged the customers to set aside time for indoor creative activities. Firstly, the owner provided various artistic challenges and art projects on Facebook, after which she made printable and shareable coloring pages of her neighborhood's well-known shop dog, Scout. To entice consumers to join the store for online creative time, online writing classes were converted to a donation-based, or "pay-what-you-can," model.

Source: Report Facebook, *6 Businesses That Are Getting Creative With Social Media During Coronavirus (COVID-19)*, 2020

CONCLUSIONS

As presented in this paper, in addition to consumer-brand interactions, the pandemic situation affected how businesses market themselves. In this context, social media platforms have been used strategically by companies in order to build and consolidate brand community.

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DEFINING TRENDS OF THE JOBS OF THE FUTURE

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Abstract

This paper wants to bring into focus aspects of what our work will look like in the future. One of the lessons that the pandemic has brought is that work will never be the same again. The complexity of the societies we live in, the speed with which things change and the amount of unpredictability around us create challenges every day that will shape the future of work, both for companies and for employees. How much automation and digitization will change our workplaces in the coming years, what skills we need to develop to keep up with a constantly changing world of work or how flexible and sustainable employers need to be to attract the best people, are some of the topics to be analyzed.

Keywords: *sustainable employers , employees of the future, artificial intelligence, digitization robotization*

Classification JEL: *Q01, O35,O15*

1. INTRODUCTION

Using specific forward-looking strategy techniques, following emerging trends and creating possible future scenarios, the analysis carried out is a foray into a possible future in which artificial intelligence, digitization and robotization will create new challenges, but also opportunities, in which every employee will be concerned with continuous improvement and learning to stay relevant in relation to technological changes, and companies will learn to pay more attention to people's needs and emotions.

2. EMPLOYEES OF THE FUTURE

Advanced digital skills and collaboration with robots. Without a doubt, the impact of automation, digitization and robotization in the work process will lead to closer collaboration between humans and robots. The more technology advances, the more people need to be trained to use it. In Romania, around 50% of the working time is allocated to tasks that could be automated, while in Hungary the share is 49% of the program hours, and in Slovakia between 48%-53% [1]. The World Economic Forum estimates that by 2025, 97 million new jobs will be created with the help of technology, while 85 million will be replaced by automated processes. In Romania, such services have already appeared in banking, for example, where cashiers are replaced by digital services, while in Slovenia the 3D digital banker already offers customer support. In this context, according to the same report, by 2025 half of the employees will need intensive training for new skills in the field of work. [2]. Understanding the dynamics shaping our future means realizing that we must be prepared for all possible scenarios, both as an organization and as an employee or professional in a given field. In order to keep up with the lightning pace of progress, companies must not only understand very well the environment in which they operate, but



also what are the possible development scenarios for them in the future. From the point of view of the labor market, precisely so that the future does not take us by surprise, we need a skilled workforce with digital skills and training in working with robots and automated processes. [3].

Flexibility and diversity in the work process. The technological advance and the paradigm shift in the work process will lead to an increasing flexibility in the way we work. The pandemic has created the ideal conditions for digital collaborations. 40% of Romanians with higher education live outside the country, and between 50-70% of those who leave Hungary are young people with higher education, between 20 and 39 years old, while every 10th graduate from Slovakia leaves college. [4] How does this change the perception of where and how we work? There are signs that demographics such as age, nationality or gender will no longer matter in the recruitment process, especially as the disappearance of physical borders will make it possible to recruit talent from anywhere. In addition, given that the percentage of the aging population is constantly increasing, and by 2050 it is estimated that 30% of the total population of Romania will be over 65 years old, a diverse and inclusive labor market will allow in the future the attraction and retention in the field of work of seniors, thus companies can benefit from both the inventiveness of juniors and the vast experience of seniors.

CONCLUSIONS

Current trends show a growing interest in embedding social, corporate and environmental governance practices into company policies, and employees are increasingly paying attention to how their needs are met at work. The emotional and mental health of teams is already an important criterion on the labor market, and 1 in 2 Romanians believe that organizations have a responsibility towards the environment and towards people. The new directions of development regarding digitization and the green and collaborative economy are beginning to erase traditional boundaries in the work process, creating points of connection between work and continuous learning, personal and professional life, the status of an employee and that of a freelancer or entrepreneur. This complex context creates many opportunities, but also many challenges that both companies and employees must be aware of and be prepared to incorporate into the work process in the not-too-distant future.

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CLIMATE CHANGE AND CLEAN ENERGY - A CHALLENGE TO THE ECONOMIES OF THE FUTURE

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Abstract

The effects of climate change are increasingly visible in Romania and internationally, be it intense heat waves, drought which destroys agricultural production, floods or threats to the address biodiversity caused by wildfires.

