STUDIA UNIVERSITATIS
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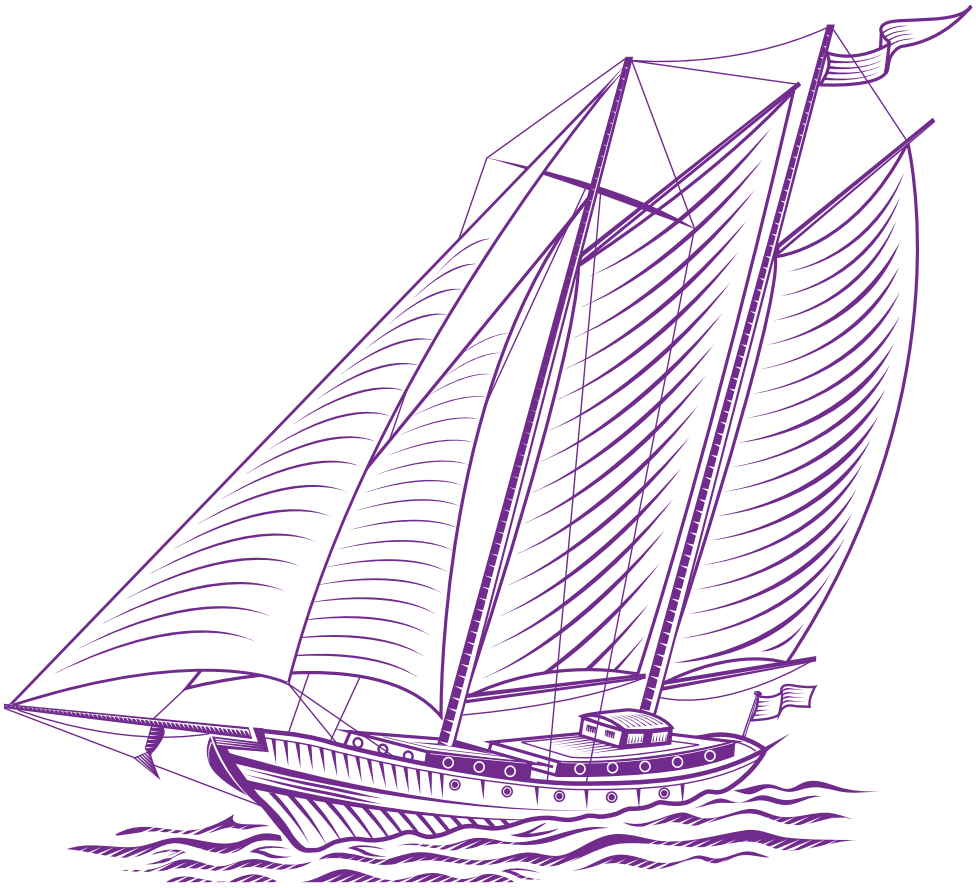

NEGOTIA

3/2009

This issue of Studia Negotia is dedicated to the celebration of 15 years of Business Administration at Babes-Bolyai University, Cluj-Napoca, Romania

It includes the speeaches of the inaugural session and the papers presented at the International Conference

"15 Years of European Studies and Business Administration in Cluj"

June 15-17, 2009

Jointly organized by

The Faculty of European Studies
and
The Faculty of Business

ANUL LIV **2009**

S T U D I A

UNIVERSITATIS BABEŞ–BOLYAI

NEGOTIA

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

CUVÂNTUL COORDONATORULUI PROGRAMULUI TEMPUS CARE A PUS BAZELE CREĂRII FACULTĂȚII DE BUSINESS

COLIN LOVE,
Nottingham Business School

CLUJ PRESENTATION

Thank you for inviting me to this celebration of the 15th anniversary of the Faculty of Business and the Faculty of European Studies.

It can be considered strange how the events of history unfold. How is it that I am here today?

My first visit to Cluj and Babes Bolyai University was back in 1988.

At that time I was working in the Nottingham Trent University Business School. Whilst most of the faculty were devoting their research interests to aspects of management in market economies, I was interested in the management of state companies in socialist economies – and especially the role of Trade Unions.

Consequently I found myself undertaking a range of study tours in Eastern Bloc countries. My visit to Cluj was my second to Romania, following an earlier one to Bucharest and Craiova in 1986.

Whilst details are now understandably faint in my memory, I do remember being very well received at a number of companies in Cluj – including Tricotage Somesul and the Woodworking Company. And I certainly remember how well Ioan Trenca looked after me – undertaking a lot of the necessary interpreting, including the complexities of the Accord Global!

But it was not all work – another memory must be going with Ioan to the Ethnographic Museum Village with its Director, Tibi Graur, and sitting in one of the old museum houses, enjoying a bottle of Suica!

Of course they were not easy times – and I am sure that for most of my visit I was under the surveillance of the Securitate. But I learnt a lot – not the least that many of the Romanian managers were really trying to produce high quality goods in very difficult circumstances.

Again, a particular memory is the Director of the Woodworking Company proudly showing me his monumental furniture that was destined for the French export market – but lamenting that under the Ceaucescu regime's policy to reduce imports, he could then only use a poor quality Romanian-made lacquer on the wood. He was fully aware that the consequence of this marginal saving was to substantially lower the quality of the final

export product. And I am sure that he was right. It is a lesson regularly taught in Business Schools that to compete successfully in international markets requires attention to fine detail of product quality.

I can assure you that I returned to Nottingham with a great interest in 'things Romanian' – both business wise and culturally.

ALL CHANGE

But then, as we all know, by the end of the 1980s things had begun to change as the Soviet Bloc began to disintegrate and eventually collapse. Most specifically, December 1989 witnessed the fall of the Ceaucescu regime.

And this is where it is appropriate to be thinking also of your Faculty of European Studies.

Nottingham Business School was already engaged in a wide range of academic partnerships with universities in what I will call the then 'Conventional Europe'. But the strategic decision was rapidly taken to extend these academic partnerships into what became known as the 'New Europe'.

Here I use the expression Strategic Decision – why strategic? It is a good question that is not simple to answer. But it has to be recognised that universities are not charities. They have to strategically decide priorities that will enhance their own development and reputation. Simply, at that time, the senior personnel within Nottingham Business School rightly anticipated how the map of Europe would change – not just the map but the social, political, economic aspects and relationships.

It was then that I was appointed to develop and coordinate a wide range of programmes of partnerships with universities in Eastern and Central Europe.

Why me? Well, as I often joke – I had been there doing my research – I knew the difference between Budapest and Bucharest! And whilst I say this jokingly there is some truth in it. I was probably the only person in the Business School who, at that time, had been to both Romania and Hungary.

Again, with reference to the Faculty of European Studies, now it might be quite difficult to recognise and understand that, what is not so long ago, the Eastern Bloc was largely unknown to us. The countries were largely off our agenda unless there was some political crisis, an international football game had been played or medals won at the Olympics. But details, and indeed interest let alone knowledge, in the countries were very marginal to our concerns.

But of course, with the collapse of the socialist and communist regimes, it was not only Nottingham Business School that was looking for new opportunities.

Far more importantly, around the globe, the politicians and the business leaders in the mature democratic market economies saw the changes as opportunities for exerting direct political and economic influence on these countries.

Seemingly from every corner of the globe, so called aid or assistance packages flooded onto the Eastern European stage. These were not acts of charity – but, I suggest, they were politically and strategically targeted 'chalices' to win the hearts and minds of the newly 'liberated' countries.

Not the least of these were the very large scale American USAID and the European Community PHARE programmes – including the Phare TEMPUS element for reforming higher education.

And, as many people here will know, that is how, and indeed why, both the Faculties of Business and European Studies found their conception, because both of these areas of academic study were seen by the European Community as priority areas for the investment of Community funding – funding targeted specifically to bring about ideological change within the higher educational framework.

After all, what better target group than bright young university students who would be destined to become the future leaders, it was hoped, of the newly emerging democratic market economies? And so, through Tempus programmes, their university professors were charged with the responsibility – or if you like, the opportunity, to ensure that it would be 'Out with the old and in with the new'.

And that is the origin of these two Faculties. But I will speak only of the Business Faculty.

The EC Tempus funding for Romania provided financial support for the creation of university partnerships between Romanian universities and universities in the European Community to develop projects that were in line with the EC priorities. The development of Management Education was one of those priorities.

As soon as that funding was available, I was approached by the Babes Bolyai University, no doubt because of that previous contact under those very different circumstances that I have mentioned, to ask if Nottingham Trent University would be willing to be a partner in such a project.

We agreed, and in designing the project we followed the Tempus rules that we would be joined by universities in two other EC countries. Initially, these were the University of Athens and the University of Lisbon.

It would be a three year project, with the objective of developing not only new curricula but also a new Faculty – that we agreed would be called Transylvania Business School. The intention of this name was a marketing device to stress that the Business School would be outward looking from Cluj to serve the wider region of Transylvania.

It is only honest to say that, right from the start, the project was confronted with many difficulties. Not the least of these was what I came to refer to as Competing Agendas. That is to say, there were the clear academic objectives of the EC funding along side what I can call the somewhat different, more personal, objectives of at least some of the key senior Romanian academics.

But here is not the place to delay on remembering those personal issues. Suffice to say that we all owe great gratitude to the understanding of the Tempus authorities who had substantial faith that the project would eventually deliver the intended objectives. Indeed so strong was their support that they extended the original 3 year project by two years.

I think also great gratitude must be paid to the Rector, Professor Marga who gave the project substantial support and, most importantly, the many then quite young lecturers who were desperately trying to move the project forward in the context of the internal difficulties to which I have referred. Now, returning to Cluj, I find these lecturers, a little older and certainly much wiser – holding senior positions within the university. And that is so rewarding to witness.

But at this point I think it is also worth considering the enormous intellectual and academic challenges that the Tempus project presented to our Romanian colleagues. The Ceaucescu regime had given them very little, if any, opportunity for overseas travel. The mobility programme for academic training to Nottingham, Athens, Lisbon and latterly Nice, within the project provided for most of them the first opportunity to leave Romania let alone undertake a study tour to a mature democratic market economy. From these short experiences they had to very rapidly design, develop and deliver new business curricula appropriate Romania's emerging market economy. But to do this they had also to understand the often never stated 'taken for granted' underlying assumption, values and beliefs that underpin economic and social behaviour in democratic market economies.

That must have been an enormous challenge to each of them and I am not aware of any research programme that ever took the opportunity to investigate the inevitable intellectual and pedagogic tensions and uncertainties that it presented to them and, in turn, to their students.

But they clearly overcame these difficulties and have made the Faculty of Business what it is today – a national leader in management education for Romania. So, again, we highlight another reason to congratulate them all.

And now, of course, Romania has become a full member of the European Community and the community of Europe.

However, from what I understand, membership of the Community is still regarded by some Romanians as a mixed blessing for the economy – especially the free movement of labour enabling a substantial exodus of Romanian workers to other member states.

But these must be regarded as problems to be overcome. Most importantly, we must focus on the achievements of Romania in the short period since 1989.

With that in mind, I am sure that you will join me in the belief that your Tempus project and the historic hard work of your colleagues that led to the establishment of the Faculty of Business can be regarded as having been at least a small plank in that gigantic springboard to Romania's membership of the European Community.

Well done, everybody

Thanks you.

STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

CUVÂNTUL PRIMULUI DECAN AL FACULTĂȚII DE BUSINESS

Prof. Dr. AUREL IOAN GIURGIU

Crearea Facultații de Bussines şi evoluția ei până în anul 2000

Instituirea Facultății de Bussines a Universității "Babeş-Bolyai" din Cluj-Napoca a avut loc în primul deceniu de după revoluția decembristă având la bază două idei: una externă şi a doua din interiorul universității clujene. Prima a fost reprezentată în anul 1991 de inițiativa profesorului Colin Love de la Nothingam Trent University – care vizitase Facultatea de Ştiințe Economice din Cluj-Napoca în 1987 – de a crea o şcoala de business la Cluj prin intermediul unui program Tempus finanțat de Comunitatea Europeeană (cum se numea atunci actuala Uniunea Europeană). Şcoala era de tip postuniversitar, cu un regim seral, cu o durată de doi ani, fiind destinată reistruirii economice a licențiatilor noneconomişti, în vederea accelerării adaptării celor care activau deja în câmpul muncii la condițiile economiei de piață care se năştea în România; evident, cursanții trebuiau sa achite o anumita taxă. Întreaga activitate urma să se desfăşoare în cadrul Facultății de Ştiințe Economice a universității, fără structuri organizatorice proprii, deci ca o activitate didatică suplimentară, dar cu o denumire oarecum exotică *Transylvania Business School*. Comunitatea Europeeană a asigurat logistica necesară, în mod generos, (calculatoare de ultima generație, mobilier, o frumoasa biblioteca în limba engleză) şi a finanțat timp de doi ani o seamă de mobilități a cadrelor didactice la universități străine (în U.K., Grecia, Portugalia şi Franța). Procesul didactic s-a desfăşurat în forma arătată, anevoios, timp de doi ani. Au existat diferențe în modul de apreciere a organizării, conducerii şi derulării activității cursului postuniversitar între inițiatorul programului Tempus – profesorul Colin Love, pe de o parte şi conducerea clujeană, pe de altă parte, diferențe care au condus în final la blocaje de comunicare şi divirgențe.

În toamna anului 1994 Rectoratul universității a procedat la o reorganizare radicală a activității şcolii de bussines. Cursul postuniveristar a fost scos din structura Facultății de Ştiințe Economice, fiind instituit ca unitate didactică distinctă cu grad de facultate; a fost numită o noua conducere şi s-a stimulat formarea uni grup de cadre didactice proprii, adică cu norma de bază la şcoala de bussines. Rectorul universității, profesorul Andrei Marga, a trasat ca sarcină principală studierea rapidă a posibilităților de dezvoltare a activității. În acest context s-a născut ideea înființarii unor cursuri de zi pentru formarea unor economişti general pregrătiți pentru o activitatea imediat practică; cu alte cuvinte nu s-a dorit formarea de economişti cu o specializare strâmtă: contabili, finanțişti, specialişti în marketing sau management, ci tineri economişti capabili să se orienteze rapid în problematica generală a marilor întreprinderi, ca asistenți manageriali, fie să inițieze mici întreprinderi private. Cursul urma să aibă o pronunțată tentă pragmatică. Corespunzător acestei idei a fost elaborată şi o curriculă corespunzătoare în cadrul căreia s-a redus simțitor ponderea disciplinelor general teoretice (economia politică, istoria doctrinelor economice, istoria

economiei naționale). S-a păstrat locul a tot ceeace era pragmatic în curricula stiințelor economice, dar s-a sporit ponderea informaticii şi a limbilor străine; evident s-a avut grija ca matematica să pastreze poziția de frunte în pregătirea tinerilor economişti, aceasta în condițiile în care pe la mijlocul anilor ’90 la unele facultăți de ştiințe economice din țară se renunțase la examenul de matematică la concursul de admitere. Cu toate că Facultatea de Bussines menținuse examenul de admitere la matematică la concursul de admitere, ceeace era, aparent, un dezavanaj în condițiile în care alții renunțaseră la un asemenea examen, la concursul de admitere din toamna anului 1997, facultatea a avut 8 candidați pe un loc bugetat.

Pornind de la necersitatea utilizării cât mai eficiente a potențialului turistic al țării noastre s-a purces la instituirea unei specializări noi, unice în țară, în acel moment şi anume "Managementul afacerilor în industria hotelieră".

Deoarece s-a dorit imprimarea unui stil pronunțat pragmatic cursurilor noastre s-au atras în Consiliul de Administrație a facultații reprezentanții Camerei de Comerț şi a unor mari unități industriale şi hoteliere.

Construirea cursurilor de zi a specializării "Asistență Managerială" şi a specializării "Managementul afacerilor în industria hotelieră" s-a bucurat de susținerea totală din partea rectoratului universității şi după doi ani de verificări şi evaluări de către comisii formate din profesori de la A.S.E. Bucureşti, Universitatea "A.I. Cuza" Iaşi şi de la Universitatea de Vest din Timişoara, Consiliul Național de Evaluare, Autorizare şi Acreditare (C.N.E.A.A.) a învțământului universitar, a acordat, în vara anului 1997, autorizația provizorie de funcționare pentru ambele specializări. Pentru cele două specializări de la cursurile de zi nu aveam susținere financiară din partea Uniunii Europene, aceasta fiind epuizată în anul 1996, odată cu consolidarea cursului postuniversitar. În schimb am obținut două granturi finanțate de Banca Mondială şi Guvernul României acordate pentru dezvoltarea şi consolidarea celor două specializări de la cursurile de zi, granturi care ne-au asigurat o dotare de excepție pe linie de IT, în ceeace priveşte înzestrarea bibliotecii cu literatura de specialitate recentă, precum şi organizarea de mobilități pentru cadrele didactice la universitați din SUA, din Franța, din Italia şi din Germania, precum şi finanțarea producției de manuale universitare pentru studenții noştri.

Prima promoție de studenți a obținut licența în anul 1999, absolvenții găsind rapid locuri de muncă adecvate studiilor lor. Mulți lucrează deja în străinătate.

În paralel cu crearea şi consolidarea celor două specializări de la cursurile de zi staff-ul facultății a depus eforturi pentru consolidarea cursului postuniversitar, atât prin îmbunătățirea curriculei, cât şi a măestriei didactice. Deşi activitatea cursului postuniversitar nu era finanțată de la bugetul statului, cursurile fiind cu taxe suportate de cursanți, afluența candidaților a sporit de aşa manieră încât în toamna anului 1997 am cedat un numar de candidați reuşiți la selecție, din neputința de a-i cuprinde pe toți, unui alt curs organizat în cadrul facultății de ştiințe de la universitatea noastră; afluența candidaților era un semn cert al apreierii calității cursurilor desfaşurate la Facultatea de Bussines.

15 iunie 2009, Cluj Napoca

STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

CUVÂNTUL DECANULUI FACULTĂȚII DE BUSINESS ÎN PERIOADA 2000-2008

Prof. Dr. PARTENIE DUMBRAVĂ

ISTORIC AL FACULTĂȚII DE BUSINESS CU OCAZIA ANIVERSĂRII A 15 ANI DE EXISTENȚĂ

DOAMNELOR ŞI DOMNILOR,

Astăzi, Universitatea Babeş Bolyai Cluj-Napoca, cea mai prestigioasă instituție de învățământ superior din Transilvania, cu largă recunoaştere europeană şi internațională îşi aniversează cele mai dinamice facultăți ale sale: Facultatea de Studii Europene şi Facultatea de Business, bijuterii ale universității, la împlinirea a 15 ani de funcționare.

Cu această ocazie aniversară, permiteți-mi şi mie în calitate de fost decan al Facultății de Business, să aduc cele mai calde mulțumiri distinşilor invitați din străinătate care au avut un aport semnificativ la înființarea Facultății de Business, invitaților din țară, colegilor şi tuturor celor care acum şi aici ne onorează cu prezența domniilor lor.

La bilanțul celor 15 ani de existenta a Facultății de Business s-ar putea evoca foarte multe şi importante evenimente, care reprezintă istoria facultății, şi care s-ar putea constitui într-un adevărat forum universitar, însă atât timpul, care nu se întoarce niciodată, cât şi împrejurarea în care suntem nu ne permit decât să evocăm doar câteva aspect mai semnificative.

Doresc să precizez că am avut onoarea şi responsabilitatea de a reprezenta Facultatea de Business, în calitate de decan, în perioada martie 2000 – decembrie 2007, perioada în care obiectivul central l-a reprezentat consolidarea şi creşterea prestigiului facultății, prin activitatea didactică, de cercetare ştiințifică, de educație prin muncă şi pentru muncă a studenților şi, îndeosebi, de ameliorare a raporturilor facultății cu societatea civilă.

Realizarea obiectivelor menționate, în perioada mandatului meu, a fost posibilă ca urmare a colaborării fructuoase şi a sprijinului permanent primit din partea conducerii Universității, în persoana domnului Rector ANDREI MARGA, a domnului Rector NICOLAE BOCŞAN, a continuării programului academic al profesorului AUREL IOAN GIURGIU, a atragerii şi implicării întregului corp profesoral şi a personalului auxiliar al facultății.

De un real sprijin în demersurile întreprinse în calitatea de decan, a fost colaborarea cu profesorul EUGEN KOLOSZI, care astăzi nu mai este printre noi, cu şeful de catedră profesor MAGDALENA VORZSAK, cu profesoara CORNELIA POP, cancelarul facultății şi in mod deosebit cu profesorul IOAN CRISTIAN CHIFU, prodecan al facultății, în prezent decan al Facultății de Business.

Cu alte cuvinte, doresc să spun că împlinirile Facultății de Business sunt rodul muncii întregului colectiv al facultății, creându-se astfel un model de conduită universitară, caracterizat prin transparență şi respect reciproc.

Ar fi nedrept să nu recunoaştem că în procesul educațional ne-am bucurat de sprijinul şi aportul Facultății de Ştiințe Economice şi Gestiunea Afacerilor, îndeosebi prin aportul catedrei de limbi străine, condusă de profesoara DELIA MARGA, de sprijinul Facultății de Geografie, a Facultății de Studii Europene, a Facultății de Educație fizică şi Sport, precum şi a Facultății de Istorie şi Filosofie din cadrul Universității Babeş Bolyai.

Fără a avea pretenția de a prezenta o statistică foarte exactă, precizăm faptul că la începutul mandatului meu s-a derulat ultimul an al învățământului de Studii Academice Postuniversitare, cu durata de 2 ani, organizat atât în cetatea universitară clujeană cât şi in municipiul Bistrița.

Această formă de învățământ postuniversitar a fost transformată în master, cu durata de 2 ani, în domeniul Administrării Afacerilor, reuşind să îşi încheie studiile în anul 2001 un număr de 45 de absolvenți.

Această specializare de masterat îşi continuă activitatea şi în anul 2002, însă cu durata de un an, având înscrişi un număr de 52 de studenți, iar în anul 2008 numărul acestora este de 199 de masteranzi.

În anul 2004 s-a obținut acreditarea la masterat pentru cea de-a doua specializare, Management Hotelier, pentru care în anul 2004 erau înscrişi 31 de studenți, iar în anul 2008 numărul acestora este de 46.

La învățământul de licență, forma de învățământ zi, au funcționat 2 specializări, cu durata de studii de 4 ani, respectiv:

1. Asistență Managerială;
2. Managementul Afacerilor în Industria Hotelieră.

La forma de învățământ la distanță, pentru licență, acreditată în anul 2000, au funcționat cele 2 specializări de la învățământul de zi, însă cu durata de studiu de 5 ani.

La această formă de învățământ erau înscrişi în anul 2000 un număr de 39 de studenți, iar în anul 2004 un număr de 273 de studenți.

În procesul de armonizare a învățământului universitar românesc cu cel european prin adoptarea Declarației de la Bologna, începând cu anul universitar 2005 s-a stabilit durata studiilor universitare de licență de 3 ani şi la Facultatea de Business, atât pentru învățământul de zi, unde erau înscrişi în anul I un număr de 475 de studenți, cât şi pentru învățământul la distanță, unde în anul I erau înregistrați 275 de studenți.

Este locul şi momentul să amintim faptul că Facultatea de Business a avut în structura sa şi Colegiul Economic Sfântu Gheorghe, cu durata de studii de 3 ani, dar cu posibilitatea continuării studiilor la învățământul universitar cu durata de 4 ani.

Raporturile şi colaborarea cu Colegiul Economic Sfântu Gheorghe au fost de solidaritate universitară, atât în persoana profesorului universitar ERNO DOMOKOS, care azi nu mai este printre noi, şi in mod deosebit cu profesorul JOSZEF FAZAKAS, în calitatea acestora de directori ai colegiului.Ulterior această extensie a fost predată pe baza de protocol Facultății de Ştiințe Economice şi Gestiunea Afacerilor din cadrul Universității Babeş Bolyai.

Pentru a răspunde cerințelor învățământului modern, dar şi pentru respectarea normelor administrative impuse de Ministerul Educației şi Cercetării, în perioada mandatului s-a asigurat modernizarea curriculei universitare, realizându-se astfel compatibilitatea cu programele de studiu din unele țări europene, iar pentru îndeplinirea obligațiilor didactice au fost angajate un număr de 22 de cadre didactice, din care 15 pentru Facultatea de Business din Cluj-Napoca şi 7 cadre didactice pentru extensia Colegiul Economic din municipiul Sfântu Gheorghe.

Întregul personal didactic angajat a beneficiat de studii şi stagii de practica in străinătate.

Împreună cu prodecanul facultății, profesorul IOAN CRISTIAN CHIFU, ne-am preocupat de baza materială a facultății, asigurând desfăşurarea activităților didactice, prin cele doua locații de care dispunem şi în prezent, fiind recunoscători şi pentru aceasta domnului Rector ANDREI MARGA, dar şi Departamentului Economic şi Tehnic al universității.

De asemenea, dorim să precizăm faptul că în perioada mandatului s-a asigurat renovarea locației din strada Horea numărul 7, precum şi amenajarea bibliotecii şi a celor 5 laboratoare conectate la Internet, la care studenții au acces nelimitat.

O preocupare aparte a reprezentat-o dialogul cu societatea civilă, găsind receptivitate şi înțelegere din partea celor mai multe entități din economie, care au asigurat pe baza de contracte şi convenții de colaborare, documentarea, informarea cadrelor didactice, desfăşurarea practicii studenților, precum şi pregătirea continuă a adulților. □n acest sens amintim, doar ca exemplu, colaborarea cu Camera de Comerț şi Industrie a județului Cluj şi a județului Bistrița Năsăud, cu Inspectoratul Județean de Statistică Cluj, cu Inspectoratul de Poliție Cluj, cu Consiliul Județean Cluj, cu Agenția Județeană de Ocupare şi Formare a Forței de Muncă Cluj, precum şi cu alte entități şi organisme profesionale.

În acest context se înscrie şi pregătirea unei promoții de 25 de tineri sub 25 de ani, după un program european, pentru activități administrative, pentru care Facultatea de Business a fost dotată cu o rețea de calculatoare.

Ar fi nedrept să nu amintim foarte sintetic aportul Facultății de Business în activitatea ştiințifică şi de cercetare a universității.

Astfel, Facultatea de Business, organizează din 2 in 2 ani, *Conferința Internațională a Întreprinderilor Mici şi Mijlocii din Europa*, la care participă specialişti din întreaga lume, *Conferința pentru studenții economişti* din cadrul Asociației Facultăților Economice din România, pentru care mandatul de preşedinte este deținut în prezent de profesorul DUMITRU MATIŞ, decanul Facultății de Ştiințe Economice şi Gestiunea Afacerilor din cadrul Universității Babeş Bolyai.

De asemenea, cadrele didactice ale facultății sunt prezente cu lucrări ştiințifice cotate ISI şi in Baze de date internaționale, iar revista Studia Negotia, a Facultății de Business este cotată de către CNCSIS în categoria B plus.

Toate acestea, precum şi prezența în edituri prestigioase cu cărți, monografii şi editarea de materiale didactice situează Facultatea de Business pe o poziție onorantă în cadrul Universității Babeş Bolyai, după cum rezultă din rapoartele privind activitatea de cercetare ştiințifică prezentate în cadrul Senatului universității.

Realizările Facultății de Business au fost şi sunt semnificative, iar noua conducere a facultății, tânără, ambițioasa şi dispusă la efort constituie garanția ameliorării acestor realizări.

În încheiere mi-aş permite să relev următoarele:

1. Facultatea de Business, prin contribuția şi realizările sale în mediul universitar poate fi considerată *bijuteria Universității Babeş Bolyai.*
2. În ultimii 4 ani, în clasamentele facultăților, în funcție de numărul candidaților pe un loc bugetat, Facultatea de Business s-a poziționat pe unul din primele 3 locuri la nivel național, fiind cea mai elocventă expresie a impactului acesteia cu societatea.
3. Facultatea de Business are cel mai tânăr corp profesoral, caracterizat prin profesionalism, ținută academică, prestație ştiințifică şi loialitate față de Universitatea Babeş Bolyai.
4. Facultatea de Business are, în persoana profesorului IOAN CRISTIAN CHIFU pe cel mai tânăr decan din universitate, poate chiar din țară, care împreună cu ceilalți membrii din conducerea facultății şi-au fixat obiective prin realizarea cărora facultatea are asigurată continuitatea.
5. Dar, ce ar fi toate acestea, fără istoria facultății, fără inițiatorii acesteia:
    - Rectorul Universității, Prof. univ. dr. ANDREI MARGA;
    - Prof. univ. dr. AUREL IOAN GIURGIU;
    - Prof. univ. dr. KOLIN LOVE.

Thank you mister Colin.
Vă mulțumesc pentru atenția acordată!.

15 iunie 2009, Cluj Napoca

STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

CUVÂNTUL ACTUALULUI DECAN AL FACULTĂȚII DE BUSINESS

Conf. Univ. Dr. IOAN CRISTIAN CHIFU

Stimate Domnule Rector,
Doamnelor şi Domnilor Prorectori
Dragi Invitați
Iubiți Colegi

Milioane de români muncesc pentru câțiva angajatori iar acest lucru ne face să ne întrebăm: oare câți viitori antreprenori se află printre aceştia? Cine se poate considera antreprenor? – o persoană care îşi asumă punerea în fapt a ceva, antreprenoriatul fiind definit ca liberă întreprindere.

Acest concept relativ nou este acum la îndemâna tuturor românilor, cu atât mai mult cu cât din totalul populației ocupate abia 1,6% sunt patroni şi 19% lucrători pe cont propriu, pe când ponderea salariaților este 66,2%.

Cuvântul „afacere" ne duce cu gândul la verbul „a face". O afacere trebuie să însemne a face ceva care duce la îndeplinirea unui scop. În mod uzual, când ne referim la afaceri, înțelegem o activitate îndeplinită de cineva care încearcă să-şi câştige astfel existența, să-şi facă viața mai bună, fiind propriul şef.

Numărul tot mai mare de oameni care au devenit milionari prin propriile lor puteri dovedeşte că economia de piață este „economia tuturor posibilităților".

Sam Walton a pornit de la o mică prăvălie de mărunțişuri în Arkansas, dar ca fondator şi acționar principal al rețelei Wal-Mart, a devenit miliardar. La fel Bill Gates, care a înființat Microsoft, devenind multimiliardar la doar 30 de ani. La fel de mobilizator este exemplul lui Ray Krok, care pornind de la o mică prăvălie de hamburgeri a creat „imperiul" McDonald's, cea mai rentabilă afacere mică din lume.

Nu este deci surprinzător că, pe plan mondial, micii întreprinzători înregistrează o creştere imensă, tendință care sa va menține cu certitudine şi în viitor. Este deci normal ca tot mai multe persoane să-şi pună întrebarea: ***ce ar trebui să fac pentru a deveni şi eu întreprinzător?***

Răspunsul este la îndemâna oricui şi e dat de şcolile de business care, începând cu anul 1881 când Joseph Warton punea bazele primului program de studii superioare în afaceri la Universitatea din Pennsylvania, au reuşit să stimuleze cursanții care aveau gustul pentru afaceri şi să-i încurajeze pe alții să-l deprindă. Poate că acesta este cel mai important rol al lor într-o economie.

Aniversăm azi 15 ani de la înființarea unei astfel de şcoli la Cluj-Napoca: Facultatea de Business.

Am impresia că produc o impietate prin faptul că voi vorbi înaintea celor care au pus bazele şi apoi au dezvoltat această frumoasă şcoală, Facultatea de Business, „bijuteria Universității" cum metaforic o numea adeseori Domnul Rector Andrei Marga.

E o misiune aproape imposibilă pentru mine, să deschid pagina de istorie a celor „15 ani de Administrarea Afacerilor la Cluj" când această onoare li se cuvine pe drept cuvânt Domnilor Profesori Ioan Aurel Giurgiu şi Partenie Dumbravă, cei care, în fond, au dus greul.

A fi decan după ce ai lucrat umăr la umăr cu aceşti doi mari Profesori e un lucru simplu dar care obligă enorm... ştacheta fiind foarte sus acum.

Experiența mea pe încinsul scaun de decan este scurtă, deci expresii de genul „din experiența mea" nu-şi au rostul.

Ce s-a realizat în acest interval de un şi jumătate este rodul micuței echipe de la Business, cum ne place nouă să ne numim, a tuturor colegilor care au pus umărul şi iată că astăzi la 15 de la naştere, Facultatea de Business funcționează pe un domeniu important cum este cel al Administrării Afacerilor cu „copiii săi de suflet", pentru că fiecare dintre decanii acestei facultății împreună cu echipa din perioada respectivă, a avut câte un copil de suflet:

- Managementul Afacerilor în Industria Hotelieră – prof.univ.dr. Ioan Aurel Giurgiu;
- Administrarea Afacerilor – prof.univ.dr. Partenie Dumbravă;
- Administrarea Afacerilor în Servicii de Ospitalitate – actuala echipă a Facultății de Business.

Voi insista puțin asupra acestei ultime specializări, pentru că la ora actuală, este unică în peisajul Învățământului Superior Economic din România.

Ideea s-a născut, cum altfel decât într-un cadru ospitalier, în 08 Martie 2008. De la idee până la realizare a fost un pas. Dificil credeau unii dar în „în inconştiența vârstei sale", echipa de la Business a crezut că e posibil şi aşa a fost.

Poate e unic inclusiv faptul că în 4 luni de zile o nouă specializare, este autorizată de ARACIS, trecută în Hotărârea de Guvern privind Specializările nivel licență şi votată de Parlamentul României.

A fost frumos.

Nu trebuie nici un moment sa uitam aportul Domnulului Rector Andrei Marga care a crezut în această „frumoasă nebunie".

Nu e puțin lucru ca la o lună de la autorizare să ai curajul să acorzi o şansa prin acordarea a 30 de locuri finanțate de la bugetul de stat. A fost un pariu câştigat deoarece pe cele 30 de locuri s-au înscris 200 de candidați.

Înființarea acestei noi specializări a atras după sine o relație extraordinară pe care Facultatea de Business o are în prezent cu hotelierii clujeni şi nu numai.
Turismul este o şansă pe care încă România nu a ştiut să o fructifice. Poate acum vom şti să o folosim.

Ce s-a mai realizat în acest an jumate?

Administrarea Afacerilor zi licență a fost reacreditată, Administrarea Afacerilor în Servicii de Ospitalitate ID a fost autorizată, cele două masterate propuse de Facultatea de Business și anume Administrarea Afacerilor şi Management Hotelier au primit acreditarea la forma de învățământ ID.

Repet, poate că toate acestea nu ar fi fost posibile, dacă echipa de la Business nu ar fi furat din experiența celor doi înaintaşi.

Închei cu o frumoasă amintire.

Eram în vara anului 1996, proaspăt licențiat în matematică când un anunț postat la Casa Universitarilor mi-a atras atenția „Facultatea de Business organizează concurs de admitere....”.

Dacă stau bine să mă gândesc am fost primul licențiat care a profitat de media de licență pentru a deveni student al Facultății de Business.

Aşa ne-am cunoscut.

Au trecut de atunci 13 ani.

Vă mulțumesc!

15 iunie 2009, Cluj Napoca

STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

ROMANIAN TOURIST BRAND

SMARANDA COSMA[1]

ABSTRACT. After the communist period Romania made few steps to present itself as a tourist destination at international level after a long time. Romania has an important tourist potential due to its geographical position and its complex natural environment. This richness of potential tourist products generated a wrong idea that at international level Romania is a desired and popular tourist destination. The WTTC recommendations in 2006 report were to urge the branding process and within it to promote Romania's diverse and tourist unique regions.

The goal of the paper is to present the international context from country brand point of view and to analyse Romania's actions in this complex process of branding. Romania offers a complete package (mountain, cultural destination, Danube Delta, Black Sea) and tourist destinations are situated near one to each other. Also, Romania has several national and international values which should be exploited properly.

The study highlights competitive advantages of the country as a tourist destination, strengths of Romanian's tourist products and analyses actions made for the branding process of our country as a tourist destination.

Branding process for Romania is making only the first, timid, step.

Keywords: country brand, branding process, tourist destination, branding, Romania

International context

Brands represent a promise of value and are considered an important tool for differentiation of a product. The American Marketing Association defines a brand as „a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name".

Destinations – even the destination is a country-, like products or people, can be branded. Branding a country or a company is like using same principles but different methods. Destination branding is a process used to develop a unique identity and personality, different from all competitive destinations. The complexity of destination branding is very well underlined by Morgan, Pritchard and Pride where the authors highlight that a destination is not a single product, but a composite one

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which includes: accommodation and eating/ dining establishments, tourist attractions, arts establishments and cultural venues. The whole atmosphere of a place, the hotels in which tourists stay, the friendliness of the local people and the overall impression are essential for the creation of a successful destination brand (Morgan et al. 2002).

County brand is a recent subject on Romanian market.

For our investigations we used exploratory research, obtaining secondary data through statistical and published studies, extensive web sites analysis and primary data through a focus group which has the topic on identification of main Romanian characteristics for defining identity.

Favourable county image has direct impact on trade, investments and tourism. But why to create a county brand? The main reasons are simple. Strong country brands will (CBI 2008): communicate with power and economy; attract talent and investment; promote sources of economic value; enable and/ or endorse change; brand exports profitably; redress stereotypes and clichés; express a unique core idea; build global competitive advantage; serve as a source of differentiation; link distinct country offerings.

Tourist country brand is only a part of the country brand but an important one.

Country Brands Index examines how countries are branded and ranked according to key criteria, and identifies emerging global trends in the world's fastest growing economic sector – travel and tourism. Since 2004 the global contribution of Travel & Tourism economy in GDP increased in average with 3.6%, greater than of the global economy overall. In 2008, T&T economy GDP growth slowed to just 1.0%, its weakest performance since the recessionary period. For 2009 the prediction is 3.3% and to expand by only 0.3% in 2010 (WTTC 2009).

For 2008 Top Country Brand Ranking, CBI considered the following assets which lead and drive county brand performance:

1) Wants oriented

- attractions: diversity and quality of unique places, range of things to see and do;
- authenticity: unique character along with the rich texture of local life; rituals, programming, events;
- culture: arts, crafts, intellectual pursuits, creative environment;
- ethos: customs, beliefs, mores and history that create a distinctive mystique;

2) Needs oriented

- geography: natural resources, topography, landforms;
- infrastructure: technology, communications, transportation, health care;
- governance: degree of effectiveness in the way a country is ruled, as evidenced by political freedom, safety, security;
- economy: ability to produce and distribute wealth; standard of living.

Using these criteria the ranking made by CBI is presented in the figure 1:

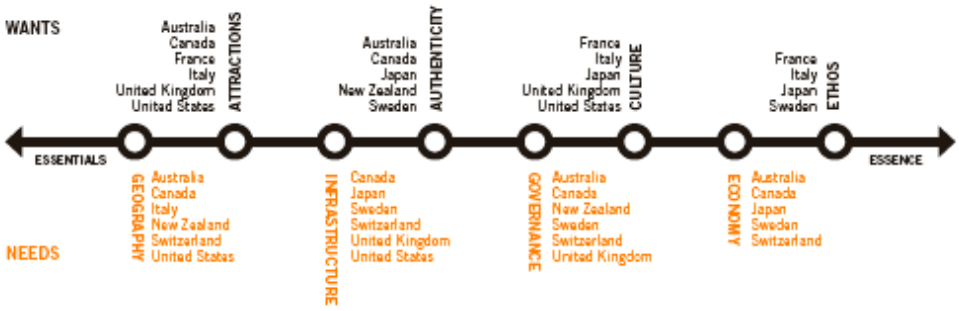

Fig. 1.

Source : CBI 2008, pag. 20

The concept of life cycle is used also for destinations. Because no country brand ever stands completely still CBI divided the countries in 5 categories (CBI 2008, pag. 25): *emerging* – country clarifies its unique essence and begins to communicate that essence to attract attention and resonate with audiences (Colombia, Ethiopia, Libya, Uzbekistan) –, *in vogue* - which becomes the new "it" destination, generating word-of-mouth advocacy and establishing itself as the new place to be; this status lasts a few years at most; early adopters are notoriously fickle and will abandon a destination quickly once word has gotten out to the wider marketplace (Cambodia, Morocco, China, Romania) –, *rising* – experiencing growth in awareness, a solidifying brand image, plus increasing traveller preference and loyalty (Canada, Vietnam, Scotland, UAE) –, *maintaining* – brand maturity; some countries stay in this phase for extended periods of time (UK, Japan, New Zeeland, Italy) and *declining* – a strong brand can help a country rebound from status; reconnect with audiences by staying true to the brand's core essence, or, if necessary, by recasting itself in a new light (US, Egypt, France, Kenya).

The Country Brands Index 2008 rankings had analysed specific dimensions of the brand: Best Country Brand Ideal for Business, Extend a Business Trip, Art & Culture, Authenticity, Beach, Families, History, Resort & Lodging Options, Natural Beauty, Nightlife, Fine Dining, Outdoor Activities & Sports, Rest & Relaxation, Safety, Shopping, Value for Money, Would Most Like to Live In, Ease of Travel, Standard of Living, Political Freedom, Advanced Technology, Quality Products, Most Impressive Last Year. From Central and Eastern countries CBI ranked at Value for Money (offering the most in return for the price you pay) Czech Republic on 4th place, Poland on 5th place and Hungary on 10th and at Rising stars (on their way to becoming major destinations) - Croatia on 3rd place.

Where we are?

Romania has a harmonious and diverse landscape and, from the tourist point of view, could be considered one of the beautiful and resourceful places in Europe. Romania, also, has a rich traditions and culture, both are inspiring variety and ever-happening action. It is agreed that Romania has a huge potential in tourism field due to its geographical position, its complex natural environment, but also due to its seven World Heritage Sites registered by UNESCO: the Danube Delta, the citadel churches of Transylvania, Horezu Monastery, the painted churches from Bucovina – Moldavia, the historic citadel of Sighisoara, the wooden churches of Maramures and the Dacian fortresses near Orastie – Hunedoara. To all these we could add another long list of beautiful sites – numerous spa resorts among them – and monuments, list which could become even longer when we add the local and regional traditions.

Countries often promote their history, their culture and their beautiful scenery in their marketing campaigns; but many destinations have these attributes. It is critical to build a brand on something which uniquely (and immediately) connects a destination to the consumer or has the potential to do so in the future (Morgan et al. 2002)

Good destination branding is therefore original and different, but these characteristics need to be sustainable, believable and relevant.

In these conditions, the main things which should be considered are:

- Romanian tourist destinations are situated near to each other; this could provide a good base for combined tours in the space of several days;
- the country could offer a complete tourist package (mountain, spa & wellness, cultural destination, the Danube Delta, the Black Sea);
- traditions and customs are preserved in rural areas and could be included in tourist packages; those can be completed with numerous folklore and tradition festivals and (sometimes, if needed) spiced with 'Dracula's legend'
- the mountain regions are unspoiled and can represent the potential for niche products like hunting, fishing, bird watching, hiking, mountain biking, and other forms of adventure tourism; some of the mountain regions are included in national parks and protected areas which can be attractive for those interested in peculiar species of plants and animals;
- culture and history are rich, connected with Europe but with local features; they could form the core of the Romanian tourist product.

The most recent work regarding Romanian Tourism Development is the Master Plan for Developing National Tourism 2007-2026 in which also mentions that Transylvania is an existing brand and its position is only enhanced by the fact that Sibiu was European Capital of Culture in 2007.

Romania also has several cultural values and icons recognized at international level like: Constantin Brancusi (his works were included in Romanian presentation spots and can become a cultural symbol for Romania since they combine traditional

and modern elements), George Enescu (his music can be used in presentation spots – similar: combining traditions with modernism; every year Enescu Music Festival takes place), Mircea Eliade, Eugen Ionesco. More recent Romania becomes known in the arts world through opera singers like Mariana Nicolescu and Angela Gheorghiu, but also through ballet dancers. All their names can be used to enhance the core cultural products.

Sport figures and football/ handball teams can also be used to attract those tourists interested by this kind of events.

About the Romanian culture identity many sociologists, historians and specialists in branding presented different ideas, many of them in contradiction. It is hard to define the main features of the Romanian society in order to identify the national identity. In general the Romanian people see themselves first of all as patriots, hardworking, hospitable and humane. This idea does not mean an idealization of the Romanian people about themselves, because in relation with others Romanians appreciate more what they think about them, so their own image depends on what the other believe about them. But Romanians are very lucid. The special feature is this capability to make a realistic evaluation of their situations and to see all the time the positive part in there. This facilitates a free spirit open to creativity.

In 1925 the Comte of Saint-Aulaire (French ambassador in Romania) said that for French people Romania represents a place in their heart because two elements – the intelligence and the sensibility – made the connection between the spirits of French and Romanian. (Ghyka 2007). Unfortunately, this perception of Romania is long lost.

