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ROMANIAN ECONOMIC SCIENCES CELEBRATING THE CENTENARY

1. The first economists of Romania

The first economists who were elected corresponding members of the Romanian Literature Society and the Romanian Academic Society – the first names of the Romanian Academy – were Ion Ionescu de la Brad – September 7/19, 1871, Petre S. Aurelian – 9/21 September 1871 and Ion Ghica – August 13/25, 1873. Petre S. Aurelian first worked in the natural sciences section and then in the scientific section, and Ion Ghica in the historical-archaeological section. The fourth economist, elected corresponding member on September 13/25, 1877, was Visarion Roman. If in the Romanian Literary Society the elected members were not organized on the sections according to their profile, the Romanian Academic Society proceeded to set up three sections.

In the multitude of events that marked the beginnings of the formation of modern Romania, as well as of the Romanian Academy – one of the first important institutions of the new Romanian state – two of the four cited economists had a remarkable activity as members of the Academy, 4 times President, and Petre S. Aurelian, Vice President of 1879 and 1897 respectively, was elected President between 1901 and 1904.

On 7/19 September 1877, the historian, the journalist, the cultural guide and the political man, George Barițiu has presented the paper “The Notion about the Social Economy and the History of Civilization in Transylvania”, which refers to the “enumeration of those productions and treasures of Transylvania, which in any country is the base of the social economy”, considered as the first work from the view point of economic sciences, at a meeting of the members of the Romanian Academic Society, which in two years, in 1879, will became the Romanian Academy.

On September 2/14, 1878, Ion Ghica raised the question of the necessity to obtain a “more convenient place in order to expand, which, year after year obtain its works and the important role which is meant to be have Society Romanian Academic”, then, on 21 September/October 3 the same year, Ion Ghica presented to the members of the Romanian Academy the study entitled “Man and Its Beginning”, in which he refers to “the variety of human types, the classification of species, the generation of spontaneous and natural selection, the multiplication and disappearance of species”.

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The first academic who spoke of the need for an encyclopedia of Romania, was the economist Petre S. Aurelian, who, on July 13/25, 1879, stated: "All peoples possess such a national encyclopedia in which anyone, either earthly or foreign, at any occasion precise information on the state of affairs from a country". This is the most practical way to open everyone's eyes to a country and to facilitate progress in any branch, and thus considers that the Academy should also initiate such a work. This idea was implemented by acad. Dimitrie Gusti, between 1938 and 1943, in which he coordinated the "Encyclopedia of Romania" in 4 volumes, from which the third volume deals with the "National Economy. Frames and Production" and follows a description of economic geography, population, economic legislation and production, recalled by the industries that compose it, and vol. IV is titled "National Economy, Circulation, Distribution and Consumption" Approaches are transportation and communications, internal and external trade, units and securities, credit, public finances, consumption.

Nowadays, on June 21, 2010, Acad. Tudorel Postolache started the "New Encyclopedia of Romania", which in the scientific session of December 12, 2013 had the following composition: 1. Introduction (Acad. Tudorel Postolache); 2. The Encyclopedia and the Coexistence of Civilizations (Professor Ilie Bădescu); 3. Denis Diderot: encyclopaedia in *Encyclopédie* (Prof. Petre Roman, PhD.); 4. A Brief History of Encyclopaedias, with Emphasis on the 15th Edition of Britannica (Dr. Valentina Robu); 5. The Romanian Encyclopaedic Approach in the 19th and 20th Centuries (Prof. Dr. Victor Axenciuc, honorary member); 6. Incursions in the Agrarian History of Romania (Prof. Damian Hurezeanu); 7. Regional Dimensions of the Demographic Crisis in Romania. A Prospective View 2011–1050 (Prof. Vasile Gheţău PhD); 8. Mountain and Water (Prof. Ioan Jelev); 9. About Eco-economy and Green Economy in Romania (Prof. Alexandru Bogdan, PhD, corresponding member).

Every year, starting in 1898 and continuing in 1898, 1899 and 1900, economist and agronomist Petre S. Aurelian was elected president of the Scientific Section Bureau.

On March 10/23, 1900, Vice President of the Romanian Academy, V. A. Urechia, presented the communication "Finance under Caragea and the various movements of the Greeks at that time".

On April 5/18, 1902, Constantin I. Istrati, PhD, physician, chemist, member of the Romanian Academy (April 7/19, 1899) and president of the Academy, during 1913–1916, delivered the reception speech at the Romanian Academy, entitled "Scientific activity of Ion Ghica", the first reception speech dedicated to a great Romanian economist, which he calls "a pioneer of the most important cultural, political and national revival ... economist, his writings are of exceptional importance ... Ion Ghica was not only an enthusiastic admirer of the sciences, but in all his writings he proves deep knowledge, touching subjects that at that time were barely known. More than that. He possessed the scientific method. The process from simple to compound, from positive facts to new hypotheses, from analysis to synthesis, in all of his writings, in all his studies, either science, economics, history or politics ...