In 2021, our country faced a record number of weather warnings immediate severe (so-called "code red") issued by the National Administration of Meteorology (ANM), and specialists warn that they will become more and more frequent in the context of climate change. Intergovernmental Group on Climate Change of the United Nations (Intergovernmental Panel on Climate Change, IPCC) published in the last year new reports with data that indicates the acceleration of climate change. [5]

Keywords: *climate change, decarbonisation of the national economy, acceleration of climate change, clean energy*

Classification JEL: *Q 01, P 28*

1. INTRODUCTION

Syntheses of scientific knowledge by the IPCC [5] show that changes climate change is already manifesting and rapidly intensifying due to the accumulation in atmosphere of greenhouse gases (GHGs) at a rate that far exceeds the natural ability of our planet's terrestrial and aquatic ecosystems to a you absorb them. Based on up-to-date data, these IPCC reports also emphasize the need to firm action from both governments, citizens and the private sector towards the drastic reduction of GHG emissions through new solutions and technologies, and, simultaneously, for practical adaptation to the new realities.

The European Union (EU) and EU member states, including Romania, took their a firm commitment by ratifying the Paris Agreement on climate change (Official Journal of the European Union, 2016). This commitment translated into the EU's ambition to become the first neutral economy and society climate by 2050, with an intermediate goal of reducing emissions to level European by at least 55% compared to the level from 1990 to 2030 (Council European Union, 2022) [2].

To translate this ambition into reality, a transformation is needed profound for the EU, transformation that must be efficient from the point of view economic, i.e. in terms of costs and benefits, but also fair from a social point of view.

2. TACKLING CLIMATE CHANGE: AN INTEGRATED APPROACH

The transition to climate neutrality can bring multiple benefits, including creating new opportunities for improving health and ensuring well-being; new investments; job



creation and stimulation economic growth; combating energy poverty; investments in research-development-innovation; economic competitiveness at European and global level; increasing energy security by reducing dependence on energy imports and improving ecosystem health. Moreover, in the current geopolitical context marked by the aggression of the Russian Federation against Ukraine, decarbonization economy and the accelerated transition to low-carbon energy sources, which ensures the energy security of Romania and the European Union, it also becomes more urgent.

In the context of accumulating scientific evidence pointing to accelerating warming global and sharpening the need for socioeconomic progress consistent with sustainable development, the Presidency of Romania [7], decided the establishment at the level of the Presidential Administration, more precisely at Department of Climate and Sustainability, of a working group regarding "Combating Climate Change: An Integrated Approach".

The working group composed of over 40 Romanian experts from the country and abroad interacted regularly between January and July 2022 and elaborated this report. The document contains the mapping of the key challenges with which Romania faces in the short, medium and long term in limiting changes climate change, as well as a series of measures to respond to them.

Although numerous opinion polls indicate that climate change is considered by Romanians and Europeans to be a major challenge, with which we we face in the 21st century, understanding causes, effects and modalities to respond to climate change remains limited. The dangers resulting from the increasing intensity and frequency of the phenomena global and national weather extremes such as rainfall abnormally abundant in short intervals, prolonged droughts, desertification, environmental degradation, sea level rise or tropical cyclones and extratropical, already causes on average more than 20 million people to leave their homes and move to other areas of their countries every year (UNHCR, 2022) [6].

The complex and technical nature of the problem, coupled with the cleavage that remains quite significant between the scientific community and citizens, limited the flow of information between experts and the general public. Long weather, the effects of climate change were presented especially within predictive-anticipatory models (such as IPCC reports), remaining hardly accessible to the general public.

Information and education about the causes, effects and ways to reduce the intensity of climate change is essential and at the center of it must be find a dialogue between experts and society. Responding effectively to change climate change involves a partnership between governments and citizens, as well as decisions at the level individual.

3. CONCLUSIONS

There are several perspectives on the definition of climate transition, and the common element circumscribes the need to ensure a holistic approach to to the process by which climate change is dealt with in an integrated manner, taking into simultaneous consideration of the needs of citizens, societies, the business environment and the planet. According to the World Economic Forum's "Global Risks Report 2022" [1], a messy climate transition will exacerbate inequalities. "Action failure climate change' has been



identified as the main long-term threat, with the potential to have a severe global impact in the next decade (WEF, 2022) [1].

A failure of climate action would lead to more frequent extreme weather events which would be difficult to answer, but transitions can also be forms of failure messy, with negative economic and social impact. Such an outcome can be prevented by better and coordinated planning as well as by early action by all stakeholders, including the private sector and public.