During the 1980s and the 1990s Romania has lost several important elements which had represented it as a tourist destination in the 1970s. Among them, the most important were affordable prices in decent accommodation within spa and littoral resorts, and geriatric treatments with Ana Aslan products. The first were lost due to neglect and degradation of facilities. The second, a brand in itself, was almost forgotten due to endless legal battles among Romanian companies about the rights to use the name and the royalties generated by Ana Aslan products. The development of cultural tourist products should complete the brand identity building process, as WTTC Report (2006) also recommended.

But what Romania can promote in order to create a base for its brand identity?

The first promotional campaign which has been identified after 1989 was the one connected with the total eclipse of the sun on August 11th 1999. The eclipse was announced to be fully visible from Romania with several optimal points in the southern part of the country. The title given to this campaign was *The 1999 eclipse*. The budget for this campaign was 1.5 million USD. The money came from the Special Fund for Promotion and Development. This special fund was created through the contribution of 3% from the total income of every tourist agency within Romania (Enea 1999).

One of these campaign outcomes was the fact that new and fresh images were used to present a brighter and better Romania. Until that moment the small numbers of printed materials promoting Romania were using old pictures from the1970s.

These new images were also used in TV spots broadcast on the Discovery, Eurosport and Euronews channels and for printed materials presented at international tourist fairs and expositions in Berlin, Madrid, Milan and Paris. The total cost for the TV broadcasts was 140,000 USD and the costs for participating in fairs and exposition, including the printed materials, were 500,000 USD (Enea 1999).

Romanian National Bank issued a special banknote of 2,000 ROL to celebrate the eclipse. Meanwhile, the printed materials promoting tourism were difficult to find inside the country.

The results of the campaign were disappointing. Romanian authorities made a rough estimation that 500,000 people would be interested to come to Romania to see the total solar eclipse. In July the total number of foreign tourists who expressed an interest to come in Romania for the event was around 3,000 (Enea 1999). By the end of 1999 it was clear that the eclipse did not bring the expected number of foreign tourists. The total number of foreign tourists was lower in 1999, 794,000 compared with 1998, 807,000 foreign tourists.

Despite failure, this campaign was the first launched after 1989 and it paved the way to promote Romania as tourist destination through a coherent marketing campaign.

A strap line which appeared sometime during 1999 was *The eternal and fascinating Romania*. This slogan was used as the title for a photo album promoting Romania, mainly abroad. The author of this album was presented by the Romanian media as a controversial figure with many political connections.

During 2000-2001 the strap line *come as a tourist, leave as a friend* was launched. It seemed to have no connection with any promotion campaign and the idea was not very original. This slogan was present on the old official website promoting Romanian tourism, www.turism.ro. The strap line still can be found on the Romanian website dedicated to promoting tourism in the USA, www.romaniatourism.com.

The most recent promotional campaign for Romania as a tourist destination was presented during the summer of 2004. The strap line for this campaign was *Romania - Simply surprising*. The project for the campaign initiated in 2003. Other sources indicate that the idea for this campaign was formulated in 2001 (The Diplomat Bucharest 2006).

A source announced that the budget for this promotional campaign was approximately 1.7 million USD (Obae & Barbu 2004). Another stated that the total costs of the campaign were around 250 billion ROL - or around 7.6 million USD at 2004 rate (Niculescu 2005). The first source indicated only the budget for creating the campaign's spot. The second source spoke about

The total promotional costs, including the advertisement spot and its broadcasting costs, the printed materials and the participation in fairs and exhibitions

were around 7.6 million USD at 2004 rate (Niculescu 2005). The campaign targeted the foreign tourists.

The spot was developed by the advertising company Ogilvy & Mother Romania. The main goals of the campaign *Romania-simply surprising* were:

1) to present Romania as a tourist destination;
2) to change the way Romania is perceived and to generate a different attitude toward Romania, mainly on the part of tourists from EU countries and the USA

The message of the campaign was: Romania has changed and improved as a tourist destination.

The spot had the duration of 60 seconds and was broadcast between June and August 2004 on Euronews, Eurosport, Discovery Channel, CNN, and BBC. It had the frequency of one broadcast per day per TV channel.

The target of this campaign was: informed tourists of 20-55 year-old, who have an average income, with an interest in new experiences, culture and history.

The printed materials were still present in 2005 in several places in Europe, e.g. London underground stations. (The Diplomat Bucharest 2006).

The comments and criticism of the slogan *Romania – simply surprising* were many. From the advertising professionals' point of view, 'simply surprising' is ambiguous and can have both positive and negative connotations (Cosma 2004).

The NAT representative considered it appropriate because people expected something wrong or bad when they came to Romania, and it was important to highlight the changes (Obae & Barbu 2004).

Maybe the dual sense of the word 'simply' could have been avoided if the translation in English the Romanian language: *Romania – mereu surprinzatoare*, would have been more accurate. Then it would have become *Romania – always surprising*.

In February 2007, the Romanian Ministry for Foreign Affairs announced its intention to launch an image campaign for Romania. The advertising company GAV-Scholz & Friends was selected to create a framework named FABULOSPIRIT and cost 110000USD.

Leaving aside the controversies which arose after the concept was launched, it must be pointed out that it has the quality of being unique. It is also in tune with the existing strap line *Romania, simply surprising* and the idea of spirituality is connected with Sibiu's position for 2007. FABULOSPIRIT (combines the colloquial *fabulous* with *spirit*, a word with a deeper meaning) is a complex concept of interestingly though intriguing positive and negative elements. Due to its generous opening, FABULOUSPIRIT can incorporate also the controversial Dracula name and myth and make it more acceptable as tourist product.

However, it proved that Romania's branding process was not abandoned; but until than no more information were available.

For 2009 Romanian Tourism Ministry has important projects:

- launching in May the campaign "The Romania, Land of Choice" to promote cultural tourism, eco-tourism, agrotourism, the seaside, Bucharest and Sibiu for European countries and United States;
- launching in May the campaign "Tourist in Romania" for attracting Romanians to spend their holidays in the country;
- launching at the end of the year the project for new brand of Romania with the support of international specialized companies with a budget of 75 millions EUR.

Where we should be?

After 2001 the purpose of the authorities has to put Romania on tourist map.

We propose a model for branding a country with the following steps:

a) identify the identity of the country
b) actual context: what we offer – determine de tourist products – and to whom? – find the targets and their needs; compare with what others offer and to whom; determine competitive advantages
c) cooperation between authorities, business, the arts, education and media
d) analyse country perception form intern (Romanians) and extern (foreigners) perspective
e) formulate branding strategy
f) implementation
g) evaluation

Several market studies were made during the 1990s and the first half of the 2000s by the Romanian authorities, but none of them do not establish a profile for the foreign tourists visiting Romania (Pop et al. 2007).

As expected, Europe is the best represented in the statistics of arrivals (95,48%). The official representatives for tourism conducted market studies in the following countries: United Kingdom, Ireland, Germany, the Netherlands, Austria, Spain, Italy, Sweden and Russia. Also the official tourism representatives from Czech Republic, Italy, Russia, Sweden, China, Germany, Slovenia, UK and Ireland, USA, Austria, Slovakia, Poland, and Turkey were interrogated regarding their interest toward Romania. Other countries outside Europe that were considered for market studies were: USA, China and Turkey.

In 2006 USAID (United States Agency for International Development) and INCDT (National Institute for Research and Development in Tourism) made studies that suggest some aspects of the foreigner tourist profile for Romania:

- 56% from the foreigners were between 20 and 39 years old;
- they prefer municipalities (49%);
- 60% from the respondents were at the first time in Romania;
- on a scale between 1 (excellent) and 5 (very poor) Romania received a medium to good score for all the purposes of the visit, 1.9 for the experience, 60% considered that their expectations were achieved and 35% that their expectations were exceeded.

The interest expressed by either official representatives of tourism or by tourists highlighted the following (Pop et al. 2007):

- cultural tourism, including medieval towns and Transylvania, and cultural tours were on the top of foreign tourist preferences;
- the Danube Delta and cruises on Danube were indicated next;
- combined tours – urban tourism with spa & wellness followed;
- theme tours were mentioned especially by American and British tourists, mainly concerning the Dracula theme;
- mountain tourism, active tourism, and the Romanian littoral had average frequencies;
- ski tourism was the least preferred.

As WTTC in its 2006 report recommended and the National Authority for Tourism (NAT) research results indicated, Romanian authorities responsible for tourism should concentrate the offer on cultural tourism and on spa & wellness tourism if they want to be in tune with tourists' requests.

In the Master Plan were identified the following area for tourist potential development:

- City Break in Bucharest for culture, entertainment and MICE
- Transylvania tour for culture, nature, ecotourism, health, wellness, ski, adventure
- Black Sea coast for beaches, entertainment, culture, health and wellness, cruises
- Bucovina tour for culture, ecotourism, nature, health, wellness, ski, adventure
- Maramures tour for culture, nature, ecotourism, ski, adventure
- Danube Delta for nature, ecotourism, fluvial cruises, entertainment

Why we aren't there?

Several mistakes are made in country branding:

- decentralized way of approaching branding process which minimize the brand power;
- short term approaching of the branding process rather then as a strategy

Even if Jack Trout said that "Romania has no image, but this is an empty plate that can be filled" and maybe this is an American opinion we consider that we should start the branding process from the identity of the country and from the Romanians and foreigners perception about the country. The fact that an important part of Romanians don't have a favourable image about Romania and few Europeans – especially Italians and Spanish – have the same opinions must be taken into account in branding strategy implementation.

The Master Plan for Developing National Tourism 2007-2026 suggest that the perception of the Romania as a tourist destination is unclear as a result of:

- deficiency in destination marketing,
- no governmental support for tourism,

- unprofessional actions in business tourism sector,
- low standards of the offered services,
- improper tourist infrastructure, facilities and time spending opportunities.

Romania is not visible on well known tourism web sites (www.europe-travelers.eu, Lonely Planet etc.) were the competition is present. Romanian websites have the disadvantage of focusing on underdeveloped products like cuisine and wine tourism. Also new products, like active tourism, need a lot of improvement since they started to be developed only 2 to 3 years ago (Pop et al. 2007). All these hesitations are reflected in the evolution of the Travel & Tourism Competitiveness Index for 2007, 2008 and 2009.

Table 1.

Comparative ranking by competitiveness index for Romania's competitors

Country	Rank		
	2007	2008	2009
Czech Republic	35	30	26
Slovakia	37	38	46
Croatia	38	34	34
Hungary	40	33	38
Slovenia	44	36	35
Bulgaria	54	43	50
Poland	63	56	58
Romania	**76**	**69**	**66**

Source: Travel and Tourism Competitiveness Report 2007, pg.10-11 and www.weforum.org/pdf/TTCR09/TTCR09_Rankings.pdf

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THE HOTEL COMPANIES AND THEIR RELATIONSHIP WITH THE CAPITAL MARKETS

CORNELIA POP[1]

ABSTRACT. The present paper tries to present briefly the relationship between the hotel companies and the capital markets. This study uses results published since 2002 in order to show how the financial resources available for hotel companies evolved, and – based on the data provided by New York Stock Exchange – to asses the strength of the relationship with the capital markets.

***Keywords*:** hotel industry, capital markets, listed companies, financial resources

Introduction

The study regarding the relationship of hotel companies with the capital markets has its roots in 2001. Until now, the result provided evidence for a weak to moderate relationship of hotel companies with the capital markets (reflected by the number of listed companies inside major stock exchanges).

The hotel industry is a main component of the tourism industry. It assures the accommodation capacities and other facilities. These are absolutely necessary for those who travel as tourist, for business reasons, for meetings and conferences or occasionally. Hotels also offer – for local communities – leisure and entertainment facilities and even places for various community meetings (Pop, 2002).

It is logical to presume that hotel industry grew in correlation with the T&T sector and shares the same favorable forecasts, but no official data are available on this subject, except figures offered by few consultants specialized in hotel industry.

Due to this situation, it can be said that a kind of blur surrounds the hotel industry. This can be considered one of the factors which contributed to **the low interest manifested by public investment toward hotel industry**.

Other factors that contribute to the low profile hotel industry has in the eyes of public investors are the associated risks. Because a traditional hotel company has been consider a hybrid of hotel operations, real estate investment and asset management, it generates two major types of risks (Gee 1994): the risk connected with the real estate investment and management of the property, and the risk arising from hotel business sensitivity to the impact of economic cycles (Parkinson 2006), events like the terrorist attacks from 2001 in USA, 2004 in Spain and 2005 in UK, pandemics like SAR and ever changing tourists/ guests preferences and tastes.

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Mainly the dual role played by a hotel company – as property owner and manager and as hotel operator – is stated to create confusion among (public) investors (Gammage 2001, Whittaker 2006). Having difficulties to separate the ownership from the operations, stock market capitalization for the quoted hotel companies – similar to other property owning companies – tends to under-price the current market value of underlying asset or assets (Gammage 2001, Whittaker 2006).

The availability of financial resources for hotel industry

This factor plays an important role in the relationship between the hotel companies and the capital markets.

The fragmented structure of hotel industry during the 1940s and 1950s – dominated by individual owned and operated hotels – limited the access to financial resources to family and friends or to commercial banks. The development of hotel chains and the alliances with airlines from the 1960s and 1970s, mainly in the US, made the industry interesting for life insurance companies and they became major providers of hotel financing in the 1970s (Gee 1994). During the 1980s in US the deregulation of thrift industry transformed savings and loans institutions in important source of money for hotel companies. The foreign capital was also cheap and available and investors might regard hotels more as real estate investments than operating business. As a consequence, many marginal hotel projects were funded due to money availability and poor criteria for investment selection (Gee 1994). The result was an overbuilt hotel market with a random growth, room offer overpassing demand. By the end of 1980s, the hotel property market collapsed, loans went into default and triggered the bankruptcy of some financial institutions. Speculation, overbuilding, and falling occupancy have reduced the funds available for development in the 1990s (Gee 1994).

During the early 1990s the lodging industry across the world had to face falling demand due to the Gulf War and a general economic slowdown. The operating results declined and cash flow shrank. The aggressive lending practices of the 1980s left hotel owners with over-leveraged properties and a record number of hotel-loan foreclosure was registered, mainly in US (Rushmore et al. 2001).

During the second half of the 1990s, until the early years of the 2000s, the hotel companies made and attempt to use capital markets as a main source of capital, mainly due to the scarcity of borrowing for this sector. However, the complex aspects of a hotel company, the mixture between the real estate influence and the efficiency of operations, made hotel companies to be rather investment alternatives, diversifying portfolios, rather than an attractive sector in the eyes of common investors. Since 2003-2004, when the structured finance products started to grow, hotel industry become interesting mainly for private equity funds (HVS 2006). Up until now, those funds provided the main source of financing for hotel companies. This situation was confirmed in 2005-2006 and 2007 by the fact that two of the biggest and well known hotel companies – Four Seasons Hotels & Resorts and Hilton Hotel Corporation (listed at New York Stock Exchange since 1947) - were delisted due to the fact that their majority shareholders became private equity funds.

Hotel companies listed at New York Stock Exchange (NYSE)

Since the USA hotel companies are dominating the hotel rankings (see Hotels Magazine rankings available since 2000) with over 50% of the ranked companies being registered in US and concentrating over 50% of the hotels and rooms under their control, for this study it was only natural to reflect the relationship with the capital market using the data available at NYSE, one of the 3 biggest stock exchanges in the world[2].

In a study made by Pop (2002) it was shown that in January 2002, at NYSE listing were presents 28 de companies from the sector hotels and motels. But the Hilton Company had two types of shares, so the real number was of 27 companies. Only 3 of them were listed at NYSE before 1990 – Hilton Hotels Corporation, since 1947; Prime Hospitality Corporation, since 1979 and Starwood Hotels & Resorts, since 1982. All others were introduced after 1990. From the total of 27 companies, only 22 were operating in the hospitality industry directly. From the remaining 5, two operated in the gaming sub sector using spaces in hotels and casinos, one was specialized in cleaning and maintenance services for the hospitality industry, another is specialized in renting houses for holidays and the last one is specialized in developing hotel properties.

From these 27 companies, 4 were Canadian, one was British and two were multinational.

Due to various changes in the classification by sectors, another search of hotel companies at the end of May 2007 led to the following conclusions: 13 companies were listed in the hotel sector; only 3 of them start listing before 1990: Hilton Hotel Corporation, since 1947; Starwood Hotels and Resorts, since 1982 and Bluegreen Corporation, since 1986 (this corporation entered this sector after changes in classification). 'On the edge' could be considered InterContinental Hotels Group which start listing at NYSE in 1990 under the name Six Continents (Pop and Circo 2003b); the other 9 companies became publicly listed companies between 1993 and 2006. However, until the end of 2007, Hilton Hotel Corporation was also delisted.

Compared with 2002, if only 22 companies were to be considered in the hotel industry category, the decrease to 13 (and by the end of 2007, to 12) is dramatic, showing the relative lack of interest toward this sector, even from the part of what can be considered well informed and relatively sophisticated investors that use NYSE for their portfolios.

At the end of May 2009, the number of hotel companies at NYSE was the same as in May 2007: 13. One of the companies is not a hotel operator, but a capital trust, specialized in investing in hotels. Of the remaining 12, Wyndham Hotel Corporation can be considered a new entry, since it resulted from the spin-off of Cendant Corporation, formerly traded under real estate sector (thus its hotel division was very important).

[2] For the present study, the hotel companies listed at NASDAQ were ignored due to the fact that the trading platform at NASDAQ do not offer the possibility to search the listed companies using sector and subsector criteria.

InterContinental Hotels Group is listed al NYSE and also at London Stock Exchange and it was – in the last 3 to 4 years – the top company in the hotel sector (from number of rooms point of view), and it is an UK company.

From the other 11 companies listed at NYSE, the following must be mentioned:

- Wyndham Worldwide Corporation which ranked 2 in the world in the last 3-4 years
- Marriott International which ranked 3 in the world in the last 3-4 years
- Choice Hotels International which ranked 6 in the world in the last 3-4 years
- Starwoods Hotels & Resorts which ranked 8 in the world in the last 3-4 years.

While – based on the data available at NYSE – it can be concluded that the relationship between the hotel companies and the capital markets is weak to moderate, it can be observed that NYSE favors the hotel groups operating at international level due to their diverse portfolio of hotels and brands. These companies are also well diversified from location point of view, owning or operating hotels all over the world, inside the most popular tourist destinations, but also in remote and exclusivist destinations. All these are perceived by their investors as factors that reduce the risks to which those companies are exposed, and make their investments relatively safe on the long run (despite the current crisis).

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THE PLACE AND ROLE OF TOURISM IN ROMANIA'S ECONOMY

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ABSTRACT. Still, at global level, tourism as an industry represents perhaps the most dynamic activity sector, the most important generator of workplaces, and a great source of recovery for the national economy. Despite the stages of conjuncture and the mutations of tourism demand, tourism services will permanently attract a continuously increasing quota of the world's population. Thus, specialists consider that, in the global perspective, travel and tourism, together with information technology and telecommunications will be the three industries of services with the highest turnover. The author analyzes the causes of the poor impact of tourism upon the Romanian economy and sketches the main perspectives of the development directions of Romania's tourism.

***Keywords*:** tourism, analysis, development strategies, development perspectives, Romania.

Introduction

At the beginning of the 21st Century, the industry of travel and tourism represents worldwide the most dynamic activity sector, and, at the same time, the most important generator of workplaces. Belonging to the tertiary sector of the national economy, tourism plays the role of a barometer that strictly measures its development, and the changes that occur in the economy bear upon it.

Tourism plays a dual role:

- a *direct economic role*, which consists in generating revenues and creating receipts that feed the national income; these incomes contribute to the economic and social development of localities and regions that already are or were recently included in the tourist circuits;
- an *indirect economic role*, that assumes the development of other branches of the national economy, which, on their turn, support the carrying out of tourism connected activities: tourism-transportation, telecommunications, trade, etc.

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Placed in correlation with the economy as the whole, the industry of tourism is an element that stimulates the entire global system, as it is a multidimensional sector.

Tourism's human dimension is due to its capacity to generate contacts among people, contacts that are accompanied by specific behaviors, attitudes, and experiences; while its social dimension may be highlighted both at a microsocial level – representing a means of recovery for the labor force and of the people's health –, and at a macrosocial level – through the absorption capacity of the exceeding labor force from other fields of activity, generated by the restructuring or closedown of large enterprises. This can also be done by including certain areas in the national and international circuits, and by creating new workplaces in the field of tourism, as well as in sectors directly or indirectly related to this industry. Thus, the development of tourism contributes to the diminishing of the unemployment rate.

There are many facets for the economic dimension of tourism. Firstly, tourism is a source of revenue, as it is a business. It enables many individuals to become entrepreneurs and to implement their own business ideas. Secondly, tourism is a complex of an "industrial" type. This name is due to the fact that satisfying tourists' needs cannot be realized through a single activity. There appears the need to simultaneously carry out many sophisticated activities. Thirdly, tourism is a basic sector of the national economy; it is an important source of currency and a specific type of export.

Beyond the three above-mentioned dimensions, we ought to point out a transversal dimension, too: the ecological dimension of tourism. This is of great notoriety, and lately it has been given an increasing attention. Finally, one should not forget the strong multiplying effect of tourism, which acts as a stimulating element of the global economic system. Tourism generates a specific demand for goods and services, which implies an increase in their production, thus contributing to the diversification of the structures of the national economy. The impact of the inclusion of new areas in the tourist circuit is their fitting out and development, through the creation of a specific infrastructure for tourism: tourist accommodation facilities and public alimentary organizations, etc. Such an action also contributes to the creation of the general infrastructure needed for carrying out all the activities in the area.

Keeping in mind the importance, the role and the multidimensionality of the tourism industry, we may ask ourselves: *Why does Romania's tourism not yet seem to display its beneficial effects upon the national economy?*

Material and Method

The ideas discussed within the present paper resulted based on previous researches carried out by the author. In these researches there were used inquiries, interviews, questionnaires etc. The conclusions were synthesized based on a SWOT analysis.

Results and Discussions

Fulfillments and Trends of Romanian Tourism

The beginnings of the tourist industry date from 1850 and were characterized in an article published by *Revue Économique Internationale* (Belgium, 1909) as being "the most suitable placement of capital". Then, the first travel office was established in England, having as single purpose the organizing of travels. By 1872, the first American travel agency was opened – *American Express*, aiming at selling voyages to Europe. Only after the Great Union of 1918, was Romania included in the international tourist circuit. Naturally, the basic elements needed for carrying out the tourist activity have existed for centuries but it was only in the 19th Century when they were joined by companies aiming to promote tourism. *The Carpathian Society* was founded in 1895. It organized trips to the Bucegi Mountains. In 1903 *The Society of Romanian Tourists* was founded, and, at the initiative of the Romanian scientist Emil Racoviță, there *The Romanian Fraternity* was founded in 1921, an organization with a tourist profile.

From the point of view of the institutional structure of tourism, Romania did not stay behind the other European countries for a long time. In 1924 the *National Tourism Office* (NTO) was founded. It was initially integrated into the *Health Ministry*, and it became a joint-stock company only at the end of the 20th Century. In 1936, under the supervision of the NTO, the *România* magazine was published, issued in three international languages. The first tourist bimonthly publication, *Bucegii from Buşteni* was issued in 1911, and the first monthly tourism paper was *The Bulletin of the Romanian Tourism Academic Society*, issued between 1929-1932. Another publication issued between the two world wars was *Touring-Clubul României* [1930]; its aim was to promote tourism in Romania and to protect the nature. The Association was founded in 1921, ant the first review was issued in 1926. The first monument of tourism (if not the only one worldwide) can be admired in Ruşca Montană, Romania. It was built of Ruşchița marble, in 1936 by the *Tourist Club of Banat*. The day of the monument is celebrated each year on the 12th of September.

Before 1990, Romania represented an important destination for the Eastern-European market, especially promoting tourist products for littoral, spas, cultural programs and monasteries in Northern Moldova and Bucovina. But the country's tourist offer did not change much in time, thus it became uncompetitive, being unable to meet the requirements of the international market demand and similar products. The contribution of tourism to the growth of the national economy is still very low: 2.1% in the GDP by 2007 [Euractiv, 2008]. In fact, the engines of the Romanian tourism industry are well-functioning sectors: agrotourism, spa and mountain, event and circuit tourism.

From the point of view of the natural, cultural and historic frame, regions posses an important tourist potential but there are huge differences among regions,

regarding the valorization of the tourist heritage and concerning the general infrastructure. An important feature is generated by the fact that exactly the undeveloped areas concentrate the most important tourist spots and attractions. Thus, these regions can be revitalized through the valorization of their tourist potential. In Romania, there can be identified two types of tourism potential: areas with complex and highly valuable tourism potential (24% of the country's surface) and areas with a high tourist potential (34% of the country's surface). There also are several natural and man-created tourist attractions offering opportunities for tourism development, although they have a lower density. [Planul de Amenajare a Teritoriului]

Tourism infrastructure enjoyed important changes after 1990, improving its quality. But the data of NIS [Tempo Online] reveal an uneven spread of accommodation facilities: 18% littoral, 29.7% Bucharest, 19.4% spa resorts, 16.6% mountain resorts, 0.96% Danube Delta, and 15% in other tourist destination. Tourist facilities and, especially, leisure appliances are old and uncompetitive. Tourist services are stereotyped and of poor quality, while the quality-price quota is irrelevant. This explains the decrease in our national and international tourist demand.

After 2005 the tourist sector registered a huge trend of increase, both in the number of accommodation structures (by 35.4% compared to 2000), and in the accommodation capacity (by 0.95%). The total number of tourists grew by 17.9%, and so did the overnight stays, by 4.1%. These increases were substantial: littoral (168.9%), spas (42.5%), mountain resorts (28.2%), and Danube Delta (398%). [Tempo Online]

Incomes generated by the revenues from international tourism were of 1.068 billion Euro [infoturism.ro]. The number of workplaces offered in tourism is still insignificant (approximately 295,000 employees by 2007, meaning 3.39% in the total number of Romania's workforce) for a country with an extraordinarily rich and diversified tourist potential [wall-street.ro].

In a *World Bank* analysis of tourism competitiveness eight countries were identified as Romania's competitors for tourism; their average competitiveness indexes are: Hungary (78.44), Czech Republic (74.47), Bulgaria (68.57), Croatia (68.04), Poland (66.03) and Slovakia (62.84). Romania enjoys an index of only 58.91, which is lower than that of the above-mentioned countries but still better than that of Ukraine or Serbia and Montenegro. Romania is more competitive when it comes to prices, environment, international openness towards trade and tourism, respectively, social services. [POR 2007-2013]

Problems of Romanian Tourism

According to the data offered by the *National Institute of Statistics* (NIS), by 2006 the economic performances of Romania's tourism were rather modest [Tempo Online]:

- 6.6 million foreign visitors;
- 6.9 million departures of Romanian tourists abroad;

- 607 million USD receipts registered from international tourism;
- 105,000 workplaces offered by the tourist sector, that means 1.2% of the total workplaces.

If in the case of the EU, tourists spent abroad approximately 780 Euro, while for Romania the average of these expenditures rose only up to 220 Euro. The number of foreign tourists who visited Romania between 1995 and 2000 continuously decreased, registering a slight increase by 2001. The number of Romanian tourists spending holidays abroad continuously increased. This has led to the appearance of a negative trade balance. Romania, as a tourist destination, ended up on an unfavorable position: from the 30th place in 1997, to the 40th place by 2000. Consequently, the net usage of the tourist accommodation capacity decreased from 50% in 1991, to 35% by 2000.

Regarding the investments made in the national economy, one may notice that only 1% of them were oriented towards the tourist sector. The one pleasing aspect was the increase of the tourism-generated incomes in foreign currency, by 42.8% in 2002 compared to 1999. One cannot but wonder about the causes of this poor impact of tourism upon the Romanian economy.

Conclusions – Perspectives of Romanian Tourism

Our previous SWOT analysis reveals that despite the fact that Romania has an exceptional tourist potential, its exploitation and valorization is totally inappropriate. As a consequence, the average grade for internal factors is rather modest (only 2.71). This proves that even though the strengths of Romania's tourism are more powerful than its weaknesses, our country still has a lot to do for consolidating its tourist sector and for transforming it into the main engine to streamline the national economy. The external factors' analysis proved that the environment is favorable to the development of the tourist sector, offering many valuable opportunities but the average grade (2.6) confirms the fact that we have to surmount serious threats. Their neutralization needs, indeed, adequate strategies.

Despite all of these, Romanian tourism is placed in the most favorable area of the SWOT matrix (opportunities-strengths), being positioned very close to the fields threats-strengths, respectively weaknesses-opportunities. Thus, the generic strategy that needs to be adopted is that of natural growth; but our country will need to implement numerous strategic actions for surmounting weaknesses, respectively for avoiding or fending off threats and risks [Vorzsák; Cosma, 2008].

Keeping in mind these conclusions, we consider that the general strategic objective of the Romanian tourism development must be the creation of an internationally competitive tourist destination, at the level of the value of the tourist resources that Romania has. Such a strategic aim should enforce this sector as a first rank priority economic activity within our national economic system. This would enable the transformation of Romania into a qualitative tourist destination, that meets the EU standards regarding the provision of tourist products and

services. It would also grant a long-lasting development from the point of view of the environment, with a better rhythm than that registered by other European tourist destinations.

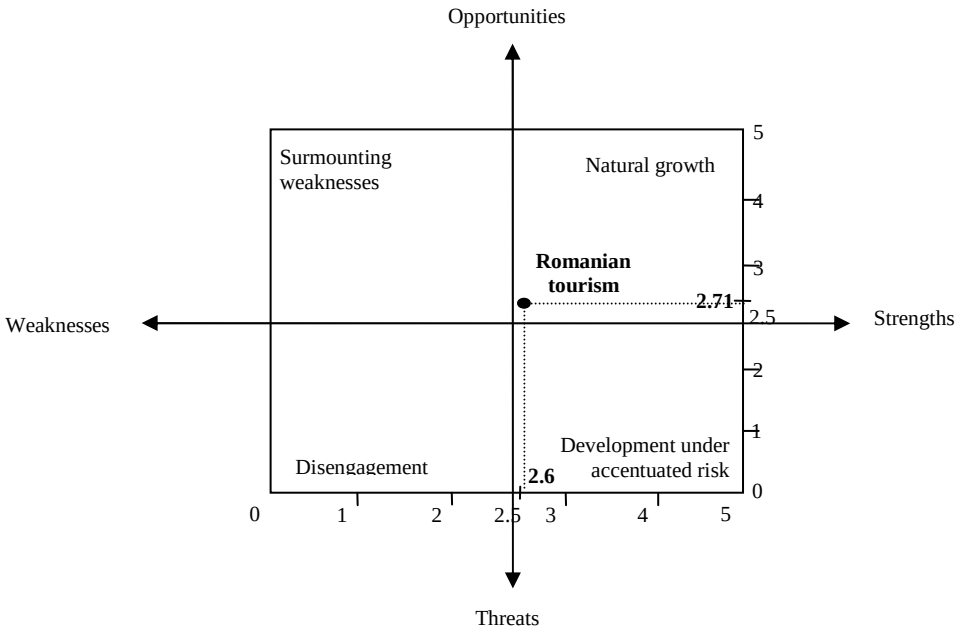

Fig. 1. SWOT Matrix of Romanian Tourism

Such an ambitious vision can be achieved through the correct phrasing or wording of the established strategic objectives. Thus, a priority concern must be to build a positive and nuanced image, both at internal and external levels, regarding the advantages of Romania as a tourist destination and of its tourist brand image. It is compulsory to become conscious of the fact that tourism is a key factor within the national economy and an important generator of workplaces. Authorities must ensure a long-lasting development of tourism in such a manner that the natural richness and cultural-historic heritage would be equally appreciated and presented, and also preserved intact for future generations.

Granting coordinated support mechanisms for the regional and local tourism organizations and consolidating the role of the National Authority for Tourism to insure the fulfillment of the required quality standards by the provided tourist products and services is of vital importance. Systems of regular collection, analysis and dissemination of statistics and market researches need to be developed, in order to offer assistance in the creation of a *Tourist Satellite Account* for Romania. It is also necessary to support investors and the marketing decisional process. In

order to extend the hospitality message to visitors, it is necessary to create a network of tourist information centers in the main tourist areas and spots. A national database of the tourist industry products, providers, events, and services must as well be established, and the public must be granted access to it.

To enable investments in tourism, mechanisms must be created and subsidies must be granted, for both, local and foreign investors. For surmounting the weaknesses related to the human factor, the hospitality sector (pre-vocational and vocational) education system needs to be developed. The quota wage / labor conditions must be improved, in order to reduce the labor force migration phenomenon.

Through the aims we have elaborated, one must ensure the creation of a diversified and competitive tourist offer that would eventually lead to the increase of the role of tourist activity and circulation. Stimulating the development of a quality tourist offer enables the increase of revenues, of the contribution of the tourist sector in the GDP and of the net incomes of the population, as well as the amplification of the labor force absorption rate.

In conformity with the *Development Strategy of Tourism in Romania* (August 1st, 2006), the contribution of tourism to the creation of the GDP is expected to increase between 2007 and 2013 from 1.9% to 6%, and 350,000 new workplaces will be created.

The WTTC [2006] estimates for Romania's tourism and travel sector in the 2007-2016 time span are, generally speaking, very optimistic. Average growth rates will be superior to European and global ones:

- 7.4% for GDP created in the tourism and travel industry (EU: 2.4%; global average: 3.2%);
- 1.7% for workplaces created in this sector (EU: 1%; global average: 1.6%);
- 7.9% for tourism and travel demand (EU: 3.5%; worldwide: 4.2%);
- 8.5% for export of visitors (EU 4.3%; worldwide: 4.9%);
- 6.2% for investments of capital made in the sector (EU: 4.2%; global average: 4.6%).

According to these growth predictions, Romania occupies the 4th place in a hierarchy of 174 countries. By 2016 one may expect the tourism and travel industry to represent 6.2 billion RON (2.5 billion USD), having a contribution of 2.4% in the GDP. If one takes into consideration not only the direct impact but also the indirect economic contribution of tourism, the figures will be 48.4 billion de RON (19.4 billion USD), respectively 5.8%. The occupation in this sector will increase from 3.15% in the total number of workplaces by 2006 to 3.83% by 2016; the indirect impact of tourism will change the figures from 5.75% in 2006, to 6.92% by 2016.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

RESEARCHING TRANSYLVANIA'S TOURISM POTENTIAL

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ABSTRACT. The present paper aims to briefly discuss the potential of Transylvania as a tourist destination. It discusses the region's tourism offer as part of a larger and more demanding project, that of elaborating a brand of the region. Throughout the past five years the author has carried out and was involved in different researches concerning tourism in Romania (at regional level, concerning Transylvania, or at local level, regarding the County of Cluj). The paper starts with a short presentation of Transylvania's tourism offer, discusses the place of tourism within the architecture of a destination brand, and concludes with those elements of the tourism offer that are relevant to the region's visitors, according to the results of the different researches that were carried out.

Keywords: tourism offer, tourism potential, destination, Romania, Transylvania.

Introduction

Put in front of the dilemma to come up with a generous, interesting and challenging subject for the graduation paper, we finally decided to delimit the following topic: investigating Transylvania as a tourist destination with the purpose of creating, developing and promoting its tourist brand. Why not brand Romania as a whole?! There are several reasons for which we have decided to only focus on one of Romania's regions – probably the most attractive one, too: the pride of being born in this region and the care for our homeland; the belonging to the category of people who primarily identify themselves with their region of origin; the rich historic and cultural background of Transylvania; the region enjoys a huge and very attractive tourist potential; the fact that none of the authorities have taken into consideration the possibility of branding a region, especially this one, in order to raise the interest of tourists for our destinations, but, instead, they keep focusing on promoting Romania's seaside; the wish to see Transylvania developing on behalf of its tourism potential; the still low capability of foreigners to properly identify Transylvania.

What was initially delimited as two distinct graduation papers: the first one focusing on the communication and PR strategies related to nation and region branding, and the second one covering a first analysis of the region's tourism

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potential and development, quite rapidly became a topic of great interest. Deeper researches were carried out; issues concerning Transylvania as a tourist destination were analyzed and discussed further on within the dissertation paper, based on a research concerning the manner how foreign visitors of the County of Cluj perceive Transylvania as an international tourist destination. Far from being abandoned, this investigation topic was transformed into a PhD research theme. Throughout the, already five years of studies and work, there were elaborated and published (alone or with coauthors) 16 papers (both in foreign and Romanian specialized reviews, books and volumes); 10 of these papers were also presented at international conferences and congresses (organized abroad and in Romania). The results of the researches that were carried out were positively appreciated by the Committee for students' scientific research of "Babeş-Bolyai" University, by Junior Achievement Romania and by the renowned international company Rehau. Once again, Romanian front-pages were dedicated to the issue of our country's national brand for tourism. Unfortunately, it still seems that this matter faces serious problems. The relatively newly established government reestablished the Ministry of Tourism and attempted to (re)launch Romania's branding process, with a new tagline and even a tourism anthem: "Romania: Land of Choice". At this point, the paper does not aim to discuss the outcomes and happenings related to this specific issue. We consider that one should rather focus on matters that can be achieved at local and regional level. Moreover, nowadays, under the conditions of the intensively debated global economic crisis that was at its beginnings rather negated than acknowledged in Romania, and which is increasingly visible in our country, we believe that tourism offers a great chance for the country's economic survival and development. Transylvania is perhaps the most developed region of Romania. In this respect, researches concerning the issue of tourism in this region become more and more important and valuable; the development and promotion of a regional brand make sense.

Material and Method

The first part of the paper is based on document analysis, and field research and observation regarding the identification of Transylvania's assets, which can be regarded as a component part of its tourism potential. We have tried to structure them on two main categories: natural and anthropic resources. The conclusions were elaborated based on the results obtained by the means of the different questionnaire-based inquiries that we have realized throughout the past years (both among foreigners and Romanians).

Results and Discussions

The region can be best described as an international multicultural ecotourism destination. It is situated in the center of Europe; it is easily accessible by most means of transportation (air, railroads and roads). This region enjoys a varied relief, it

is mountainous and hilly, very diverse landscapes; in the North-Western part of the region there are important karst-areas; its temperate-continental climate is favorable to tourism all-year-round; its hydrographic resources provide valuable tourism resources: natural lakes (there also are glacier lakes), accumulation lakes, many creeks and rivers. When it comes to Transylvania's tourism offer one ought to take into consideration both natural and anthropic tourism resources. Romania's cultural heritage [Law No 5 of 2000] is represented by: over 680 exhibits and values of national cultural interest and heritage that enjoy a huge diversity: 197 churches and monastic ensembles; 36 architectural monuments and ensembles; 11 castles, mansions and palaces; 70 urban architectural ensembles; 20 historic centers and archaeological sites; 7 tourist objectives / areas and sites are included in the UNESCO World Heritage. Most of these assets are situated in Transylvania. From the point of view of the geographic heritage, we may point out that nature, too, was very generous with Transylvania.

Transylvania's **natural tourism resources** are quite rich:

- flora, specific to the type of climate; there are rare species (e.g. Edelweiss);
- fauna, that makes the region famous because it is a known fact that the Carpathians shelter the largest number of big carnivores and animals (e.g. wolves, bears, lynxes, wild swains); in Transylvania there also are protected species (e.g. black goats);
- natural reservations [Romania interactive CD] include: *karst reservations*, in the Western Carpathians (e.g. Ponor Fortresses; Living Fire Glacier both in Padiş; the Bears' Cave; the geologic reservation Detunata Goală; Turzii and Bicazului Gorges; Râpa Roşie; the Scărişoara glacier; Tăuşoarelor spring, Romania's deepest cave, 461 m; Winds' cave, the longest labyrinths and galleries, summing over 40 km; lake Ursu (Sovata Spas), it is unique in Europe due to its heliothermal phenomena of progressive and regressive heating of the salty water layers; Red lake, naturally formed in 1837; Saint Anna Lake (Tuşnad Spas); Bottomless lake (Ocna Sibiului), it appeared on an imposing salt massive and is 130 m deep and 1300 m long; *reservations of rare plants*: Felix Spas – *White Water Lily* or *Nymphea lotus var. thermalis* (unique in Romania, extremely rare in Europe); Harman (Braşov); Mohoş (Tuşnad); Sâncrăieni (Miercurea Ciuc); Fânațele Clujului (steppe vegetation); Zau de Câmpie (Luduş; the single intra-Carpathian place, where there are Romanian Peonies); Reci (Covasna; eatable chestnuts cultures); Fagul Împăratului (Baia de Arieş; evergreen centuries old trees); Gurghiu (near Reghin) and Arcalia (near Bistrița) – regions abundant in great varieties of dendrology species, bushes and trees specific to different climacteric areas of the world, thanks to the castle's park (like the park from Iara, near Cluj); botanical gardens: the Botanical Garden from Cluj-Napoca (the biggest and the most beautiful of Central and Eastern Europe, having, for example, over 600 species of roses), the Botanical Garden of the "Sfântul Vasile" High-school from Blaj (the oldest in the country); *natural phenomena*: Devil's Spa (Covasna; post-volcanic gas emissions, through water and mud, between 0,5 and 1 m);

- therapeutic factors: in Romania there are over a third of Europe's[2] mineral and thermal water springs; most of which are in Transylvania: *thermal water springs* (Felix Spas, Geoagiu-Băi Spas); *mineral water springs*: Herculane Spas (the first documentary attestation, 1850 years ago[3]), Felix Spas, Sângeorz-Băi Spas, Borsec, Harghita, Covasna, Sovata, Stâna de Vale; muds; *salt works* (Turda, Praid); *salty lakes* (Lake Ursu and the smaller lakes of the Sovata Spas: Aluniş and Black Lake; Cojocna Lake);
- medical plants/traditional or alternative medicine (natural medicine), domain that is not enough exploited in the Romanian tradition; luxury medicine: aesthetic surgery, but also general medical services;
- possibilities offered for practicing sports: horseback riding; winter sports (skiing, snowboarding, sledging, etc in the mountain resorts of the Carpathian Mountains: Valea Prahovei, Poiana Braşov, Băişoara, Arieşeni, Stâna de Vale, Păltiniş, etc); extreme sports (rafting, especially on the Criş rivers; alpinism: Turzii and Turului Gorges, Valea Prahovei); ecological hunting (with the camera – everywhere in the Carpathians); classical hunting (in the allowed areas); sportive fishing (on most of the lakes and rivers, according to the seasons' regulations).

Transylvania also benefits from various **human-made tourism resources** rejoined within the region's beauty spots [Kotler et all, 2001]: natural beauty and the characteristic features (see above); cultural heritage: from the *Merry Cemetery*, Săpânța (unique in the world) to the wooden churches of Maramureş and Sălaj, to the Saxon fortified churches, to the mansions and castles of the noble families, etc; tales, history and celebrities – here everyone has a story to tell; Transylvania is well known abroad through its myths, tales, legends and a lot of history; Transylvania offers tourists the possibility to visit and admire: *antique ruins and vestiges* (Sarmisegetusa Regia, Blidaru fortress, Costeşti fortress, etc); *medieval vestiges and monuments* (the fortress of Sighişoara, the fortress of Rupea, Bran Castle, Corvins' Castle, the fortress of Făgăraş, the Black Church and Şcheii Braşovului, the earth fortifications, and the Saxon stone fortifications, the earth fortifications of the Dăbâca fortress and those that surround the Calvaria Church of Cluj-Napoca, the stone fortifications of the medieval city of Cluj); the cathedrals, churches, chapels, monasteries, convents, etc); shopping areas: Transylvania is not a real shopping destination, but the visitors may be interested to buy local products (handicraft, cult and art objects – unless they are not national patrimony objects; the increasing number of malls and shopping areas grants certain areas also the features of shopping destinations, too: Cluj-Napoca, Timişoara, Târgu Mureş, Oradea, etc); cultural attractions[4], presented in a random order: *philharmonics*

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[2] *** "Turism balnear", in *Romania Travel*, http://www.romaniatravel.com/index.php?lng=ro&tree =10. [trad. n.]

[3] *Ibidem*.

[4] *** The Public Information Department of the Romanian Government, secțiunea Ministry of Culture, in *Romania Directory 2000 – Public Institutions and Organizations*, Bucharest, Meronia Publishing House, 2000. [trad. n.]

and orchestras: "Transylvania" State Philharmonics Cluj-Napoca; "Gheorghe Dima" Conservatory Cluj-Napoca; "Gheorghe Dima" State Philharmonics Braşov; Folkloric County Orchestra Bistrița-Năsăud; Estrada Theatre Deva; Târgu Mureş State Philharmonics; "Banatul" State Philharmonics Timişoara, etc; *theatres and operas*: "Arlechino" Puppet Theatre and Lyric Theatre Braşov; "Lucian Blaga" National Theatre Cluj-Napoca; National Hungarian Theatre Cluj-Napoca; "Ariel" Children and Youth Theatre Târgu-Mureş; National Theatre Târgu-Mureş; "Radu Stanca" Drama Theatre Sibiu, etc; Cluj-Napoca Romanian Opera; Cluj-Napoca Hungarian Opera, etc; *folkloric ensembles*: "Ciobănaşul" State Folkloric Ensemble and "Trei Scaune" Folkloric Ensemble of Covasna; "Harghita" Szekler State Ensemble; "Mureşul" Artistic Ensemble; "Porolissum" Professional Artistic Ensemble; "Cindrelul: Junii Sibiului" Folkloric Ensemble; "Banatul" Folk Songs and Dances Ensemble Timişoara, etc; *history, arts and ethnographic museums*: National Unification Museum Alba-Iulia; History Museum Blaj; Ethnography Museum Braşov; First Romanian School Museum Şcheii Braşovului; Bran Museum; Făgăraş Country Museum; Mountainous Banat Museum Reşița; Ethnography and Border Regiment Caransebeş; "Romulus Vuia" Transylvania Ethnographic Museum Cluj-Napoca; National Arts Museum Cluj-Napoca; Transylvanian National History Museum Cluj-Napoca; Pharmacy History Museum Cluj-Napoca; Speleological Museum Cluj-Napoca[5]; National Szekler Museum Sfântu-Gheorghe; Dacian and Roman Civilization Museum Deva; Mining Museum; Corvins' Castle and Museum Hunedoara; Mineralogy Museum Baia-Mare; Museum Oaş Country in Satu Mare; History Museum Sighişoara; "ASTRA" Romanian Folkloric Traditional Civilization of Sibiu; Brukenthal National Museum Sibiu, etc); *recreation and entertainment attractions*: offered both by the natural environment, and by the human settlements (from archaic villages to modern cities);

- special events and occasions/customs and traditions/trades and handicrafts, that can be discovered in each season, especially in the rural areas: *spring customs* [Opriş, 1999] *and feasts*: during the last two weeks before Easter Lent there are ample ritual sceneries that contain numerous specific practices and acts: *for the Romanians* (*Lăsatul de Sec*); *Hungarian customs* (*Îngropatul Fărşangului*, funerary convoy parody, made of dressed up persons; it signifies the end of the feasts, and *Sacrificarea Taurului*, similar to the previous one; *Pastoral New Year*); the 1st of March (*Mărțișorul*); the 9th of March (*Sărbătoarea Mucenicilor/The 40 Saints*); the 23rd of April (*Saint George/Sângiorzul/Sfântul Gheorghe* signifies the beginning of the pastoral summer, which lasts until *Sâmedru/Sfântul Dumitru* on October26th, when the pastoral winter begins[6]; *Plugarul*: peasant feast; *Sâmbra Oilor*: sheppard feast); the 1st of May (*Armindenul* – the day of the horses, of the cattle's protection, of the vegetation, of the seedlings and of the orchards); the Sunday before Easter (*Palm Sunday*; *The Easter*); Pentecost week (*Jocul Căluşarilor*); *summer customs and feasts* (*Drăgaica* or *Sânzienele*); *rain bringing mythological rituals* (*Caloianul*,

[5] the first Speleological Institute of the world was found in Cluj by Emil Racoviță.
[6] Ion Ghinoiu in Ioan Opriș. 1999: "It is said that one saint leaves the forest, and the other strips its leaves".

Paparudele, *Sulul*; *religious processions*; *Nedeea*; *Claca verii la seceriş*); autumn customs and feasts: on the 29th/30th of November (*Sfântul Andrei/Saint Andrew* – ritual acts and magic practices); *from the beginning of Christmas Advent until Easter Lent*: *Şezătoarea*; winter customs and feasts: the 20th of December: *Ignatul* (the pig's scarification); the 25th of December: *Christmas* (church and religious customs, the going with the star, the caroling of the boys' groups and Viflaimul-irozii); the 1st of January (*New Year*); the 6th of January (*The Baptism Day/Boboteaza* – the throwing of the cross in water; it ends the Christmas feasts); the 7th of January (*The Sprinkling of the Johns*); the 25th of January (*Purtatul lăzilor/Lolele*, Saxon custom, attested in 1689);

- main cultural and folkloric events, with fixed date [Dobrescu, 2000]: "Jazz & Blues Springtime" International Festival (May 23rd-25th, Braşov); International Theatre Festival (May 28th – June 8th, Sibiu); TIFF, Transylvania International Film Festival (May-June, Cluj-Napoca); "Bartók Béla" International Contest of Opera Conductors (May 29th – June 14th, Cluj-Napoca); "Atelier" International Theatre Festival (June 1st-18th, Covasna); International Salon of Photographic Art (June 15th, Braşov); "Andrei Şaguna" Days (June 27th – July 1st, Covasna); International Chamber Music Festival (June 30th – July 7th, Braşov); Festival of Old Music (July 2nd-6th, Harghita); "Girls' Fair" of Găina Mountain (July 19th-20th, Alba County); Medieval Art Festival (July-August, Sighişoara); "Nunta Zamfirei" International Folklore Festival (August 8th-13th, Bistrița); "Sarmisegetusa" International Folklore Festival (August 12th-17th, Hunedoara); "Ecouri Meseşene" Women's Dance International Festival (August 21st-25th, Sălaj County); "Păunul de aur" International Folklore Festival (August 21st-28th, Cluj); "Chemarea munților" International Folklore Festival (August 27th-31st, Cluj); "Liviu Rebreanu Days" (September 25th-27th, Bistrița-Năsăud County); "Bartók-Enescu" Musical Days (September 28th – October 2nd, Harghita County); "Musical Autumn of Cluj" International Festival (October 4th-22nd, Cluj-Napoca); The National Amateur Artists' Salon (November 17th-23rd, Sibiu); the International Winter Customs' Festival (December 5th-7th, Braşov); "Căluşarul transilvan" Contest Festival (December 20th-21st, Orăştie);

- buildings, monuments and sculptural ensembles must be promoted as interest spots of each area; e.g., according to the sayings of a tourism guide from Prague, the statue of *Saint George killing the Dragon*, in Cluj-Napoca, initially was the copy of the same statue made by two local artists for Hrad; because the original got melted, we may now consider the statue in Cluj-Napoca to have become the original, while the one existing now in Prague, is a copy of ours, made in 1928; equestrial statues (e.g. Matei Corvin's statue of Cluj-Napoca, etc);

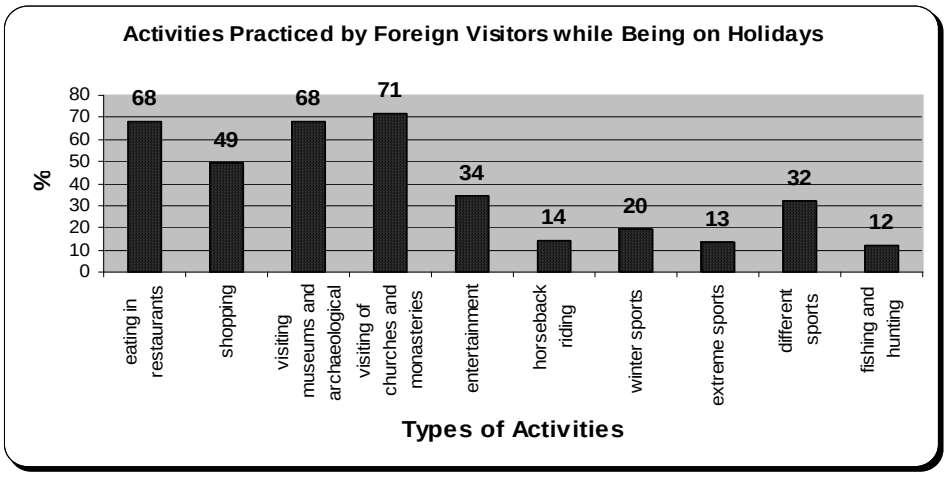
- other attractions: romantic *mocănița* (a local small/miniature slow train: on the Arieş Valley, Vaser Valley, from Târgu-Mureş to Band); the ecologic products; vineries and the vines of the Târnave area (Romanian routes of vine: Jidvei, Lechința, Ciumbrud, Recaş, Aiud, etc); *țuică* (local strong beverage, especially the one made of prunes but also other types, made of different fruits, represents an attraction of our region, and may be exploited, following, for example, Austria's promotion of

Schnapps); the vine producers also make another beverage (*tescovina*, a sort of grape *țuică*); Transylvanian breweries also attract tourists; Transylvania's gastronomy: very many types of local cheese (*Năsal*, ewe's milk whey/pot cheese, telemea, cottage cheese, skin cheese, soft cow cheese are some of the local types of cheese, not at all promoted but very appreciated by the foreigners, etc).

Obviously, one cannot pretend to be able to exhaustively present Transylvania's tourism potential in a few lines. Our intent is to just point out the main resources that constitute the region's rich tourism potential.

Conclusions

Based on our previous researches we may point out how Transylvania's tourism potential may or may not be able to respond to the needs and demands of its existing and potential visitors.



Source: own calculations based on 2006 research [Dulău, 2006]

Fig. 1. Foreign Visitors' Activities on Holidays

Generally speaking, Transylvania enjoys the possibility of attracting foreign visitors, as it can offer them the chance to practice their desired types of activities. The region's beauty is appreciated but the destination enjoys a modest appreciation.

Two different researches [2006 and 2008-2009] revealed the fact that both foreign visitors and Romanian tourists agree upon the following facts:

- Transylvania has a great natural potential: spectacular landscapes and sceneries; natural beauty; virgin nature; quite highly attractive mountains;
- the main local cultural aspects that are attractive from the tourists' point of view are: the traditions of the peasants; the rural and folkloric cultural heritage; the myth of Dracula;
- the multicultural character of Transylvania offers great and valuable opportunities for the development of tourism;

- the man-created potential with great appreciation includes: the castle of Bran; the churches, monasteries, and medieval castles; the Saxon fortified churches; the walled cities; the many and varied museums, etc;
- from the economic point of view Transylvania is seen as a region that enjoys a great geographic position – "at the heart of Europe", with a healthy economic development; it is considered to be quite easily accessible by all means of transportation;
- regarding the types of tourism that can be practiced here, the questioned tourists considered the region as being attractive for the following types of tourism: adventure, nature-based, cultural, educational, business, religious, personal interests, etc;
- each type of destination is also appreciated: from cities, to peak villages, monasteries, mountain and spa resorts, etc;
- Transylvania is associated to good cuisine; hospitality and relaxation, while the people are described as plain people; hospitable; civilized and tidy; with character; polite, friendly, etc.

All of the above-mentioned aspects grant us the possibility of pointing out once again that Transylvania must be branded as a tourism destination. Its branding would eventually contribute to the development of tourism in the whole country, too. As Transylvania also enjoys a better image than Romania, it would positively influence its perceived image, too.

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THE USE OF INFORMATION SYSTEMS IN HOTEL MARKET OF CLUJ-NAPOCA

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ABSTRACT. The main objective of this paper is to review of the information systems used by hotels in their activity. Also, we want to determine the information systems used in hotels from Cluj-Napoca, Romania and to present their main characteristics and capabilities.

Keywords: Hospitality Information Systems, software, Property Management Systems, hotel industry.

Introduction

The tourism industry has been a pioneer in developing and implementing information systems. The airline companies were the first that implemented reservation systems and the central reservation systems have been used by hotels chains since 1960. If we refer to the hotel industry, a room management application was installed at the New York Hilton in 1963 and a property management system was installed at Waikiki Sheraton in 1970 [Heart et al., 2001, Collins, 1997]. The information and communication technologies were used by hotels, in the past, to simplify the client registration process, to cut operational costs, but nowadays, are used to increase clients' satisfaction, employees' productivity and the quality of services offered by hotels.

Literature review

The *e-Business W@tch* study carried out by the European Commission, Enterprise & Industry Directorate General in order to monitor the growing maturity of electronic business across different sectors of the economy in the enlarged European Union, EEA and Accession countries revealed that, considering ICT adoption and size of companies, small tourism companies are more active users of e-business compared to their counterparts from other industries. According to the same source "the gap between big and small companies in using ICT and e-business applications may be relatively smaller than in other industries" [1]. In Europe, about 92% of companies in the tourism sector are micro enterprises, 7%

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are small enterprises and only 1% are big companies[1]. At the European level, 20% of the companies in the accommodation sector use the Intranet. The main software systems used by European companies in the accommodation sector for planning and decision-making are: accounting software (40% of firms), ERP systems (13%) and Document Management system (15%) [1].

The Hospitality Information Systems (HIS) can be classified according to different criteria:

1. Coverage area:
    a. Systems designed to ensure the information flows between the hotel's main departments: accounting information systems, human resources, ERP, property management systems, restaurant management systems, POS, etc.;
    b. Systems designed to ensure the information flows between the organization and its partners (customers, suppliers, banks). In this category can be included the online reservation systems, Customer Relationship Management (CRM), Supply Chain Management (SCM), e-banking.

Customer Relationship Management systems (CRM) can be used by hotels to improve customer satisfaction. CRM help companies to better understand customers' needs and to adapt their offer based on client's personal purchasing patterns. CRM are mainly used only by larger companies, such as airlines or hotel chains [1].

2. According to their role in the decision making process the information systems can be classified in three main categories: operational-level systems, management-level systems, and strategic-level systems [2].
    a. Operational-level systems: support operational managers by keeping track of the elementary activities and transactions of the hotel such as booking, reservations, sales, payments, payroll, client registration, supply. Transaction processing systems (TPS) are included in this category. TPS are used to record daily operations of an organization and to keep detailed records of them. The main features of these systems are: contain detailed data, process a large amount of data, contain historical data (describe activities that took place within the organization), the input data and the generated information are highly structured. Property management systems (PMS), reservation information systems, accounting information systems, restaurant information systems are TPS.
    b. Management-level systems: "serve the monitoring, controlling, decision-making, and administrative activities of middle managers" [2]. Management information systems (MIS) and decision-support systems (DSS) are included in this category. MIS provide predefined reports to managers, reports obtained by summarizing and processing the detailed data from TPS. Decision Support Systems (DSS) are systems that use data, models, and analysis tools and help decision makers to solve unstructured or *semi-structured problems.*

c. Strategic-level systems: Executive information system (EIS) are designed mainly for strategic management, the main purpose of these systems is to provide top-level managers the critical information they need, at the right moment and in the right format. These systems are easy to use, integrate data from different sources, give managers an overall image of business, provide aggregate information but managers can drill-down for more detail information. Expert systems (ES) are specialized systems that provide solutions and give advices to managers. These systems use knowledge base consisting in a set of rules.

The information systems used in hotels can be also classified in:

a. *Front-Office* systems: are hotel guest-centric applications that deal directly with guest needs, including reservations, reception, cashier, point-of-sale (POS), housekeeping, and sales of food and beverages.
b. *Back-Office* systems: have different functions such as finance and accounting, inventory, procurement, human resource management and office automation.

Problem formulation and methodology

We must specify from the beginning that this study is only a part of a more comprehensive study on the readiness of hotels from Cluj-Napoca to implement Decision Support Systems and in this paper we will include only the results that refer to the use of information systems in hotels. The research uses a paper-based questionnaire and has been carried out in Cluj-Napoca on small and medium-sized hotels. One of the purposes of our study was to identify the information systems used by hotels in their activity.

The sources of information for this paper are primary and secondary: the primary came from the data gathered from questionnaires, and the secondary are obtained from the Internet, research studies, books, statistics etc. The questionnaire was applied to hotel managers during the time span October 2008 - November 2008. Because by the end of 2008 we were able to identify 41 hotels in Cluj-Napoca, we decided to apply the questionnaire to all the hotels. We observed that there were hotels that were managed by the same person and used the same information systems; therefore, in order to obtain relevant results, we applied 1 questionnaire per manager. The overall population was of 38 managers. Taking into consideration that the number of applied questionnaire was relatively small we opted for the traditional paper based survey, and for face-to-face interview. The number of complete and correct questionnaires was 33, therefore, the response rate was – 86.8%. The data were processed using statistical tools.

Results and discussions

Hotels characteristics: from the total number of hotels included in this study – 36.4% are 3 stars hotels, 30.3% hotels are included in 2 stars category, 27.2% are 4 stars hotels, 3.0% are 1-star and 3.0% are 5-stars hotel. The majority of the hotels included in this study (69.7%) are small hotels with less than 50 rooms, 24.3% are medium capacity hotels (50-150 rooms) and 6% have more than 150 rooms. All hotels included in this research are small and medium size enterprises.

The most prevalent front-office applications, in hotels from Cluj-Napoca, are reservations and front-desk automation and the most widespread back-office application is accounting. Clients can make online reservation directly from hotels sites, 92.6% of the hotels from Cluj-Napoca city have their own web site [3]. The POS applications are used by hotels in restaurants and in other points of sales. The systems that are least used by hotels are CRM and ERP.

ERP systems are an integrated collection of functional applications that help to integrate and cover all major business activities within a hotel, such as reservation, inventory management, accounting, sales, marketing and human resources, etc. and share a common database.

Property Management Systems (PMS) should not miss from any hotel. These systems have a number of modules that are necessary for the activity in a hotel. A PMS has functions both for front office and back office but also a number of other functions: the event management, the calls management accounting, sales and catering, etc. In Romania some of the vendors use the term PMS for reservation and front-office automation systems.

The main functions of a PMS are:

- ✓ reservation: enter, modify, visualize, block or cancel the individual or group booking;
- ✓ automatic confirmations;
- ✓ establish the room rates - on client, weekday, season;
- ✓ enter, modify, and view clients' information (individuals, companies, travel agencies);
- ✓ centralize the web reservations;
- ✓ guest registration, gather the personal data about the guests;
- ✓ room allocation;
- ✓ payments collection;
- ✓ view client history – the information about clients are kept in the database and, when a client returns with a new reservations, their preferences are already known. The data about clients can be used by the marketing department to generate the labels for the correspondence, for different statistics, for marketing analysis, etc.
- ✓ housekeeping;
- ✓ call accounting;

- ✓ night audit;
- ✓ guest *check-out*;
- ✓ room management: occupancy, room status (occupied, available, clean);
- ✓ search data by: name, company, room number, reservation number, arrival date, status, depart date;
- ✓ connectivity with MS Office Suite (Word, Excel, etc.)
- ✓ report generation, statistical reports, forecasting.

Some of the PMS reports are: revenue per available room, the history of occupancy, reservation, in house guests, arrivals, departures, market statistics, travel agencies statistics, revenue/cost report, room statistics and night audit reports. A number of PMS allow users to create ad-hoc reports. PMS can be connected to a CRS (*Central Reservation Systems)* offered by an hotel chain, or to an *Independent Reservation System* (IRS). Also, CRS and IRS can be connected to the reservation systems of airline companies, making a Global Distribution System (GDS). A GDS provides centralized control and distribution of bookings. The most known GDS are - *Sabre*, *Amadeus*, *Galileo*, *Sistem* 1and *Wordspan*. PMS can be connected using software interfaces with other systems implemented in hotels:

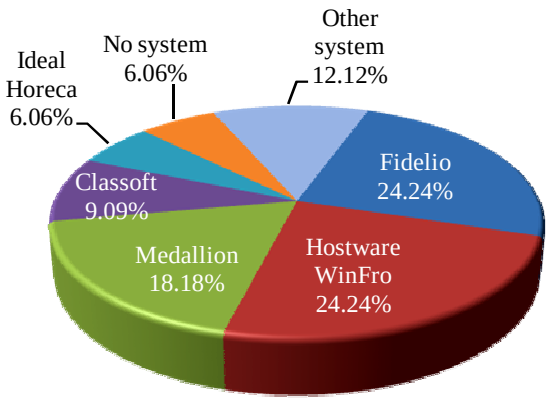
- ✓ Electronic locking systems;
- ✓ Call accounting systems;
- ✓ Accounting and financial systems;
- ✓ Pay-TV systems*;*
- ✓ Point-Of-Sales systems (POS);
- ✓ Energy management systems.

Some PMS, for example *Medallion*, include also a *Business Intelligence* (BI) module. BI systems perform a wide range of analysis: optimization, forecasting, sensitivity analysis, real-time analysis and use a variety of dashboards for data visualization. Using BI managers can monitor and explore key performance metrics by brand and property, including rooms sold, room revenue, revenue per available room, room revenue per available customer, room rate, other revenue, occupancy percentage, arrivals/departures, available/occupied rooms, etc.

Factors in choosing a PMS are: the hotel capacity, hotel location (if it is an independent hotel or is a chain hotel), the interconnectivity with other systems. Fidelio is used by 24.24% of hotels from Cluj-Napoca that participated at our study (Figure 1). Fidelio is the PMS offered by Micros Systems, one of the world's leading suppliers of enterprise solutions for the hospitality industry. Micros was founded in 1977 in USA having as main activity object the development of restaurant information systems. Fidelio Software GmbH was founded in 1987 and it was specialized in the development of PMS. These two companies merged in 1995 and Micros-Fidelio became a standard in hotel industry. Some of Micros' clients are: InterContinental, Best Western, Four Seasons, Fairmont Hotels, and form Romania - Crystal Palace, Euro Hotels& Suites, Capşa, Continental, Intercontinental, Hilton, Marriot, Sofitel, etc. An online demo version of this PMS

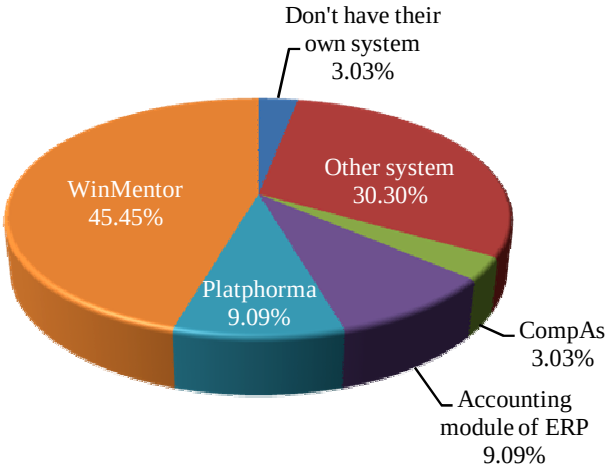
can be accessed at the following link: http://213.70.229.154/tsweb/. The system can be installed on Microsoft Windows and uses Oracle database management system. The HostWare winFRO front office system is part of the HostWare integrated hotel solution offered by HostWare Kft., Hungary. The system can be installed on the following platforms: Windows NT, Windows 2000, Windows 2000 Server and Windows XP. In Cluj-Napoca this system is used by 24.24% from respondents. Medallion is a SoftBrands' product and is used by 18.18 of hotels included in this study. The system can be connected with *Medallion Web Booking Engine.* This module can be included in the hotel-website and clients can make online reservations. The information about the available room types and room rates are imported from PMS. Another PMS used by hotels from Cluj-Napoca is the system developed by Classoft Company, Cluj-Napoca. The product offered by Classoft is an ERP which has been configured to suit the requirements of a given hotel. The system was created in FoxPro and has both MSDOS and Windows versions. This PMS can be integrated with other modules created by the same company: accounting module, module for stock control and restaurant management module.
WinMentor is the accounting system used by nearly half of the hotels included in study, followed by Platphorma and by the Classoft's product (Figure 2).

Figure 1 Property Management Systems



Source: own calculations based on questionnaire

Figure 2 Accounting information systems



Source: own calculations based on questionnaire

Table 1.
Restaurant management systems used by hotels

Restaurant management systems	Percentage
SIRES	3.03%
Contnou Triosoft Serv	6.06%
eXpresSoft Check	6.06%
wINN POS	6.06%
Classoft	9.09%
Hostware WinVen	9.09%
MICROS 3700 HMS	12.12%
MagicPOS HOSPITALITY 2000	15.15%
Other system	12.12%
No system	21.21%

CompAs is used by only one hotel and the remaining hotels use other accounting systems, such us: Reiges, Contiform, Assis, Practer. For restaurant hotels use different products. MagicPOS Hospitality 2000 is preferred by 15.15% and MICROS 3700 HMS by 12.12% of hotels (Table 1). Another important software application, specific to hotel industry, is Revenue Management (RMS), known also as Yield Management. RMS helps hotel managers to maximize profits

by setting room rates based on a careful analysis of the demand. Using these systems managers can determine whether the rates or the number of rooms allocated for a particular market segment or for a specific rate should be increased, reduced or maintained at the same level.

Yield Management is based on analysis and interpretation of the demand curve. A RMS identifies reservation patterns on room types and market segments through analysis of variables (weather, length of residence, history book, customer profiles, etc.) and compares them with a set of heuristic rules formulated by managers. Revenue Management is a new, attractive filed for implementing the DSS models. The RM has as main objective the maximization of the average revenue (profit) per room based on the anticipation of the demand and by determining the highest rate value customers are willing to pay for a room. Another object is to decrease the seasonality of the demand, transferring the excess of the peak in other time intervals. RMS contains models by which the customers can be classified, can estimate the demand, the occupancy, the rates for each client's category, and these elements can be dynamically modeled.

Conclusions

In this paper we made a review of the information systems for the hospitality industry. In the second part of this article we identified the information systems used by hotels form Cluj Napoca. The most widespread systems in the studied hotels are PMS (93.94 %), systems used for *Front Office* automation, and the most common back-office systems are accounting systems (96.97 %). More than a half of the studied hotels use one of these two PMS: Fidelio and Hostware WinFro. Nearly 1/5 of the hotels are using Medallion PMS. WinMentor system is used by nearly half of the hotel, followed by the Platphorma. There are no significant differences on the use of information systems by small, medium capacity hotels or big hotels. Hotels form Cluj-Napoca use information systems in their daily activity, but the information systems for management are absent from hotels. Only a small number of hotels have integrated hotel solutions that are connected to the rest of the independent systems installed in hotel (accounting systems, call accounting, etc).

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THE ROMANIAN SME'S DIFICULTIES IN THEIR INTERNATIONALIZATION PROCESS

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ABSTRACT. The role of SMEs in the Romanian economy is indisputable. They are those that provide clearly continue development of the industry. The development of this sector has brought a problem regarding the internationalization of their activities. This process is very immportant for improving their competitiveness, export beign considered vital to increase Romanian SMEs activity. Therefore, the purpose of my paper is to investigate and describe the internationalization process of SMEs from Transylvania, what methods they applied for developing this process and understand which are the main barriers which limited this process.

***Keywords*:** SME's, internationalization, strategies, weaknesses, difficulties

Introduction

The economic reforms applied in Central and East European countries have to emphasize on the role of SMEs because them are able to create an important number of new jobs, to stimulate competition for larger firms alike, to create a diversified and flexible industrial environment, to stimulate innovation, to improve industrial relations and to provide a superior working environment for employees inside of a national economy. Based on these features, the SME sector was considered a key factor for assuring the restructuring of the old centralized economies and maintaining economic dynamism.

After 1989, the Romanian economy restructuring should be understood in the general context that of the transition from a state owned economy to a decentralized economy. This was possible only by stimulating a large number of entrepreneurs which increased the competition for the large companies, have implemented innovations and contributed in this manner to a more performing industry.

During the last eight years Romanian economy knew an accelerating pace of growth, with a 5 to 8 % rate of the GDP growth, which placing Romania among the most dynamic European economies. Due to this situation the volume of foreign direct investments grew substantially as the preparations for E.U. integration of our country intensified.

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In 2006, as a result of business environment improvement and of the positive effects of unique income tax quote, the volume of foreign investments grew with 57,5 % with a total of 34512 million Euros. More than 70% of this is direct investments in Romania, especially in industry, as well as Greenfield investments, financial operations, insurance and commerce (wholesale and retail). As a consequence, after the first year of E.U. integration the rate of economic growth was of 6%, industry maintaining a growing trend this being a sign of economy's reindustrialization process consolidation.

In Romania, more than 99% of the active enterprises are small and medium size enterprises, the largest share being in the commercial services sector. There is a strong polarization of the SMEs on fields of business. Thus the first 7 activities: wholesale trade, retail, construction, wholesale trade and retail, maintenance and repair services for companies, food and beverages and transport, made about 70% of the total turnover. Of the total number of SMEs, microenterprises remain a representative segment.

A study on the competitiveness of Romanian SMEs for 2006, conducted by the National Authority for the SMEs Council (NASMEC), has revealed the accelerated but not sufficient evolution trend of this sector. Thus, while in the EU, from demographic point of view, there are over 50 SMEs per 1000 inhabitants, in Romania we have around 26 SMEs / 1000 inhabitants, but according to zone the weight differs. In Bucharest the average is 48.56% of SMEs per 1,000 inhabitants, followed by the Nord-West, West and Center regions, with demographic intensities of over 25 SMEs/1000 inhabitants.

Table. 1.

The evolution of the SMEs share in the Romanian economy

YEAR	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Total of active enterprises	313508	317555	322188	359399	404339	442868	471952	499857
SMEs total	311077	315149	319816	357071	402090	440714	469919	487682
SME's share (%)	99.22	99.24	99.26	99.35	99.44	99.51	99.57	99.54
Microenterprises share in total SMEs (%)	88,03	87,39	87,2	87,02	88,14	88,34	88,01	88,01

Source: Territorial Statistics, INS, 2008, NASMEC, 2009

Regarding the development of SMEs, according to NASMEC, in the first half of 2007 the number of newly established companies over the first half of 2006 increased by 9.15%, the number of canceled companies subtracting by 74,18%

during the same period. The results of SMEs in the first half of 2007 improved compared to the same period of 2006, the number of SMEs which have made profits increasing by 4-5%, while those who experienced loss subtracting by 0-5%. Positive developments recorded in the first half of 2007 both the investments made by SMEs (6-8%) and the exports volume of the private sector (12-15%).

2008 meant a reducing of the international activity for the Romanian firms, exports decreased by 24,3%, while imports with more than 37.4% compared to 2007. In January 2009 exports reached 1912.4 million euros while imports 2488.8 mil. Euros. Those who felt that the greates decline were SMEs, whose export value in January 2009 represented a decrease of 47% from the previous year.

Literature Review

For long time the internationalization activity of small companies wasn't be seen as habitual and appropriate process for their development. This idea was indurated also by the fact that in many countries the internal market was large, offering real and profitable opportunities for SME's continuous growth. But the intensification of globalization phenomenon determined a shift in the SME's behaviour pattern. The importance of internationalization activity of a firm grows in the last 20 years along with global competition all around. Others important factors which determined internationalization process were the integration of European markets, development of IT technologies, increase of e-commerce and transportation infrastructure. For this reason many researchers started to study this process from different points of view: strategic management, organization theory, international management, marketing and small business management.

Regarding the small firms international activities there are several classical areas of research like foreign market expansion and entry modes, motives which influence the international decision-making, which are completed by more recent topics like favorable and unfavorable factors for internationalization activity of the firm (Ruzzier et al, 2006), relations between import and export activity (Karlsen et al., 2003), factors with impact on firms' performance (Kuivalainene et al., 2004).

Known as so-called Uppsala internationalization model (Johanson and Vahlne, 1977), the dynamic theoretical model argues that the present state of the firm is the important factor in explaining future changes and subsequent stages which is represented by the firm's market commitment to foreign market and the market knowledge about foreign market and operation.

The market commitment is formed by two factors: the amount of resources needed to make the investment in the market and the difficulty for transforming them in practice. Developing international activities required also general knowledge about markets operations and market specific knowledge. In conclusion for getting this market knowledge the primary objectives of the firms is to hire personnel with international experience, able to interpret information from inside the firm and from the market. The change aspect was been see as a commitment

decision to respond to uncertainty and opportunities on the market. The Uppsala model stated that firm's starts with less risky forms of internationalization in close markets and gradually increases its commitment and its geographical reach based on a process of experiential learning (Eriksson, 1997). According to this model, lack of knowledge is an important obstacle in the development of international operations and such knowledge can be acquired mainly trough operation abroad. The gradual acquisition of knowledge increase foreign commitment.

Similar stages models were developed based on Uppsala theory and tried to explain better the evolution of internationalization process. Moberg and Palm came with their "Six steps model", which describe internationalization phenomenon as a process with six steps (see figure no.1): motives for internationalization, possible resources for internationalization, the marketing commitment for internationalization, ways for entry into the international market and the moment for doing this.

In the decision process for starting internationalization activities of a firm there are many factors: internal competition, degree of external demand, decline of the domestic market, plus of resources or the cost of them, which influence the company in this direction. Stewart and McAuley (1999) explain that the factors which influencing internationalizations activity could be separated into proactive (those that pull the firm into foreign markets as a result of opportunities available there) and reactive (those that push a firm into foreign markets, often because opportunities are decreasing in the domestic market) factors. Proactive factors explain that the companies' choice to internationalization is influenced by its interest in exploiting unique products, competences or opportunities of the foreign market. Reactive factors describe a passively action or respond to the internal and external pressure.

There are many motives for which the firms enter the international marketplace, but this decision is adopted in connections with the firms' strengths. Even if the firm has a unique product that is wanted by the international market or a new technology for making product there are some problems that should be clarify through SWOT analysis: which are the firm resources, if these enough for the internationalization process, what opportunities support the firm development, which is the cost for this process and what performance could be expected. The SWOT analysis will bring forward firms' capabilities in the main areas of activities: personnel, marketing and production systems for doing these.

In the third step firms should choose the product or services to offer into the international market. The internationalization' success depend on what products were offered to the market and how well were these differentiated from the competition's offer. This decision is correlated with the market selection. Seeking new markets is also a common motive for international expansion. Beside a larger demand, a new international market can offer to firms the capability to achieve economies of scale, lowering the firms' average costs, improvement of general revenues. Also for their success, firms should focus on the cultural, legal, social, and economical differences among markets. They must analyze and understand these differences before entering into foreign market.

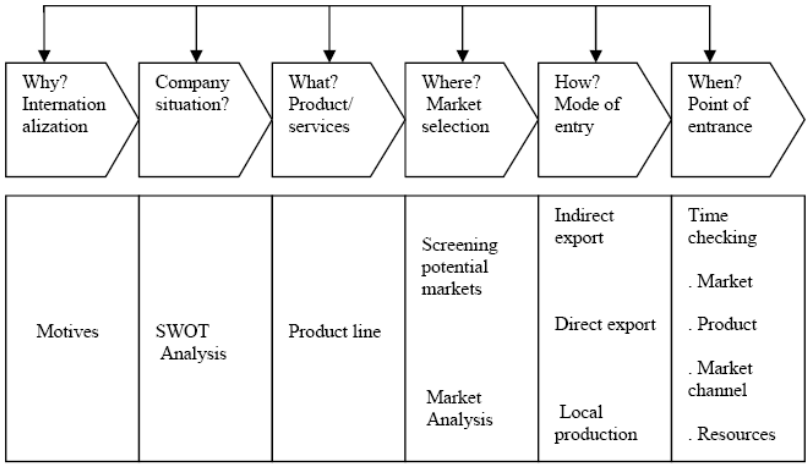

Fig.1. Six Step Model of Internationalization process

After market selection the management team of firm should decide how will internationalize their activities. Hill (2007) describes six ways for entering into a foreign market. The best way is a relative decision depending on the firm's size, age, resources, commitment to market and the market itself. Generally at the beginning firms will export to a closer market from both geographical and cultural points of view. When they are well known in the foreign market firms are interested by licensing contract manufacturing or management contracts. When they acquire knowledge regarding foreign market and expect a high potential profit decide to select a foreign direct investment. Major factors which influence this gradual process of internationalization are the uncertainty of different markets and the fear of investing resources where market knowledge is limited. So, firms with less capital resources or personnel capabilities may be unable or unwilling to commit themselves to large capital investments and may prefer an entry mode that economizes their financial and managerial commitments, such as licensing. The choice of entry mode is often a balanced between the level of risk taking, the potential rewards to be obtained from a market, the degree of resources needed to compete effectively and the level of control that a firm seeks into the foreign market. Furthermore the choice of market-entry time is determined for the product success or failure.

Holmund et al (2007) come with the idea that import activity could be considered as a vehicle to develop overseas business and suggest links between importing and exporting. They considered that imports activities are focused on operation while exports on marketing. Even if there is no consensus regarding ways to measure the effect of internationalization on SMEs performance, Mc Dougall and Oviatt (1996) remarked that firms which had an intensive international

activity also reported a superior performance in terms of both relative market share and return on investment (ROI). Bloodgood et al. (1996) found that international activity was marginally significantly associated with ventures that reported higher profits. Even if a causal relationship between internationalization and firm's performance has not been established in longitudinal studies made by different researchers, one consideration come up for sure: starting activities in the international markets, especially export, drives to strategic approach of the business and deepen elements of planning.

The Methodology and research objectives:

The paper is concerned with studying the specific factors that influenced Romanian SME's behavior to be involved in international operations. As many Romanian entrepreneurs associate the Romanian accession to the European Union with new business opportunities, and based on other theoretical and empirical studies about international business and internationalization process our intention is to obtain answers to the following questions: Which is the order of appearance: importing or exporting operations?; Which are the main motives for developing those types of operations and how much the entrepreneurs are interested to increase their intensity in the future?; What kind of changes is needed for the improvement of firm capabilities?; How do international operations contribute to the achievement of growth strategy and to firm development?

In this respect we analyzed the evolution of the SMEs sector from North-West Region of Romania and used secondary data from National Institute of Statistic, National Council of Small and Medium Sized Private Enterprises in Romania and National Agency for Small and Medium Sized Enterprises and Co-operatives. Furthermore, for a better understanding of this behaviour, we have conducted a survey based on questionnaire about the international activities of the Transylvanian SMEs with their entrepreneurs or managers.

Sample characteristics

Our sample comprises 226 SMEs from North-West Region of Romania (Cluj, Bihor, Sălaj, Satu-Mare, Bistrița-Năsăud, Maramureş). Romania has a service oriented economy and this is shown also by our sample structure, the majority of the companies acting in the field of services (38.3%) and commerce (37.2 %). In terms of economic results, our sample companies have registered in 2008 an average turnover of 2.3 million Euros.

SMEs sector from Nord-West Region

North-West Development Region (Northern Transylvania) is considered, after the Bucharest-Ilfov Region, the most attractive in terms of economic development of

Romania's regions. This is due to the labor market and wages, to foreign investment, and private environment and market competition and also to the input of modern technology. Relevant is that the service sector has come to occupy a large share of total regional economy, nearly 50%, with significant industries trade and tourism.

Table 2.

The structure of enterprises based on activity and number of employees

	Main field of activity			
Number of employees	Production %	Services %	Commerce %	Total %
0-9	15.38	51.28	38.89	37.62
10-49	50.00	38.46	47.22	44.55
50-249	34.62	10.26	13.89	17.82

Regional economy is growing with a dynamic growth in recent years in sectors like construction, textile industry, industry of machinery and equipment. Here are nearly all industries and an increasingly important number of major foreign companies, some of them located in industrial parks in the region - Tetarom Cluj, Bors, Jibou and Satu-Mare.

The driver of exports and also the main importer in North-West Region (Northern Transylvania) is the Bihor county, followed by the counties of Cluj and Satu Mare, while the counties of Bistrita-Nasaud and Salaj, which are predominantly rural, take very little part in all foreign transactions of the region. The development potential of the region is based on services and access to a well-qualified workforce, which led to attracting foreign investors which took over factories and have opened industrial parks in the area. Genuine drivers of regional economic growth small and medium enterprises are around 65,000 in 2006, 13.78% of the total number of companies registered in Romania, contributing with about 11% in the turnover achieved by SMEs in Romania. In terms of labor productivity, North-West region is in second place after Bucharest-Ilfov.

Table 3.

Turnover, number of employees and labor productivity in North-West Region

	Turnover (mill. lei)	Turnover structure (%)	Number of employees	Number of employees structure (%)	Labor Productivity (thousands lei)
Nord-West	39400	10.82	351242	13.61	112.173
Total	364000	100.00	2580927	100.00	141.035

Source: Romanian SMEs White Charter, 2008

The findings and discussions:

Firm growth is one of the main motives for internationalization activities. After getting a significant market share in domestic market, firm increasingly look abroad for new opportunities. Many studies on export decisions show that firms are stimulated to exploit the potential for extra growth, profits and sales resulting from exporting (Leonidou, 1995). An objective for our research was to identify which are these motives for internationalization and what group of factors, proactive or reactive, plays a more important role in determining the internationalization process of the Transylvania's SMEs. In order to have a more specific and correct image of this aspect we detached factors which could be determinant for import and for export. Thus, for importing came in the first position the lack of domestic resources and the continuous increasing of domestic market. These reactive motives were indurate by some favorable factors identified by the firms in: lower prices on foreign market and closed cooperation with foreign partners.

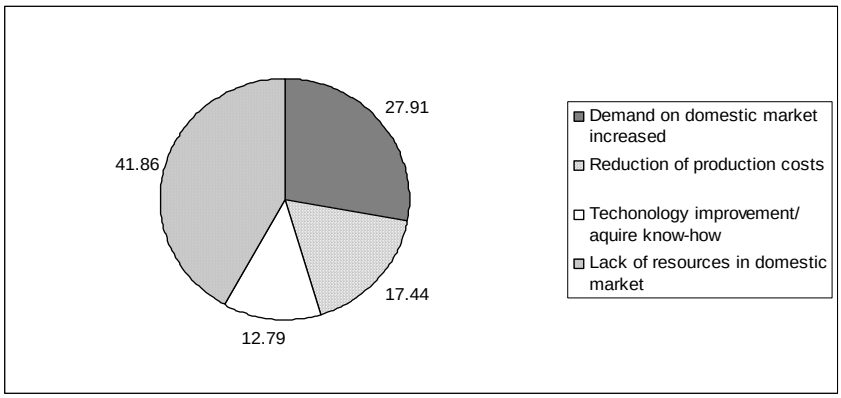

Fig. 2. Factors determining import activities

Regarding the export activity of Transylvania SME's resulted that the main motives for starting this process are successful cooperation with foreign partners and growth opportunities of external market. In his studies Dunning has argued that it is inherent for firms, for increasing their international spread, to rely more and more on cooperative agreements. When firms entry into international marketplace they need to identify suitable partners abroad in order to get the complementary resources they need, as well as to save time and money. Our study's results reveal that the Romanian SME's are depending on chance to identify an external partner, having few information about the external markets e.g. competitors, consumer behaviors and needs, rates and prices etc. The entrepreneurs seem to have a more proactive behavior when they decided to start an international activity. Also in a high proportion they consider that for internationalization development play an important role the opportunities identified in the environment, as: firm capacity to increase production system and improvements in communication and transportation infrastructure.

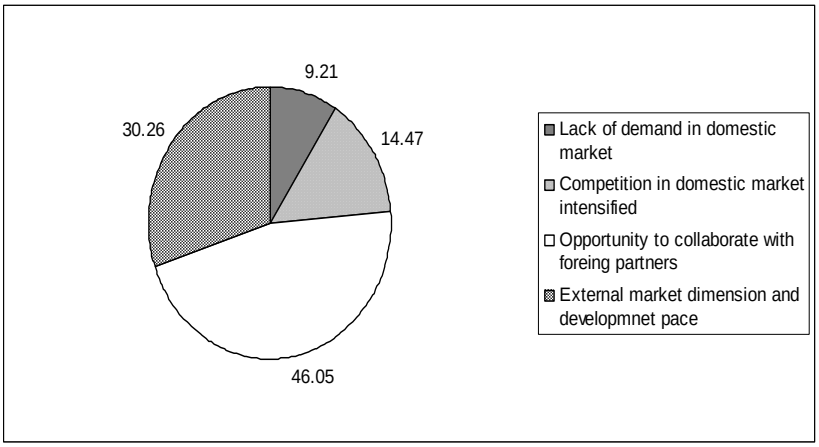

Fig. 3. Factors determining export activities

Even if many researchers found out that the first international operation developed by SMEs is exporting, for our sample result the contrary, first action was inward operation for more than 70%, 28 have both international operations. In the top of the countries with which are developed these activities are: Italy, Hungary, Germany, Austria and Spain, countries which are also representative for foreign investments in our economy. Importing operation represent a large part of the Romanian SMEs businesses, thus for almost 44% of sample firms ponder of import in total turnover are more than 50%. The conclusion that import activity is much more developed by Romanian SMEs comparing with export is indurate by the higher average percent of the import activity in the total turnover of the firms of 51,4% than export with an average of 32,8%. For determining the relation between importing and exporting activities we tested the hypothesis about the appearance order, resulting a strong correlation between import and export.

Table 4.

Correlation between inward and outward operations

N = 209	Correlation coefficient	First operation	Second export	Second import
	First operation	1.000	.710**	- .110
	Second export		1.000	.101
Second import				1.000

**Correlation is significant at the 0.01level (2-tailed)

This means that for those firms which started international operations with importing, this activity influences their capabilities and offers them an important international experiences for developing after that export activities or international cooperation.

Last 2 years brings important opportunities for the Romanian SMEs, which indicated in a high proportion (64%) a positive evolution of their overall performance. Also for the following 2 years the managers and entrepreneurs are optimistic 57% from them indicated as strategic priorities a moderate growth of the business activity. Our intention was to see also if this strategic development is connected with the international activity and for this reason we tested correlation between company's general objectives and the actual opportunities offered by international market

SME sector is one of the major actors in the development of a dynamic economy and of exports, as well as the share in GDP. In any case, the SME sector is still limited in terms of technical development or science because it cannot restrain itself and in isolation this role in terms of capital, nor in terms of human, but only in collaboration with other subjects (including the state or local level). Major problems faced by SMEs in this respect are related to insufficient liquidity and own funds for their development, and difficult access to credit.