Countries that continue on the path of dependence on sectors with intensive consumption of carbon risks losing its competitive advantage due to a higher cost of carbon, reduced resilience or failure to keep up with innovation technological. At the same time, the possible lack of public support for transitions of land use or new energy pricing schemes would generate political difficulties further slowing down climate action. Otherwise, a transition that does not take into account the societal implications can exacerbate inequalities within and between countries, increasing geopolitical frictions (WEF, 2022) [1].

For Romania, the two main risks identified by the WEF refer, on the one hand, to man-made environmental damage, and on the other, to related crises employment and livelihood availability. In addition, two other risks were identified: debt crises large economies and the politicization of strategic resources.

In this context, considering the policy assumed at the EU level through the Green Deal European to become the first climate-neutral continent, the holistic, orderly and early approach to climate transition is absolute also necessary at the level of Romania. Ensuring a just transition to a low-carbon economy. For the transition to a low-carbon economic system there is proven technological solutions that can be implemented on a large scale, and others are Developing. But the socioeconomic aspects that accompany this process, essential, must be better understood and administered, both in Romania and in the EU. Just transition lies at the intersection of socioeconomic concerns and the path towards decarbonisation of the national economy.

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THE ONLINE ENVIRONMENT AS A STRATEGIC FACTOR INSIDE A BUSINESS

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Abstract

Companies have always played a special role in the economic and social life of any country, being at the base of economic development. Dynamism, flexibility, adaptability, mobility, innovative potential represent some of the characteristics that companies have and which are considered essential for the harmonious development of the economy of any state.

The benefits of the online environment are definitely for all types of companies, regardless of their size and age on the market.

Keywords: *internet,business,online,consumer*

Classification JEL:

1. INTRODUCTION

The advent of the Internet has brought modern man a series of benefits that improve and ease his life, either by saving time, space and resources of any kind, or by offering a place of refuge. Easy and fast access to information has broken geographical barriers and broadened horizons. Along with the large-scale use of the Internet, all kinds of digital technologies have been developed, which currently represent the basis of the material infrastructure and a determining factor of globalization.

This digitization has inevitably left its mark on the business world as well, offering a lot of opportunities for companies, but also for customers.

Companies can substantially reduce their costs through the digitization of their business and through easy access to a global market, and customers can search and obtain information about the desired product, compare prices and save time by purchasing the product online. In other words, we are witnessing a profound transformation of marketing, its tools and strategies. Everything now happens on the Internet, from simply searching for a location, to paying bills, storing information, to shopping for household items. Therefore, the lack of a presence in the digital environment represents a danger for entrepreneurs and a benefit for competition. This puts pressure on companies, regardless of their size, to adapt to the new digitization trend.



There is a reluctance of Romanian entrepreneurs to use digital marketing tools. There are also entrepreneurs who avoid this kind of promotion for reasons related to data security, others believe that if they carry out their promotion activity in the online environment they will create vulnerabilities and develop dependencies, and other entrepreneurs have a series of fears that they do not have not necessarily a rational basis, but rather they are generated by the fear of change and the lack of correct information about what working with online data entails.

Companies have understood the fact that the Internet is a new channel to increase their presence on the market and along the way they have started looking for ways to diversify their services and reach different target audiences. Today, online marketing communications are an essential part of operational marketing and have become a specific marketing line: digital marketing.

2. ANALYZE OF THE ONLINE ENVIRONMENT

Analyzing the current situation of the business environment, we can see that the Internet as an informational and communication space has come to show an increasing interest for all categories of people. According to the National Institute of Statistics, there is an annual increase in the number of people who have access to the internet. According to INS data, the number of internet users increased by approximately 4-5% annually, reaching approximately 14 million users. Relative to the accelerated growth among people interested in the internet, the number of businesses operating on the internet remained small compared to the other countries in the European Union, giving Romania the last place in terms of companies that sell online or that have a presentation website.

In recent years, starting with the period of the Covid-19 pandemic, an increasing search for the online space could be observed. Due to the context and the somewhat unfavorable situation, classic consumers have come to embrace the idea of using the Internet both for current activities and for online orders and business. Following the INS data, most people are current users, 86.8% of people aged 16-74 using the internet in the last 3 months before the survey, of which 73.3% use this tool with daily or almost daily frequency, and 22% with frequency weekly.

Analyzing the occupational status of people aged 16-74 in 2022, the highest share of daily internet users will be found in employees 64% followed by students/students 25%. At the same time, analyzing the occupational status in 2022, we can see that in the last 3 months, 9 out of 10 pupils/students accessed the Internet, that is, a share of 92.6% and almost 1 out of 2 pensioners, 47.3%.