According to NASMEC, less than half of new businesses created in 2006 (47.5%) faced problems in obtaining contracts having difficulties related to their supply or demand (17.1%) or with both (30.4%). On the supply side, new companies face, mainly with financial issues, particularly related to their lack of resources (69.8%), limited access to loans (39.5%) and lack of customers or clients pending payments (38.2%). Regarding demand, entrepreneurs consider that their problems are the constraints of competition on their market (75%), that firm is not sufficiently well known (54%) and lack of economic resources of their prospective clients (51%).

The companies that participated in our study indicated as the main factors affecting their international activity the limited financial resources, the problems with marketing and distribution and the pace of diversification/adaptation of products to foreign markets. On the opposite side are technical restrictions. Export companies are especially affected by lack of financial resources and lack of information on demand and supply.

Although there are many difficulties in the internationalization process, the Romanian SMEs are willing to further develop international operations. Using a 5-point Likert-type scale for assessment of future opportunities presented by international markets, based on sample's responses, resulted a mean of 2,55 (1-absolutely favorable). We consider that Romanian entrepreneurs are interested to fructify the opportunities resulted from Romanian adhesion to EU. Besides after 2000 it also increase the interest of European companies for our economy and for developing businesses and cooperation with Romanian partners. As a consequence, at the question about the future directions of action most companies have opted for developing the activities on foreign markets, a higher percentage of 84% choosing the development of exports, compared with 60% of imports.

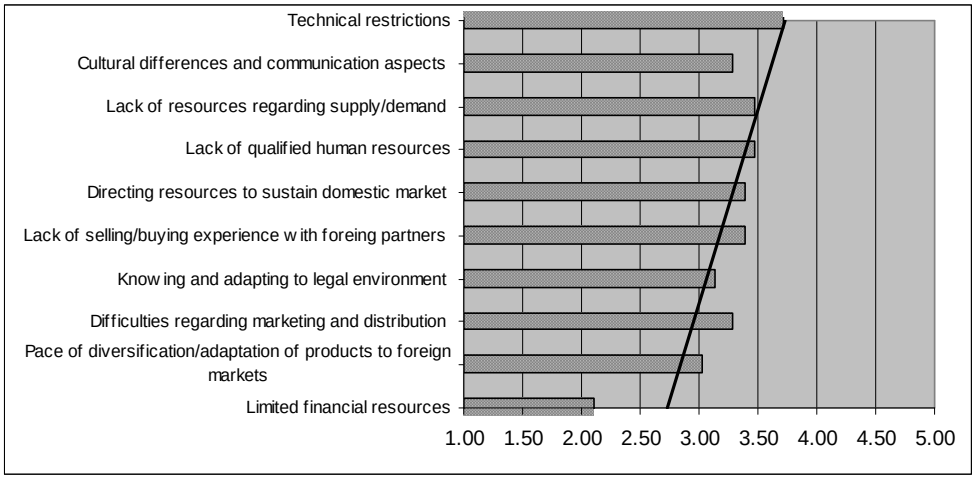

Fig. 4. Difficulties in international activities

Conclusions

The results of our study show a strongly concentration of Romanian SMEs to import, entrepreneurs having as main motives the lack of resources and the increasing domestic demand. In a high proportion these companies declared as future intention engaging in export activities mainly for the opportunity to cooperate with foreign partners and due to the dimensions of international markets. This fear to enter in the international affairs with export operations is first of all a cultural trait for Romanian entrepreneur which didn't achieve until now enough experience in their business in order to be able to accept a higher risk. We think that Romanian SMEs need help for improving their knowledge of foreign markets, in attracting funds and also in improving their competitiveness to face to strong and global competition.

Despite of limited resources and lack of production and marketing capabilities many entrepreneurs are interested to expand their involvement in international operations. In today international markets more and more challenging the SMEs position depend on their capacities to reinforce and develop important strengths. For these results they are need to established an appropriate international business strategy and strive to various forms of cooperation both in domestic markets, including cooperation with larger companies, and also into external markets.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

ECONOMICAL ENVIRONMENT AND ORGANIZATIONAL CULTURE

IOAN POP[1]

ABSTRACT. The aim of this paper is to present the characteristics of the organizational culture at URSUS Breweries SA, Romania. Cultural transition from the centralized planning economy to the market economy has started along with technological improvements. The capacity of anticipating the transformations within the external environment as well as the appropriation of specific analyzing techniques and methods of external and internal environments are nowadays vital. But the transition process towards values and behaviors adjusted to the free market is extremely complex and long, and requires the involvement of all the employees of the organization. The results indicate clearly that when it comes to changing the firm's culture, from managers it is expected the most (75%), followed by the stockholders (53.8%) and then by technology (51.8%). The perception of the sales department as being very important by 61, 29% of responders and their consideration that the quality is very important (77, 4%) is the proof that changes occurred in the organizational culture towards understanding the market economy.

Keywords: organizational culture, technological changes, cultural transition, URSUS Breweries

Introduction

The research of organizational culture and its transition under the influence of the technological changes is necessary nowadays when each organization is in search for its identity in the extremely unstable environment.

The purpose of this research is to characterize the culture of the organization Ursus Breweries. Learning these characteristics allows managers to focus their attention towards forming a solid culture as a base of their strategic conduct.

The subject of technological changes and organizational culture has long been the focus of the research. Some of the recent conclusions drawn from the literature are:

- Adaptive expectations can be an important source of frictions that amplify and propagate technology shocks (Huang, Kevin X.D., 2009);

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- Rizov, Marian et al. (2009) have studied the relationship between technological changes and organizational culture under a new theoretical framework that emphasizes the relationship between human resource management practices and organizational performance;
- The type of organizational culture determines the success of tasks delegation between a principal and an agent (De Paola, Maria, 2009);
- Elaboration of a global model that analyzes how technology absorptive capacity and technology pro-activity influence organizational performance (Victor J.Garcia-Morales, et al. 2007);
- A critical review on organizational changes in relation to information technology shows that the size of the organization and the market structure is strongly influenced by IT (Anagnostopoulos, K.P., 2005).

Technological changes take place in the economical and social competition context and in the internal context of resources, capabilities, culture and structure of the organization. The advantage in this competition depends on the capacity of the company to identify and understand the concurrent forces and to use all the resources (Whipp, 1991).

The purpose of this research is to characterize the culture of the organization Ursus Breweries. Knowing these characteristics allows its managers to focus their attention towards forming a solid culture as a base of their strategic conduct.

Objectives

The objectives of this research are:

- To describe important features of the organizational culture at URSUS Breweries SA
- To outline the characteristics of organizational culture in interaction with the technological changes
- With the help of literature data, we aimed to build up a scientifically frame for the study of the management of technological changes in URSUS Breweries SA.

Research methodology

This research started with an empirical study, based on a survey including a questionnaire with 37 questions. 60 forms were given to be filled in by managers and other employees from the firm. The response rate was 52%.

The tables represent the most important results.

The research informs about the variety of subjects' perceptions about the organizational culture phenomenon, according to the following criteria: the position in the company, seniority, educational level and age. We also mention that 51.6% of the subjects belong to manager's category (top management, middle management, front line management). The rest of 48.4% are represented by clerks. Distribution of the sample by age of the respondents: 71% - 25-35 years; 25.8% - 36-45 years; 3.2% > 46 years. (Table 1)

Research results

URSUS Breweries SA is the biggest beer producer in Romania, with a history and tradition longer than 130 years. From 1996 is part of the international concern SAB Miller, the worldwide leader in beer.

After 1996, URSUS was developed, renewed, modernized, and a new technology was introduced. The people who are working there were experiencing a cultural transition, along with the technological and organizational development.

The most difficult part of this transition was the high speed of changes.

Description of the content of organizational culture

The answers of the respondents from this research show that within the investigated organization there is a culture transition, a transition which is imposed by the need to survive. In an extremely complex and fluid macro-environment, the survival is possible only by adopting and learning new behaviors and attitudes. Before 1990, Ursus had, obviously, a "centralized planning" culture, in which the conducts and attitudes were subordinated, through bureaucratic structures, to realizing the planned indicators. In the new context, the company needs an entrepreneurial culture in which the ability to analyze the environment, to outline its opportunities and threats, and to enhance its competitive advantages are essential. Characteristics such as initiative, risks assuming and strategic orientation are vital to such a culture. The behavior of the majority of respondents (74.2%) is based on values and beliefs widely accepted and assumed by them, such as: quality labor, respect for the clients, consciousness and promptitude.

In an analysis of the objectives of our research, we noticed that an important percentage from the questioned persons, 74.2%, answered affirmative to the question: "Does your firm has its own culture?" Only 25.8% answered with "I don't know" and there was no negative answer.

Once we established that the company has a solid culture, it is important to emphasize also that 51.6% of the respondents consider that this success is the merit of the current managers, while 22.6% consider the previous managers to be responsible for this.

Therefore, it is clear that Ursus Company has an organizational culture of its own, but few persons identify it correctly and know its elements. The majority of the employees are influenced by it and they behave accordingly. We may say that the culture of Ursus Breweries was created in the past and was extended and consolidated over the years. After 1996, the new technology was introduced in all departments: production, storage, sales, transport, IT, etc. The manual work, old equipment and technology were replaced with the newest technology in beer production.

The modern characteristics which define the culture of a company, taken over successfully from the current major stockholder, are already influencing the behavior of the employees, as we can see from the Table 2, in which we may see the characteristics of their own firm culture.

- 66.7% consider that the clear objective of the firm and the communication between employees of the firm are essential
- 64.3% consider that the performances of the employees are more important;
- 60.6% consider very important the professional knowledge;

Table 1.
The structure of the sample

Position in the firm	Educational level	
	High school	Faculty
	%	%
Top manager	3.25	13.00
Middle manager	0	22.50
Front line manager	3.25	9.75
Clerk	13.00	35.25
Out of which	19.50	80.50

Table 2.
The main characteristics of the organizational culture of URSUS breweries

Characteristics	Very important	Important
	%	**%**
Individual initiative	29.63%	37.04%
Taking risks	33.33%	37.04%
Clear objective	66.67%	16.67%
A strict control	31.04%	17.24%
Employees' performances	64.29%	21.43%
Conflicts between employees	11.54%	19.23%
Professional knowledge	60.62%	30.03%
Communication between employees	66.67%	20.00%
Team spirit	54.00%	26.67%
Wages / seniority	4.00%	0.00%
Lack of communication	13.64%	4.55%
Wages / performance	50.00%	21.44%
Managers' preoccupation for his employees	31.03%	37.93%

The proof that some cultural characteristics existing in the firm before moving to a market economy (such as conflicts between employees, the wage system according to the seniority criteria, and the lack of communication between employees) were surpassed is given by the number of those who consider these practices as being insignificant:

- 52.0% consider irrelevant the wage system according the seniority criteria;
- 40.9% consider as insignificant the absence of the communication between employees;
- 38.5% see the conflicts between employees as being minor.

It is remarkable the fact that the answers given by those questioned when they had to choose from a list with given culture characteristics, can be correlated with their answers to the open questions.

An outline of the characteristics of the organizational culture in the technical changing period

As any other transition period, this one connects two periods with different characteristics. Being present in all areas, this transition period affects also the organizational culture of our country. This culture was sometimes helped to develop, other times has been stopped or even not taken into consideration. This period of transition influences differently each economic agent.

By analyzing the answers received, we tried to identify the main cultural characteristics existing in the major technological changes period at Ursus Breweries. In order to identify the way of understanding of the strategic orientation, we analyzed the answers to the question referring to the importance of the departments in the firm (Table 3).

Table 3.

The importance of the main departments at URSUS Breweries

Department	Very important
	%
Production(Technical)	83.87%
Marketing	73.33%
Finance & Accounting	42.86%
Research & development	40.00%
Human resources	39.29%

Table 4.

Orientation of the firm's strategy

	No	Yes
	%	%
Firm's strategy/ production	77.42%	22.58%
Firm's strategy/ product	51.61%	48.39%
Firm's strategy/ sales	38.71%	61.29%
Firm's strategy/ technologies	61.29%	38.71%

Table 5.
The importance of the qualities expected by a manager from those he works with, at Ursus Breweries

Qualities	Very important	Important
	%	%
Respect towards quality	77.42%	12.90%
Loyalty towards the firm	70.97%	22.58%
Performance	70.97%	12.90%
The desire to perform better	64.52%	25.80%
Initiative	51.62%	22.58%
Customer's satisfaction	61.29%	25.81%
Team work	61.29%	19.35%
Subordination	32.26%	22.58%

Table 7.
The factors which influence the evolution of the organizational culture at Ursus Breweries

Factor	Very important	Important
	%	%
Current crisis	38.90%	11.00%
Market opportunities	34.80%	26.20%
The dissatisfaction of the employees	4.80%	33.30%
Size of the firm	27.30%	22.70%
Technology	51.80%	16.30%
Romania's integration in the UE	33.30%	8.00%
Firm's management	75.00%	12.50%
Competition	42.00%	28.00%
Stockholders	53.80%	19.20%

Table 6.
The main criteria in selecting the employees

Seniority	Competence	I don't know
3.20%	93.60%	3.20%

Production and technologies was the main function of any organization, comprising the majority of the resources. After processing the answers of our survey, it resulted that the production continues to have a predominant role (83.87% of the respondents consider “very important” the production/technical department), while 73.33% consider the marketing department as being “very important”. Therefore, the increase of the market role in the process of elaborating a strategy becomes obvious, and the awareness of this fact among employees allows us to notice that there has been a major change in the organizational culture. To verify in details whether the production is indeed the most important activity in the current culture, we analyzed the answers to the following question: “Your firm has a culture orientated towards…?” 61.29% of the respondents answered: “sales”, 48.39% - “product”, 38.71% - “technologies”, and 22.58% responded “production”, as shown in Table 4.

The quality that a manager expects from those he works with, presented in Table 5, and is conclusive.

Also, 93.6% of the respondents consider that the main criterion in the selection of the employees is the professional competence (Table 6).

The characterization of the cultural transition process

Cultural transition has started along with the transition to a market economy, and, nowadays, organizations can survive only if they modify their system of values and behaviors in such a way that the consumer dictates what, how much, and how will be produced.

The capacity of anticipating the transformations within the external environment as well as the appropriation of specific analyzing techniques and methods of external and internal environments, are nowadays vital. But the transition process towards values and behaviors adjusted to the free market is extremely complex and long, and requires the involvement of all the employees of the organization, managers and non-managers.

In Table 7 we present some examples of responses at a question which requests a hierarchy of the factors which facilitate the change of organizational culture.

The results indicate clearly that when it comes to changing the firm's culture, from managers (75%) it is expected the most, followed by the stockholders (53.8%) and then by technology (51.8%).

We can also notice the fact that those who consider that firm's management can change its culture are the young people (25-35 year-old); out of these, both clerks (25.8%) and managers (19.35%) expect the change of culture to be made by the firm's leadership. We observe again a characteristic strongly connected to a mentality which has its roots in the period before the '90s. There are many employees who expect that somebody else (the leader) does everything for them, in this way avoiding the responsibility. Nonetheless, as one can notice, the majority of the employees are young people. They accept the change and answer more promptly to it, while the older persons manage hardly or not at all to deal with these changes. They are the ones who convey to younger employees the firm's cultural characteristics which were perpetuated over the years and which were taken over from others. It is the duty of the younger ones to take over these elements and to adjust if it is necessary to the current realities.

Conclusions:

In summary, the main results of our analysis are:

- In URSUS Breweries SA, changing the firm culture was expected from managers (75%), stockholders (53.8%) and technology (51.8%).
- The decisions taken by the company management succeeded in creating the current culture of the URSUS Company, according to the realities and the

necessities of the present. The perception of the sales department as very important by 61, 29% of responders and their consideration that the quality is very important (77, 4%) is the proof that changes have occurred in the organizational culture towards understanding the market economy.

- The influence of the international political and economical rules and games are understood by 33.3% of employees.
- The current crisis is considered by 38.9 % of responders a very important factor which influences the evolution of the organizational culture at URSUS Breweries SA.
- The results support the conclusion of Hofstede: the employees will accept the "practice" indicated by the organization but will keep the "values" from the culture they come from (G. Hofstede, 2001).
- All in all, it is important to acknowledge the fact that in most of the cases the manager's views coincide with clerks' ones. This fact emphasizes that all employees have a clear understanding of URSUS company objective and mission, its role on the market and its main strategies. In additions to all this, the employees are aware of the fact that team spirit and communication are essential in order to attain these high performances.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

STRATEGIC PLANNING IN SMALL AND MEDIUM SIZED ENTERPRISES-CASE OF CLUJ COUNTY

OANA ADRIANA GICĂ[1]

ABSTRACT. The purpose of our study is to investigate to what extent do SMEs from Cluj County conduct planning activities, what is the time period covered by these plans, how often the plans are reviewed. The success of strategic planning depends on the proper use of strategic tools so we want to find out what strategic instruments do the SMEs from our sample use in their planning activities. If a company wants to develop and even to stay in business it need to pay attention to the environment in which it operates. In this respect we were interested in the factors analyzed by the SMEs in their strategic activities.

Keywords: strategic planning, SMEs, Cluj County, strategic tools

Introduction

Why do companies need to plan for the future? The answer to this question given by Loasby in 1967 is still valid:

1. To understand the future implications of the present decisions in order for the organization to get the full benefit from its present decisions.
2. To understand the implications of future events in order to make decisions to prepare for the future. This is an attempt to forecast the future.
3. To provide motivation to a mechanism for dealing with the above and reviewing assumptions about the future.

Strategic planning is considered on a large scale to be one of the factors that contribute to small firm growth (Rue and Ibrahim, 1998; Kraus *et al*, 2008). Strategic planning can contribute to performance by generating relevant information, by creating a better understanding of the important environment, and by reducing uncertainty (Hodgetts and Kuratko, 2001).

Given that the majority of research on strategic management has so far focused on large enterprises, many scholars have recently noticed that there is a need to adapt and apply these concepts in the context of small businesses as well (Perry, 2001; Gibson and Cassar, 2005 in Kohtamäki, Kraus, Kautonen and Varamäki, 2008).

While the research conducted in large companies proved the impact of strategic planning on performance (Bracker et al., 1988; Lyles et al., 1993; Rue and

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Ibrahim, 1998; Schwenk and Shrader, 1993), in the context of small enterprises, the empirical evidence regarding the impact of strategic planning on firm performance is not undisputable (Kohtamäki, Kraus, Kautonen and Varamäki, 2008). There are studies that provide evidence of a positive effect of strategic planning on performance. Here, Kohtamäki, Kraus, Kautonen and Varamäki (2008), include the overview studies of Schwenk and Shrader (1993) (26 studies) and Kraus et al (2008) (24 studies, 79% of which identified a positive relationship between the two factors). Kraus et al (2006) talk about several other studies (French et al., 2004; Gable and Topol, 1987; Gibson and Cassar, 2005; Robinson, 1983; Sexton and Van Auken, 1985) that did not find a relationship at all between strategic planning and performance in small firms.

This variety in research results may be partly explained by the diversity in the small business population in terms of, for example, size of firm (eg strategy making certainly differs between firms employing 2 *v* 30 people) and industrial sectors in which small firms operate (Kohtamäki, Kraus, Kautonen and Varamäki, 2008).

The purpose of our study is to investigate to what extent do SMEs from Cluj County conduct planning activities, what is the time period covered by these plans, how often are the plans reviewed. The success of strategic planning depends on the proper use of strategic tools so we want to find out what strategic instruments do the SMEs from our sample use in their planning activities. If a company wants to develop and even to stay in business it need to pay attention to the environment in which it operates. In this respect we were interested in the factors analyzed by the SMEs in their strategic activities.

Material and method

Small and medium size companies play and increasingly important role in Romania's economy. The number of active SMEs grew by 43. 9% from 2001 until 2006. They are responsible for approximately 60% of the turnover, while the weight of the work force employed by the SMEs grew from 48. 5% in 2001 to 63. 2% in 2006. The last years have been characterized by an improvement of the SME's activities: the number of the SME's that reported profit in 2007 compared with 2006 grew by 4-5% and the number of the SME's that reported loss decreased in 2007 compared with 2006 by 0-5% according to the National Council of Small and Medium Sized Private Enterprises in Romania.

The importance of the SMEs sector in Romania and in Cluj County as well and the positive effect that effective strategic planning can have on performance determined us to investigate the strategic actions of a sample of 154 SMEs from Cluj County. Data were collected as a part of a larger study of Small and Medium Sized Businesses form Transylvania regarding their strategic activities and internationalization strategies. We have conducted a questionnaire based survey with their entrepreneurs or managers Data collection was conducted via personal interviews conducted by operators. The questionnaire was accompanied with a letter explaining the project and assuring respondents of the confidentiality of their answers.

Table. 1

The structure of enterprises based on number of employees and field of activity

Average number of employees	Field of activity		
	Production	**Services**	**Commerce**
0-9	30. 6%	56. 9%	34. 0%
% of Total	7. 1%	24. 0%	11. 7%
10-49	38. 9%	35. 4%	50. 9%
% of Total	9. 1%	14. 9%	17. 5%
50-249	30. 6%	7. 7%	15. 1%
% of Total	7. 1%	3. 2%	5. 2%
Total	100. 0%	100. 0%	100. 0%
% of Total	23. 4%	42. 2%	34. 4%

Over 98% of the companies participating in this study were Limited Companies, while 39% of the companies were founded in the period 1991-2000. The average turnover of the questioned companies in 2007 was of 4,082,139 RON (approximately 1. 22 million Euros). Romania has a service oriented economy and this is shown also by our sample structure, the vast majority of the companies acting in the field of services (42. 2%) and commerce (34. 4 %). If we refer to the size of the companies included in our study, 42. 9 % of the companies are micro enterprises, 41. 6 % are small enterprises and 15. 6 % are medium sized enterprises.

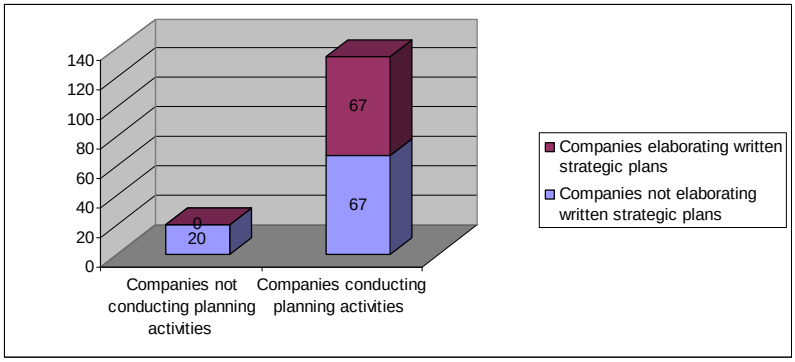

Fig. 1. Strategic planning activities

Results and discussion

Previous research shows that businesses that engage in strategic planning are more effective than those who do not and have more chances to survive if they use a formalized strategic planning system. Regarding this aspect of engaging in planning activities, approximately 13 % of the investigated SMEs declared they do

not conduct any planning activities. Half of the SMEs that prepare plans elaborate written strategic plans.

Among the companies that do not engage in planning activities, 50% are service companies. More than 50% of the companies acting in the field of production and commerce are engaged in formal strategic planning stating they prepare written plans.

Table 2

Type of planning activities based on field of activity

Field of activity		**Companies not elaborating written strategic plans**	**Companies elaborating written strategic plans**	**Total**
Production	Number of companies	14	20	34
	Percentage	41. 18%	58. 82%	100. 00%
Services	Number of companies	32	23	55
	Percentage	58. 18%	41. 82%	100. 00%
Commerce	Number of companies	21	24	45
	Percentage	46. 67%	53. 33%	100. 00%

One of the characteristics of strategic planning is the time horizon they refer to. This is considered to be of more than three years. If we take this aspect into consideration we can conclude that the SMEs from our sample are preoccupied with operational management rather then strategic management.

Table 3

Time period covered by strategic plans

	Number of companies	***Percentage***
1 year	37	55. 22
2 years	14	20. 90
3 years	10	14. 93
4 years	2	2. 99
5 years	4	5. 97
Total	***67***	***100***

As nowadays the economic environment is very dynamic, continuously changing, the plan must be updated as information is gathered and changes are needed (Naghi, Negruşa, Gică, 2009). In reference to our question “How often do you review your plans?” 49 (32%) of the investigated SMEs declared they review the plans quarterly, 42 (27%) monthly, while 28 (18%) annually. There is an important percentage of SMEs which stated they never review their plans.

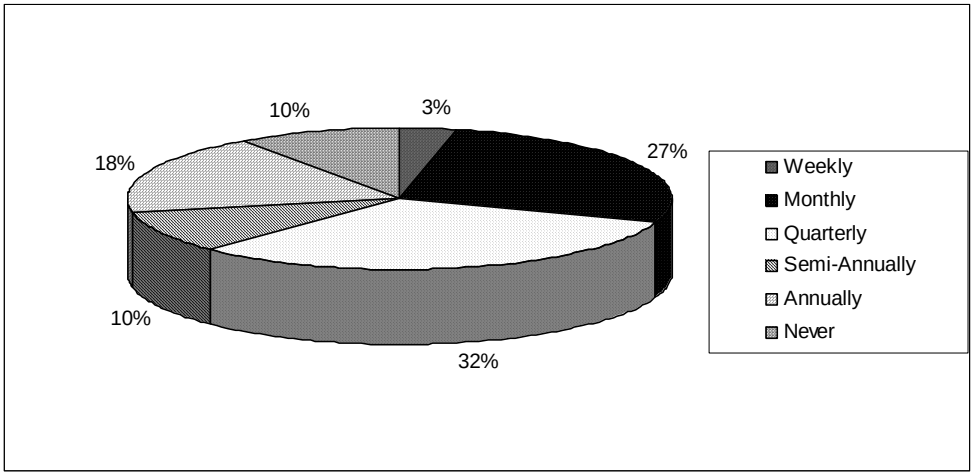

Fig. 2. Frequency of review of strategic plans

Osborne (1995) argues that an essential factor of success is that the focus must be on innovatively linking the firm's business concept with opportunities discovered in the environment: customers; competitors; technology; public policy; social trends and demographic patterns. Organizations need to be flexible and responsive to their business environment, they need to adapt to change rather then trying to forecast or predict the future. Being flexible and adaptable is important in an unpredictable world. Fast moving organizations that are aware of their environment and look for weak signals from the environment are able to take advantage of unpredicted events when they occur.

We interrogated the SMEs about the factors that influence their planning activities.

Table 4.

Influence factors

Influence factors	Number of companies	Percentage
Demographic patterns	33	21. 43
National political environment	43	27. 92
International political environment	15	9. 74
Personal family incomes	88	57. 14
Social and cultural trends	32	20. 78
Technological trends	85	55. 19
Management-union relationships	9	5. 84
National economic trends	96	62. 34
International economic trends	65	42. 21
Other trends	8	5. 20

There are three influences on planning activities that are taken into consideration by more than 50 % of the SMEs. These are: national economic trends (62. 34%), personal family incomes (57. 14%) and technological trends (55. 19%). The factors that are considered by less then 10% of the questioned SMEs are international political environment (9. 74%), management-union relationships (5. 84%) and other trends (5. 20%). Regardless of the main field of activity, the average number of factors taken into consideration is 3.

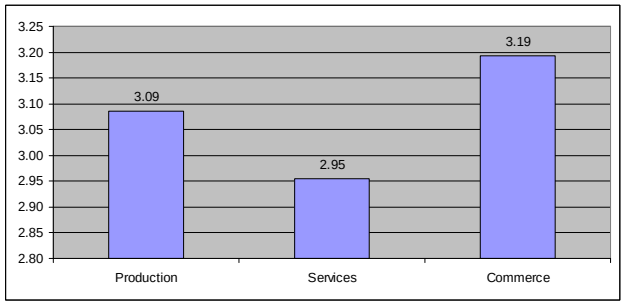

Fig. 3. Average number of influence factors

Kraus and Kauranen (2009) talk about the use of strategic management tools by the SMEs. They argue that many of the strategic instruments originally developed for the large organizations can be important for the SMEs as well, but they need to be adapted to their particularities such as the amount of resources, personnel, cultural, organizational and financial conditions.

With regard to the strategy process, several different strategic management instruments can be applied in SMEs, depending on the respective situation the enterprises are in (Kraus and Kauranen, 2009). SWOT and PEST analysis are instruments that can be used if the company needs an assessment of its position within the environment. Scenario planning can be used by the SMEs to understand the risks, anticipate them and discover new options. Business portfolio models, such as the Boston Consulting Group (BCG) and General Electric matrix can reveal when a new product should be introduced into the market in order to rejuvenate the product line, and furthermore when measures need to be taken to boost a product into a market dominating position (to make a cash cow out of a star) (Kraus and Kauranen, 2009). Balanced Scorecard, an instrument known for its positive effects on firm performance in the case of large organizations, can be used by SMEs as well, both in developing and implementing strategy.

Our study showed that the most commonly used strategic tools are SWOT analysis (48. 7%) and case scenarios (45. 45%) on the opposite side are the General Electric and Boston Consulting Group matrix (1. 3%). 15. 6% of SMEs participating in the survey declared that are not using none of the following strategic tools: SWOT Analysis, BCG Matrix, GE Matrix Analysis Pest, cases scenarios or Balanced Scorecard.

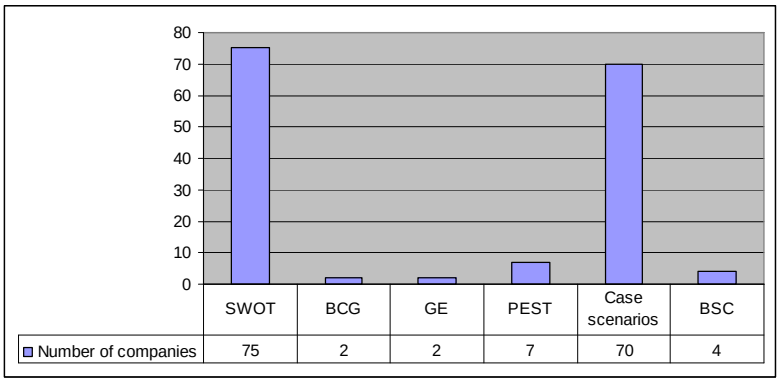

Fig. 4. Use of strategic tools

Conclusions

If we are to summarize the findings of our investigation we would conclude that the number of SMEs that are not engaging in any form of planning activities and those who are not conducting formal planning activities is significant, representing 56. 49% of the total number of SMEs from our sample. We recommend that more SMEs engage in strategic planning as there are several benefits resulting from a proper implementation of such activities: planning will help determine where the business is going and how it will get there (provide business focus), guides the structuring of the business, planning includes a review of known risks and also is associated with a higher performance in uncertain environments, helps identifying new opportunities. Another aspect that induces the idea that the SMEs do not carry out strategic planning is that the time horizon for which plans are developed is over 3 years for only 24% of firms that participated in our study. A positive aspect is the fact that 96 SMEs (62%) are reviewing their plans on a weekly, monthly or quarterly basis.

In terms of considering macro environment influence factors, our conclusion is that SMEs take into account more national factors. This is probably due to the availability of related information. Also the number of such factors considered is rather small (3). Positive aspects in this regard are that the technological factors (the place 3) are considered this showing SMEs concern for quality and also competitiveness.

A negative aspect that our research brought up is the use of strategic tools. The investigated SMEs declared they use only one such instrument. Since many strategic instruments are simply not known or applied in SMEs, a consciousness regarding the virtue of the use of proper strategic instruments needs to be raised. This is where politics and education have to take over. They both need to use their respective channels for generating a greater strategic awareness, starting with SMEs, especially the young ones (Kraus and Kauranen, 2009).

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

INVESTMENT IN PROFESSIONAL TRAINING COURSES OF THE EMPLOYERS FROM THE ROMANIAN MANUFACTURING INDUSTRY

CARMEN MARIA GUȚ[1]

ABSTRACT. The introduction of new technologies in economy imposes the need of improving the level of labor force qualification. Life long learning represents, on one hand, a determinant factor in the adaptation process of the business to market changes and, on the other hand, it contributes to the increase of peoples' chances to be employed. The paper aims to analyze the present level of employer's investment in the employees' education and professional training. For this analyze data were collected based on questionnaires and were processed with SPSS 11.0 software.

***Keywords*:** professional training, employment, unemployment.

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Introduction

Technological development and growing competition on the market ask for continuous improvement of knowledge and skills of the employees, not only for securing their work places but also for increasing the companies' competitiveness and economic development of the society. Taking into account the importance of professional training, both for the employers and the employees, we have undertaken a study on *employees' professional training in companies of the manufacturing industry.* The main goal of the present study is the analysis of the demand for continuous professional training among employers and employees in these companies and the efficacy of these training programmes. In this paper we are going to analyze the present level of employer's investment in the employees' education and professional training.

In Romania studies have been made concerning the characteristics of continuous professional training (INS 2001) and the demand and offer of continuous professional training (INCSMPS, 2004; MMSSF, 2004). Thus *The eexploratory study regarding the demand for lifelong learning*, made as part of component 2 of the PHARE project of *Institutional Twinning – Assistance for the*

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consolidation of policies concerning continuous professional training, has aimed at analyzing the demand for professional training with employers and employees of two economic sectors – tourism and constructions. Research on certain aspects regarding professional training of the employees was undertaken as part of a study made by Osoian (2004), *A practical study on occupying and using human resources at territorial level* focusing on active industrial firms in the Cluj County. Similarly, as part of the research study centered on the *Impact of direct foreign investments in the processing industry upon the occupation of labour force*[2] certain aspects concerning the professional training of the employees' of these firms have been analyzed.

Material and Methods

In order to analyze how lifelong learning is organized in companies from the manufacturing sector, we made a study during the period 2007-2008. The study was carried out as part of the research project on *"Unemployment in Romania – present and perspectives"*[3] , between 2007-2008.

The study has aimed at analyzing the demand for continuous professional training among employees and employers of the manufacturing industry, following the pattern of the one carried out by INCSMPS[4] (2004). For the purpose of this study two types of questionnaire were drawn up: one for employers and one for employees. The period encompassed by the study was 19th November 2007- 20th January 2008.

In carrying out the study we focused on companies in the manufacturing sector, NACE 15-37. In order to make sure the firms are active and to check if they handed in their financial reports for the previous year (2006), we accessed the site of the Ministry of Economy and Finance (www.mfinante.ro). We applied the questionnaires to a total of 210 companies in the manufacturing sector (NACE 15-37). The data obtained through questionnaire were processed with SPSS 11.0 software.

Results and Discussions

Most firms (95%) declared that professional training is *very important* or *important* for the development of the company (Table no. 1).

We found that employers' interest in the importance of professional training programmes is greatly paralleled by their actions proper. That is how a great number of companies (more than 75% of the companies questioned) do offer to their employees such programmes. This is very beneficial both for the employees (improving their skills and knowledge, securing their work places) and for the company (enhancing competitiveness and the firm's performance).

[2] Project coordinator - prof Maria Bîrsan, 2006-2007.
[3] Grant CNCSIS, type TD, nr. 63, project coordinator - Carmen Maria Guț, 2007-2008 (underway)
[4] National Institute of Scientific Research in the field of Work and Social Network

Table 1.

The importance of professional training for the employers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very important	110	52.4	52.4	52.4
	important	90	42.9	42.9	95.2
	less important	9	4.3	4.3	99.5
	unimportant	1	.5	.5	100.0
	Total	210	100.0	100.0	

Source: own calculation based on questionnaire data

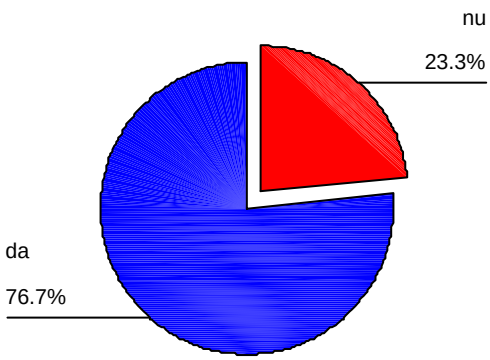

Fig. 1. The employers' offer of professional training programmes

Analyzing the distribution of companies according to the number of their employees it appears that the share of those offering professional training programmes is growing in conformity with the size of the company.

As a consequence, if microcompanies (0-9 employees) offer professional training programmes only in 54.8%, this percentage rises to over 90% in the case of big companies (with 250 employees and over). We find this tendency natural, taking into account that the quantum of financial resources that companies are willing to invest in professional training is higher with big companies as compared to smaller ones due to scale economies available to big companies. That is to say the bigger a firm, respectively the higher the volume of production, the lower the share of set costs per product unit (scale economy).

Table 2.

The distribution of companies from the manufacturing industry according to their professional offer

The distribution of companies according to the number of their employees * Do you offer professional training programmes to your employees? Crosstabulation

			Do you offer professional training programmes to your employees?		
			no	yes	Total
The distribution of companies according to the number of their employees	0-9	Count	19	23	42
		% within	45,2%	54,8%	100,0%
	10-49	Count	16	38	54
		% within	29,6%	70,4%	100,0%
	50-249	Count	9	49	58
		% within	15,5%	84,5%	100,0%
	250 and over	Count	5	51	56
		% within	8,9%	91,1%	100,0%
Total		Count	49	161	210
		% within	23,3%	76,7%	100,0%

Source: own calculation based on questionnaire data

The most important means of organizing the professional training of the employees in the manufacturing industry are presented in the next table:

Table 3.

Main forms of organizing professional training of the employees

	Forms	Total (%)
1.	Organizing courses at the company	27.7
2.	Organizing courses at the company, with private suppliers	23.4
3.	Organizing courses outside the company, by taking part in courses organized by the labour force occupation agencies	7.4
4.	Direct training at work place	33.1
5.	Self-training	8.3

Source: own calculation based on questionnaire data

The main form of employee training is represented by *direct training at work place* (more than 1/3 of the companies chose this form of training), since this form serves in the first place the interest (benefice) of the company and then the one of the employees. This training consists in offering indication by the immediate superior (foreman, department leader) or by a co-worker. Second is represented by the *organization of courses at the company*, this form being preferred by 27.7% of the total of companies analyzed. The significant number of companies using these two forms of training is due to the low costs they imply.

The main areas of the employees' professional training are presented in the table below:

Table 4.

Main areas of employees' professional training per total number of companies

	Areas	Total (%)
1.	*Development of personal skills and competence*	29.0
2.	*Improving work place activity*	48.8
3.	*Acquiring new managing practices*	15.2
4.	*Enhancing loyalty to the company*	6.9

Source: own calculation based on questionnaire data

Irrespective of the company's main field of activity, professional trainings aimed mainly at *improving work place activity* of the employees (in 48.8% of the cases). This was a practice for over 50% of the companies in the textile, clothing and footwear industry, of the composite book publishing industry, metallurgy and metal constructions, companies of the equipment and electric device industry, companies of the means of transport industry and companies of the furniture industry. Next come but not closely, the *development of personal skills and competence* (29.0%) and *acquiring new managing practices* (15.2%). We can conclude again that companies focus mainly on areas they perceive as beneficial for the company in the first place and only after that for the employees. In other words companies are less interested in using training as a means of enhancing employees' loyalty to the company, which is proved by the small share of courses aiming at this aspect (6.9%).

Between 2006-2007, out of the total number of companies analyzed 23.3% has not offered any kind of training to their employees. The reasons most often set forth were those related to the companies preference to *recruit already qualified staff* (especially the companies of the cellulose and paper industry, those of the means of transport industry; companies specialized in waste recycling; companies of the wood processing industry) and the one stating that t*he present level of the employees' knowledge meet the needs of the company (*especially firms of the composite book publishing and those producing chemical substances and rubber and plastic products).

In what follows, we will present the problems employers are most often confronted with when they want to organize or to offer professional training programmes.

Analysis of table no. 6 shows that the employers' main constraints are represented by the *timetable of the course*, which overlaps with working hours, followed by *the lack of professional training offers at local level*. Consequently we repeatedly stress the importance of a better coordination between the timetable of the courses and the employees' working hours. In the same way suppliers of professional training programmes have to adapt their training offers to the actual needs of companies and to offer to employees the qualifications required by the market in the respective geographical area.

Table 6.

Constraints of the employers concerning investment and organization of professional training

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
the lack of financial resources	209	1	5	2.58	1.367
the lack of professional training offers at local level	209	1	5	3.14	1.292
the incongruity between the content of the course and the need of the company	209	1	5	2.92	1.266
the length of the course	208	1	5	2.58	1.193
the timetable of the course	208	1	5	3.36	1.243
the low quality of the courses	208	1	5	2.66	1.272
the existence of low incentives in our legislative system	209	1	5	3.11	1.348
Valid N (listwise)	208				

(Minimum 1 = the least often; Maximum 5 = the most often)
Source: own calculations

Another constraint of the employers is *the lack of stimulating legislation*, which makes us consider a legislative amendment to be necessary so that to motivate both employers and employees regard the offer and participation respectively in professional training.

The employers' readiness to invest in the employees' professional training in the future (as a percentage of the company's annual turnover) is presented in the table below:

Table 7.

The employers' disponibility to invest in professional training

How much are you ready to invest in professional training in the future (percentage of company's annual turnover?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 1%	64	30,5	30,6	30,6
	1-3%	100	47,6	47,8	78,5
	3-6%	34	16,2	16,3	94,7
	6-9%	8	3,8	3,8	98,6
	over 9%	3	1,4	1,4	100,0
	Total	209	99,5	100,0	
Missing	System	1	,5		
Total		210	100,0		

Source: own calculation based on questionnaire data

Almost 80% of the employers reported to be ready to invest in training a small percentage (up to 3% of the company's annual turnout) and only 5.2% proved to be ready to invest more than 6%. The latter firms belong to the food and drinks industry, the textile, clothing and footwear industry, and the metallurgy and metal construction industry. So we can conclude that the employers' readiness to invest in training in the future stays moderate, although more than 95% of the employers claim that professional training is important for the company's development and improvement of its performance. We find that this claim is only a theoretic point of view, because practical application is more difficult.

Conclusions

- The employers' interest in professional training is to a great extent paralleled by concrete action. Thus a great number of companies (more than 75% of the firms questioned) offer professional training to their employees.
- The main methods of achieving professional training are represented by direct training at work place and by organizing courses at the firm. The great number of companies resorting to this training method is due to the low costs involved.
- The courses that the employees attended served in the first place the interests of the company since they aimed at qualifying and specializing employees in the very work they were carrying out for the company. These courses were mainly meant to improve activity at the work place of the employees and to develop managing skills and competence.
- The main constraints that employers are up to when taking the decision to invest and to participate, respectively, in professional training are represented by: the timetable of the course, the lack of professional training offers at local level and the lack of financial resources.

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AGE DISCRIMINATION IN HUMAN RESOURCE RECRUITING PROCESS

AURELIAN SOFICĂ[1]

ABSTRACT. Age discrimination in human resource recruiting is a present but culturally ignored problem.
The boundaries of this social phenomenon are constructed by few social actors accordingly to their power, knowledge, resources and interests. In order to have a real social justice and an efficient recruiting process we have to understand in a phenomenological manner all the various perspectives and to integrate them in a coherent public policy.

***Keywords*:** age discrimination, recruiting, social construction

Introduction

Why age discrimination? One of the reasons this is important as a research topic is given by the sheer *number of those affected by age discrimination*. In discussing the number of those involved we consider it's useful to make a distinction between potential exposing and real exposing. Potential exposing consists of logical limits, extremes of the phenomenon that can only be reached in the most pessimistic scenario; the real exposing consists of spatial, timely, cultural, economic circumscription etc and the direct, materialized effects of discrimination. As far as the potential goes, we place age as a winner among other types of discrimination. Age discrimination can affect everybody because the determining feature (age) is a mobile characteristic and each person is exposed to it at one point or another of their lives.

Another reason for focusing attention on age discrimination is a strange *process of socially constructed invisibility* observed by Gunderson (2003). She says that less attention is given to age discrimination compared to other types of discrimination (like sex, ethnicity, and disability) because the emotion and sensitivity associated to those types is greater. Age discrimination is blinded by the emotions associated to other types of discrimination, and the effort of research, policy making and intervention focused of those that „yell the loudest". The number of people affected by unfair treatment it less important compared to the emotional distress for the third party (the witnesses) and its visibility. Age discrimination appears to be a silent discrimination.

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The third reason is *the negative domino effect* the age discrimination brings. The causal effects of age discrimination in the recruiting activities do not seem to be perceived by the main actors. In the case of the employers the recruiting activity is „the first contact" with labour market and the attention paid to this activity affects all other human resources related activities in a domino effect manner. If the first piece in human resources activities is wrongly placed (bad recruitment criteria), all the other pieces will be spoiled (wrong people will be attracted, selection will be made from the wrong group of people, integration will be difficult, extra training will be needed etc). In this case, if age is a recruitment criterion which outdoes other criteria such as: competence, education or experience; the recruitment pool is arbitrary reduced, according to the social construction of what „the perfect age for hiring" is. The chance to identify „the ideal candidate" seriously drops the more this prejudice is present.

What is age discrimination? *Age* is often associated with a number and thus it is believed to be an exact concept. „Time passed from birth to a certain moment in life; number of years (and months, days) that express that time", „number of years that require a person to submit to certain obligations or to enjoy certain rights" (Romanian Explanatory Dictionary, 2007). This is a definition given by linguistic authorities in the field. If we ask sociologists we see that starting with the idea of „a stage in someone's life" they split age into different categories: under the age of 30; between the age of 30-60; over the age of 60 (Centrul de Sociologie Urbană şi Regională CURS-SA, 2005.); or between the age of 18 – 34; between the age of 35 – 54; over the age of 55 (Metro Media Transilvania, 2004). Another source of authority are management specialists who promote „career stages", much quoted in management literature: 17-22 transition to early stage as an adult; 22-28 integrating in the adult stage; 28-33 30 year transition; 33-40 stabilizing; 45-60 middle adult stage and over 60 – late adult transition and late adult stage (Johnson, 1998, pp. 559-601). The question is "Can there be such clear delimitation between age categories; real borders as those traced by „authorities" in the field?"

An organizational meaning of *discrimination* is well defined by Dipboye and Colella (2005, p. 2): „Discrimination in its most general form consists in the difference made between people with the purpose of taking a decision about those persons; and it can be done based on legitimate factors (such as: the merit or the potential to fulfil responsibilities). Our attention goes to discrimination which can appear against some persons based on inappropriate or irrelevant characteristics for the hiring decision (such as belonging to a group)". In other words, the authors differentiate between the double significance: neutral and negative significance given to a term. Discrimination (age discrimination, in our case) can consist in choosing between different persons in the recruitment process without negative connotation (if age is a „good faith" occupational criteria – for example, intervention fireman), and on a different level, the same kind of discrimination in the recruitment

process, may deserve the negative connotation (if age is not a „good faith" occupational criteria – for example a university assistant teacher that has to be „young and dynamic").

Recruitment is defined by Cole (1993, p. 183) as „attracting a sufficient number of suitable candidates to apply for the available positions", in other words it links the organization with the labour market making the recruiting the interface activity. With no well thought or strong link between the two (organization and labour market), it is not possible to attract human resources in an efficient manner. Something that needs to be marked is that in most recruitment techniques the contact with the recruited persons is not direct, but intermediated (Internet, press, posters, flyers) so that most of the times discrimination is committed with the victim's absence. There are recruitment techniques that involve a direct contact, face-to-face (job fairs, internships, open days, head-hunting, etc) but all these only cover a small number of job availabilities.

Where and when and with whom are we talking about age discrimination? In order to have a useful research topic reduction we choose three coordinates: geographical location, temporal placement and social unit studied. Why are we interested in these details? Because, as Becker says, (1998, p. 52, p. 54) by ignoring these aspects we end up „ignoring what is particular, local", that which refers to the local chemistry, that which is impossible to translate in a different context. Moreover, „…the conditions of an event, organization or phenomenon are crucial for its occurrence and existence in that specific way." *Geographical location* is Cluj-Napoca town, situated at 46° 46' N parallel with 23° 36' meridian with 318.027 inhabitants according to 2002 Census. Cluj-Napoca is an important academic centre with over 45 500 students (Babeş-Bolyai University alone), 23 843 private companies (at the end of year 2000). At one point all these details begin to show their relevance, even if in this phase some connections are not yet visible. We can assume that the size of the city has an influence on the phenomenon (young people get one treatment in a big city and a different one in a small community) or the type of industry that is developed brings out certain attitudes. Just as well, *temporal location* (last 10 years) gives a specific note to age discrimination in the recruitment process in Cluj-Napoca. Things used to happen one way 20 years ago in a communist regime; in a different way 10 years ago (at the dawn of democracy and a viable labour market) and things are different today. As far as the *social unit studied* goes in this case, the social unit studied is the municipality, but for a better focus, we will refer to labour market in Cluj-Napoca and the actors that form it (potential candidates, employers, public institutions, etc). It becomes quite obvious that the specificity of the social unit studied can be relevant in different aspects. Great number of students allows building unfavourable attitude towards older people (a phenomenon present in cities with an unbalanced workforce).

Material and method(s)

Focus group. Focus group method is the first methodological choice because it is consistent with the idea of social construction of age discrimination. Social construction of age discrimination emerges from the interaction of the social actors who negotiate together the characteristics and limits of this phenomenon cementing it as reality. So age discrimination is not a natural state, but a social one, which can be changed if there is will and resources invested to give it a new significance. Because focus group is a technique that offers the best dynamic, interaction, negotiation and social construction of lasting significances, it is used as the central method for the study of age discrimination in the recruitment process. The paper is an exploring one, and resources invested at this stage are few, so we limited the socio-demographic variables to just one age category (up to 25-30) and one type of education (faculty). The other variables are to be covered in the next stages of the research. In March 2007, three focus groups were organized, with a number of 10-12 students in the 2nd year of college for each focus group. The sampling used was a homogenous one, where participants knew each other so that they could feel relaxed and stimulated. The interview guide addressed questions from general to particular combining two instruments: *1) 5 step Gallup method and 2) question route* (Krueger, R.A. and Casey, M.A., 2000).

Document analysis. Document analysis is the second method used because it completes the focus-group in a different epistemological frame. If focus-group was looking at direct interaction and negotiation between actors, document analysis looks at indirect interaction and negotiation, mediated by the text and how the age discrimination is shaped. The hypothesis that based this choice is that, recruiting announcements that specifically mention age limits (minimum and maximum) are an indicator for the dimension of the phenomenon (number of announcements that make a direct reference to age) as well as for its' intensity (the more restrictive the age limits are, the higher the number of people affected by it). The main source is the printed version of „Piața de la A la Z". Indicators traced in the text refer to: date of mentioned discrimination; minimum age limit mentioned; maximum age limit specified and type of job position. Because the number of recruitment ads in the studied period of time exceeds the possibility of individual research, ads were analyzed in 6 issues (January, February and March) on a 4 years step distance (1998 and 2002).

Results & Discussions

Visible and invisible actors involved in social construction of age discrimination. *The visible actors* involved in this phenomenon are: employers, potential candidates, representatives of public institutions (Parliament, Labour Ministry, Retirement House, etc). Their interests seem quite obvious, although they

are not always followed in a consistent manner. The candidates, regardless of age want to fill a position best suited for their abilities and motivations, wish to respect the principle of equality, and receive a professional treatment, but many times, they are the exponents of attitudes that undermines the mentioned aspects, that is they are willing to adopt a discriminatory behaviour on age criteria (some students in the focus group see „old people" as a threat in the way of their professional development, even though they are just as unfairly treated). It must be stressed that in most cases, those who behave in a discriminatory manner will end up at one point being part of the age group against they discriminate. Employers often follow results and efficiency by means of discrimination. But we are missing an important aspect: in order to maximize the chance to identify „the ideal candidate" for a position we have to accept the probabilistic evidence that the chances of success raise with the number of those attracted in the recruitment process.

The less visible actors identified in the analytical interaction process like the one described by Becker (1998, p. 194) are: *mass media representatives* and *education system representatives.* Although the initial focus was on actors with greatest interest (candidates, employers and law makers – the initial supposition made a link between the level of interest and level of influence) after gathering data we discovered that at one point the recruitment announcements that included discriminatory elements in the quoted source stopped appearing. The research temporal step was the first four months for the years 1998, 2002 and 2006 of Piața de la A la Z. If the discriminatory job ads were plenty between 1998 and 2002, in the 2006 issues they are almost inexistent. The normal inference is that although it has no big interest in age discrimination, mass media has an influence over this phenomenon, having the power (or being forced by other actors) to „close the faucet tap" in delivering discriminatory messages. We know this was a specific measure because in the electronic version of the publication discriminatory messages were still present. In that same line, Gary Johnson identifies the role played by trainers in building discriminatory attitudes by presenting theories with discriminatory potential such as career stages (Johnson, G., 1998.). Training managers in the spirit of discrimination by promoting theories that states physical and mental decay in terms of science, make us pay more attention to trainers. Attention paid to ethical management aspects in human resources management can bring new valences to the phenomenon.

In order to illustrate the power held by actors and implicitly the process of building age discrimination we will use the metaphor of the planetary system (Figure 3.1). Certain actors have a greater influence over the phenomenon and are in return more influenced by it. To put it differently, the power they have places the actors towards the centre or the edge of the system of discrimination, thus creating different levels of interaction. The actors that are in the centre of the system, on the strongest interaction level are the employers and candidates, those that build the core of this phenomenon through daily interaction on labour market. They are influencing the

borders of „ideal age for being hired", outlining the dimension of age discrimination in relation with those borders. Next level of interaction (level 2) places the law-makers (Romanian MPs, members of legislative structures at a European level, if we are to refer to the next political level) and public institutions that play a role in responding to social needs, implementing public policy and legislation (Ministry of Labour, Family and Social Protection; National Agency for Small and Medium Sized Enterprises and Cooperatives; Ministry of Justice etc and decentralized public services of this ministries). This level goes beyond the local specificity, designing a legal frame, applicable to a national level, which indirectly refers to discrimination – trying to influence it, without creating it. Level 3 of interaction places mass media representatives and the system of education through their involvement in disseminating information, cultural models, and prejudices. This level outlines the public frame of this phenomenon, a much more diffuse frame, but with a great influence of suggesting to those directly involved as well as to the bystanders.

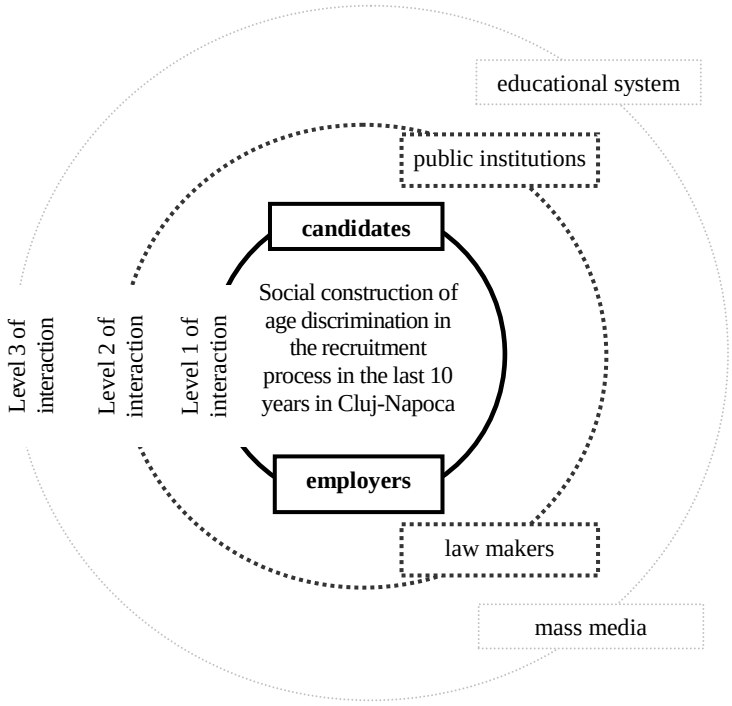

Fig. 3.1. The system of social actors involved in the construction of age discrimination

Layers of age discrimination. In the context framed by the data gathered using the focus groups and document analysis ("Piata de la A la Z" and the legal provisions: Directive no. 78/2000 of the European Union Council, Law nr. 48/2002 and Law 324/2006), we notice that 3 layers of age discrimination emerge depending on the actors under scrutiny (Figure 3.2). We have a *legal perspective* which protects the

employees against age discrimination in a specific interval (15 years to 65 years of age), but leaves the people over the age of 65 at the discretion of the market regardless of their competence. We have the *employer perspective* in which candidates between 20 years of age and 36 years of age are preferred, and candidates between 15 years and 20 years on one hand and people over 36 on the other hand are discriminated against. And finally we have the *student's perspective* in which candidates between 25 years and 45 years are preferred and candidates between 15 years and 25 on one hand and over 45 on the other hand are discriminated against.

This lack of synchrony between the three layers of discrimination levels seems to vary in time, influencing the dynamic of age discrimination and the "real impact". Imagine if there will be a change in employer's perspective only with five years how much people will be affected in the recruiting process on the basis of age. Also, the distance between the three layers seem to be an indicator for the efficiency of public institutions representatives – the greater the distance the less efficient they are. At this point there is a distance that seems to defy the attention.

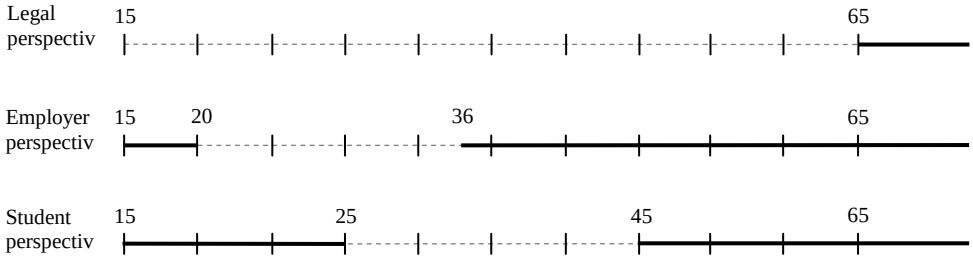

Fig. 3.2. Layers of age discrimination

Conclusions

Age discrimination is definitely a social construct or, to be in accordance with the radical constructivism, a product of negotiation between the most powerful social actors. The power in this case may come in various forms: social networks, finances, legal or expert authority etc. In the process of negotiation the boundaries of age discrimination in the recruiting process are drawn and imposed over other actors involved in the social life. What has to be noticed is the fact that even if the legal perspective supposes to create the official meaning of this organizational behaviour, at the market level, the direct negotiation between other actors draws a different path for age discrimination in human resource recruiting. If we go further with the critical approach, it seems that two or more parallel frequencies: a legal one, a market one and maybe an academic one going side by side, but the frequency that prevail, even if is not the ethical or the efficient one is that of the actors which constitutes the labour market.

Age discrimination is a very fluid social phenomenon, changing its forms over time according to cultural or economic factors. As an amusing example if in 2002, in Cluj-Napoca, the age profile for a secretary position was between 22 and 27, after 4 years, in 2006, the age profile inferred from recruiting ads was between 25 an 36 years of age. In a more serious manner we have to mention a study made in Great Britain conducted by The Charted Management Institute (2005) which includes interesting observations concerning the perception of older employees, precisely the way it varies in a 10 year period of time. If in 1995 the average age for „an old" employee was 51 for men and 48 for women, in 2005, the average age changed to 60-64 for men and 50-54 for women. In a 10 year course the significance of age categories changed with 10 years.

The way we see a phenomenon influences the way we behave and eventually produces real effects on the labour market. It is important to determine in this context the possible meanings attributed by the various actors and integrate them in to a comprehensive framework in order to permit a real social equity.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

THE ROMANIAN CLOTHING MARKET

MARIUS BOTA[1]

ABSTRACT. Today, more than ever, the business environment is continually changing. Competition intensifies in almost every industry, so companies must develop innovative products and business processes to survive. The Romanian clothing market is a crowded one with a lot of powerful competitors, especially Asian firms with their cheep products. Companies are today aware that they must offer the right product, in the right place, at the right price and at the right moment of time in order to be competitive. In order to survive on this market the Romanian clothing companies should adept their products offer to the customer needs and whishes, and taking into account the competition.

Keywords: Romanian clothing market, supply on clothes, demand on clothes, customer needs and whishes, customer's profile

Introduction

The starting point of our investigation was the situation of the Romanian companies involved in the clothing sector after the total liberalization of the world trade with textiles and clothing. The textile and clothing industry is one of the oldest in the world. The oldest known textiles, which date back to about 5000 B.C., are scraps of linen cloth found in Egyptian caves. The industry was primarily a family and domestic one until the early part of the 1500s when the first factory system was established. It wasn't until the Industrial Revolution in England, in the 18th century, that power machines for spinning and weaving were invented. The Romanian clothing industry has a long tradition and experience from the 19th century, as well as a good fame around the world as its products are present in many countries of the world.

Since 1 January 2005, The WTO Agreement on Textile and Clothing no longer exist. There was implemented a measure stipulated for some time, that is the total abolishment of the quota system for the imports of textiles and clothing. Before the Agreement took effect, a large portion of textiles and clothing exports from developing countries to the industrial countries was subject to quotas under a special regime outside normal GATT rules.

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The total liberalization of the world trade with textiles and clothing opened the way to the imports from Asia as well as to the interest of the big companies for the cheap workforce in these areas. The Asian firms (Chinese, Indian) and the companies from Turkey became powerful competitors on both domestic and foreign markets. China is the biggest player on the European market. China is the most competitive production base for the time being due to an immense oversupply of labor in the rural provinces and young educated workers who make possible the keeping of the wages at very low levels.

Material and method

We used for our investigations exploratory, descriptive and causal research. In order to a closely identification for some problems and the specific ways to solve those it is been used exploratory research. To obtain information about situation already existing on the market it is been used descriptive research.

We obtain primary and secondary data through:

- two personal (face to face) interviews based on short questionnaires – one for the demand and the other for the supply –; the information we got was neither sensitive, nor threatening; we used clear, unambiguous, structured and unstructured questions; for the clothing supply we got responses from a representative group of 150 stores; for the clothing demand we used for identifying the representative sample STATGRAPHICS soft; for a standard error of ±0,03 the sample was 1068 Romanian people;
- statistical data and published studies;

The main goal of the first conducted study was to identify the attitude of the Romanian people regarding the acquisition of clothes. The questionnaire is structured in two parts: the first one contains eight questions which give us basic information like:

- The main reason of buying clothes ;
- The place where these clothes are bought;
- The appreciation of the importance of some aspects which determine the acquisition;
- The fashion genre preferred by the Romanians;
- The appreciation of the quality of the products made in: Romania, China, Turkey, U.S.A. and E.U.;
- The suggestions of the Romanian customers regarding the improvement of the clothes made in Romania;
- The average monthly amount spent on clothes;
- The opinion of the Romanians regarding the recognition of Romanian brands at national level.

The second part of the questionnaire includes questions used for the classification of the respondents:

- The age of the respondents;
- The sex;
- Their education;
- Their occupation;
- Their monthly average income;

The main goal of the second conducted study was to identify the characteristics of the supply on clothes. The questionnaire is structured in two parts: the first one contains questions which give us basic information:

- The clothing style for sale in Romanian stores;
- The targeted market segment for stores;
- The criteria on which the supply is established;
- The brands for sell in the store;
- The made in country for the clothing offered for sell;
- The appreciation of the clothes made in Romania;
- The income of the target market segment;
- Methods for pricing the products.

The second part of the questionnaire includes questions for the classification of the respondents – in this case the stores:

- The type of the store: representing a Romanian producer or a foreign company;
- Monthly turnover of the store;
- Size of the store;
- The location of the store.

Results and discussions

Analyzing the respondents' answers we could create the Romanian clothing customer's profile:

- Due to the fact that the clothes are strictly necessary products all the people regularly become a customer. The percentages of the women and men buying clothes are almost equal. The customers form urban areas spent more on clothes that the people from rural areas;
- The majority of the Romanian customers of clothes has a high-school degree;
- The biggest segment of the population (40%) earn between 400 and 1000 RON per month;
- For 57% of the Romanian costumers the need represent the main reason for buying clothes;
- Almost 70% of the costumers prefer specialized stores for buying clothes;
- Only a very small percentage (4%) of the Romanian customers are using the Internet or the catalogs as an alternative for buying clothes;

- It can be notice that the material from which are made the clothes represent the most important criteria in buying decision for the Romanian customers;
- The product design and price represent the second most important criteria in the decision of buying clothes;
- The Romanians are preferring the classical, casual and sport clothes;
- The clothes made in the U.S.A. and European Union have an image of best quality products;
- The Romanians consider the staff made in China and Turkey having the lowest quality comparing to the medium quality clothes made in Romania;
- Most of the Romanians (36%) spend monthly between 50-100 RON for clothes;
- The majority of the Romanian costumers spend 53.11 RON per month for buying clothes and a half of the Romanian customers spend on clothes less than 70.93 RON, and the others 50% spend over this value;
- The opinion of the customers is that the notoriety of the Romanian brands is at a very low level;

Analyzing the respondents' answers we could create an image of the supply on clothes from the Romanian market:

- In most of the stores there are casual clothes for sell;
- The elegant style is the second most sold type of clothes;
- The clothes for women are present in almost all the stores, followed by the clothes for men and children;
- The most important aspect used to establish the supply is the clothes' brand;
- 68% of the stores are sealing their own brand/brands;
- In most of the stores are sold clothes made in UE; (excepting Romania), or made in Romanian factories
- 62% of the respondents consider that the clients have a good or a very good opinion regarding the clothes made in Romania;
- 46% from the stores consider that they are the target for people with big income;
- The price doesn't anymore differentiate the company from the competition;
- The frequently used method by the stores to establish the prices for their products, is taking into account the costs, 45% of the stores used it;
- We found out that one third (33%) of the stores belong to a Romanian manufacturer and the other two third (66 %) represent a foreign brand;
- The most of the companies (39%) have a monthly turnover under 100.000 RON;

- A percentage of 17% of the stores declare that they have a monthly turnover over 300.000 RON;
- The most of the stores (35%) have areas over 90 m^2;
- A small percentage of the stores have an area smaller than 30 m^2;
- The actual tendency regarding the emplacement of the stores is that the stores are placed in a mall or in a shopping center.

Conclusions

The domestic market seems lost for the Romanian companies in the face of the Asian imports especially after the total liberalization of the world trade with textiles and clothing. There is no market in Romanian at this moment for the domestic products. Too many products are manufactured that the domestic market cannot absorb. The specialists maintain that, unless one has a network of shops, one cannot adapt the price of the products according to the market conditions, cannot withdraw a product that does not sell; all in all, one does not have many chances.

The Romanian companies must adapt their product offer, taking into account the costumers specific needs and wishes and the characteristics of the competition. The most important suggestions made by customers to improve the clothes produced in Romania are:

- To improve the design;
- To have more models;
- To find all the measures;
- To adapt the products to the current fashion tendencies;
- To improve the quality of the row materials;
- To improve the quality of the execution.

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A EUROPEAN PERSPECTIVE OVER ROMANIA'S ECONOMIC INTEGRATION IN THE EU

MELINDA PLESCAN[1]

ABSTRACT. The present economic climate is openly acknowledged as worsening in all EU countries of the region, cooling further in Central and Eastern Europe. Expectations for world trade in the close future indicate that on a worldwide scale export and import volume will strongly decline during the following year. The individual countries' performances, both current and projected, are not uniform. Countries such as Bulgaria and Romania, registered a huge negative trade balance due to excessive consumer credits used for buying imported goods. Consumption grew instead of the investments.

Keywords: global economy, Romania, economic integration

Introduction

In a world of trade restrictions, large countries enjoy economic benefits, because political boundaries determine the size of the market. Under free trade and global markets even relatively small cultural, linguistic or ethnic groups can benefit from forming small, homogeneous political jurisdictions. The process of European integration has raised high hopes for the East European countries, but it also put economic, financial and social pressures on them. After Romania's integration, both hopes and pressures were utterly felt in a permanently changing economic climate.

Material and methods

According to the IMF Global Financial Stability report[2], parts of Eastern Europe now face a continuing and growing risk of having a "hard landing" as the global financial crisis continues to spread.

The Ifo World Economic Climate Index[3] fell substantially in January 2009, for countries all over the globe. The climate indicator stands at 50.1 (1995=100) at its

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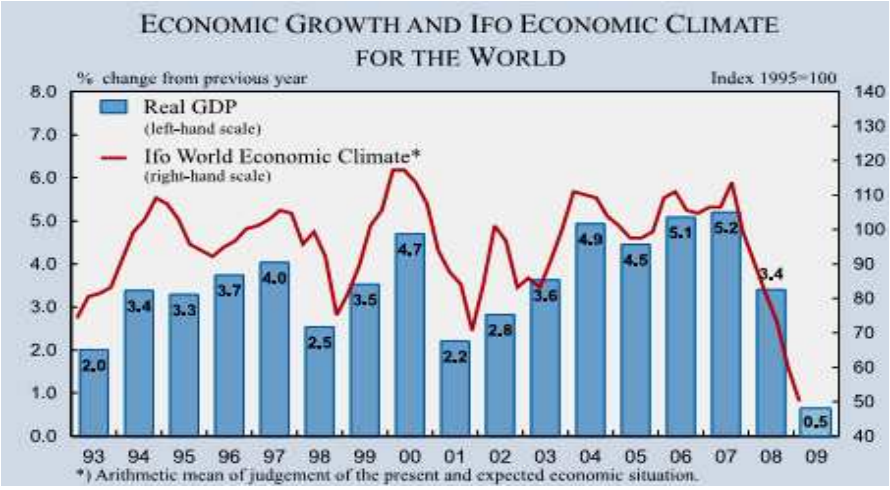
[2] World Economic and Financial Surveys, Global Financial Stability Report, 2009 http://www.imf.org/external/pubs/ft/gfsr/2009/01/index.htm

[3] The Ifo World Economic Survey (WES) assesses worldwide economic trends by polling transnational as well as national organizations worldwide about current economic developments in the respective country. This allows for a rapid, up-to-date assessment of the economic situation prevailing around the world. In January 2009, 1,035 economic experts in 92 countries were polled.

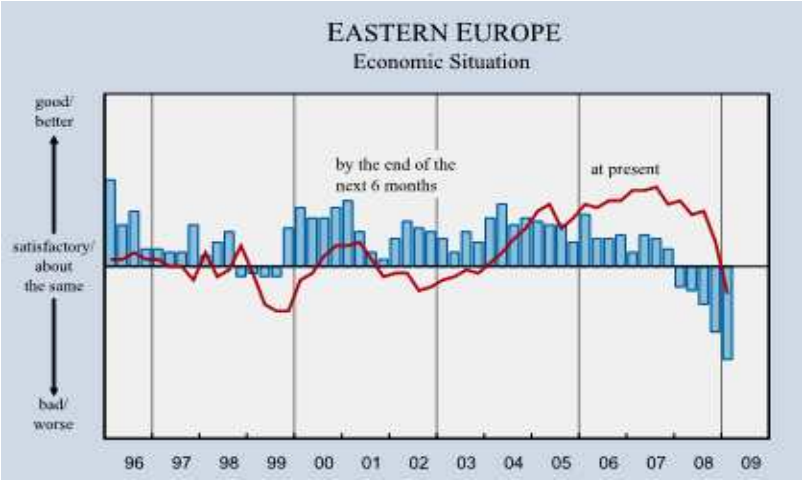
historically lowest level since introduction of this survey in the early 1980s. Compared with the preceding survey results from October 2008, the climate indicator fell by 10%.

The decline is exclusively the result of more unfavorable assessments of the current economic situation. In the majority of countries, the present economic situation is now assessed as "bad". Although the economic expectations for the next months have not been further downgraded, they remained clearly negative, on a global average.



Source: Ifo World Economic Survey, 2009

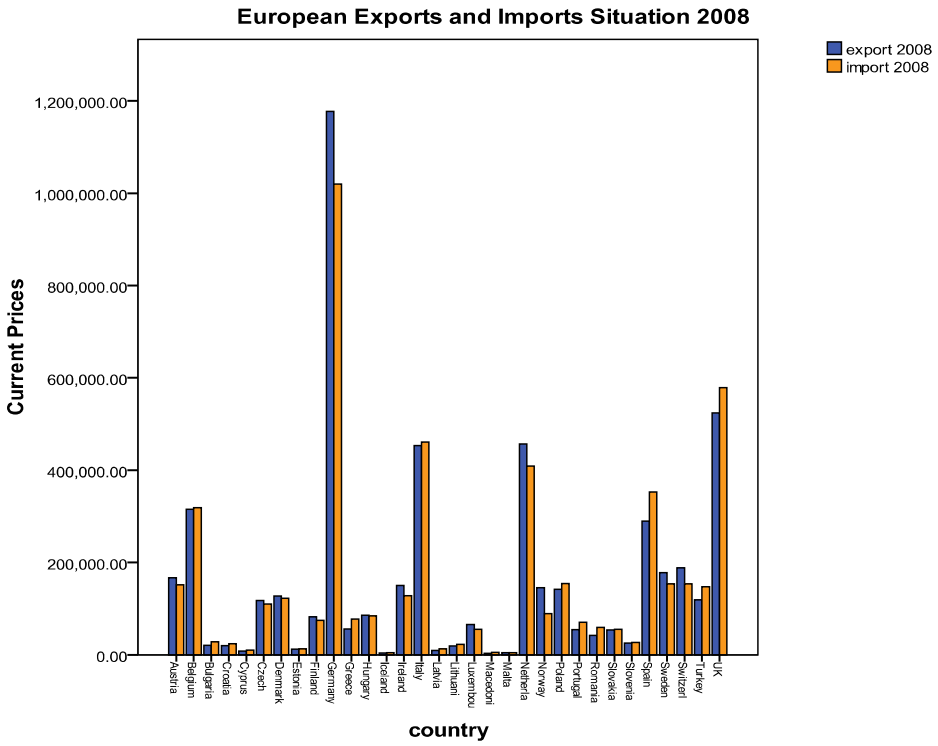
Fig. 1. World Economic Growth: 1993 – 2009 Evolution



Source: Ifo World Economic Survey, 2009

Fig. 2. Eastern Europe: Economic Evolution 1996-2009

Overall, the data confirm a global recession.



Source of data: Eurostat

Fig. 3. European Goods and Services Exports and Imports Situation in 2008

Results and discussions

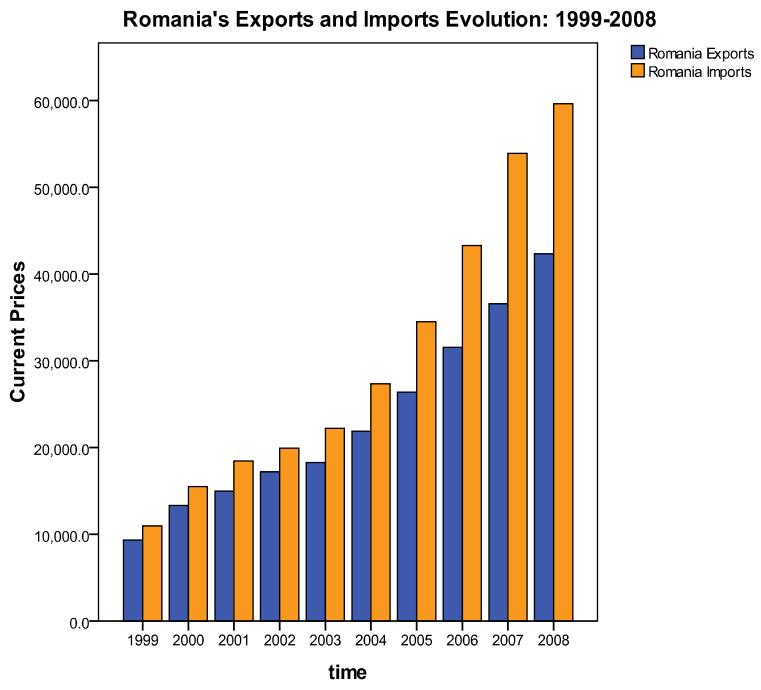
The economic climate cooled further in Central and Eastern Europe. The assessments of the present economic situation fell below the satisfactory level for the first time since 2004. The economic climate worsened in all EU countries of the region. According to IFO[4] the deterioration of the assessments of the present economic situation is particularly pronounced in the Baltic countries (Estonia, Latvia and Lithuania) and in Hungary. Also in Poland, Slovenia and Romania the assessment of the present economic state slipped below the satisfactory level. In contrast, the present economic situation is still assessed as satisfactory in Slovakia, Bulgaria and the Czech Republic.

[4] The Ifo Institute for Economic Research is a Munich-based research institution. Ifo is an acronym from Information and Forschung (research). As one of Germany's largest economic think-tanks, it analyses economic policy and is widely known for its monthly Ifo Business Climate Index for Germany.

Even more downbeat than the overall economic outlook are the expectations for world trade in the close future. The vast majority of experts expect that on a worldwide scale export and import volume will strongly decline during the following year.

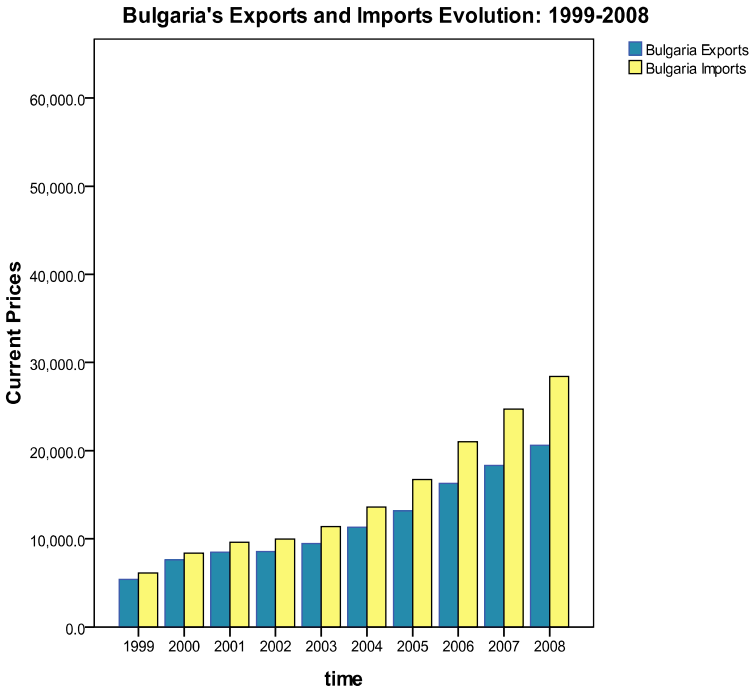
Effects of the global financial crisis - a credit crunch, a decline in industrial production and foreign trade - are now observed in the Central and Eastern Europe, the Southeast Europe and the countries more to the east as well.

The individual countries' performances, both current and projected, are not uniform. Differences follow from country-specific conditions. Several new EU members have managed to strengthen the international competitiveness of their corporate sector in recent years and attained a relatively high degree of trade diversification. In other countries, mostly in Southeast Europe, the corporate sector has been severely strained on account of the pronounced real appreciation. This is reflected in high current account deficits.



Source of data: Eurostat

Fig. 4. Romanian Goods and Services Exports and Imports Situation in 2008



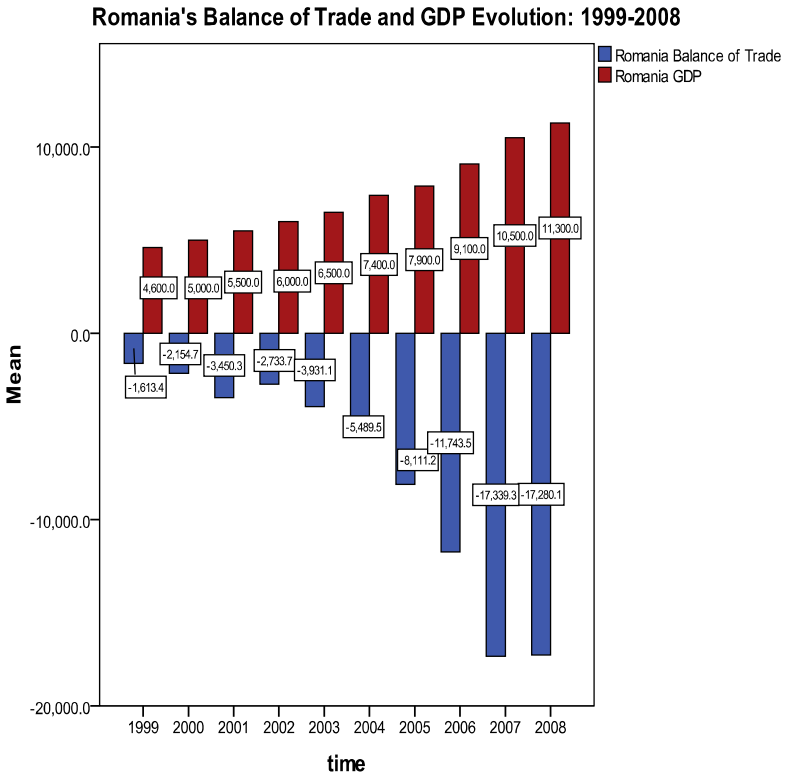
Source of data: Eurostat

Fig. 5. Bulgarian Goods and Services Exports and Imports Situation in 2008

The bilateral trade between Bulgaria and Romania has reached a record high in 2008, according to the National Statistical Institute.

About 88% of the EU total gross domestic product belongs to the EU old member states, 9% - to the ten states that joined the bloc in 2004, and only 3% to Bulgaria and Romania. In spite of that, the share of nine of the states is growing. Data of the Vienna Institute for International Economic Studies showed that the economic growth in these countries in 2006 reached 6.5% and maintained a level of 5.4% in 2007, which is almost twice higher than the growth in the other part of the EU.

The Vienna Institute for International Economic Studies said that foreign trade in the last few years has been the major reason for the economic growth in the new member states. In 2007 there seemed to be a change: on the one hand, there was an upward trend in domestic consumption due to the purchasing capacity and the rising wages. On the other hand, the Bulgarian and Romanian households were resorting more and more frequently to consumer credits allotted by banks. They spent the credits on products, most of which were imported.



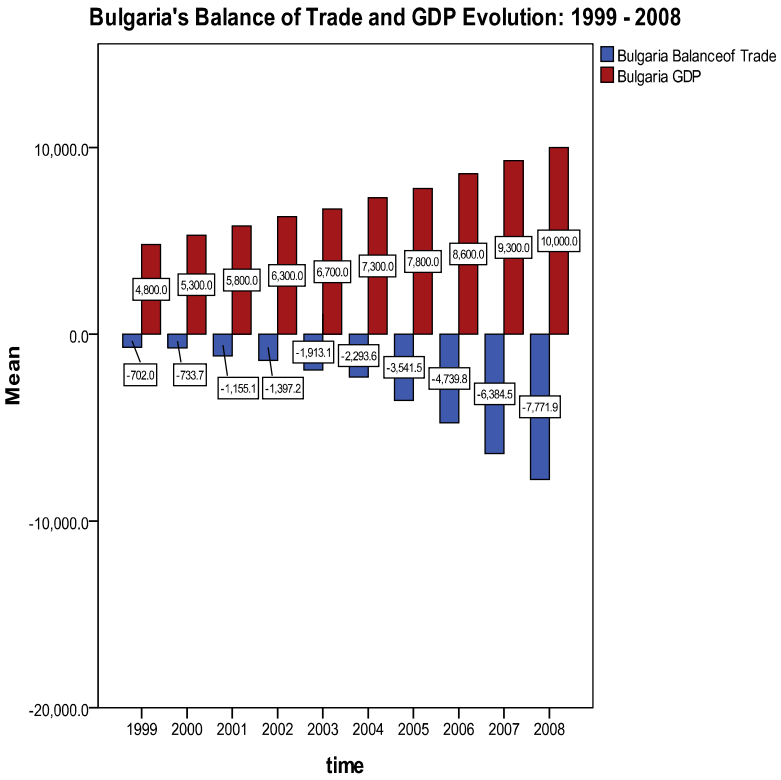
Source of Data: Eurostat

Fig. 6. Romania's Balance of Trade and GDP Evolution[5]: 1999-2008

The trend is observed mostly in countries such as Bulgaria and Romania, which registered a huge negative trade balance. That is why, any prognoses about the economic development of the two countries are very risky, according to Havlik . Closed economies, such as the Romanian and Bulgarian ones, would better spend the accumulated money on investments, not on consumption.

In 2009, some countries in the region will experience a significant slowdown in GDP growth: the Czech Republic, Poland and Slovakia; Albania; Kazakhstan and Russia. Other countries are expected to suffer a significant drop in GDP: Estonia, Hungary, Latvia and Lithuania; Croatia, Macedonia and Turkey; Bosnia and Herzegovina, Montenegro and Serbia and Ukraine. GDP may stagnate or decline slightly in 2009 in the case of Bulgaria, Romania and Slovenia.

[5] GDP calculated using the production approach: GDP=GVA + TP + D – SP, where: GDP =Gross Domestic Product (Market prices); GVA = Gross Value Added; TP = Taxes on Products; D = Import Duties; SP = Subsidies on Products



Source of Data: Eurostat

Fig. 7. Bulgaria's Balance of Trade and GDP Evolution: 1999-2008

Conclusions

The government deficit in Eastern Europe and Southeast Europe countries will probably increase in both 2009 and 2010. The main reason will be a combination of lower revenues and overextended expenditures.

Increasing net exports have the highest potential of becoming the engine of future growth; the balance of Central and Eastern Europe and Southeast Europe trade can improve only in the case of some partner countries' trade balance deteriorating. The impact of the major devaluations, and hence improved competitiveness, might ultimately be the key component of demand that leads to an upswing. In case of favorable international development, the region's economy may start growing again in 2010 or 2011[6].

[6] The Vienna Institute for International Economic Studies, March 2009

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

THE ANALYSIS OF TOTAL LOSS REIMBURSEMENT FOR VEHICLES' INSURANCE

MARIUS GAVRILETEA[1]

ABSTRACT. The purpose of this paper is to demonstrate how negative and unpleasant for insured persons is the total losses in case of vehicles' insurance. Vehicle insurance is the most used insurance product in Romania. The insurance contracts for this type of insurance enhance different aspects. These are referring to the total losses and the way the insurance company reimburses it. We present in the paper how this reimbursement evolve and what are the steps followed by the insurance companies. The reimbursement differs from an insurance company to other. In order to prove the theoretical aspects we present two different studies. The most delicate and complex situation appears in case of a vehicle financed by leasing. In the end, we conclude what the insured people should do in order to decrease the negative aspects of a total loss.

***Keywords*:** insurance, total loss, leasing, reimbursement

Introduction

The insurance market in Romania is increasing every year. This is due to the following two factors: peoples' increasing awareness concerning the importance of such an instrument, and the credit evaluated very much in the last years (a prudential principle in credit industry assumes that the financed asset has to be insured).

Among the insurance policies that recorded the highest increase is the insurance for vehicles – facultative one, for theft and damages risks. In addition, the losses appeared to this insurance policy are at the highest level in the insurance market.

Using the data from Insurance Supervision Commission in 2007, the premium for vehicles insurance represents 45.75% of the entire non life insurance market. In addition, the paid losses for this type of insurance were of 54.63% of the entire amount of the non life insurance market. If we judge these percents in absolutes figures, the level of vehicle insurance premiums were of 2,619,859,216 Ron, and the level with losses reimbursements were of 1,688,726,455 Ron. With a simple difference, we observe that the surplus is of 931,132,761 Ron for the entire vehicle insurance market.

The increased level of losses is given especially by the costs of the repairing and the appearance of total losses.

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An insurance company declares the total loss in the moment when the costs of repairing the insured asset are higher than the insured sum. In that case, the insurance company will avoid to pay more for an asset that its real value. It is very important where the asset will be repaired, because the market shows us different prices in different vehicle service.

If a vehicle is a new one and still has a warranty, the loss must be done at the vehicle official service. There the costs are higher that in other vehicle' service, fact that in case of a severe loss may easily generate a total loss. Otherwise, if the vehicle has no warranty the repairing may be done in other vehicle services where the costs are at a lower level.

Material and methods

In order to debate the desired problem we will use the definition of the total loss and the insurance contract.

The insurance company declares the total loss in the moment when the value of the repairing exceeds 75-80% from the insured sum.

In this case, the reimbursement paid by the insurance company is given by the next formula:

R = 75% * I.S. + wreck

R. - reimbursement

I.S. – insured sum

The wreck is represented by the damaged insured object and it remains in the property of the insured person. This wreck generated continuously polemics between insurance companies and the insured persons:

- a category of insured follow the principle: once the insurance premium is paid, they are entitle to receive the entire insured sum in case of total loss
- on the other part, the insurance companies follow the next principle: there are a total loss with remaining, the wreck represent the cost of the unaffected components

In many cases, in the moment of a total loss the insurance companies use the reimbursement previously mentioned. However, the percent may record a higher level of 90 – 95% from the insured sum (judging after the loss' severity).

The insured person may use the technical expertise done by a specialist in order to see the percentage of destruction. In this situation, the wreck may have a value of 5-10% from the insured sum, and the insured person is entitle to be reimbursed with 95 – 90% from the insured sum.

Results and discussions

The practice in the insurance field is full of examples about how profitable are the business with this wrecks. The insured persons that own vehicles of 3-8 years old, in the moment of a powerful accident (followed by airbags opening) get

very easy a total loss case. They get the reimbursement from the insurance company. Then they are selling the wreck to a third party. The price from the wreck plus the reimbursement will exceed in many cases the level of initial insured sum, in this case the insured person earn a higher sum than the real value of the vehicle.

In order to prevent the appearing of such situations, some insurance companies in the moment a total loss is recorded introduce the wreck into an electronic auction. After selling the wreck, the insured person will receive the insured sum:

- the value of the wreck is received from auction' winner
- the difference up to the insured sum is received from the insurance company

Using auction system, insurance companies may reduce theirs' cost of reimbursements of total losses. This is happening because there is an elimination of a third party (the insured persons) from the wreck selling process.