CONCLUSIONS

New forms of communication and customer relations in this digital environment have completely changed the way companies communicate with stakeholders. This is where the development of social media platforms and their integration in the development of businesses and their performance comes into play.

In conclusion, it is essential to educate entrepreneurs to increase the degree of openness towards the use of digital marketing and for a better understanding of the role of a specialist in the digital field. In this way, these specialists can more easily reach various



companies to offer them the necessary support, either through a position dedicated to this job, or through consulting services. Regardless of the reasons, the stage of development of the company or the length of time on the market, any business needs, today, an online marketing strategy.

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EFFICIENCY OF MANAGEMENT WITH THE HELP OF INTELLIGENT SYSTEMS

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Abstract

Mathematical models are the basis and support decision-making by managers. One of these models is Controlling, which represents a set of activities necessary to lead and coordinate the activities of the enterprise. Controlling, as a rule, is aimed at establishing the levels of correctness of accounting at the stages of realization of some variants.

Far from having the role of "control", with a punitive aspect, controlling has the role of coordinating all the processes of an enterprise in order to reduce costs, maximize revenues and fulfill the strategic objectives of the enterprise.

These (variants) can be irrational from an economic and social point of view, but they can lead to the identification of financial deviations.

These (deviations), being missing, the controlling accepts the irrational version, as a result the financial resources used irrationally become "legislated" by the controlling.

Keywords: *tehnologia informației, digitalizare, mediu virtual, securitate, contabilitate, sisteme informatice integrate*

Classification JEL: F60, F61, F62, F63

1. INTRODUCTION

These (variants) can be irrational from an economic and social point of view, but they can lead to the identification of financial deviations. These (deviations), being missing, the controlling accepts the irrational version, as a result the financial resources used irrationally become "legislated" by the controlling.

In order to avoid such situations, it is necessary to tell the controlling, the financial and economic decisions. Controlling requires the identification of the optimal use of financial resources. It is natural that this (controlling)

will subject the respective analysis to the subsequent stages of achieving the optimal variant.

2. PAPER BODY

The quality of management can be increased by synthesizing traditional management as the potential of virtual, intelligent management, by creating a mixed system, called a cyber-physical system, based on a network of intelligent technologies equipped with sensors.