We continue the analysis of the total loss reimbursements with a mention in the insurance contracts – the insured company will reimburse the insured event up to the level of the insured sum, only if the insured person will pay the insurance premium.

In the moment of a total loss, the insurance policy will be ended because there is no insured object. The insurance is put into the hypothesis of paying the insured sum and it checks if the insurance premium is entirely paid. In case that the insurance policy is valid and there are unpaid installments of premium, from the reimbursement it will be deduced these amounts.

The reimbursement is equal to:
R = 75% * I.S. + wreck – Up.I.
Up.I. – unpaid insurance installments

The case of total loss is more delicate in case of a vehicle finances by a leasing contract. In that situation the vehicle belongs to the leasing company, the financed company only pay the insurance premiums, in case of the total loss the reimbursement will be paid by the insurance company to the owner – the leasing company.

We pursue a study case for a vehicle bought by leasing technique.

The new value of the vehicle is of 12.342 Euro, the period of the leasing contract is 3 years, the initial payment of the client id of 4,936.12 EURO (VAT included).

As it can be seen in the following simulation the constant installment for the leasing is of 224.98 Euro (VAT not included) every month. If we add VAT, the installment is increasing monthly because VAT is applying only to the capital and not for the interest.

For the financed vehicle, the client sign an insurance contract for losses and theft for 3 years, the insured sum is:

- 12,342 Euro in the first year of leasing
- 11,108 Euro in the second year of leasing
- 9,874 Euro in the third year of leasing

Fig. 1.–Leasing Installments' Configuration – Euro

Nr. Installment	Capital	Interest	Total installment	VAT	Total installment with VAT
1	131.63	93.35	224.98	25.0097	249.9897
2	133.61	91.37	224.98	25.3859	250.3659
3	135.61	89.37	224.98	25.7659	250.7459
4	137.65	87.33	224.98	26.1535	251.1335
5	139.71	85.27	224.98	26.5449	251.5249
6	141.81	83.17	224.98	26.9439	251.9239
7	143.94	81.04	224.98	27.3486	252.3286
8	146.09	78.89	224.98	27.7571	252.7371
9	148.29	76.69	224.98	28.1751	253.1551
10	150.51	74.47	224.98	28.5969	253.5769
11	152.77	72.21	224.98	29.0263	254.0063
12	155.06	69.92	224.98	29.4614	254.4414
13	157.39	67.59	224.98	29.9041	254.8841
14	159.75	65.23	224.98	30.3525	255.3325
15	162.14	62.84	224.98	30.8066	255.7866
16	164.57	60.41	224.98	31.2683	256.2483
17	167.04	57.94	224.98	31.7376	256.7176
18	169.55	55.43	224.98	32.2145	257.1945
19	172.09	52.89	224.98	32.6971	257.6771
20	174.67	50.31	224.98	33.1873	258.1673
21	177.29	47.69	224.98	33.6851	258.6651
22	179.95	45.03	224.98	34.1905	259.1705
23	182.65	42.33	224.98	34.7035	259.6835
24	185.39	39.59	224.98	35.2241	260.2041
25	188.17	36.81	224.98	35.7523	260.7323
26	190.99	33.99	224.98	36.2881	261.2681
27	193.86	31.12	224.98	36.8334	261.8134
28	196.77	28.21	224.98	37.3863	262.3663
29	199.72	25.26	224.98	37.9468	262.9268
30	202.72	22.26	224.98	38.5168	263.4968
31	205.76	19.22	224.98	39.0944	264.0744
32	208.84	16.14	224.98	39.6796	264.6596
33	211.97	13.01	224.98	40.2743	265.2543
34	215.15	9.83	224.98	40.8785	265.8585
35	218.38	6.6	224.98	41.4922	266.4722
36	221.51	3.47	224.98	42.0869	267.0669
	6,223	**1,876.28**	**8,099.28**	**1,182.37**	**9,281.65**
Initial payment			**4,148**	**788.12**	**4,936.12**
Total					**14,217.77**

We assume that in the second year of leasing, after 14 installments paid the vehicle is stolen (there is a total loss), the insurance company will pay the insured sum for the second year 11,108 Euro to the leasing company (the reimbursement from the insurance contracts are ceded for the insurance company).

The leasing company will retain from the sum received from the insurance company the entire unpaid client' obligations:

- At the moment of the 15th installment, the leasing company receiving the insured sum consider this sum as a anticipated reimbursing of the leasing contract
- The leasing company will retain only the capital and VAT for the next installments (15-36 installments) – 4,985 Euro

Fig. 2.– Determination of the capital retained by the leasing company - Euro

Nr. Installment	**Capital**	**VAT**	**Capital plus VAT**
15	162.14	30.8066	192.9466
16	164.57	31.2683	195.8383
17	167.04	31.7376	198.7776
18	169.55	32.2145	201.7645
19	172.09	32.6971	204.7871
20	174.67	33.1873	207.8573
21	177.29	33.6851	210.9751
22	179.95	34.1905	214.1405
23	182.65	34.7035	217.3535
24	185.39	35.2241	220.6141
25	188.17	35.7523	223.9223
26	190.99	36.2881	227.2781
27	193.86	36.8334	230.6934
28	196.77	37.3863	234.1563
29	199.72	37.9468	237.6668
30	202.72	38.5168	241.2368
31	205.76	39.0944	244.8544
32	208.84	39.6796	248.5196
33	211.97	40.2743	252.2443
34	215.15	40.8785	256.0285
35	218.38	41.4922	259.8722
36	221.51	42.0869	263.5969
TOTAL	**4,189.18**	**795.9442**	**4,985.1242**

In this situation the leasing contract has no financed object and the client will receive a sum equal to the difference between the insured sum and its leasing' obligations:

- 6,123 Euro = (11,108 Euro – 4,985 Euro), from this amount there will be deduced the insurance premium for the second year of insurance.

This is a very delicate situation for the financed client, because it paid since the total loss occurred:

- 8,472 Euro = (4,936 Euro initial payment and 3,536 Euro the first 14 installments),

We conclude that because of the total loss the client recorded a deficit of 2,349 Euro (VAT included).

If the total loss is caused by an accident (and not by a theft as in the previous example) the reimbursement will deduct the wreck. This may remain in the property of the client. So if we assume that the percentage of the loss is of 80%, the leasing company will be reimbursed from the insurance company with 8,887 Euro plus the wreck. Using the previously example we deduce 4,985 Euro and the final amount received by the leasing' contractor is:

R. = 8,887 – 4,985 + wreck = 3,901 Euro + wreck

It is very important how the client will sell the wreck. In this crisis period of the financial sector, some insurance companies do not agree to be involved in wrecks' selling process. Therefore, it may be very difficult also for the client to find a good price for the wreck.

Conclusions

From the above research there can be noticed the negative aspects for the insurance company and for the insured persons.

If we judge only from the insurance company point of view, when it is in case to pay the total loss, it wants to pay as few as it is possible. Therefore, the auction is a very good option, because the higher is the amount received by the insured persons from the winner's part, the less are the amount paid by the insurance company. The insurance companies only have to improve its mechanism to sell the wrecks by auctions.

The client of the insurance companies does not have too many options. In the moment of buying a vehicle insurance policy, they should ask how it is settled a total loss. In case they receive back the wreck, may have difficulties in selling it and this is not an advantage. On the other hand, some clients do not want to be involved in the selling process even if they can get a profit.

If they financed the vehicle by leasing, they have no right on the insurance contract. Therefore, the only option for the client is to take care not to be involved into a total loss. This can be done by a safe driving and supplementary measures against theft of the car.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

PERSPECTIVES REGARDING THE TAXATION SYSTEM IN ROMANIA

SORIN BERINDE[1]

ABSTRACT. Regarding the perspectives for the accounting-taxation ratio in Romania, it was mentioned that they are according to the international tendencies regarding the disconnection. Taking into account some of the recent evolutions (adopting the IV Directive of the European Economic Communities) we can say that the seeds that lead (at least theoretically in the beginning) to the possibility of gradually opening the road towards an efficient accounting system, where accountancy and taxation work independently from one another, exist. This tendency becomes more certain if we take into consideration Romanian's opportunity to join the European Union. This event implies also joining the official position of the Union, regarding the aknowledgement and utilization of the international accounting norms, and at the same time the desconnection between accountancy and taxation

***Keywords*:** disconnection, taxation, inflationary phenomenon, creative accounting

Introduction

Some researchers describe the research activity in the accounting field as being in a close relation with the research activity in other fields. Even though there are some people who disagree, we have to admit that these statements are based on some well argumented ideas:

-the research activity in the accounting field is based to some extent on the accounting theory, but to some other not in the least more meaningful extent, it is also based on such sources as the theory characteristic to economy, finances, psychology, sociology and to the organizational behaviour;

-the research methods do not necessarily belong to accountancy, being borrowed from the natural and social sciences field;

-the instruments that belong to accountancy are also to some significant extent borrowed or adapted from the organizational behaviour literature, which has, in some people's opinion, a greater capacity to improve these instruments than accountancy. The research activity for establishing some theories and for verifying

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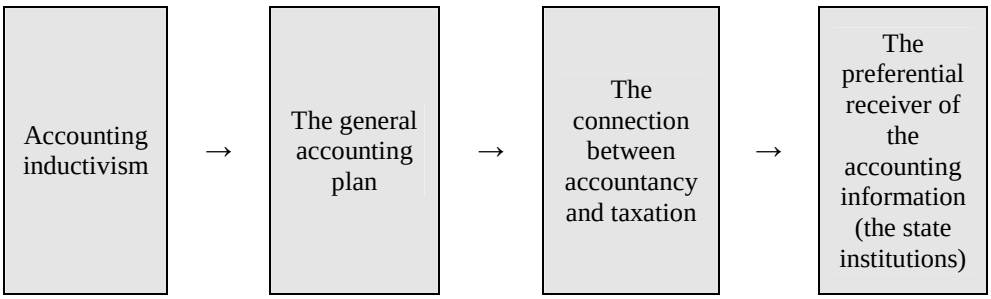
the capacity of implementing them can be generally classified according to the reference point, in two large categories:

-deductive research (from theory to practice);

-inductive research (from practice to theory).

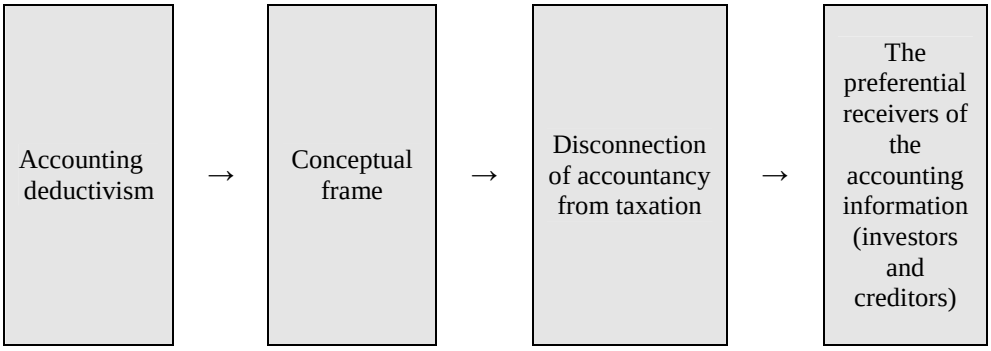
Material and methods

Regarding these aspects, we referred to the existence of a connection between the research typology and the accounting – taxation ratio. It is known that the inductive research starts from practical facts and ends with expressing theories. This approach implies the analysis of the accounting practice, of the way in which a certain theoretical fact is reflected from an accounting point of view, when the norms are short or they lack. Therefore, on this basis, the best solutions are synthesized underlaying the evaluation of the new accounting norms that will influence the practice. A practical example of accounting inductivism mentioned by the specialists is the accounting plan, its origin being the continental accounting system, which implies its relation with the accounting system connected to taxation. It is a known fact that the preferential receiver of the accounting information is in this situation the state institution. Therefore we can underline that there is a bondage relation between the accounting inductivism and the connection between accountancy and taxation.



On the other hand, the deductive research implies the enunciation of some accounting theories that would have as a result the improvement of the accounting practice. The initial theoretical basis will be verified afterwards every time when a practical fact implies the implementing of the theory emitted initially. Such an example of implementing deductivism in accountancy is the elaboration of the accounting conceptual frame, with a high level of generality. A conceptual frame well elaborated is characteristic to the accounting systems of Anglo-Saxon origin, disconnected from taxation. The preferential users of the accounting information are in this case the investors and the creditors.

Therefore we can emphasise that there is a bondage relation between the accounting deductivism and the connection between accountancy and taxation.



Referring to these aspects, the content of this paper work will be based on a deductive research, starting from theory to practice, with some tendencies towards inductive research which consist of some practical case study elaborated in order to verify the extent to which certain theoretical aspects, mentioned before, are validated from a practical point of view. This type of research that consists in combining the deductive tendency with the inductive tendency is known by the specialty literature as composite research.

From an utility point of view, the accounting result is at the boundary of two disciplines: accountancy and taxation and it serves the intrests of a large diversity of users, among the most important are the investors and the state institutions. There is a great level of difficulty in setting up the right balance between the two categories mainly because the accounting and fiscal regulations are continuously changing. In order that a capital market should evolve in a close connection with the economy, a dimension of the factors is to be determined, in this case we refer to the profit level that will reflect objectively the result of the activity of the enterprise from the point of view of the potential investors' interest, without neglecting its utility for the taxing necessities of the state.

These details imply the necessity of a desconnection tendency between accountancy and taxation, which will be a change for the Romanian accounting system that will be achieved in time, at least from a practical point of view. From this point of view we intended to emphasise some risks that appear at this level, from the perspective of:

- creative accountancy (an expression of the disconnection between accountancy and taxation). The risks consist in some less ethical tendencies of artificially oversizing and undersizing the accounting and the tax profit according to certain objectives. It was considered that these risks can be controlled through a better activity of accounting reglementation;

- taxation (an expression of connecting accountancy to taxation). The risks consist of some tendencies of artificial diminishing of the accounting and tax profit in order to achieve a tax economy towards the state institutions. This phenomenon is against potential investors' interest that do not have the possibility of seeing the efficiency of the activity of an enterprise to its real dimension. The risks can be diminished through extraccounting determining of the size of the profit tax on the basis of the taxable profit determined on the taxing principles and regulations, with minimal influences on accountancy. We consider that regardless of the size of the profit tax due at the end of the financial period (superior or inferior), the accounting profit has to reflect the economical reality so that the investors can get some correct information.
- inflationary phenomenon which shows, even in the case of a reduced rate of inflation, the risk of calculating and paying the tax on some artificial fiscal profit with serious consequences for the enterprise decapitalization when the tax and dividends are paid.

The research method on which the study is based is the deductive one, starting from the fact that the theoretical aspects are initially presented, and afterwards the way of practically implementing them. We must focus, for disconection, on the activity of large enterprises and less on the activity of middle size and small enterprises, (in the large enterprises it can be taken into consideration the disconnection between accountancy and taxation, some scepticism related to the accounting creativity or the determination of the dimension of the artificial profit, that comes more from inflation and less from the growing of the activity efficiency) because they reprezent a greater interest for a great number of investors since they are quoted on the capital market.

Accountancy may be sometimes a privileged information source for the fiscal authorities, in this case the majority of the fiscal obligations being established based on the accounting data. „Several attempts were made and are still made in order to establish an arrangement relation between accountancy and taxation to determine which one has a greater impact on the other. Taking into consideration the statements made by different Romanian such C. Istrate (2000) and foreign authors, the following situations can be identified:

- accountancy is influenced by taxation at different intervention levels;
- accountancy is independent of taxation (the two of them are disconnected);
- accountancy influences taxation."

Looking back in time, the present-day state of the accounting-taxation ratio has been influenced in its development by a lot of factors and, starting from this point, there are many causes that explain the reason why countries have developed in time different variations of the accountancy – taxation relations. In order to explain the causes that lead to different situations of the national accounting practices and of the accounting-taxation ratio, these factors could be classified according to the following categories:

– economical and political system;
– legally system;
– the predominant financing system of companies;
– the accounting profession;
– the historical ruptures.

Results & discutions

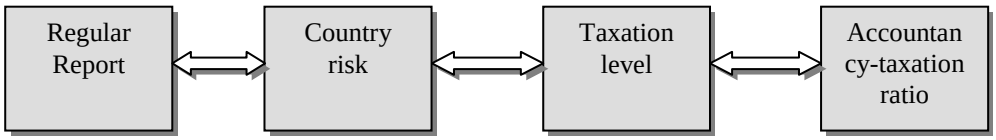
Taking into account the things mentioned above, we can consider that the disconnection between accountancy and taxation is generally assimilated in those countries where:

- the political system is a liberal democratic one (associated with the capitalist economic system);
- the priority is that the third parties, the shareholders and the financial markets to be generally informed according to the reality, as a consequence of a predominant positive attitude towards business;
- the accounting system is based on the unwritten law. The accounting norm is the product of repeated and improved in time practice, unforced on anybody by the state institutions and therefore there is no question about it not being accepted by practice, the latter being the one that generates the norm;
- there is a tendency towards the financing by resorting to their own capital growth;
- the evolution of the accounting profession can be observed in the increasing of the members' number, on the one hand, and on the other in the importance of its role in the accounting regulation process. This thing explains the priority on the normalization.

The connection between accountancy and taxation is generally specific to those countries where:

- the political system is a egalitarian – authoritative one (trends to co-exist with an economic central planned system), or to a little less extent with a liberal democratic one (associated with the economic capitalist system);
- the priority consists of the reports sent to the fiscal institution, which are excessively cautious, as a precaution for creditors. Accountancy thus seems to be more like a credit element between partners and a basis for tax estimation than as a information source for the financial market;
- the accounting system is based on the statute law. In these cases there can often appear rejection phenomena from practice side, the way in which the accounting balances are presented being influenced by taxation;
- there is a predilection towards the financing by recourse to the constant capitals growth (of debts).

The evolution of the accounting profession is not prioritarly characterized by the growth of the members' number, on the one hand, and on the other by the increasing level of its involving in the accounting regulation process. The tendency is, in this situation, to normalize the accountancy by the state. The perspectives of the desconnection related to joining the European Union are promoted by the importance of a favourable regular report that depends on the taxation level, such as:

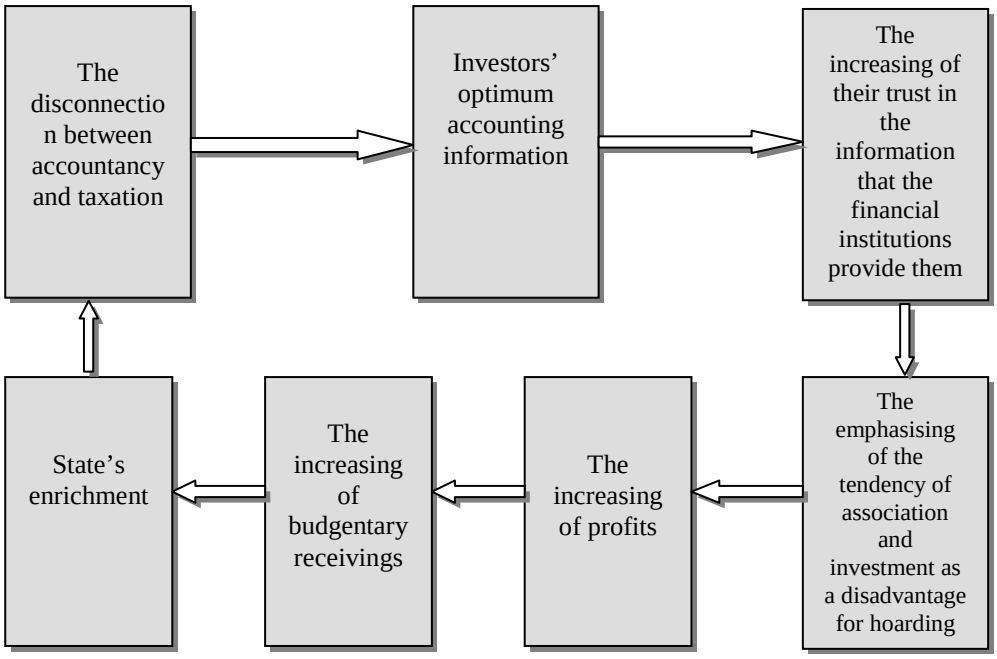


Conclusions

The conclusion is that a disconnection ratio between accountancy and taxation would be associated with a low level of taxation. The consequence is the decreasing of the country risk and at the same time a favourable Regular Report on Romania. As regarding the actual typology of the accounting-taxation ratio in Romania (connection) we consider that accounting information influenced by taxation is not very credible as regarding the possibility to ensure the faithful image and also the essential objective of accountancy.

Contextually the questions that can arise are: Wouldn't an independency ratio between the two sciences be more appropriate? Is the idea of the accounting principles being influenced by the fiscal principle or the other way around justified, taking into account the fact that their essential objectives: the faithful image and the maximization of budgetary income can be affected? To what extent would accountancy and taxation carry out their objectives, independently from one another? And, finally, what is our opinion? Do we choose connection or disconnection?

We believe that the objectives of both sciences can be achieved, their principles being respected, but we cannot forget the fact that the information source for both of them is accountancy. Therefore the idea of total disconnection between accountancy and taxation is not completely achievable. But we can refer to an interaction relation between accountancy and taxation.The beneficiars of the disconnection between accountancy and taxation would be first of all the investors and, second, the state itself. This hypothesis is provided by the following causality relation described in the next diagram:



Therefore the disconnection between accountancy and taxation creates the premises for a better apprising of the investors. The consequence of them disposing of real accounting information, would be the increasing of their trust in the information provided by the financial statements and the investment, as a disadvantage for saving. The increasing of the profits is assimilated to the increasing of investments and at the same time to the increasing of the budgetary receivings that refer generally to taxes and especially to profit tax, this thing leading to the state's enrichment.

The perspectives of disconnection between accountancy and taxation reveal some disadvantages. Contextually the risks that the creative accountancy represents for an accountancy disconnected from taxation, were mentioned, they being materialized in some technics that have as a result:

-the real financial administration of the accounting result (increasing it);

-the increasing of its own capitals;

-the reducing of the debt rate.

The premises of using the accounting creativity technics in the disconnected accounting systems are ensured by:

-the determination of managers' salaries taking into account the dimension of the accounting result. The consequences would be the adopting of the creative tricks that would lead to the increasing of the accounting result in order to increase their own benefits. On the other hand there is a tendency of increasing the losses for crisis periods in order to better emphasize the next possible profits.

-the high level of interpretability and inconsistency of laws;
-the pressure of certain users categories (especially investors);
-the evaluation of the imaterial investments is sometimes difficult

The creative account technics with direct impact on the dimension of the accounting result are:

-the lease-back operations;
-selling-rebuying the investments titles;
-circular tranzactions with high price stocks;
-production assets without real utilization.

To conclude the matters discussed we can say that the accounting result can be influenced in the case of a taxation connected ratio (decreasing it). On the other hand, the accounting result is subject to an increasing risk due to the creative accountancy.

Under these circumstances, a question arises: Which risk is better to be assumed taking into account the dimension of the accounting result?

We believe that the accounting result should keep an equal distance towards the risk of taxation decreasing and the risk of accounting creativity increasing. True information would be provided this way both for the investors and the state's institutions.

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THE ANALYSIS OF THE ROMANIANS' KNOWLEDGE ON INFLATION PHENOMENON

VALENTIN TOADER[1]

ABSTRACT. The modern monetary policy approach sustains that increased transparency and enhanced communication are essential for the success of the central banks decisions. The National Bank of Romania is conducting a transparent monetary policy, releasing to society a considerable amount of information. The problem is that the public does not always receive correct all these information. The reasons for these inconvenient may be multiple, but in this paper we will focus firstly, on the transmission channels which may not be suitable and secondly, on the receivers, which may not have the capacity to understand the information. According to NBR, the inflation reports represent the main communication tool with the public, so our goal is to verify if they are fulfilling their role or there are other information sources which are more appropriate. Beside all the factors that influence the public capacity to understand the inflation phenomenon, we will concentrate our analysis on the impact of age, income and education. The necessary data for our analysis were collected using a questionnaire.

Keywords: inflation, knowledge level of inflation, inflation reports, transparency, survey

Introduction

Nowadays credibility and transparency represents two cornerstones of the inflation targeting monetary policy. The central banks that are using this monetary policy release to society information about their monetary policy decisions and actions in order to achieve these two aspects. More than that, an inflation targeting central bank has a responsibility to educate the public about its monetary policy and to encourage the society to understand and to get involved in the policy-making process (Bernanke, S.; Laubach, T.; Mishkin, F.S.; Posen, A., 2001).

The National Bank of Romania (NBR) is an inflation targeting central bank, reason why the communication process with society has an important role in its monetary policy. The NBR's publications, along with other communication instruments, provide the general public, institutions and the domestic and external business communities with information regarding the policies and measures adopted by the central bank in order to fulfill its tasks (NBR web site).

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In our previous studies, we demonstrated that the NBR monetary policy has a high level of transparency (Toader, V., 2008). Starting from this perspective, the purpose of this paper is to verify if the information released by NBR is properly received by society. To achieve our purpose, we will evaluate the society level of knowledge on inflation phenomenon.

Methodology

The society's knowledge regarding inflation in Romania was studied conducting a survey. During the time span March 2007 - February 2008 we applied each month between 250 and 500 questionnaires approximately to the same persons from Transylvania. The number of valid questionnaires is variable due to the fact that in the data collection process we used an electronic questionnaire. We choose an electronic questionnaire because this method allowed us to reduce the costs of collection and processing information from a large number of persons. The method had also a disadvantage. We tried to apply the questionnaire to the same persons, but we could not control the respondents' willingness to answer each month to our questionnaire (only a part of them answered monthly). In spite of this inconvenience, we consider the results obtained relevant.

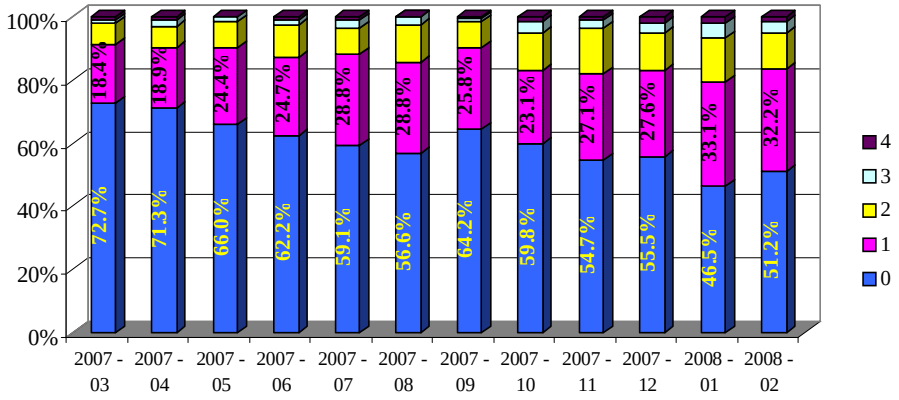
In order to evaluate the knowledge on inflation we analyzed two aspects: firstly, we demanded to the questioned persons how many *inflation reports* they studied in the last 12 months and secondly we asked them to estimate their knowledge level on inflation.

The respondents opinions regarding their knowledge on inflation are evaluated using a qualitative question: *your knowledge level about the inflation phenomenon in Romania is: very high / high / medium / low / very low.* The answers were coded on a scale from 1 to 5, where 1 represents a very low level of knowledge on inflation, while 5 represents a very high level of knowledge on inflation. The monthly values for the level of knowledge were calculated using weighted average of the received answers.

Results and discussions

According to NBR, the inflation reports represent the main communication tool of NBR with society. Starting with 2005, NBR revised the structure and the frequency of inflation reports (becoming a quarterly publication). Beside the information regarding the monetary and economic evolution and the monetary policy decisions, the inflation report contains inflation forecasts for the next eight quarters. The analyses from the inflation reports are based on the latest statistical information available.

In order to see if these publications reach their objective, we were interested to see how many inflation reports studied the population. Unfortunately, the results obtained demonstrate that the inflation reports do not represent the main information tool on inflation for the society: during the studied time span, over 80% of the interviewed persons have been studied at most one inflation report.



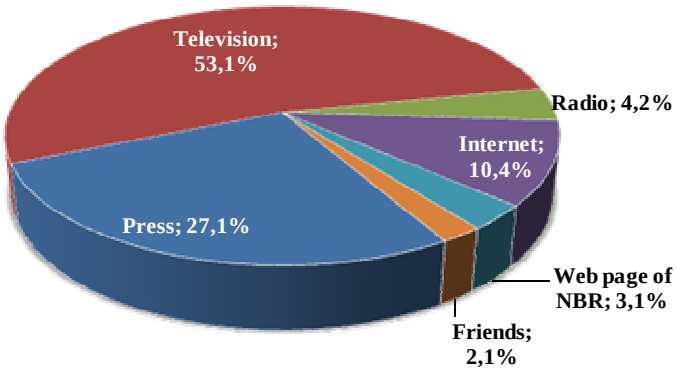
Source: own calculations based on questionnaire

Fig. 1. – The number of inflation reports studied in the last 12 months

We can easily see that in most of the cases at least a half of the questioned persons did not study an inflation report. We consider that this aspect should worry NBR about the way the society perceives the inflation reports. In spite of this situation, we observed, also, a good evolution. The number of the persons that did not read an inflation report decreased from 72.7% in March 2007 to 46.5% in January 2008. We suppose that this trend is the result of two aspects. Firstly, the questionnaire, being applied approximately to the same persons, represented an incentive for the interviewed persons to search more information about inflation. Secondly, the premises for inflation rise (August - September 2007) could represented a good motivation to be better informed on inflation.

Observing that the inflation reports do not represent the main information source for society, we wanted to find out which are these sources. To realize this objective we asked the respondents about their information sources on inflation. Te results are presented in figure 2.

Analyzing the results obtained, we observe that the majority of answers refer to the sources that do not suppose additional efforts for documen-tation: television and press. These two sources have the advantage of presenting very briefly the information, but, in most of the cases, have the disadvantage of presenting only the results without additional explanation. We observe that very few persons use the "official source" for documentation, which is the web page of NBR (here we can find the inflation reports). This observation sustains our conclusion that the inflation reports do not represent the main information source on inflation.



Source: own calculations based on questionnaire

Fig. 2. – Sources for information on inflation

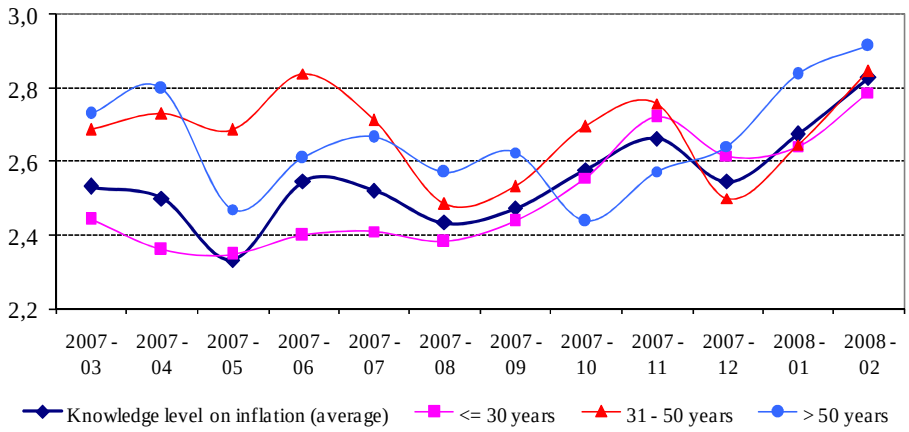
Another interesting aspect is the fact that other web pages than the NBR web page are used more frequently to find information about inflation. In our view this is also the result of television and press which publish on their web pages the news headlines or even the news entirely.

Even if the number of the inflation reports studied is low, the interviewed persons do not perceive their knowledge level on inflation as being low: the values obtained show that their knowledge level is little lower below medium.

In our analysis we studied the impact of age, education and income on the knowledge level regarding inflation. Our main conclusion will be described hereinafter.

Our first hypothesis is that the age of respondents has a direct influence on their knowledge level on inflation, the younger persons being less informed than the older persons. Using the descriptive analysis (as we can see in figure 3), we observe that, in most of the cases, the persons below 30 years old knows less about NBR, its monetary policy and inflation. Also, at the end of 2007 we observe their information level ameliorating.

The χ^2 test demonstrated our hypothesis also, showing that in 9 out of 12 analyzed months the null hypothesis (between age and knowledge level of inflation we have no correlation) can be rejected with a confidence degree of 90%. The strength of correlation between these two variables was identified using the Kendall tau coefficient. The result showed us that the correlation between respondents' age and their knowledge on inflation is direct with low intensity.



Source: own calculations based on questionnaire

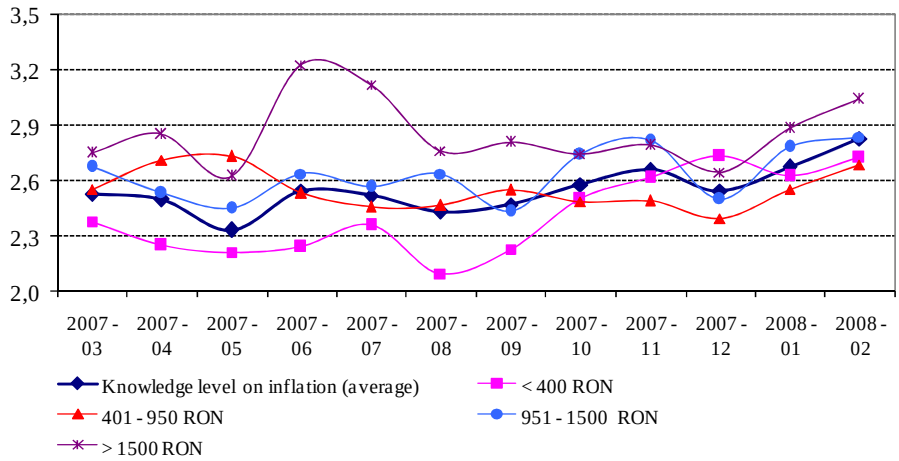
Fig. 3. – The knowledge on inflation distributed by age

Using the descriptive analysis we observed that the knowledge differences between the age categories were significant at the beginning of the analyzed time span, while at the end these differences were much lower. We consider this situation the result of the amplification of NBR communications actions in order to explain its fail in achieving the inflation target for 2007. In conclusion, even if the strengths of correlation is lower, we consider that out hypothesis was verified, which means that, in standard conditions, as the persons became older they tend to be more interested to know about inflation and other economic phenomenon in general.

The second hypothesis is that the respondents' incomes influence their knowledge on inflation: the higher is the income obtained the higher will be the knowledge about inflation. We sustain that considering that the persons with lower level of incomes are more preoccupied to increase their standard of living and do not have the necessary time to be informed on the economic aspects. On the other side, the persons with higher incomes have easier access to information and tend to be more informed on the economic aspects.

The descriptive analysis shows us that the persons with an income lower than 400 RON have in most of the cases the lowest information level, while the persons with an income over 1500 RON have in most of the case the highest information level on inflation (see figure 4).

As in the case of correlation between the age and knowledge level, we observe that at the beginning of the analyzed time span the differences between the different income categories were higher while, at the end, these differences become much lower. In consequence, we sustain, one more time, the fact that the increase of NBR communication actions to demonstrate to society its commitment to price stability and to explain the fail in achieving its inflation target for 2007 due to external and uncontrollable factors (severe drought) focused the society attention on inflation.



Source: own calculations based on questionnaire

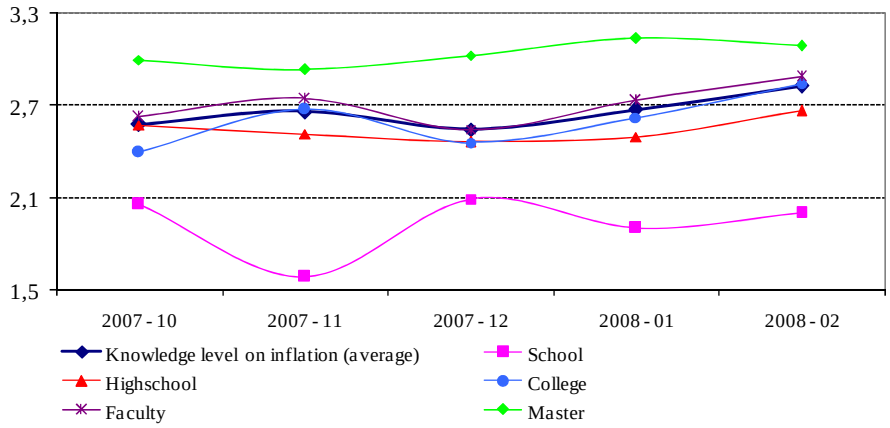
Fig. 4. – The knowledge on inflation distributed by income

The χ^2 test verified the existence of correlation between knowledge level on inflation and income in 9 out of 12 studied months, the null hypothesis being rejected with a confidence degree of 95%. The correlation strength between these variables (Kendall tau coefficient) determined a direct correlation with low intensity, which means the persons with higher incomes tend to be in general more informed about inflation than other peoples.

The third hypothesis refers to the correlation between respondents' education level and their knowledge about inflation. We suppose that between these variable we have a direct correlation, a higher education level determining a higher level of knowledge on inflation. We sustain that inflation is a complex phenomenon, its evolution being influenced by a multitude of factors, reason why its understanding necessitates a minimum level of education. It is not enough that NBR send information to society, it is essential the society to understand them.

Using the descriptive analysis we identified a direct correlation between the respondents' education level and their knowledge on inflation. According to the results obtained our hypothesis is verified during the analyzed time span. As we can see in figure 5, the level of knowledge on inflation is the lowest for the persons only with school, while the persons with faculty and master have the highest level.

The χ^2 test verified our hypothesis, demonstrating the correlation between the respondents' education level and their knowledge on inflation, the null hypothesis being rejected in 4 out of 5 months with a confidence degree of 99%.



Source: own calculations based on questionnaire

Fig. 5. – The knowledge on inflation distributed by education level

Even if the values obtained for χ^2 were much higher that the reference value, the strength of correlation is reduced. In conclusion, we consider that our hypothesis was verified, that means, in most of the cases, a higher education level allow to society to better understand the evolution of inflation phenomenon.

Conclusions

In conclusion, the knowledge level on inflation in Romania is low: most of the questioned persons studied at most one out of the four inflation reports released by NBR during the analyzed time span. More than that, the respondents' information level on inflation is influenced by:

- age: the younger persons are less informed
- income: the persons with higher incomes tend to be more informed
- education level: the persons with higher education level knows more about inflation than others.

Due to these aspects regarding the society knowledge on inflation, we consider the NBR should divide its communication actions in two categories. On the one side, the inflation report should be dedicated to specialists (the persons who know well this field or their activity is related to this field). On the other side, the NBR should find a method to transmit less complex information in order to increase the society understanding of inflation phenomenon and its impacts on the economic life. We believe that television and press are appropriate for this action, especially in times of economic disturbances when the society is more aware of the necessity to be informed about the economic evolutions.

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ANALYSIS OF THE PORTFOLIO MANAGEMENT METHODS

CRISTINA CURUȚIU[1]

ABSTRACT. The research provides a selective overview of existing models since Markowitz model (1952) and synthesizes the academic research to date. Following, a comparison between 5 of these models will be made from the point of view of their advantages/ disadvantages and limits. The last part of the research will present the results that will be obtained after applying the models on the Romanian capital market and will also observe which of the five models will be more suitable for the Romanian market.

Keywords: portfolio management, portfolio models

Introduction

In recent years, a growing body of literature in portfolio management has devoted a great deal of attention for this subject. The theoretical foundation to portfolio management was offered by Harry Markowitz at the beginning of the 1950s. The limitations of the original Markowitz model have stimulated the occurrence of extended or modified models – two of the best known (and criticized) being the equilibrium models: CAPM (capital asset pricing model) and APT (arbitrage pricing theory). Alternative optimization methods were also developed; among them must be mentioned: the utility function optimization, conditional value-at-risk optimization, multiple benchmark tracking, scenario-based optimization, robust statistical methods and the Bayesian methods.

Material and methods

The research, in the first part, provides a selective overview of existing models since 1952 (Markowitz model) and synthesizes the academic research to date. The second part refers to some of the models already presented and studies them from the point of view of their advantages/ disadvantages and limits. In this part is also presented a comparison of the fifth models (Markowitz, CAPM, APT, Var and Monte Carlo simulation). The last part of the research will present the results that will be obtained after applying the models on the Romanian capital market and will also observe which of the five models will be more suitable for the Romanian market.

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Discussions

In 1952, Harry M. Markowitz published an article entitled "Portfolio Selection". In this article, he developed the first mathematical model that specified the volatility reduction that occurs in a portfolio as a result of combining investments with different patterns of return. The amazing thing about his accomplishment is that he developed his thesis over a half century ago, long before the advent of the modern computer. His influence on the world of modern finance and investment management has been so profound that he became known as the father of modern portfolio theory and was awarded the Nobel Prize for Economics in 1990.

Before modern portfolio theory, investment management was a two dimensional process focusing primarily on the volatility and return characteristics of individual securities. Markowitz's work resulted in the recognition of the importance of the interrelationships among asset classes and securities within portfolios. Modern portfolio theory added a third dimension to portfolio management that evaluates an investment's diversification effect on a portfolio. Diversification effect refers to the impact that the inclusion of a particular asset class or security will have on the volatility and return characteristics of the overall portfolio.

Modern portfolio theory thus shifted the focus of attention away from individual securities toward a consideration of the portfolio as a whole. The notion of diversification had to be simultaneously reconsidered. Optimal diversification goes beyond the idea of simply using a number of baskets in which to carry your eggs. It also places major emphasis on finding baskets that are distinctly different from one another. This is important because each basket's unique pattern of returns partially off sets the others, with the effect of smoothing overall portfolio volatility.

An alternative view of risk has been derived from extensive work in portfolio theory and capital market theory by Markowitz, Sharpe, and others. These prior works by Markowitz and Sharpe indicated that investors should use an external market measure of risk. Under a specified set of assumptions, all rational, profit maximizing investors want to hold a completely diversified market portfolio of risky assets, and they borrow or lend to arrive at a risk level that is consistent with their risk preferences. Markowitz showed that the variance of the rate of return was a meaningful measure of portfolio risk under a reasonable set of assumptions, and he derived the formula for computing the variance of a portfolio. This portfolio variance formula indicated the importance of diversifying your investments to reduce the total risk of a portfolio but also showed how to effectively diversify.

Following the development of portfolio theory by Markowitz, two major theories have been put forth that derive a model for the valuation of risky assets. One of these two models is the capital asset pricing model (CAPM). The background on the CAPM is important at this point in the book because the risk measure implied by this model is a necessary input for our subsequent discussion on the valuation of risky assets. The presentation concerns capital market theory and the capital asset pricing model that was developed almost concurrently by three individuals. Subsequently, an alternative multifactor asset valuation model was proposed, the arbitrage pricing theory (APT).

Several authors have contributed to the Capital Asset Pricing Model (CAPM). Sharpe (1963, 1964) is considered to be the forerunner and received the Nobel Prize in 1990. Treynor (1961) independently developed a model that was quite similar to Sharpe's. Finally, Mossin (1966), Linter (1965, 1969) and Black (1972) made contributions a few years later.

This model is the first to introduce the notion of risk into the valuation of assets. It evaluates the asset return in relation to the market return and the sensitivity of the security to the market. It is the source of the first risk-adjusted performance measures. Unlike the empirical market line model, the CAPM is based on a set of axioms and concepts that resulted from financial theory.

The capital asset pricing model (CAPM), which is a model that indicates what, should be the expected or required rates of return on risky assets. This transition is important because it helps you to value an asset by providing an appropriate discount rate to use in any valuation model. Alternatively, if you have already estimated the rate of return that you think you will earn on an investment, you can compare this estimated rate of return to the required rate of return implied by the CAPM and determine whether the asset is undervalued, overvalued, or properly valued.

The latter was developed by Sharpe in order to simplify the calculations involved in the Markowitz model and thereby render it more operational. The next step in financial modeling was to study the influence of the behavior of investors, taken as a whole, on asset prices. What resulted was a theory of asset valuation in an equilibrium situation, drawing together risk and return.

It provides a powerful description of the relationship between volatility and expected return in an efficient capital market. As is the case with most models, simplifying assumptions are made to abstract the essence of the relationship being modeled.

Various extended models of the original CAPM have been developed since the mid-1960s, as well as other models concerning security pricing. For example, Arbitrage Pricing Theory asserts that multiple factors, in addition to market volatility, are involved in security pricing. The CAPM has been criticized on the basis of its unrealistic assumptions and as not providing a completely accurate description of real-world security pricing. It nevertheless remains a powerful model that highlights the importance of diversification and the relationship between no diversifiable volatility and security expected returns.