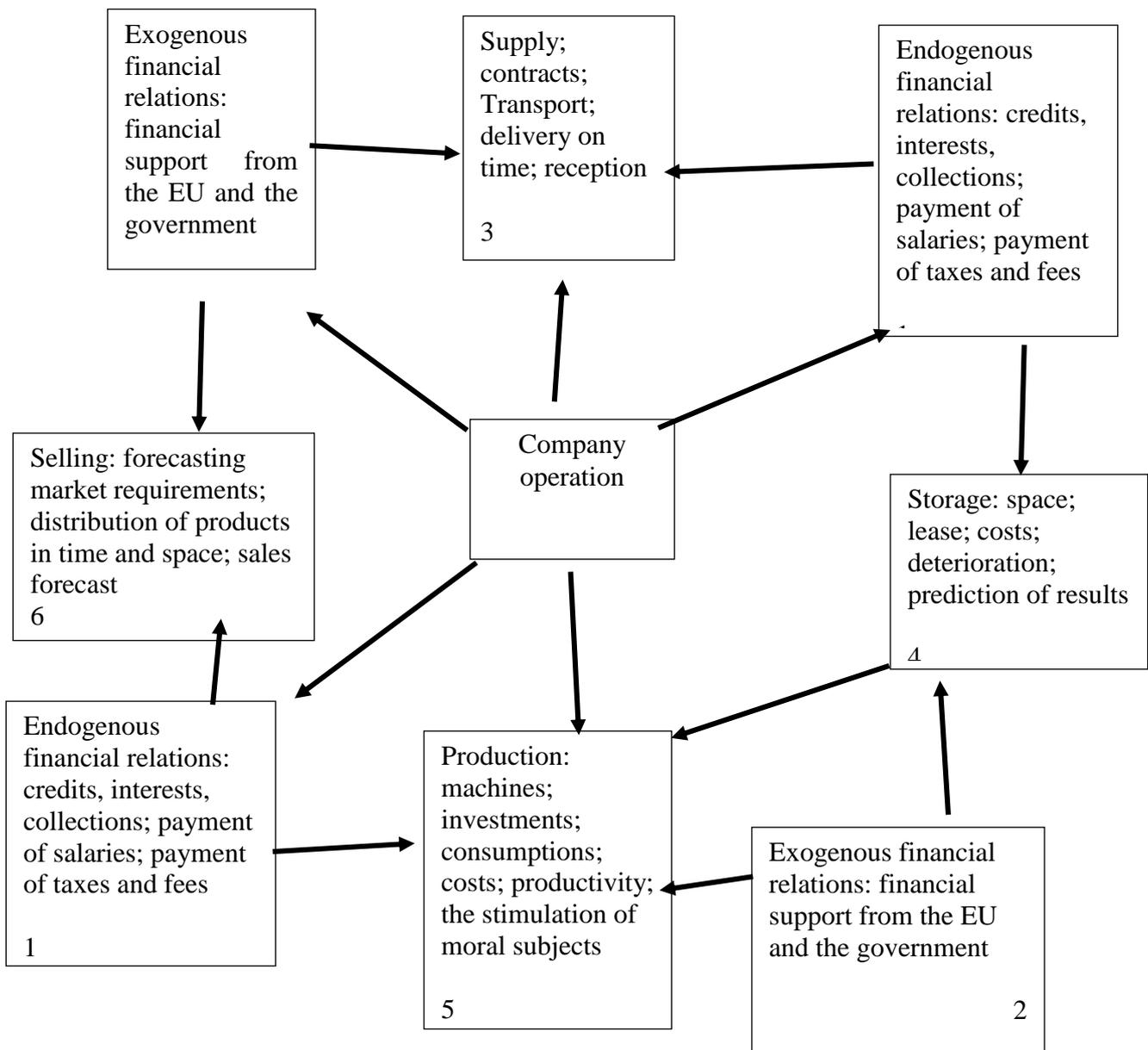


Fig. 1. "Operation of the Company" block diagram.



The potential of the management system, in this context, increases considerably. The system increases the amount of information delivered by sensors, databases stored in the system's automated memory, timely identification of deviations, needs for renovation, modification, stimulation, etc., the development of the most diverse forecasts based on economic, technical arguments, technological, mathematical, the efficiency of the supply system (contracts, transport, deliveries on time, receptions), the efficiency of storage (space, rent, damage costs, reserve forecast), the efficiency of productive processes (equipment, investments, consumption, costs, incentives, productivity), sales efficiency (forecast of market requirements, price, distribution of products in time and space, sales forecast); automation of endogenous and exogenous financial data collection processes regarding the operation of systems: supply, storage, production, sale (fig.1).

Automated networks equipped with sensors become a database for the controlling system.

CONCLUSIONS

Due to the three main characteristics, Controlling addresses the entire enterprise, the controlling department must be unique for the entire enterprise and have openness over all the activities and processes of that enterprise, it is future-oriented, considering the continuous improvement of the processes and functions of the enterprise, and to provide an early warning system on problems that may arise within the enterprise, punctually, or throughout the enterprise and is decision-oriented, but will not make the decision, the controlling department working as a consultant for management.

He prepares the decision, he prepares all the information that management needs to make the decision, but the controlling department will not make any decision. The management will make the decision based on the data provided by the controlling department. This is another reason that supports the idea that the controlling department should be unique and consider all the processes and functions of the enterprise. From the data provided by the controlling department, the management will extract those data that are useful for making the decision, with the obligation that the controlling department does not provide parasitic information. We understand that the controlling department must behave ethically regarding the data they provide to management: a set of good data will lead to making a correct decision, a set of intentionally wrong data will lead to making an erroneous decision and handing over the business in the hands of the competition.



The controlling department must give the management, based on the above characteristics, the orientation and the positive verdict.

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THE IMPACT OF THE SYSTEMIC TREATMENT OF PROGRESSIVE INCOME TAXATION ON THE ECONOMY

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Abstract

The present study proposes a new concept of progressive taxation of the incomes of natural persons. The proposed methodology is a simulative, formalized method and an algorithm is proposed, a matrix called the matrix of progressive taxation, which can be used as the basis for developing a software in this sense. The method of increasing the level of progressive taxation cannot affect the salary level of the population.

Keywords: *cybernetics, mathematics, information technology, taxes, natural persons, virtual environment, security, accounting, blocks, taxes, natural persons*

Classification JEL: F60, F61, F62, F63

1. INTRODUCTION

Progressive taxation is equivalent to implementing the best international practices in the field.

Such an income taxation policy, in our view, needs to be supported by all decision-makers, including the opponents.

The optimal organization of the progressive taxation process is a complex problem with a positive impact on the macroeconomics of a country.

The problem is:

- "fractionation" of the potential income of employees in economic, public, governmental activities;
- Establishing the amount of progressive taxation in the profile of the segments of the tax fractions;
- Establishing the extreme values of taxation.

The identification of the scientific-practical values of these parameters can be performed based on the simulation method.