In 1976, Ross proposed a model based on the principle of valuing assets through arbitrage theory (Roll and Ross, 1980). This model, called the Arbitrage Pricing Theory (APT) model, is based on less restrictive assumptions than the CAPM. While the CAPM assumes that asset returns are normally distributed, the APT does not hypothesis on the nature of the distribution. The APT model does not include any assumptions on individuals' utility functions either, but simply assumes that individuals are risk averse. This simplification of the assumptions allows the model to be validated empirically.

The chief difference between the CAPM and the APT is that the latter specifies several risk factors, thereby allowing for a more expansive definition of systematic investment risk than that implied by the CAPM's single market portfolio.

The arbitrage pricing theory (APT) is an interesting and powerful alternative to the CAPM for forecasting expected returns. The APT postulates a multiple-factor model of excess returns.

The APT requires less stringent assumptions than the CAPM and produces similar results. This makes it sound as if the APT is a dominant theory. The difficulty is that the APT says that it is possible to forecast expected stock returns but it doesn't tell you how to do so. It has been called the "arbitrary" pricing theory for just this reason. The CAPM, in contrast, comes with a user's manual. The APT states that each stock's expected excess return is determined by the stock's factor exposures. For each factor, there is a weight (called a factor forecast) such that the stock's expected excess return is the sum over all the factors of the stock's factor exposures times the factor forecasts.

Next to this is important also the study of other two models: Value-at-Risk and Monte Carlo simulation.

While the term "Value at Risk" was not widely used prior to the mid 1990s, the origins of the measure lay further back in time. The mathematics that underlies VaR was largely developed in the context of portfolio theory by Harry Markowitz and others, though their efforts were directed towards a different end – devising optimal portfolios for equity investors. In particular, the focus on market risks and the effects of the co-movements in these risks are central to how VaR is computed.

In financial mathematics and financial risk management, **Value at Risk (VaR)** is a widely used measure of the risk of loss on a specific portfolio of financial assets. For a given portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the mark-to-market loss on the portfolio over the given time horizon exceeds this value (assuming normal markets and no trading in the portfolio) is the given probability level.

The definition of VaR is nonconstructive, it specifies a property VaR must have, but not how to compute VaR. Moreover, there is wide scope for interpretation in the definition.

Supporters of VaR-based risk management claim the first and possibly greatest benefit of VaR is the improvement in systems and modeling it forces on an institution. In 1997, Philippe Jorion wrote: " The greatest benefit of VAR lies in the imposition of a structured methodology for critically thinking about risk. Institutions that go through the process of computing their VAR are forced to confront their exposure to financial risks and to set up a proper risk management function. Thus the process of getting to VAR may be as important as the number itself".

There are three basic approaches that are used to compute Value at Risk, though there are numerous variations within each approach. The measure can be computed analytically by making assumptions about return distributions for market risks, and by using the variances in and covariances across these risks. It can also be estimated by running hypothetical portfolios through historical data or from Monte Carlo simulations.

The first two steps in a Monte Carlo simulation mirror the first two steps in the Variance-covariance method where we identify the markets risks that affect the asset or assets in a portfolio and convert individual assets into positions in standardized instruments. It is in the third step that the differences emerge. Rather than compute the variances and covariances across the market risk factors, we take the simulation route, where we specify probability distributions for each of the market risk factors and specify how these market risk factors move together.

Monte Carlo methods are a class of computational algorithms that rely on repeated random sampling to compute their results. Monte Carlo methods are often used when simulating physical and mathematical systems. Because of their reliance on repeated computation and random or pseudo-random numbers, Monte Carlo methods are most suited to calculation by a computer. Monte Carlo methods tend to be used when it is unfeasible or impossible to compute an exact result with a deterministic algorithm.

Monte Carlo methods are useful for modeling phenomena with significant uncertainty in inputs, such as the calculation of risk in business. It is a widely successful method in risk analysis when compared to alternative methods or human intuition.

The name "Monte Carlo" was popularized by physics researchers Stanislaw Ulam, Enrico Fermi, John von Neumann, and Nicholas Metropolis, among others; the name is a reference to the Monte Carlo Casino in Monaco where Ulam's uncle would borrow money to gamble. The use of randomness and the repetitive nature of the process are analogous to the activities conducted at a casino.

Random methods of computation and experimentation (generally considered forms of stochastic simulation) can be arguably traced back to the earliest pioneers of probability theory, but are more specifically traced to the pre-electronic computing era. The general difference usually described about a Monte Carlo form of simulation is that it systematically "inverts" the typical mode of simulation, treating deterministic problems by first finding a probabilistic analog. Previous methods of simulation and statistical sampling generally did the opposite: using simulation to test a previously understood deterministic problem. Though examples of an "inverted" approach do exist historically, they were not considered a general method until the popularity of the Monte Carlo method spread.

Conclusions

Thus, Markowitz’s optimization model turns out to be particularly appropriate for handling the problem of asset allocation, because the number of asset classes is limited. The number of calculations to be carried out thus becomes reasonable. The input data are the means and the variances, estimated for each asset class, and the correlations between the asset classes. The model provides the optimal percentage to assign to each asset class to obtain the best return for a given level of risk. This optimization can be produced by defining the constraints linked to the manager’s investment style: for example, holding a minimal percentage of stocks in the portfolio.

The capital asset pricing model (CAPM), although much maligned, remains as perhaps the most popular tool for quantifying and measuring risk for equities in academic circles and in the investment industry in the USA, but is less popular with the UK investment community. The main attraction of the CAPM is the simplicity of its predictions. However, according to detractors of the model, the simplicity is achieved at the expense of a realistic view of how financial markets work.

The APT describes the mechanism of arbitrage whereby investors will bring an asset which is mispriced, according to the APT model, back into line with its expected price. APT thus assumes "arbitrage in expectations" - that arbitrage by investors will bring asset prices back into line with the returns expected by the model portfolio theory. The APT along with the capital asset pricing model (CAPM) is one of two influential theories on asset pricing. The APT differs from the CAPM in that it is less restrictive in its assumptions. It allows for an explanatory (as opposed to statistical) model of asset returns. It assumes that each investor will hold a unique portfolio with its own particular array of betas, as opposed to the identical "market portfolio". In some ways, the CAPM can be considered a "special case" of the APT.

The APT along with the capital asset pricing model (CAPM) is one of two influential theories on asset pricing. The APT differs from the CAPM in that it is less restrictive in its assumptions. It allows for an explanatory (as opposed to statistical) model of asset returns. It assumes that each investor will hold a unique portfolio with its own particular array of betas, as opposed to the identical "market portfolio". In some ways, the CAPM can be considered a "special case" of the APT.

Value at Risk is a technique used to estimate the probability of portfolio losses based on the statistical analysis of historical price trends and volatilities and it measures the potential loss in value of a risky asset or portfolio over a defined period for a given confidence interval.

Var can also be estimated by running hypothetical portfolios through historical data or from Monte Carlo simulations.

Monte Carlo simulation is named after the city in Monaco, where the primary attractions are casinos that have games of chance. Gambling games, like roulette, dice, and slot machines, exhibit random behavior.

Monte Carlo simulation represents a problem solving technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables. Its power comes from the freedom you have to pick alternate distributions for the variables. In addition, you can bring in subjective judgments to modify these distributions.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

AGRICULTURAL DIRECT MARKETING AND RURAL DEVELOPMENT

RADULY ISTVAN[1], DUMBRAVĂ PARTENIE[2]

ABSTRACT. Agricultural direct marketing implies the selling of agricultural, mainly horticultural products directly to the public either through on-farm markets (farm-shops), community-based farmers' markets, or post, electronic mail and internet web order. These types of distribution channels can supply customers with fresh, ripen and healthy produce without the physical and social costs of transportation. In our view direct marketing alone is not competitive enough, as it should combine innovation with the complexity of multifunctional agriculture, rural development and countryside management. The synergies from decreasing local unemployment, entertainment and rural education (edutainment) of city dwellers, local craft products, organic production, pick-your-own (PYO) and agritourism can balance out the above mentioned disadvantages. The important barriers are the increasing rural traffic, a certain degree of environmental contamination and the limitation of the role of professional marketers and dealers. Direct marketing deserves state subsidies in the preliminary phase of implementation.

Keywords: direct marketing, rural development, agricultural products

A few decades ago it was only natural for a farmer to meet the consumers of his products, thus having the possibility to present his establishment and determine directly the customers' needs. But, once the commerce started to develop, the producer moved away more and more from the customer and the intermediaries in between (distribution chain) took a share of the profit. Through this research and development paper we want to bring our contribution to the direct marketing (no intermediaries) of the goods offered by Romanian (small) producers and those in the Carpathian Curve. We will reach our goal by presenting state-of-the-art direct marketing methods and international experiences, pointing out the legal basis and developing an IT data base as a support element. The long term purpose of this program that expands over a number of years is to establish a national direct marketing network and to support it through online and printed updated catalogues, online, printed or personal advice, distance learning, regular training and retraining for agriculturalists and their managers (through the Rural, Etnocultural and Eco-balneary Association in Bicfalau, Covasna district).

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Although direct marketing (zero-level channel) implies all direct selling methods where the producer and the customer meet directly on the market we would like to point out certain aspects. For the moment, direct marketing conducted by farmers and agriculturalists does not involve teleshopping or a large number of flyers in mailboxes nor does it involve visits from sales agents. Direct marketing for agricultural produce implies the following:

- The sale takes place in the producer's yard, on the street, at a nearby marketplace or in a store;
- Marketplaces and stores are organized by producers' associations;
- Regular home delivery in case of subscription or occasional delivery in case of catalogue order;
- Home delivery or delivery to a given address in case of mail, e-mail, internet, telephone or fax order;
- Direct supply for large restaurants, butteries and catering services providers;
- Direct delivery for charity associations (especially in crisis situations).

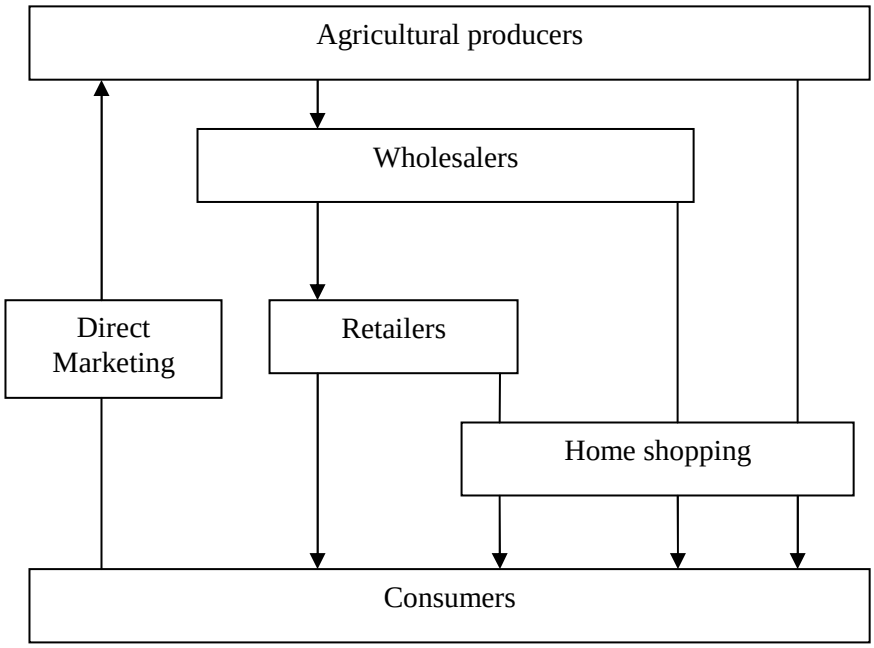
According to the definition of zero-level channel, the *pick-your-own movement* is also considered direct marketing, but this is such a specific type that we will discuss it only in the connex phenomena part of our paper as we do not wish to create confusion.

The direct sale of folk art products or handcrafted products made by peasants or services which can only be offered directly – such as agritoursim - is also considered direct marketing. Nevertheless, such activities do not imply agricultural products. It is however possible to classify them as products or the multifunctional agricultural economy. According to a less compelling definition, another form of direct marketing, or at least a step into this direction, implies the shortening of marketing channels and removal of certain intermediary levels. In respect to home delivery we consider only direct delivery by the producer as direct marketing. We will refer to shorter channels that do not involve retailers or home delivery as home shopping, as it is presented below:

Main advantages of direct marketing:

- Elimination of expenses and profits connected to intermediation (distribution channels);
- Quick selling of fresh, healthy products (mainly vegetables, fruits and eggs);
- Trust, quick response, self regulation of the relation consumer-producer.

Direct marketing and home shopping of agricultural products



The main cause that triggers producers to implement direct marketing is related to price reduction policy. This refers to price competition, slow growth in selling prices for agricultural goods, which does not take into account inflation, or even price deduction caused by tight competition. However, even if the prices are as low as they presently are it is still difficult for producers to sell their goods in supermarkets. As a result they have to find alternative solutions.

The quality of the product and the relationship between the producer and the customer represent the main advantage. Quality is not assured by norms or ISO standards but by the person as the producer becomes an acquaintance of the customer which in many cases is more valuable than the best documentation. The social gain consists of the possibility to eliminate cost reduction based agriculture which in its turn reduces the quality of the products specific to this sector of activity with many small producers and customers.

The main idea of this research is that direct marketing in itself does not offer enough advantages to farmers. This is because up until now direct marketing has been more of an induced solution, one of the means to overpass commercial dependence. If we combine the techniques of direct selling with the methods and purposes of rural and regional development known throughout Europe, the synergistic effect offers competency to direct marketing.

Hereinafter are the factors that must be combined:

Labor market

- Increase the number of rural workplaces, the standard of living, the market and the purchase power;
- Bring forward local products, enlarge production, the production of fresh, new goods;
- Bio production, ecological agriculture, integrated and sustainable agricultural production;
- Local industry, handcrafted products, special local services;
- Create workplaces for women, elderly, youngsters, and other minorities in the countryside;
- Connect the organization of farms and households; household economy;
- Create workplaces for physically and mentally challenged people;
- Pick-your-own movement, farm visits, technology presentation;
- Maintain small countryside farms, compensate the non-economic scale.

Rural lifestyle

- Develop infrastructure, water, electricity, pluming, roads, rail roads, telephone/fax, ISDN;
- Education and entertainment for urban inhabitants, especially children, in the countryside (edutainment);
- Reduce the differences between rural and urban, deeper understanding by better knowledge;
- Agrituorism, rural boarding houses, green tourism, nature protection;
- Rural exhibitions, farm-shows, conferences, regional development manifestations;
- Research, conservation and maintenance of the cultural heritage, folk art;
- Telematics, computer science, intelligent region, on-line offers, and web sites.

This means that direct marketing must be integrated in the line and practice of multifunctional agriculture, regional and rural complex development.

If the synergetic effects are not strong enough then for starters it is necessary for the state to offer subsidies, material assistance. In Austria, Germany and USA direct marketing is supported by the state and regional organizations. In Washington there are exhibitions for farmers organized outside, in front of ministries. Thoughtful knowledge of the details of these programs would help us in the European integration process.

Direct marketing can also lead to disadvantages such as a limitation in the number of traders and decease in their market, environmental pollution as a result of increased rural traffic. But these disadvantages can be controlled so that they become minor in comparison to the advantages.

This research aims to create possibilities for the Romanian producers through the development of methods, innovative adaptation within the country of origin, scientific analysis, practical presentation of these possibilities, organization of a computerized data base, and experience exchange based on the following models: **ENESD, EU DG VI., and EU LEADER** OF THE European Parliament, **OECD, USDA,** and the German model **CMA**. The term Carpathian Curve Region is not just a fashionable artifice within this program, but a real objective in order for the results to be capitalized in other regions of the country.

The practical part of this research consists of establishing a *regional development strategy* appropriate for the agrarian regions that have fallen behind or are unbecoming. This strategy is akin to the European Union's programs such as: **LEADER** (Liaison Entre Action de Développment de l'Economie Rurale) and **ENESD** (European Network of Experiences in Sustainable Development). An experimental project (or a pilot project) comprises 16 regions in the Covasna district (area: 205.2 km², population: 10.452, density: 5.87 inhabitants/km²) where we started the implementation of ten different projects which focus on village embellishment, fruit trees implantation, folk art impelling, intelligent region projection, direct marketing and developing a data base for local products. According to the **LEADER** models, we consider that it is important for the development concepts to be innovative, applicable in other regions and internationally assessable. Our research group wishes to create the theoretical and practical bases for the development of these projects, among others by taking on, elaborating and adapting the informational base of the European program LEADER (European Rural Development Network and LEADER European Observatory).

Conclusions

Through this research and development paper we want to contribute to the direct selling, with no resort to the intermediary commerce, of the goods offered by Romanian (small) producers and those in the Carpathian Curve by presenting state-of-the-art direct marketing techniques. This research aims to create possibilities for the Romanian producers through the development of methods, innovative adaptation within the country of origin, scientific analysis, practical presentation of these possibilities, organization of a computerized data base, and experience exchange based on the following models: ENESD, EU DG VI., and EU LEADER OF THE European Parliament, OECD, USDA, and the German model CMA. Despite its numerous advantages, direct marketing cannot spread on its own. This is the reason why direct marketing must be combined with the elements of regional and rural development. After incipient state subsidies the favorable, complex synergetic effects can trigger the sustainability of the system.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

AN ENCYCLOPEDIA OF SOFTWARE RESOURCES – A POSSIBLE AND REALISTIC PROJECT?

LICINIU A. KOVÁCS[1]

ABSTRACT. Personally, I strongly believe that it is very difficult to imagine today's civilized world without computers and Information Technology. Within a relative short period of time, computing has been implemented in all the possible domains of activity. Technology has developed rapidly and the notions of information society and knowledge-based society have become familiar. In my view, there is no doubt that the humanity's future goals cannot be accomplished without a solid understanding of how to use a computer properly and of the art of computer usage. In this sense, all of us who aim to be well informed and productive need to understand not only a limited number of specific software applications to work with, but also to have the possibility to access valuable information about software packages of all kinds. Starting from the definition of an encyclopedia as "A book, or set of books, or digital version of such, containing authoritative information about a variety of topics"[2], in this paper I will try to show that this Encyclopedia of Software Resources which I envisage will be a collection of information related to all possible software applications, very useful for students, for developing specific lessons/courses, for the research community, the industry, and the general public.

Keywords: knowledge-based society, computer-based training, software resources, software classification.

Introduction

The Internet and a great number of dedicated conferences, events, and summits offer a huge amount of papers about information society and knowledge-based society. I will herein mention just two aspects:

1. "What do we mean by an "information society"? We mean one in which human capacity is expanded, built up, nourished and liberated, by giving people access to the tools and technologies they need, with the education and training to use them effectively. The hurdle here is more political than financial. The costs of connectivity, computers and mobile telephones can be brought down. These assets – bridges to a better life – can be made universally affordable and accessible. We must summon the will to do it.

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[2] http://faculty.valencia.cc.fl.us/jdelisle/lis2004/glossary.htm

The information society also depends on networks. The Internet is the result of, and indeed functions as, a unique and grand collaboration. If its benefits are to spread around the world, we must promote the same cooperative spirit among governments, the private sector, civil society and international organizations." [3]

2. "Citizenship and governance must evolve with a view to increasing globalization, European integration and Union enlargement and the emergence of new forms of cultural identity and social dialogue. Specifically, the Union will support:

– transnational comparative studies and research and the coordinated development of statistics and qualitative and quantitative indicators;
– interdisciplinary research to support the policies of Member States;
– the creation and Europe - wide use of research infra-structures and data and knowledge bases."[4]

Thus, from our observation of the development processes and from our day-to-day activity, the above remarks and the information found on the Internet, we can come to the conclusion that, in the near future, we will need a specific interdisciplinary product, based on collaborative and comparative studies and with accessibility via networks around the world. This product is to be a large multimedia, hypermedia or even a virtual reality software package. It will be based on quality computer programming and will be "consulted" through universal viewers, e.g. browsers under any operating system. Today's information technology with all its ingredients makes all this possible. This product's name might be An Encyclopedia of Software Resources.

Material and method

If we do research on the Internet, we can find material that can sustain the idea of an Encyclopedia of Software Resources. In the following, I will mention only three of them, but I am absolutely sure that one can find many other examples in libraries, databases and on the Internet.

The first material is **Linux Software Encyclopedia** by Steven K. Baum, Texas A&M University[5]. It seems that it was last updated on March 8, 2001. Being very close to the idea of an Encyclopedia of Software Resources, some pages of this site contain:

– **Programming Texts and Tutorials** – a list of freely available documents (i.e. tutorials, books, guides, reference manuals, etc.) for learning how to program in various languages as well as about various Linux and UNIX related topics[6];

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[3] Statement by H.E. Mr. Kofi Annan, Secretary-General of the United Nations, World summit on the information society, Tunis, 16 November 2005.
Source: http://www.itu.int/wsis/tunis/statements/docs/io-un-opening/1.html

[4] Citizens and governance in a knowledge-based society.
Source http://ec.europa.eu/research/fp6/index_en

[5] http://stommel.tamu.edu/~baum/linuxlist/linuxlist/linuxlist.html

[6] http://stommel.tamu.edu/~baum/programming.html

– **Software Metasites** – a list with available software for specific application areas like Astronomical Software and Documentation, Biological Software and Databases, Chemical Informatics, CodEc for Economics and Econometrics, International Cryptography, Fuzzy Logic and Neurofuzzy Software, Linear Algebra Software, Machine Learning Resources, Operating Systems Projects, Pattern Recognition and Image Processing, Seismological Software Library, Software Engineering Resources and many more[7].

The second material is the **Computer User High-Tech Dictionary**. Without going into detail, I will mention only that the dictionary is limited to explaining different specific IT&C terminology.

The third material, which may be a future competitor of an Encyclopedia of Software Resources, is **Wikipedia** – The Free Encyclopedia.

Results and discussion

The market offers a wide selection of more and more integrated software packages. A possible classification of well known software resources, available around year 2000, with some of their corresponding products is shown in [1].

I stress that the list (completed with tables that contain comparative data) was "valid" for the year 2000. Since then, there have been great advances in computer science, with Microsoft still remaining top of the software market. Thus, Sun Microsystems has spent a lot of energy and millions of dollars[8] on the development of Solaris operating system, Linux and Linux-related magazines have become easily accessible, OpenOffice.org 2.0, Star Office 8.0 and many more complex software resources are available to the users.

Starting from the possible classification of software resources presented in my tutorial written in Romanian for Romanian students, and taking into consideration the introduction and the related materials, we can conclude as shown in the ensuing section.

The idea

- refine the above classification;
- make an inventory of all the types of software existing on the market;
- elaborate a material dedicated entirely to software resources, such as Home Edition, Enterprise Edition, Professional Edition, etc.;
- organize the entire material into a classical and electronic dictionary with cross-references among keywords;
- give examples of screen captures, photos, graphics, sounds, and digital video for the software resources found and place them on one or more (HD)-DVDs, Blue Ray or holographic storage media;

[7] http://stommel.tamu.edu/~baum/linuxlist/linuxlist/node5.html
[8] it is believed that the amount exceeds 500 million of dollars

- provide tutorials – comparative approach about basic functions explained in common, natural language;
- place the whole material and the examples in university intranets and libraries so that all members of the community can access them at any time; part of it may even become an open source;
- provide the electronic version with a complex local search engine;
- if developed for the intranet/Internet, introduce the following types of pages: Home page, Index pages, Content pages, Study pages, and Evaluation pages;
- provide ways to complete the material with new topics (a kind of Wikipedia);
- publish the book and the high-capacity storage media as The Encyclopedia of Software Resources.

Motivations

- As far as we know, there is no dedicated material on the market in encyclopedia format;
- A dictionary of software packages, even illustrated and/or provided with animations is not sufficient;
- A tutorial covers usually only one software resource;
- The comparative approach generates competition on the software market which is highly desirable from the end-user point of view;
- The IT&C and the software industry is too important for all of us and thus is to be avoided the monopoly stage in this sectors;
- It is a strong necessity to build a place where to meet (ideally) all the software applications.

Target "market"

- This reference resource can be used primarily to develop specific lessons/courses in education units like universities, colleges, and high schools – in this sense, we can mention that there is no course entirely dedicated to software resources;
- The Encyclopedia of Software Resources will be useful for the research community;
- The Encyclopedia of Software Resources will be useful for the medical community, the industry, etc.;
- The Encyclopedia of Software Resources will also be useful to the general public, as it can help the potential (end)-users understand what information and knowledge-based society means.

Objectives

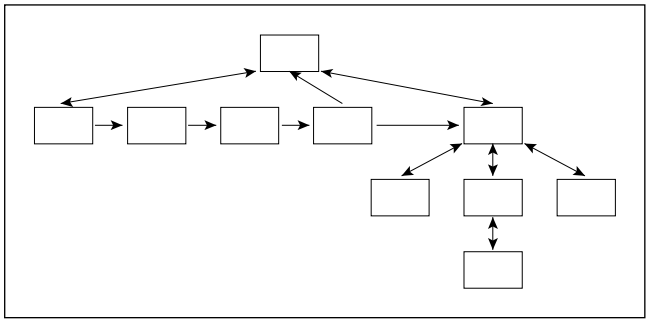
- To help (end)-users understand clearly what specific software packages are good for;
- To provide a reference source that explains what can be done with a certain software package;
- To integrate knowledge of software resources in the education system and in the society.

Means and techniques

- The entire material or just some specific sections of it can be organized according to CBT standards as multimedia, hypermedia or virtual reality.
- The project structure is to be debated and designed by a (large) team of professors, engineers, specialists, and software end-users.
- The software resources might be structured according to something similar to Universal Decimal Classification (U.D.C.). In this sense, a particular software resource can be easily correlated to the corresponding domain.

Navigational structure

- This suggested Encyclopedia of Software Resources might be based on a complex composite navigational structure used in multimedia applications described by T. Vaughan.



Research

After collecting and organizing the material, further research will be done to determine the optimum quantity of multimedia for the printed version and high-capacity storage media's content in order to ease the operation of finding a certain software resource and have a maximum transfer of information toward the students and/or other users.

Conclusions

If we start from the title of this paper, "*An Encyclopedia of Software Resources – A Possible and Realistic Project?*", the only possible answer is ***YES***!

Acknowledgment – I am grateful to Ms. Emilia Plãcintar for revising this paper.

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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

INTERNET USERS - STATISTICAL PICTURE, COMPARISONS AND TRENDS

MIHAELA TUTUNEA[1]

ABSTRACT. The widening of the digital medium into all the branches of human activity raised a challenge for marketing online experts. We know all that in cyberspace consumers from two different world, on and offline meet. Consequently the cyber marketer should know very well the profile and preferences of the cyber consumers in order to generate coping efficient actions specific for the new medium.

Keywords: Internet, digital environment, cyber consumers, cyber marketing

Introduction

What does Internet mean and how much of this concept means globalization? It is possible that we never fully understand that, but we can know with a reasonably error marge, how many people are online at a given moment and also the evolution of Internet users in time.

Why is so important to answer that question ? Since many years we observe the developing of the digital market as a broadening of the traditional one, offline. In that way, it is very important for everybody involved in the grow and utilization of the digital environment business, e-marketers and Internet entrepreneurs, to know who are the consumers on this market, to whom are targeted their actions. For that we considered to display an image of this main leg of the online market, the cyber consumers. For any one who entered into the infinite digital world, the most natural question to come to the mind and to seek for an answer is: Who is the people who are accessing the Internet?

We began to look too, for an answer to that seemingly simple question, but a problem arised when we found many statistics not enough complete and not enough accurate, so that we needed to analyze and dissect in deep in order to obtain an image as complete as possible of what we could call a cyber-world.

Internet and Internet users

There are many companies specialized in online researches, but most of them sell the reports at considerable prices. So we concentrated merely on some statistics based on percentage rate of penetration of the Internet in relation of the

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population of the countries involved, as it seems to us that it is very indicative and useful to obtain from it an image of the world „ from the net", and also of the structure of it, with reference to pertinent criteria.

To strive for more correctitude let us look to some history, following the increase of the *number of Internet connected people*, beginning with December 1995, upon which we could say without doubt that the evolution since March 2009 could be mentioned to be rather spectacular [1], [2], [3], [4]. Not taking into account the dynamics of the world population, and recurring to a simple algebra, we see a 100 times increase of the number of those who are online, for that time span, which speaks about the rapid worldwide extension of the new communication medium. It may be seen clearly from the statistics, that the December 2006 - March 2009 period brought an even huge increase of Internet users number, namely if in the 2000-2006 years the increase was only 70 times, in the last two remaining years until 2009 was the most important increase from all.

The *location of provenience of those who use the Internet* on the big geographical world regions represents an important point for retrieving a profile of worldwide Internet users.

The number of those who access the Internet is done in millions of people, and the source discloses for March 2009 the net advance of Asian people as an important resource for cyber consumers, followed by Europeans and North Americans [2]. According to the same statistical source, the trend is maintained at a global level when compared with December 2006. With reference to the regional distribution of the Internet penetration rate reported to the total level of population, North America is in the first place, followed by Australia, Europe and Latin America [2]. Even here, the world positions are maintained without changes when compared with the December 2006 situation.

The *top 20 countries in the world* with the highest rate of Internet penetration toward the total population bring before South Korea, USA, Japan, United Kingdom and Spain [2]. As for this item, the ranking changed as reported to December 2006 when the first classified were Australia, USA, Canada, Japan, with Australia being completely outsider of the ranking [2]. In March 2009, Europe generates 25% of the total number of worldwide Internet users, a bit lower than in December 2006 when the percentage was 28.4% [2]. The reason could be the speed of Internet globalization and the implicit increase of world Internet user's number.

The *distribution of the Europe countries* according to the rate of penetration of Internet users in the total population, has some changes again with reference to year 2006; so in March 2009, the first in top are: Iceland, Norway, Finland, Netherlands, Sweden, Denmark. Notice that in December 2006, Iceland was in front, but followed by Switzerland, Faeroe Islands and Liechtenstein [2].

As far as *Romania* is concerned, the level of Internet penetration in the total population had significantly increased. The same statistical source asserts that, if in December 2006 the Romanian rate was 23.3%, it was 33.4% in March 2009. So, to say more, in 2009 Romania was ranked in the top ten European countries as Internet users [2].

There are many arguments about the Internet as the most quick and universally used as communication medium. That seems to be obvious, but not at least, the background of human communication, no matter what the medium is, remains the human language, national or international. This seems to be the reason of the importance given by any cyber marketer to the language issue, as it could become an essential tool to identify some niche on the digital market. As far as this item, a survey of the structure of the *Internet users for the top 10 most used languages*, for March 2009, indicate English as the most used, followed by Chinese and Spanish [2]. A recent change in the language profile of cyber consumers is seen, as in December 2006 the top mentioned as first placed the English, Chinese and Japanese, marking a hard Asiatic dominance.

Cyber consumers and IT&C infrastructure in use

When usually speaking about cyber consumers, some aspects related to the *infrastructure of Internet connection* should be taken into account. Online accessing supposes the use of hardware-software and communication platforms, which are together the user-Internet interface. So, some items need observance as connection location (home or office based, or corporate users), software platform (operating systems, browsers and search engines) preferred by the consumer. With reference of the *home connected Internet users*, in February-March 2009, United Kingdom is first ranked, followed by Italy, France, Germany and Brazil [2], [4]. The 2006 year looked different, with Brazil on top, with France, Spain, USA, and Australia in rank after it [2], 4]. By the way, some countries as Australia, Switzerland, USA and Spain, showed a decay of the Internet connection number, for different reasons, some of them related to the so-called „corporatizing" of Internet consumers, which gathers dispersed connections, which were early locally distributed, and also due to the tendency of merging connections in so called „digital malls".

90% of Internet Users are connected through Ms-Windows platform, the other *operating systems* are represented by little percentages, according to statistics and analytical (Table 1) [5]. If we follow the evolution of this item for the 2006-2009 time gap, for a particular month of the year (April), it can be seen that Windows XP lost terrain against Windows Vista. Linux and Mac are also on the wave up in 2009 (Figure 1) [5].

Table 1.

Most used OS in 2009

2009	WinXP	W2000	Win7	Vista	W2003	Linux	Mac
April	68.0%	1.2%	0.7%	17.9%	1.7%	4.0%	6.1%
March	68.9%	1.3%	0.5%	17.3%	1.7%	4.0%	5.9%
Feb.	69.0%	1.4%	0.4%	17.2%	1.6%	4.0%	6.0%
Jan.	69.8%	1.6%	0.2%	16.5%	1.6%	3.9%	5.8%

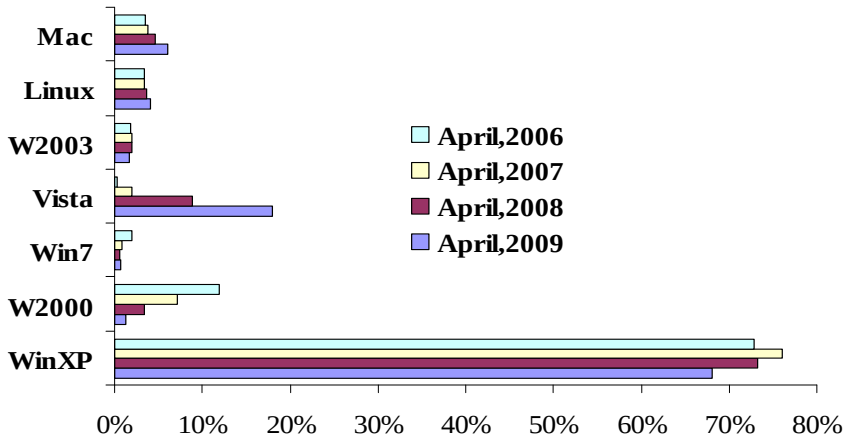

Fig. 1. - OS evolution 2006-2009

Ms-Internet Explorer and Mozilla Firefox are the most used *browsers* for accessing the online world in 2009 (Table 2) [5]. The analysis of the trend for April month in 2006-2009 showed main decay of Internet Explorer use for 2009 (Figure 2). Meanwhile Firefox is on the move up. The sheer curiosity and seeking for the new brought to Google Chrome a good advance too [5].

Internet is an obvious information resource. Information search supposes *search engines*. At the end of 2008 year, Google was the most appreciated and used search engine, followed by Yahoo and MSN [4].

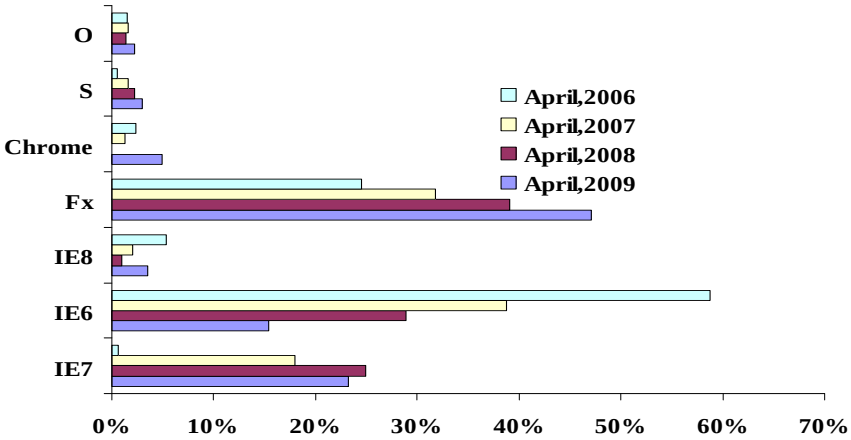

Fig. 2. - Browsers evolution 2006-2009

Table 2.

Most used browsers in 2009

2009	IE7	IE6	IE8	Fx	Chr.	S	O
April	23.2%	15.4%	3.5%	47.1%	4.9%	3.0%	2.2%
March	24.9%	17.0%	1.4%	46.5%	4.2%	3.1%	2.3%
Feb.	25.4%	17.4%	0.8%	46.4%	4.0%	3.0%	2.2%
Jan.	25.7%	18.5%	0.6%	45.5%	3.9%	3.0%	2.3%

Legend:
IE Internet Explorer, Fx Mozilla Firefox, Chr. Google Chrome, S Safari , O Opera

Demographic Structure and the preferences of the worldwide Internet users

For any cyber marketer, but not at least, it is useful to know the structural composition upon demographical features of the Internet consumers. We know the vices of online statistics, „virtual impossibility", which question every time the reality and accuracy of online surveys. Statistics related to online consumers are few and full of defaults and gapes. Even so, some relevant aspects should be drawn.

a. The sex of Internet users

For March 2006, Statmarket reported that 51% of USA females used a home Internet connection and the men used the Internet from the office-working place [9]. Minor differences were seen among gender distribution of home Internet users, but women left some 20% behind men in using the Internet from the working premises. For September 2006, the same source reveals that the USA female users had more years of Internet experience than the men online. Nielsen Netratings shows that the number of online European women increased 29% in March 2006 reported to February 2005, meanwhile more and more Asian women communicated online in 2006 reported to the same moon in 2005 [4]. The lowest feminine presence on Internet was in South Africa, where from the total number of Internet users only 49% are women [4]. According to a report by the Nielsen Company, in 2008 in USA, there were a greater number of online women cyber consumers (51.82%) than men (48.28%) but for monthly number of access to the Internet, and the duration of Internet sessions, the statistics are reversed related to sex of the users [4].

b. The age categories of Internet users

Childrens online

Many statistical sources and lay daily observations drive us to appreciate the preference of children for Internet as communication medium, compared with

the traditional media as TV, Telephone, Radio. As a demographical category in summary the children manifest a net preference for the Internet medium, even more pregnant in the case of boys, for some psychological reasons. Nielsen Company, for 2008, shows that American children appearing as a weak category represented online, both from the number of Internet consumers, but also as a number and of online connections and time spent on the Internet [4].

Young people keep the Internet traffic running

In 2006 over 12% of European populations are young people and they spend more and more time on the Internet, according to Datamonitor [6]. According to Market Avenue, in 2007, 31.8% of Chinese Internet users, were aged between 18 and 24 years, while people in age do not increase at all the cyber consumers number in China [12]. The year 2008 for USA, looks different according to NielsenNetRating, as far as young people are concerned [4]. According to these statistics, the ageing brings an increase of Internet users number, from the 18-24 years range to the next age range the increase is equal in value, so that the greatest number of users is found at the peak, for the 35-49 years range. The connection rate and the time spent online follow the same trend.

Adults, aged people and the Internet

According to available statistical surveys, adults and aged persons have yet only limited online access, meanwhile the number of them continually increases, so that this may provide an attractive and important target for marketers. As a possibility, the huge globalization effect of the Internet would move and destroy the age gap for online users. In 2008 in USA, for the over 50 years old people, despite of the rather low number of Internet users of this category, the rate of Internet connections is comparable with the other age ranges who are well represented online [4]. So it is possible that adult and aged people use the Internet mainly for rapid information, online payments, online shopping, social networking, etc. and even if they spend fewer time behind the desktop, they used it more frequently.

EMarketer reported for the American cyber consumer a profile for USA users as such [7]:

- Women number out passes men as cyber consumers; male/female rate online was 48%/52% and it seems that this trend will prevail for the close future too; men visit more sites, spend more time online, meanwhile women are swift, quick seekers and with shorter connection sessions.
- A tendency to look for information by using research engines, and participation to all forms and networks of online socializing prevail.
- Laptops are more and more used as connection stations, Wireless and mobile phones connections are used more than before, for sake of convenience.

- As for shopping, men buy fewer things and take quick decisions, women spend more time to seek for products and decide slowly, so it seems that the behavior offline is transferred and conservate.

Online search preferences

Cyber consumers preferences are studied by search engines which established *top 10 of most used search terms on the Internet*. Such searches are related to financial information, online payments, online shopping, cars, movies, social networking, tourism and travels, foods and non-foods, and pharmaceuticals [8], [9]. Considering the main web categories, the most common words used in searches on the Internet are: paypal, Netfix, myspace, cnn, coupons, holtels.com, Toyota [8], [9]. A classification of the *most searched online brand* by cyber consumers from USA at the end of 2008, brings Google in first place based on the Internet users number [4]. Web categories with the steepest increase, at the end of the year 2008, are related to „ Free stuff', used to attract consumers [8]. Reduction coupons, or gratuities, luxury accessories offers, are the most visited, outranking another presales searches [10]. The end of 2008 maintained as expected entertainment in the preferences of Internet users [4]. The most popular online activities are email and social networking; survey of mobile telephone users which use Internet too, revealed that they use the same services of social networking on Internet-mobile too [11]. At the end of 2008 Russia, even as being a new actor on services market, is the greatest consumer of services, meanwhile the rest of the countries older in the domain like Ukraine, Japan, Taiwan seem to regress [10].

There are peculiarities related to the evolution of most searched domains, for different countries. In Spain, at the end of the year 2008, an important segment of Internet users visited real estate relates sites. A comparative study of this trend at the and of crisis period would be interesting to see the Internet consumer acting in this sector. Japan at the end of 2008 showed a very well shaped tendency to the music sector, as number of cyber consumers and time spent online [10]. In Great Britain, at the end of 2008, the politics prevailed in preferences with a monthly increase of 27%, followed by business, finances and training online with 22% monthly increase and education, genealogy and carrier [10]. In September 2008, German people preferences were centered on online malls, shopping online - 39%, followed by finances and investments with an increase of 35% [10]. In France, in September 2008 had a very high monthly increase on sites with stock exchange and securities profile (107%), Boursier.com), followed close by economics (97%) [10].

Internet users from Romania

Statistical surveys on Romania and use of online environment are rather scarce and poor.

European statistics show that 26% of Romanian in 2006 had PC with Internet connection, and 30% of them had home Internet connection [15]. At the end of 2007, there were about 12 millions Internet Romanian users [13]. A Mercury Research conducted survey [14] in February 2009 showed that 62% of Internet users came from urban background. Romanian cyber consumers prefer at first social networking, email, messenger - 52%, web surfing - 35 %, online entertainment - 31%, financial transactions -11 %, search for information - 4%. Young ones from 18-24 years old are the most significant segment of Romanian people using Internet as communication medium. They make also most of online shopping, 30%. The persons over 55 years of age, are only 33% cyber consumers, most of them use it for information and entertainment and only 3% of them proceed to financial transactions online.

Trafic.ro for 2007 year, shows that 87% of all goods purchased online were clothes, and home electric devices. 37% bought online real estate. In 2007, Romanians spent more time online looking for interesting information. Women prefer online women oriented sites, men prefer sports and online entertainment.

Conclusions

Statistical surveys afford to draw a profile of the cyber consumer as such:

- Referring to the permanent increase of the number of Internet users until March 2009 we may conclude that the number of cyber consumers increase; the greater cyber consumer geographical segment comes from Asia, Europe, and North America.
- South Korea, USA, United Kingdom and Spain are the countries with the greatest cyber consumers number; English is the most used language on the Internet; United Kingdom, Italy, France, Germany and Brazil display the greatest number of cyber consumers connected individually from home to the Internet.
- 90% of cyber consumers use as operating system MS-Windows; Internet Explorer is the most used browser, close followed by Mozilla-Firefox; most used search engine is Google.
- The number of female online is greater than the male; men use more frequently and spend more time than women online.
- Teenagers from 12 to 17 years are the greatest cyber consumers among children; the most important segment of cyber consumers is in the 35-49 years of age; aged people make a great audience and spend more time online.
- Most preferred online activities are related to social networking; the most searched web categories are related to financial information, online payments, online shopping, tourism and travels; the mirage of „free” drives an important segment of cyber consumers.

It is a remarkable fact that Romanians too present the same general features of the global cyber consumer.

Having mapped a general statistical image of the actual cyber consumer, E-marketers can focus specific tasks upon the most powerful segments of cyber consumers, following at the same time the development of the low raised segments and the identification of some niches not yet exploited.

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[9] http://www.clickz.com
[10] http://www.comscore.com
[11] http://www.imrg.org
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STUDIA UNIVERSITATIS BABEŞ-BOLYAI, NEGOTIA, LIV, 3, 2009

THE INFLUENCE OF GENDER ON ECONOMIC BEHAVIOR IN A STANDARD TRUST GAME EXPERIMENT

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ABSTRACT. My paper tries to see if there are any economic behavioral differences between male and female senders/receivers in a standard one-shot trust game played by international students at Università degli Studi di Brescia, Italy. During twenty-four experimental sessions, participants, both senders and receivers, have not discriminated against when playing with partners of different gender.

Keywords: trust, trustworthiness, gender, economic behavior, experiment

Introduction

Surveys deal with finding the number of people that *would* do a certain action – for example investing in a new business idea or giving a loan. Through their results, surveys sketch out a hypotheses-based reality. But are we content with knowing how many people *intend* to do something or do we want to know how many people *are going to do* a certain thing and the motivation behind this behavior? And how could we know this motivation better than by letting people not only say what they would do (through surveys), but actually do what they say (through experiments).