2. PAPER BODY

The results of the simulation of the progressive taxation system in matrix form allow the identification of the fiscal amount borne by all taxpayers in the conditions when taxation is unique, the analysis of the additional income achieved if the taxpayer's income exceeds the limit size on certain tax levels.

The basis of the functioning of the progressive, simulative taxation system is the need for financial resources in the state budget, established by the Ministry of Finance.

Important is the calculation software for identifying the taxation level of each taxpayer. The presence of this software allows financial structures to perform the respective calculations and detect tax fraud.

CONCLUSIONS

In the material presented, a very formalized concept of a method of progressive taxation is proposed. The mathematical model, the taxation algorithm, the block scheme of the algorithm, the matrix of progressive taxation, can be used as the basis for the development of a software regarding the realization of state budget revenues by taxing the revenues made by natural persons.

It can be preventive, used to identify some parameters in the simulation model. Progressive taxation is necessary to reduce the level of polarization between the poor and the rich.

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Sustainability through digital transformation: Digitalization as a driver in reducing the environmental risks

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ABSTRACT

The COVID-19 pandemic has reshaped the human behaviour and the communication systems, challenging the purpose of businesses, compelling managers to reevaluate company plans and operations, and forcing researchers to reevaluate associated theories. A thorough conceptual framework is developed to support efforts in order to understand the current post-pandemic setting on the basis of a systematic review of literature publications from recent years, generated by a database of academic articles. The paper identifies and investigates human resource practises that can help employees manage the challenges caused by digitalization, emphasising the positive relationship between technological transition and the reduction of environmental risks and ecological deficits. In order to establish the impact of digitization techniques in regulating environmental risks, it applies complete interpretative structural modelling on survey data gathered from senior professionals with field responsibility. Thus, our research shows that digital transformation can produce the desired results by fostering digital attitudes, advancing digital social norms, improving perceptions of digital behavioural control, and enhancing digital behavioural decisions. It is also demonstrated that the main paths of digital transformation to enable the growth of enterprises are cost reduction, revenue growth, efficiency enhancement, and innovation stimulation.

Keywords: *digitalization, technological transition, sustainability, environment, pandemic*

Classification JEL: *N70, O13, O19, O33, O35, O44, Q5*

1. INTRODUCTION

Digital transformation is an essential concept for managing technology developments, which have the effect of changing the nature of the global socioeconomic system. This digital transition is frequently described as a technological difficulty, a management issue, a business strategic challenge, and last but not least, a disruption. Therefore, it's crucial to focus on growth trends that raise just as many risks and moral conundrums as they do benefits and opportunities, with digitalization serving as a prime illustration. The purpose of this paper is thus to investigate the relationship between



environmental practices and human behavioural changes as a result of digital transformation activities. In the digital era, new behavioural roles have to be identified.

2. PAPER BODY

The emergence of new-age technologies has stimulated a new industrial revolution, which has resulted in a digital transformation of the way we work. Although digitization has numerous advantages, it also has a negative side that needs to be actively managed rather than ignored. It is crucial to recognise that digital innovation is not a technology in and of itself, but rather the capacity of businesses to significantly enhance their performance, stimulate the impulse for innovation, and make use of digital technology to address dated issues and rethink traditional business practises. Therefore, it's crucial to adopt a post-pandemic perspective that is as broad as possible, taking into account the broader picture and any long-term patterns that this environment might produce (Arushanyan, 2016).

There are therefore announced several models of change. The respect for flexibility is rising as a result of the growth model, which depicts the shift from a developing trend to a global reality for remote work. The acceptance of new boundaries, new forms of self-discipline, indicates a focused attempt to rearranged priorities, personal sacrifices for a bigger, more altruistic cause. At the same time, the mobilisation of private investment and state investment at the national and European levels should be part of a coordinated effort. This entails significant investment in the circular economy, digital and green transitions, as well as other measures like cohesion and a unified agricultural policy (McGonigal, 2020).

3. CONCLUSIONS

The technological change has the ability to discourage unsustainable resource use habits and promote sustainable development with associated benefits for reducing the emissions gap (Diftenbaugh et al, 2020). Therefore, sharing and promoting the best available technologies and best practises was seen as essential for more environmentally sustainable development.

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OBSTACLES AND SOLUTIONS IN ACCOUNTING DURING THE PANDEMIC ERA

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Abstract

Accounting has always been a great consumer of inventions and innovations in computing technology. This evolution led both to the change of accounting techniques and to the evolution of the accounting profession. The covid-19 pandemic has changed the way of working in many fields, especially through the need to adopt digital technology. The accounting profession was affected as well: there were difficulties in adapting to the urgent changes dictated by the pandemic against the background of an increase in the importance of accounting. Through this theoretical paper we will try to show the difficulties encountered and how accountants' profession has adapted to the rapid changes that occurred during the pandemic.

Keywords: *accounting, concern, obstacles, digitalization.*

Classification JEL: *C61, M15, M41, P41*

1. INTRODUCTION

Over time, the spectrum of accounting and financial services has expanded, going beyond bookkeeping and reporting tasks. (Keats and Verhelst, 2020) Accountants' attention is now directed both to the past, by analyzing historical activity, and to the future, by evaluating current conditions to provide company development solutions that will support management decisions. All this, along with globalization and technological progress, make the accounting activity not only complex, but also critical. (Guthrie and Parker, 2016)

Business people are increasingly interested in letting go of bureaucratic paper handling operations so they can focus more on their business. However, this does not



imply a decrease in the need for information. On the contrary, information is power more than ever. The speed with which business is currently conducted requires fast information channels that allow correct decisions to be made in a very short time. This is one of the main reasons why companies have moved their data from self-installed accounting software to the cloud, to be accessed remotely from mobile devices using the Internet. The data entered in the cloud are processed by the software programs of the service providers to obtain real-time reports. Thus financial information can be obtained online at any time, by using a device that can connect to the Internet.

The emergence of the state of emergency, triggered by the coronavirus infection (covid-19), which led the World Health Organization to declare on 11.03.2020, for the first time in history, a global "pandemic", led to serious disruptions in economy and society, implicitly in the accounting activity. According to Richard Baldwin and Beatrice Weder di Mauro, China's economic slowdown due to numerous production shutdowns and transportation restrictions have disrupted global supply chains, leading to contractions in production around the world. Added to this was the panic among consumers, who created anomalies in the market by distorting the usual consumption patterns (Baldwin and Weder di Mauro, 2020).

2. OBSTACLES AND CHALLENGES IN ACCOUNTING

The rarity of this event made the emergency measures taken by the governments to bring about major changes both in the work culture, as well as in education and entertainment. Being for the first time facing such an event, the measures taken had a high degree of uncertainty regarding their effects and economic impact (McKibbin and Fernando, 2020). Lockdowns and the reduction of commercial activities to the basic necessities of life led to a drop in income and to unemployment. The disruption of the supply chain had the effect of decreasing the consumption of goods, which often led to the cessation of production. The ban on the provision of services in certain fields of activity has led to the closure of many companies operating here.

Governments have taken a series of support measures, such as suspending the payment of some taxes, granting subsidies to affected companies, support for suspended employees and incentives to keep employees' jobs. The accounting activity was affected by this unexpected disruption of the daily life routine, when accountants were forced to deal with these sudden changes. According to Sofia and Maria Papadopoulou, the pandemic crisis had the effect of changing the way accountants operate. (Papadopoulou and Papadopoulou, 2010) Changes in the taxation and modifications in legislation put pressure on the accountants' duties, who had to implement the new stipulations. To these changes was added the ban on movement, as well as the risk of contamination, since accountants come into contact with a large number of clients. As a result, accountants have had to change their work patterns and turn to remote work.

If it was easier for employees in the accounting departments of large companies to adapt to these changes, it was much more difficult for self-employed accountants. The latter serve a large number of small companies with different characteristics and requirements that had to be covered quickly. The problem that arose is that, if accountants had access to tools that would allow them to work remotely, many small companies encountered difficulties regarding access to new technologies.



Researchers, such as Andrew Crane and Dirk Matten, state that accountants today widely use technology in their work, with many companies resorting to accounting outsourcing during the pandemic to cope with changes in this field and thus receive assistance from accountants accredited. (Crane and Matten, 2020) Charles Hylan and Rosenberg Hylan showed the difficulties that Certified Public Accountant Firms (CPA) faced during the covid 19 pandemic, such as closing offices and working remotely, the need to equip employees with the necessary technology for communication and remote work, management had to learn to run the company remotely and manage it virtually, given that the tax legislation has changed practically overnight. The feeling of frustration among the staff generated by the lack of social and professional interaction of office work was also noted. Business development also suffered due to the inability to meet new clients face to face.

According to Jennifer Wilson, the transition to remote work involves a lack of staff and IT specialists, with employees having to deal with technology on their own, both in terms of remote communication and sharing the company's work files (Wilson, 2020).

One of the main problems the accountants faced was the extremely short time for collecting information. The legislative changes occurred together with the change in the way companies work, which made the accounting reports no longer contain information that would ensure the predictability of the company's evolution and the development of a strategy for the future.