As Francisco Guala (2005, p. 21) says, the biggest drawback of surveys is that they "do not allow the observation of how people actually behave in various situations". And this happens because, most of the times, the "what would you do if …?" type of reasoning is not backed by facts. Experimental games are the ones which show how people actually behave in the economic reality of strategic confrontations. The same experiments can also clear up the problem of understanding the motivation of different behaviors.

"Do you trust others? Are you trustworthy?", these are the two questions that the trust game experiments try to answer at. All of these experiments have as a starting point the experiment of Berg, Dickhaut and McCabe (1995).

The standard version of the trust game proposed by Berg, Dickhaut and McCabe concerns two players, one called sender, the other called receiver. The sender receives at the beginning of the game an amount of money *X*, from which she can make a transfer *t* to the receiver, where $0 \le t \le X$. The receiver gets three

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times the amount transferred by the sender (by the will of the experimenter), meaning $3t$, after which she decides how much of the stake to return to the sender. The returned amount, *g*, belongs to the interval $[0, 3t]$. Trust is measured by the positive amount the sender transfers to the receiver in the beginning. Trustworthiness is measured by the positive amount the receiver returns to the sender, rewarding her initial trust.

Game Theory states that the unique Nash equilibrium is for the receiver to return nothing to the sender and, by anticipating this, for the sender to transfer nothing to the receiver in the first place. In spite of these predictions, Berg, Dickhaut and McCabe (1995) alongside other experimentalists like Croson and Buchan (1999), Glaeser et al. (2000), Scharleman et al. (2001) obtained results which contradicted the game theoretic prescriptions, that is in the majority of cases players made positive transfers to each other.

Starting from the trust game experiments existing in specialty literature, I have built and run my own trust game version in which I have studied the impact of gender on players' economic behavior.

I organized my experiment at Università degli Studi di Brescia, Italy. Some of the students from this university were recruited to be part of the subject pool of my experiment. To study the influence of gender on players' transfers, I have selected the participants so that the subject pool contained an equal number of males and females.

Material and method

The experiment I have organized involved twenty-four students from Università degli Studi di Brescia, Italy. Half of them were males, half were females. The students were recruited randomly by phone calls. None of them had previously participated to experimental games.

I used an adapted version of the trust game researchers Berg, Dickhaut and McCabe proposed in 1995. My version had two treatments, one round each. In each treatment, half of the participants were senders, half were receivers. The information structure for each treatment was as follows:

- Treatment 1: both sender and receiver had the same gender;
- Treatment 2: the sender and the receiver had different gender.

At the beginning, each sender had an amount of $X = 5$ tokens, from which she could transfer between 0 and 5 to her partner. The later than received double the amount transferred by the sender (as decided by the experimenter). Hence, if the sender gave $t \in \{0, 1, 2, 3, 4, 5\}$, the receiver got $2t$. From these tokes, $2t$, the receiver had the option of giving a number of tokens $r \leq 2t$ to the sender and so the treatment finished. In the end, the sender won the number of tokens preserved in the beginning, plus the eventual number of tokens got from the

receiver, that is $\pi_S = (X - t) + r$. On the other hand, the receiver won the number of points preserved, that is $\pi_R = 2t - r$. For each couple of players a monitor was designated, who had to collect the players' papers and to sum up their payoffs. At the beginning of the game, each participant received an instruction set and had five minutes to read it. After these five minutes, the monitor checked on the participants and answered their questions. Participants didn't seem to have major questions concerning the experiment. Alongside the instruction set, participants received also a sheet of paper with the table to be filled in during the game. At the end of each treatment, both sender and receiver knew only their total amount of tokens and total of Euros, and not those of their partner. The total in Euros for each player was determined as follows: Euros = (Tokens) * 0. 25 €.

All players knew the method for determining each participant's payoff, hence the experiment was one of complete information. In order to assure players' anonymity and to prevent any communication between them, every player was assigned to a different room. In order to guarantee a private space for maximum concentration and without external influences, the monitors were waiting outside the participant's room while she was making the decision.

Results & Discussions

In order to analyze the experimental data, I used a statistic analysis ANOVA/ Mann-Whitney, and a comparison of the models obtained by using an OLS regression and a Tobit regression, concerning the tokens transferred by the senders and the receivers.

Regarding ANOVA, for the null hypothesis (H_0) it is supposed that variances between groups are equal, meaning that gender influences neither the senders' transfers nor the receivers' transfers. Regarding Mann-Whitney (Wilcoxon) test, for the null hypothesis (H_0) it is supposed that the means between groups are equal, meaning that gender influences neither the senders' transfers nor the receivers' transfers.

For the OLS regression and the Tobit regression, the following model will be detailed from case to case:

$$V_{END} = \alpha_{ij} + \beta_{ij} V_{EX} + \varepsilon_{ij},$$

where:

- V_{END} represents the endogenous variable;
- V_{EX} represents the exogenous variable;
- α, β represent the parameters;
- ε represents the residual variable;
- i is the index of the treatment;
- j is the index expressing the player's role: s - sender and r - receiver.

ANOVA analysis and Mann-Whitney test for sender's and receiver's transfer (T1)

	Average transfer sender	**Average transfer receiver**	**ANOVA analysis**		**Mann-Whitney Test**	
			Sender	**Receiver**	**Sender**	**Receiver**
Treatment 1	**1. 333 (1. 302)**	**1. 333 (1. 435)**	**0. 086**	**0. 652**	**0. 934**	**0. 676**
			Null hypothesis probability acceptance			

In treatment 1, the sender's average transfer was 1. 333 with a standard deviation of 1. 302; by calculating the Pearson coefficient (0. 97), one can observe that this average is statistically insignificant for the subject pool, which means senders have an irregular behavior. The receiver's average transfer was 1. 333 with a standard deviation of 1. 435; by calculating the Pearson coefficient (1. 07), one can observe that this average is statistically insignificant for the subject pool, which means receivers have an irregular behavior.

By analyzing the probabilities in the table above, one can observe that the hypothesis of the equality of variances and the one of the equality of means are accepted. This means that neither the sender's trust is influenced by the gender of the receiver, nor the receiver's trustworthiness is influenced by the gender of the sender.

Comparative regression OLS/Tobit analysis for the transfer of the sender (T1)

$$TST1 = \alpha_{1S} + \beta_{1S} GRT1 + \varepsilon_{1S}$$

where:

- $TST1$ represents the transfer of the sender in treatment 1;
- $GRT1$ is the dummy variable which takes the value 1, if the recever is male and the value 0, if the receiver is female.

OLS Regression	$\hat{\alpha} = 1.166 \quad p = 0.061$	$\hat{\beta} = 0.333 \quad p = 0.679$
Tobit Regression	$\hat{\alpha} = 0.984 \quad p = 0.207$	$\hat{\beta} = -0.365 \quad p = 0.973$

One can see the OLS parameters do not differ significantly from zero (p = 0. 679), meaning the gender of the receiver does not influence the sender's transfer.

It can also be seen that the Tobit parameters do not differ significantly from zero (p = 0. 973), meaning the gender of the receiver does not influence the sender's transfer.

Comparative regression OLS/Tobit analysis for the transfer of the receiver (T1)

$$TRT1 = \alpha_{1R} + \beta_{1R} GST1 + \varepsilon_{1R}$$

where:

- $TRT1$ represents the transfer of the receiver in treatment 1;
- $GST1$ is the dummy variable which takes the value 1, if the sender is male and the value 0, if the sender is female.

OLS Regression	$\hat{\alpha}=1.5 \quad p=0.034$	$\hat{\beta}=-0.333 \quad p=0.707$
Tobit Regression	$\hat{\alpha}=1.040 \quad p=0.288$	$\hat{\beta}=-0.661 \quad p=0.628$

One can see the OLS parameters do not differ significantly from zero (p = 0. 707), meaning the gender of the sender does not influence the receiver's transfer.

It can also be seen that the Tobit parameters do not differ significantly from zero (p = 0. 628), meaning the gender of the sender does not influence the receiver's transfer.

ANOVA analysis and Mann-Whitney test for sender's and receiver's transfer (T2)

	Average transfer sender	**Average transfer receiver**	**ANOVA analysis**		**Mann-Whitney Test**	
			Sender	**Receiver**	**Sender**	**Receiver**
Treatment 2	**2 (1. 809)**	**1. 25 (1. 912)**	**0. 905**	**0. 035**	**0. 869**	**0. 227**
			Null hypothesis probability acceptance			

In treatment 2, the sender's average transfer was 2 with a standard deviation of 1. 809; by calculating the Pearson coefficient (0. 9), one can observe that this average is statistically insignificant for the subject pool, which means senders have an irregular behavior. The receiver's average transfer was 1. 25 with a standard deviation of 1. 912; by calculating the Pearson coefficient (1. 52), one can observe that this average is statistically insignificant for the subject pool, which means receivers have an irregular behavior.

By analyzing the probabilities in the table above, one can observe that the hypothesis of the equality of variances and the one of the equality of means are accepted. This means that neither the sender's trust is influenced by the gender of the receiver, nor the receiver's trustworthiness is influenced by the gender of the sender.

Comparative regression OLS/Tobit analysis for the transfer of the sender (T2)

$$TST2=\alpha_{2S}+\beta_{2S}GRT2+\varepsilon_{2S}$$

where:

- $TST2$ represents the transfer of the sender in treatment 2;

- $GRT2$ is the dummy variable which takes the value 1, if the sender is male and the value 0, if the sender is female.

OLS Regression	$\hat{\alpha}=1.833 \quad p=0.039$	$\hat{\beta}=0.333 \quad p=0.766$
Tobit Regression	$\hat{\alpha}=1.391 \quad p=0.169$	$\hat{\beta}=0.576 \quad p=0.667$

One can see the OLS parameters do not differ significantly from zero (p = 0. 766), meaning the gender of the receiver does not influence the sender's transfer.

It can also be seen that the Tobit parameters do not differ significantly from zero (p = 0. 667), meaning the gender of the receiver does not influence the sender's transfer.

Comparative regression OLS/Tobit analysis for the transfer of the receiver (T2)

$$TRT2=\alpha_{2R}+\beta_{2R}GST2+\varepsilon_{2R}$$

where:

- $TRT2$ represents the transfer of the receiver in treatment 2;
- $GST2$ is the dummy variable which takes the value 1, if the sender is male and the value 0, if the sender is female.

OLS Regression	$\hat{\alpha}=2 \quad p=0.023$	$\hat{\beta}=-1.5 \quad p=0.186$
Tobit Regression	$\hat{\alpha}=1.409 \quad p=0.270$	$\hat{\beta}=-2.765 \quad p=0.166$

One can see the OLS parameters do not differ significantly from zero (p = 0. 186), meaning the gender of the sender does not influence the receiver's transfer.

It can also be seen that the Tobit parameters do not differ significantly from zero (p = 0. 166), meaning the gender of the sender does not influence the receiver's transfer.

Means test (T1 and T2)

	Average transfer sender	**Average transfer receiver**	**Means Test**	
			Sender	**Receiver**
Treatment 1	**1. 333 (1. 302)**	**1. 333 (1. 435)**	**0. 147**	**0. 446**
Treatment 2	**2 (1. 809)**	**1. 25 (1. 912)**	**Null hypothesis probability acceptance**	

From the table above, it can be seen that the null hypothesis is accepted both in the case of senders and receivers, meaning that the average transfers in the two treatments do not differ significantly one from the other. The information nature does not influence senders' trust and receivers' trustworthiness. In other words, neither senders nor receivers discriminate against when playing with partners of different gender compared to when they play with partners of the same gender.

Conclusions

Following the footsteps of experimental economists like Joyce Berg, John Dickhaut and Kevin McCabe, I have organized an experimental trust game to study whether gender influences economic behavior.

In analyzing the impact of gender on trust and trustworthiness, I have used ANOVA and Mann-Whitney analysis and also a comparison of OLS and Tobit regressions. The results revealed no differences in behavior between senders and receivers, meaning that gender did not influence participants' economic behavior.

Male/female senders had the same level of trust both when playing with male and female receivers. Likewise, male/female receivers had the same level of trustworthiness both when playing with male and female receivers.

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THE INTERACTION OF ECONOMY AND ENVIRONMENT: CONSEQUENCES, AWARENESS, REMEDIES. THE FOREST

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ABSTRACT. The paper aims to highlight the importance and the role of the forest for environment, society and economy and to draw attention to some of the most significant negative consequences of deforestation. It also presents the situation of the forests in Romania and brings some information concerning the relationships of sylviculture and the entire forestry sector with other sectors of national economy. The paper shows the importance of individual and corporative education, responsibility for the sustainable management of forest.

Keywords: forest land, deforestation, afforestation, sustainable management of forest

Wonderful forest: protection, richness, balance

The forest is the most complex and comprehensive of all ecosystems, with its own development laws, where there occur the most intense substance, energy and information exchanges and the most extensive biological processes. The forests have an ecologic, economic and social significance. They are the reason of the very stability and quality of primary environmental factors: air, water, and soil. They are genuine health and ecological equilibrium factories. Here are some of the services provided to us by the forest, unfortunately little known and appreciated:

- In summer, a single hectare of forest "swallows" a quantity of carbon dioxide equal to that eliminated by 200 persons.
- A hectare of forests yields, during the hot days, 180-200 kg of oxygen (enough for 1 person, for almost 1 year).
- In the fragile soil regions, the forest has a protective role against wind and water erosion. In the mountain areas, the forests act as obstacles against natural catastrophes, such as avalanches, rock falls, and floods. The trees retain in their leaf canopy 30-50% of the water amount fell during the normal rainfalls. The forests hinder slope water flow and mitigate the deposits transport.
- In a mature forest, soil erosion is below 0.2 tons/hectare per year, while in the case of the deforested lands, located on slopes, the erosion might reach even 1,500 tons hectares per year: it increases 7,500 times! Let us remember that 2 cm of soil need 500 years to recover.

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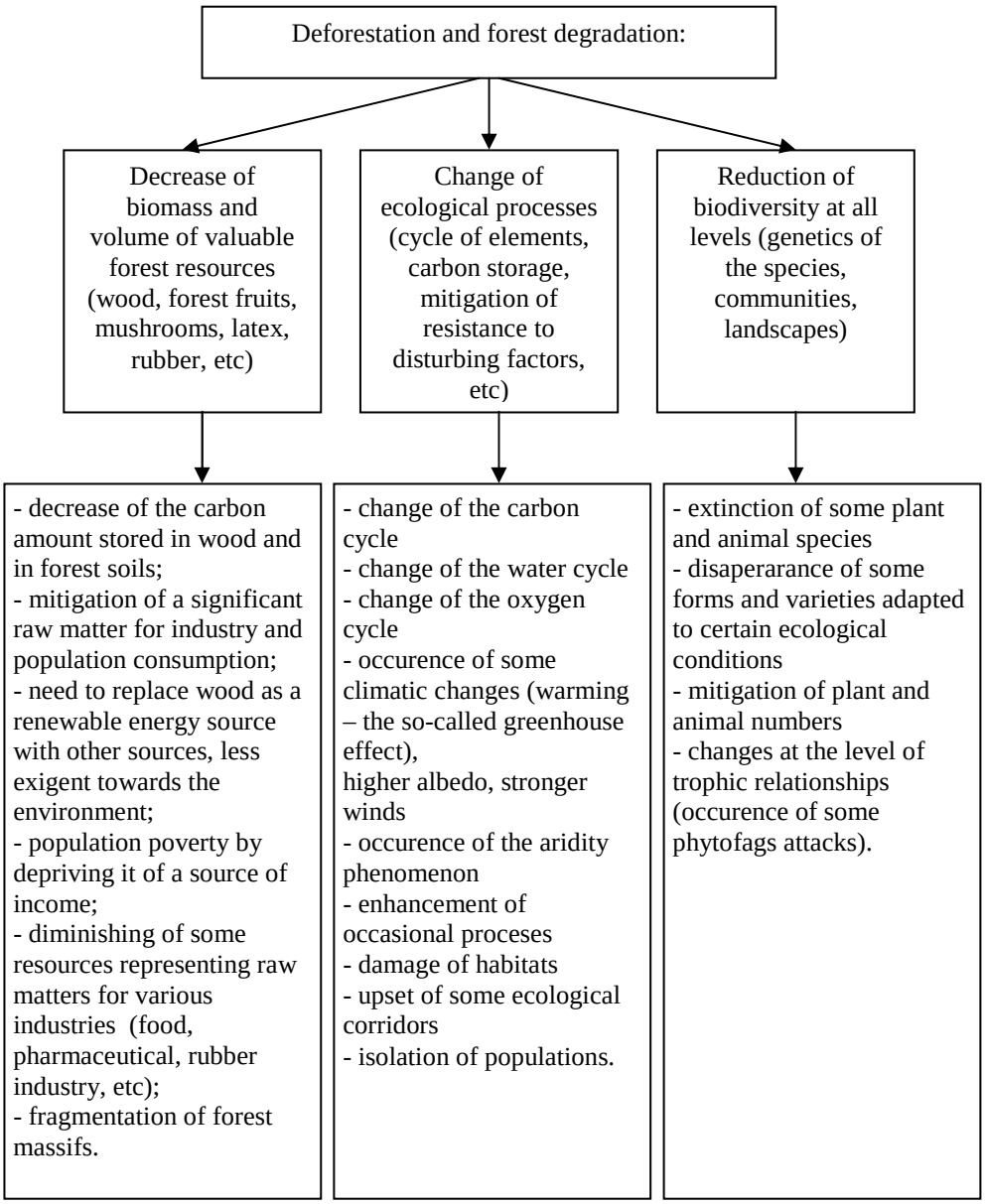
- The forests are an immense natural water reservoir. They have a great retention and storage capacity in soil of about 10,000 m^3 water/year/ha. One square meter of forest moss retains 5 liters of water. In order to produce wood, the forests consume 3,000- 4,000 m^3 water/year/ha of this water. The rest of 6,000-7,000 m^3 is stored into soil, as a reserve, which supplies the stream flow by the watertable, maintaining by this a balanced and permanent regime of water courses.
- The root network of single 80 years old spruce tree may gather hundreds of meters and that of a beech tree of the same age even more. By this, the mechanic stability is ensured, and after the roots decay, thousands of channels are created in the soil, through which seepage water circulates. Thus, the forest might be considered as a "circulating system of nature", as of it and through it there flow 70% of the waters in our country.
- The forests are absolute barriers against air pollution with dusts, gases, against radioactive and phonic pollution.
- The forest vegetation is a natural filter against dust, smoke and other dangerous emissions: it may retain between 0.5-50 tons particulate matters/ ha/year.
- The forests are an inestimable thesaurus of biodiversity as they host most of the species on Earth; the plants and animals living in the equatorial forest could represent the discovery key of some cures for some of the worst diseases known by humans.
- The forests are primary sources of food (fruits, hunt, etc), of fresh water, of drinking water, of wood products; they are a real factory of health and energy for man; they bring priceless esthetic, spiritual and recreation benefits.
- Money invested in planting trees within cities generate significant savings by the reduction of the electric power consumption in the air-conditioning devices, soil stability, by influencing the psychical equilibrium of city's residents, of their health state, etc.

Ignorance, irresponsibility, consequences

Unfortunately, being natural wood resource, forests were subjected to powerful damages due to man. In a short-term and for a small number of people who practice them, they represent a very profitable business and the possibility of earning a good profit with minimum efforts and low risks as compared to the profitability of other business. In medium and long-term, deforestations represent disasters caused unconsciously and indifferently, with serious effects in time and space over the natural environment, society and economy. The consequences of deforestations are extremely severe: soil devaluation, desertification, climate destabilization (global warming, greenhouse effect), extinction of many species, enhancement of extreme weather conditions (storms, hurricanes, etc), increased flood frequency, enhancement of their negative effects, s.o.a.s.f.

Regrettably, the present and past society has much too often conferred priority to the economic aspects, ignoring, despite all warnings, the negative environmental impacts which, with no exception, propagate upon the social and economic domains, sooner or later.



The unprecedented intensified demographic increase and industrial development have had a powerful impact on all natural ecosystems and their components. Some of the most affected ecosystems were and continue to be the forest ecosystems which, starting with the Neolithic age, have continuously diminished their surface, while the most part of the remaining ones have been damaged.

The deforestation tragedy reverberates upon the global situation of forests. Since Antiquity, when forests covered 80% of the Earth surface, the areas they covered have decreased nowadays to less than 30% of the Earth.

The decline of forests has manifested in two ways:

- deforestation, that is the complete and definite removal of the forest cover (not followed by the regeneration or afforestation of the respective surface)
- forest damage, that is their loss of structure in terms of composition, consistency, vegetation state, production capacity, qualitative features, health state, etc.

An entire chain of negative consequences breaks out (acc. to. Biriş, Mihăilă, 2007, p. 134-135).

The cutting and burning of forests generate indirectly CO2 emissions, much more than the cars and industry altogether! UNO reports reveal that, at global level, transports and industry – which are currently considered the largest polluters – are responsible of only 14% of the greenhouse gases "production", while the irrational cutting of world's forests contributes with at least 25%. Only the fossil sources energy production and exploitation has a larger contribution.

All these have led to the fact that, during the last years, deforestation is one of the two largest environmental problems of mankind (together with global warming).

Forests in romania

The Romanian forests gather an impressive biodiversity. This is explained by the large variety of stationary conditions: from meadow and delta resorts to high altitude resorts. There have been identified more than 60 native forest species, approximately 70 shrub species, over 500 herbaceous species, as well as numerous exotic forest species, about 300 types of forest species and hundreds of types of resorts. One can appreciate that the fauna of the Romanian forests comprises more than 100,000 species, including insects (acc. to Biriş, Mihăilă, 2007, p. 14). Here there is 40% of Europe's wolves population, 60 % of the bears population (acc. to the National Forestry Program, 2005), a significant number of lynx. Forests also provide a significant richness of secondary products: small fruits, mushrooms, medicinal herbs, and a large variety of wild animals (bears, boars, boars, foxes, lynxes, black-cocks, wolves, and chamois) which offers perspectives for hunting. The thick mountain rivers and streams network is naturally populated with fish species (trout, grayling, huck, chub, barbell, broad snout) and it represents a frequently used basis for sportive fishing. Unlike other areas in the center and western part of Europe, in the mountain and hills regions of our country there still exist natural, virgin and quasi-virgin forests, composed of pure or mixed uneven-

aged stands: beech, beech and coniferous or coniferous only, more seldom beech with holm oak or simple holm oak. Currently, the surface of these forests does not exceed 6% of the total surface of the country's forests. They represent a priceless natural treasure of national, European and worldwide interest, with significant scientific, ecological, economic and social value, which needs to be transferred to future generations unaltered, as it belongs to humankind.

For Romania, specialized studies show that, according to the relief and climate of the country, and in order to maintain the balance of the ecosystem (hydrology, soil atmosphere, plants, animals), afforested lands should comprise 40-45% of the total surface of the country. Nowadays, only 26% of Romania's surface is covered by forests. Along the centuries, the forest surface was drastically reduced (from 80%, existing in 1st century A.C.) due to the abusive deforestations, beyond the growth limit (approx. 5 m^3/ha/year), as well as due to the irresponsible grazing. We can also add to the above mentioned the drying of trees, in certain areas, as a result of climate changes and pollutions, etc.

According to the National Institute of Statistics, for each hectare cut and afforested, there are 4 more cut hectares which have not been replanted.

The afforested surface of Romania is below the European average and below the ecologically necessary limit. Romania has a forest land[2] of about 6.4 million hectares, representing 26% of country surface, which places Romania, according to official EU statistics for 2008, below the 32% European average. The situation is worse than it looks at first sight because there should be made the comparison with the European countries with similar geographic conditions. According to Forestry Statistics (2007, Eurostat), the situation of forest and other wooded land[3], reported to the overall of the country surface, valid for the year 2005 was the following: Slovenia 65%, Austria 48%, Slovakia 40%, Czech Republic 34%, Bulgaria 33%, Romania 29%. Romania was thus on the 19th position in EU (of 27 countries).

Approximately 2/3 of our forests are located in the mountainous area, and their ratio is very low in plains (below 10%), where, for this reason, the effect of the climatic extremes are strongly felt. Currently, only 8–10% of the Romanian plains are still covered with forests, and 15-30% of the hills. In Călăraşi, Constanța and Teleorman counties, the weight of the forest land stock is below 5%.

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[2] **The forest land** represents the overall surface of the forests, of the lands intended for replanting, of those serving the cultural, productive and sylvan administration needs and of the non-productive lands included in the forestry facilities.

The surface of forests includes all the lands covered with forest vegetation consisting in trees and shrubs, which create a specific environment for biological development, with surface exceeding 0.25 hectares.

[3] **Other wooded land** is land either with a tree crown cover (or equivalent stocking level) of 5-10% of trees able to reach a height of 5 m at maturity in situ, or a crown cover (or equivalent stocking level) of more than 10% of trees not able to reach a height of 5 m at maturity in situ (e.g. dwarf or stunted trees) and shrub or bush cover.

Of the entire surface of the national forest land (6.4 mil. ha) existing in 2006, 4.2 mil. ha (65.6%) are the state's public property, and the rest is private property.

The lands covered with forests in Romania occupy 6.2 mil. ha, of which 4.1 mil. ha (66.1%) are the state's public property and the rest is private property.

In relation to the nature of the socio-economic functions, the Romanian forests are structured as follows: (acc. to *National Plan for Fighting against Illegal Tree Cutting*; Biriş, Iovu-Adrian, Mihăilă, Elena, 2007, *Sustainable Management of Forests*):

- Special protection functions: 53.3 %; they fulfill the following functions: water protection (31%), land and soil protection (43%), protection against disturbing climatic and industrial factors (5%), recreation (11%), scientific interest and forest genofund and ecofund protection (10%).
- Production and protection functions: 46.7 %; have the functions to provide high quality wooden mass and other products and to ensure the environmental factors quality.

Distribution of forests on age classes indicates a lack of exploitable and pre-exploitable arboreta as a consequence of the past exploitations, much over the potential of the forestry facilities (as seen in Table 1 and figure 1).

Table 1.

Forest distribution according to age classes

Age	0 – 20	21 – 40	41 – 60	61-80	81-100	> 100
Weight	23%	19%	18%	15%	10%	15%

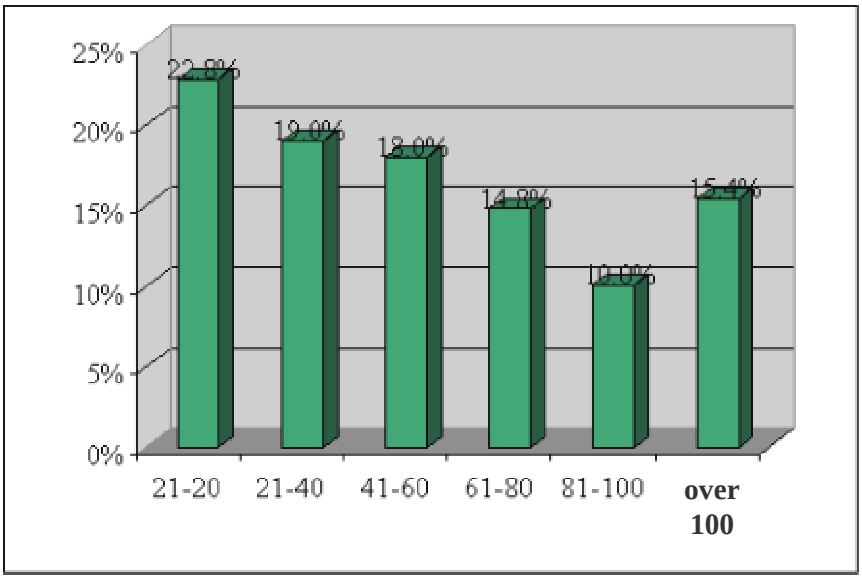
Source: *National Plan for Fighting against Illegal Tree Cutting*

Table 2.

Romania's forest land (thousand of ha), 1990-2006 (at the end of the year)
Source: 2007 Romanian Statistical Yearbook

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
S	6371	6367	6368	6367	6369	6369	6366	6367	6367

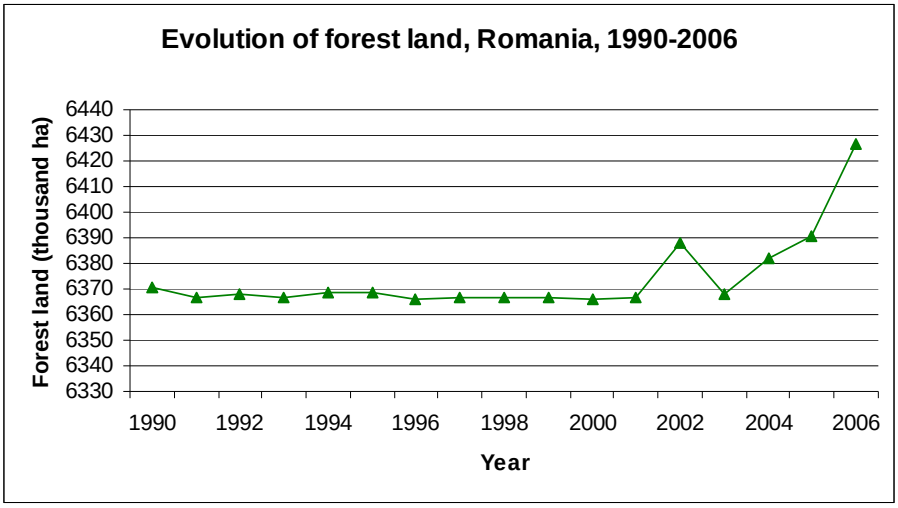
Year	1999	2000	2001	2002	2003	2004	2005	2006
S	6367	6366	6367	6388	6368	6382	6391	6427



Source: *National Plan for Fighting against Illegal Tree Cutting*

Fig. 1. Forest distribution according to age classes

Romania's forest land (thousand of ha) between 1990-2006 has evolved according to the data provided in Table 2 and Figure 2:



Source: 2007 Romanian Statistical Yearbook

Fig. 2. Romania's forest land (thousand of ha), in Romania, between 1990-2006

We draw attention that the increase of the forest land does not mean the increase of the forest covered surfaces. After deforestation, the surfaces remain in the forest land. They should be reforested within 2 years, but the rhythm of the reforestation is much lower than that of cutting.

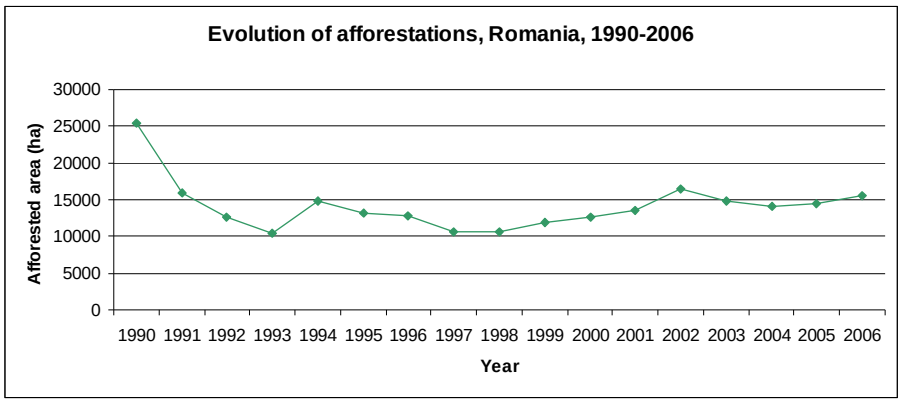
The annually afforested surface, in Romania, expressed in hectares, between 1990-2006 has evolved as one can see from Table 3 and Figure 3:

Table 3.
The afforested surface, expressed in hectares/year, in Romania, between 1990-2006 (during the year)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
S	25489	15832	12556	10346	14744	13117	12727	10641	10607

Year	1999	2000	2001	2002	2003	2004	2005	2006
S	11863	12701	13539	16448	14772	14100	14389	15533

Source: 2007 Romanian Statistical Yearbook



Source: 2007 Romanian Statistical Yearbook

Fig. 3. The afforested surface, expressed in hectares/year, in Romania, between 1990-2006

A simple calculus indicates that: FLi+R-D=FFf, that is D=FFi+R-FFf, where FFi=Initial Forest land (at the beginning of the year, which is the one at the end of the precedent year), R=Reforestations during the year, D=Deforestation, cuttings during the year, FFf= Final Forest land (at the end of each year).

Using the previous data there results that cuttings performed between 1991-2006 were those in Table 4 and Figure 4:

Table 4.

Deforested surface (in hectares) in Romania, between 1991-2006 (during the year)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
S		19832	11556	11346	12744	13117	15727	9641	10607
Year	1999	2000	2001	2002	2003	2004	2005	2006	
S	11863	13701	12539	-4552	34772	100	5389	-20467	

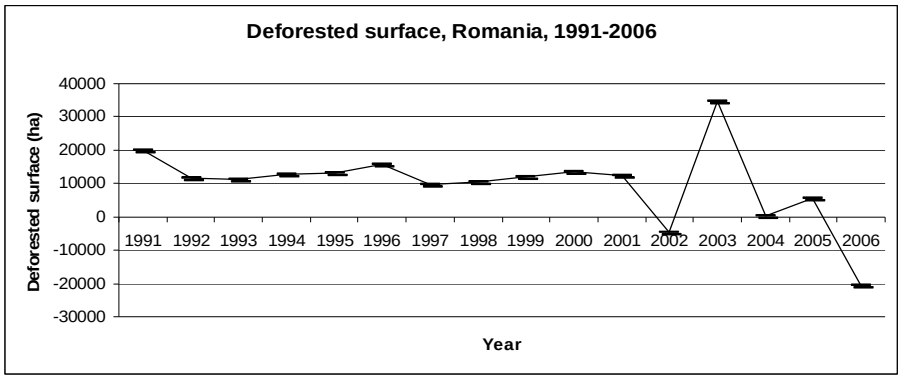


Fig. 4. Deforested surface (in hectares) in Romania, between 1991-2006 (during the year)

We notice that in 2002 and 2006 the values are negative, impossible to achieve in reality. One fact results: that the official statistics do not reflect the real situation regarding the forests in Romania, because they cannot take into consideration the illegal wood cuttings.

The situation is more severe as the natural regeneration rhythm of forests and the reforestation rhythm are very low as compared to the needs. In our country, the afforested surfaces range from 0 to 1% per year, while in other European states, these are afforested between 27 and 30% per an. In Romania, each year, the regenerated forest surface is about 20,000 hectares, of which the naturally regenerated forest surface represents approximately 49-54%, and the afforested surface 46-51% (for the period 1995-2005). As we have shown before, our country's forest land (related to the country surface) is nowadays of about 26-27%. Comparatively, in Austria and Germany, the percentage exceeds 40%, and in northern countries, 80%. In order to reach an afforestation degree comparable with that of the EU countries, Romania should reforest 2 million hectares of land during the following 25 years. The compulsoriness of replanting these surfaces is stipulated in the Forestry Code, adopted at the beginning of the year 2008. Regulations highlight the necessity to perform the afforestation of 80,000 hectares annually during the following quarter of century, so that Romania detains a 33-34% surface of its territory covered with forests, comparable with the EU average.

Romsilva, the manager of the Romanian forests, succeeds in introducing annually in its forestry circuit a surface of about 15-20 thousand hectares. As a result, in order to reach the European average, Romania would need about 125 years, considering the present rhythm.

It is obvious that the attempt to increase the reforestation rhythm of afforestations comes rather late, however efficient this would be due to some administrative measures, admitting that the real implementation capacity would exist. Consequently, one cannot do anything else but stop the deforestation rubbery!

The causes of drastic decrease of forest surfaces are first of all, abusive, irresponsible deforestation, but also industrial pollution (about 6-7%) and excessive grazing. The main causes which determined a concerning level of illegal cutting are *the will to immediately achieve illegal or undeserved incomes and the low level of inhabitants' incomes* in the abusive cutting areas, together with lack of alternatives (which determined the choice of illegal wood exploitation and commercialization). One of the reasons for which the forests were claimed by the owners was poverty. People perceive the cutting quota as a restriction, and some of them fear nothing, not even the law. In Romania, due to massive illegal tree cutting and reduction of afforested surface, there have already appeared desert enclaves in places where once there were beech forests (Moldova, Mehedinti Plateau). The effects of the phenomenon are huge, but the public opinion does not seem to give the proper importance to forests, beyond the economic interest represented by wood. The consequences are felt at national level. Floods, draught, extreme temperatures represent proofs in this respect.

The dimension of forest damages caused by *Homo sapiens sapiens* is even more obvious if we add to those presented above some data regarding the time needed by trees to grow. The cutting ages, according to the "*Technical Norms for Forest Administration*" (2000), for the 5 production classes and the main species range between the following limits, valid for forest conditions:

Spruce: 100 - 120 years	Holm oak: 120 - 140 years	Fir: 100 - 120 years
Oak: 110 - 130 years	Pin: 50 - 80 years	Linden tree: 50 - 100 years
Beech: 100 - 120 years	Euro-American poplar 15 - 30 years	

Regarding the trees approached under grove conditions, these ages are:
Locust tree: 20 - 35 years Willow: 20 - 35 years

One should notice that, in the forest regime, the maximum limit of the cutting age increases with up to 60 years for holm oak, for resonance wood trees,

for fir, holm oak and oak, for superior classes of trees (veneers, etc) and with 10 years for trees with special protection functions[4].

Forest, economy and society

The relationships of sylviculture and the entire forestry sector with other sectors of national economy are of utmost importance. Forest fulfills various ecological, economic and social functions and it is thus an asset of national interest, which concerns and conditions diverse activity domains, from environmental protection to those related to the use of natural resources. That is why, the harmonious joining of such apparently contradictory concerns is fundamental for the equilibrium of the three domains: natural, economic, social.

Forests represent an important part of the economy. Over 44% of the country population lives in rural areas (in 2006), thus depending on forests, which provide jobs, wood for households, tools, and fuel.

The contribution of the sylviculture to the GDP has decreased from 0.8% in 1980 to 0.4% in 2005. The entire forestry sector contributes with more than 9% to the country's exports, which means about 4% of the GDP (acc. to *National Forest Plan* 2005). The largest part (75%) of the harvested wood (in 2007) was sold; the rest (25%) was used for internal consumption.

After 1990, wooden mass and timber business have taken disastrous proportions. In 1994, there were exported in the Port of Constanta 266,000 tones of fire wood. The export of logs, a shortage raw matter, had increased in 1999 3.7 times as compared to the previous year, while in 2000 the increase has exceeded 22%. In 2002 there were exported 850 thousand tones of wooden material, to which other thousands of tons shipped through the Port of Galati are added. In 2004, as compared to the same period of the year 2003, the export of timber has increased 110 percent. In 2006 only, 350,000 ha woods were cut without ensuring any reforestation, and the most part of these has left the country.

After the year 1990, the number of the personnel working in forestry and loggings (including the primary processing of wood) has significantly decreased. In forestry domain, by the end of the year 1994 the number of the employees has practically remained constant, about 35-36,000 employees. After this date, as a result of the reorganizations imposed by the increase of the economic efficiency of the activity and the retrocession of forests by their former owners, there were successive retrenchments. Currently, the employed personnel counts about 25,000 employees, and it is continuously decreasing. There is no clear record of the forestry personnel employed for the management of the private forests, returned to owners. Special focus should be placed on issues related to redistribution of the forestry personnel, considering that the National Forest Department will return more than 40% of the public property forests to their former private owners.

[4] Most of the Romania forests are managed in *forest regime* (91%) and a small part in *grove regime* (5%). In approximately 4% of the forests (damaged or low productive brushes) rehabilitation and substitution works are being performed.

Our century shall be ecological, or it will not be. Measures for the protection and rehabilitation of forests

Sustainable development (acc. to The Bruntland Report *Our Common Future*, 1987) is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

By sustainable management of forests one understands the management and use of forest ecosystems, so that their biodiversity, productivity, regeneration capacity, vitality, and health are maintained and improved. In addition to this, their capacity to fulfill multiple ecological, economic and social functions for present and future should be ensured, at local, regional and world level, without generating prejudices to other ecosystems.

Romania has engaged to observe a series of international regulations directly related to sustainable management of forests, regardless of the nature of the property[5]. In addition to these, there are some environmental protection and biodiversity conservation regulations, knowing very well that forest is first of all one of the most important environmental factors and only in the second place an important economic resource[6]. The commitments assumed by these international regulations are reflected in national documents regarding the forestry sector, among which we mention: *The Romanian Forestry Strategy* (2006, enclosed in "*The Development Policy and Strategy of the Forestry Sector in Romania, 2001-2010*"), *The National Forestry Program* (2005), *Strategic National Plan for Rural Development for 2007-2013* includes provisions referring to the loggings, *National Plan for Fighting against Illegal Tree Cutting* (proposed by the Ministry of Agriculture, Forests and Sustainable Development) etc.

One of the causes of massive deforestations in Romania was undoubtedly, the lack of strictly necessary knowledge on the significance and functions of the forests (together with the lack of adequate regulations on private forests, aggravated poverty of some of the owners, lack of their capacity to guard and defend them in an efficient manner, etc.). A positive change of the attitude towards forest is necessary, as well as the gradual formation of a forest consciousness among the population, especially the forest owners, because the surface of the forests returned to their owners will soon exceed 3,800 thousand hectares, respectively more than 60% of the forests of the country. The attitude towards forests, the education and

[5] Declarations and resolutions of the Ministerial Conferences from Strasbourg (1990), Helsinki (1993), Lisbon (1998) and Vienna (2004), the Conventions of the United Nations adopted at the Conference of the United Nations for Environment and Development from Rio de Janeiro (1992), Convention on the Biological Diversity (Law 58/1994), Framework Convention regarding the Climatic Changes (Law 24/1994), Convention regarding the Control of Desertification (Law 111/1998) etc.

[6] Convention on the protection of the wild fauna and of the natural habitats in Europe (Bern) – ratified by the law 13/1993, Convention on the International Trade with Endangered Species (Washington) – ratified by the law 69/1994, Convention on the conservation of migratory species of wild animals (Bonn) – ratified by the law 13/1998, The EC Birds Directive, 79/409/EEC, The EC Habitats Directive, 92/43/EEC, etc.

awareness level regarding the importance and role of the forests is one of the most significant drives which may help the remediation of the current situation.

It is useful to mention a research performed in order to implement a Public Awareness Campaign, directed towards this purpose[7]. The objectives were:

- Investigation of forest owners' knowledge and attitude related to forest management
- Investigation of the needs and information channels of the forests owners
- Identification of association reasons and advantages in order to manage the forests
- Determination of the population attitude related to:
  - Importance and role of the forest
  - Which are the issues most seriously affecting the forests in our country
  - Which are the institutions which should respond for the regulation of problems
  - What should the forest owners do

The following types of answers were achieved:

- Answers involving a negative attitude of the respondent towards the forest; the forest is seen exclusively as a wood source: fire wood, construction wood, industry wood (about 70%).
- Answers involving respondent's positive attitude, in which the forest is considered a food source: mushrooms, fruits, hunting, agrotourism, etc. Unfortunately, these answers have an approximate 25% proportion.
- Answers involving a neutral attitude of the respondent towards the forest; the forest is seen as a source of fresh air. This is rather a thinking cliché than an attitude (about 5 %).

The conclusions of the research were:

- The need to be informed is differentiated according to the level of involvement in forest management
- There are primary needs of information (awareness), in parallel with needs of specific information and education on forest management issues.

As a result of this investigation, one could notice that forest is predominantly considered (70% of the answers) as a provider of wood and reveals an active attitude of forest exploitation in order to use the wood resources. In compliance with all these, there was concluded that the most adequate central message of the communication campaign should have the following content:

[7] The research was developed within a project entitled *Forestry development project*, which was supposed to be developed during the period 2003-2008, but by 2007 only the first acquisitions were made. The objective of the project was "to maintain and improve environmentally sustainable management of state and private forests so as to increase the contribution to the national and rural economies derived from Romanian forest resources".

- The forest is a complex entity which fulfils various functions: economic (provider of wood or other forest products), environmental protection (waters, soil, atmosphere, etc), social;
- The forest must and can fulfill its economic function especially in the context of changes in terms of property structure as a result of the implementation of retrocession laws;
- Fulfillment of the economic function of the forest should not hinder the fulfillment of the ecological and social roles;
- The Romanian state intends to change the attitude towards the forest, so that it fulfills all its functions in an integrated administration system.

Thus, the proposed slogan was: "*Forest means more than wood*".

The force of example is the most powerful. That is why we should mention some Romanian campaigns dedicated to afforestation during the last years: "Romania catches roots" (Realitatea TV), "Forest Police" (with the purpose of guarding the forests, under the supervision of Ministry of Agriculture, Forestry and Rural Development), "Millions of people, millions of trees" (volunteering, institutions, associations, foundations, companies, etc), "A Car, a Tree" (Porsche Romania and Ministry of Environment and Sustainable Development), "Children, trees and 100 green years" (Someş Water Company, Cluj County).

The sustainable management of forests (as the sustainable development in general) is not an option, but is compulsory in the present day world. The solution to achieve it has two important components: creation of an adequate legislative and institutional framework and, especially, its observation, as well as awareness and education, individual and corporative responsibility.

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