Working from home, situation imposed by the movement restrictions, accounting professionals were isolated from the companies they work for and from their staff, from the technology and the IT specialists they needed. It was necessary to learn remote communication methods and to transmit company data exclusively electronically. The entire accounting work, from the handling of documents to the analysis of financial data, has been digitized so that accountants can assist their clients.

The economic recession caused by the pandemic led to restructuring, which made companies often operate inefficiently, with employees at risk of being fired. It also became almost impossible to evaluate the progress of the staff's work, the time they actually work.

Being based on computers, automated processes are vulnerable to fraud, the accounting field needs internal auditors to discover data errors. Another series of problems arise due to the assurance of cyber security. Mass identity or data theft, hacking are challenges that must be overcome through technological modernization.

3. DIGITAL MATURITY - THE PATH TO THE NEW ACCOUNTING

Professional accountants manage the information on which the development of the long-term strategy is based. The transformation of the way of doing business inevitably leads to the modification of the accounting profession to meet the demand for change. This is a turning point for the accounting profession, where old paradigms are being changed and new skills are being embraced for digital. We will present the challenges and potential solutions to problems arising in this professional field caused by the covid-19 pandemic, necessary to survive in this new environment.

Accounting automation aligns with the general trend in the industry, having the advantage of reducing errors and confusion. Through automation, accounting experts can



provide management with data faster than ever, allowing the company's activity to be optimized.

One of the answers to the problems faced by the accounting field during the crisis was the rapid adoption of artificial intelligence, that can analyze huge amounts of data to optimize work flows and to detect possible anomalies in the system. AI is also used to support business decisions, being able to make cash flow forecasts, to detect the danger of lack of cash, bad debt or any other problem before it becomes acute, so that measures can be taken accordingly.

Specialists like Huayu Shen or Mengyao Fu believe that new technologies are essential to overcome the obstacles of the pandemic era and to stay in business. (Shen, H. et.al, 2020) Cloud accounting had one of the biggest impacts on the accounting profession. It can offer solutions and help both for accountants and for management. The main advantage is the easy access, from wherever there is an internet connection and with a device that can connect to it. Thus financial information can be obtained in real time necessary for making a correct decision. traditional systems lag behind and become ineffective compared to this alternative technology. (Arslana, et al., 2009)

The cloud accounting application is installed on consumers' devices but is run on service providers' servers: in fact, the use of this accounting application is purchased. The initial investment is reduced because software and hardware licenses do not need to be purchased. (Păcurari, D., Nechita, E., 2013) Customers will pay based on the pay-as-you-go model, only for what they use. The software provider will take care of the updates, so that the customer can benefit from the latest versions, all with a simple internet connection.

The cloud-based accounting applications can display the current financial status of a business because the data is constantly updated. Also, the cloud can be accessed non-stop, without being limited to office hours and without the need to connect to the company's computers. The user can check recent transactions and bank balances, having an overview of the company's business in real time. The platform administrator also takes care of protecting financial data, using high security standards. If the user's computers can be stolen, destroyed or malfunction leading to data loss, the information stored in the cloud is safe because the application is no longer stored and run on a single device.

Since the applications are delivered according to demand, customers can grow the business without investing in IT infrastructure, or decrease (as in the case of seasonal businesses) without paying more than necessary for the software they need. In this way, the company's performance can be improved, by reducing costs, by better communication between departments, as well as by increasing the management's ability to make decisions in accordance with the last minute situation of the company.

CONCLUSIONS

The increasingly complex world economy will favor the emergence of more and more crises that will hit businessmen and the population. They will require making difficult decisions for government leaders, small business owners or CEOs of large companies. The reality we faced in 2020 can be repeated at any time. Following the



pandemic, the business world changed and with it, the accounting profession. Digital processes have appeared that not long ago we considered impossible.

Accounting went through a critical moment and had the opportunity to transform. The role of accounting professionals has been reconsidered, being now established as strategic leaders. The new accounting practices have aligned with both the impact of technology and the demands of society. The digital transformation was accelerated by the crisis, both to remain operational and to adapt to the new requirements. The way in which business is conducted has changed forever, and this reality also necessitated the transformation of the accounting profession. Accountants store and manage the information on the basis of which long-term decisions are made and strategies are formed. When the business transforms, accountants must be at the center of the transformation, as the uncertainty brought by the change must be mitigated through accurate data and clear objectives.

A sustainable, long-term strategy ensures the company a secure place in the future. In addition to high-quality reporting, a change in mentality is also necessary. Accounting does not operate in a static world: it must evolve so that the new generation of accounting professionals possess a full set of interdisciplinary skills, can use technology, can collaborate with executive teams and have communication skills to effectively highlight the risks to which the organization is exposed in its evolution.

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