Here's who was Ion Ghica. Higher man, thinker thought, scientist, important cultural factor; he is a glory and a title of pride for his name and our nation". The answer to the reception speech by Dr. Constantin I. Istrati was given by Dimitrie Alexandru Strudza, political, historical, economist, member of the Romanian Academy.

Then, between 1908 and 1931, almost a quarter of a century, for unknown reasons, no economist was elected a member of the Romanian Academy. On May 28, 1931, honorary members of the Romanian Academy, German economist and sociologist Werner Sombart, and French economist Charles Rist were elected, and on May 23, 1936 – corresponding members Ion Răducanu and Victor Slăvescu. In the year following his election, on February 29, 1937, Victor Slăvescu spoke about "Ion Ghica's economic work", and on May 20, 1939, he was elected a member. On June 1, 1938, a correspondent member, demographer and statistician Sabin Manuilă was elected.

2. 77 years since the first mention of economic sciences

On May 20, 1941, 10 members of the Romanian Academy, namely Mihai Ciucă, Dimitrie Gusti – sociologist, Gh. Ionescu-Şişeşti, Petre P. Negulescu, Liviu Rebreanu, general Radu R. Rosetti, Traian Săvulescu, Ion Simionescu, Victor Slăvescu – economist and Gh. Spacu – presented a project for the reorganization of the Romanian Academy from the need to "adapt the Academy's statutes to the new requirements of the time". Thus, it was proposed that the three sections that existed at the end of the nineteenth century should comprise three other subsections, namely: a) the section of letters, arts and philological sciences (already specified in the title of the section, the three subsections); b) section of historical, philosophical and social sciences, with 3 subsections; in social sciences are considered: sociology, legal sciences, economic, financial and statistical sciences; c) the scientific section, with 3 subsections: mathematical, physical and chemical sciences; natural sciences; technical and military sciences.

According to the Organization and Functioning Statute of the R.P.R. Academy, approved on August 12, 1948, one of the six sections of the Academy was the Department of Historical, Philosophical, Economic and Legal Sciences, whose president was elected Acad. Petre Constantinescu-Iasi. On 23 March 1952, the decision of the General Scientific Session of the R.P.R. Academy "Recommends the Presidium to speed up the establishment of the Institute of Economic Research of the R.P.R. Academy".

On July 2, 1955, according to the Statute of the Academy of the Romanian People's Republic, the number of sections increased to 8, including the Department of Economic, Philosophical and Legal Sciences. On that occasion, Alexandru Barlădeanu and Vasile Malinschi, economists, were elected as members. The latter, on 7 March 1962, became deputy prime secretary of the Romanian Academy, and as correspondent members, the economists Ion Rachmuth and Barbu Zaharescu. On 21 March 1963, economists Roman Moldovan and Costin Murgescu were elected, and on February 3, 1965 – two others: the economist and historian Gheorghe Zane, who will become member on March 1, 1974, and the statistician Mircea Dragoş Biji. On April 8, 1966, when the new leadership of the R.S.R Academy was elected, at the Department of Economic Sciences and Sociological Research, Acad. Vasile Malinschi was elected president.

On March 1, 1974, the economist Manea Mănescu was elected a member, and the economists Nicolae N. Constantinescu, Tudorel Postolache and Emilian Dobrescu – corresponding members of the Economic Sciences and Sociology Department. On this occasion, the new leadership of the R.S.R. Academy was also elected, the leadership of the Economic Sciences and Sociology Section being entrusted to Acad. Manea Manescu.

The year 1975 was rich in events organized by the Department of Economic Sciences and Sociology as follows: on April 4, the scientific debate on "Fundamental Coordination of Economic Growth and National Income in Romania until 1990" took place; May 28 – public debate, "On the current stage of development of monopolistic capitalism"; on June 25 – on the occasion of the 200th anniversary of the publication of the book "The Nation's Wealth", a public hearing was held, at which acad. Vasile Malinschi spoke about "Adam Smith in Romania", Nicolae N. Constantinescu, C.M. Adam Smith and Economic Growth Issues, and Barbu Zaharescu, Ms. C., on "Karl Marx and Adam Smith".

On September 21, 1978, sociologist Henri Stahl, C.M. from March 1, 1974, within the Economic Sciences and Sociology Section, presented the Communication entitled "Technical and Scientific Revolution and Its Social Implications – Sociology and Social Engineering". On June 15, 1979, Roman Moldovan, C.M. presented the communication "Some Issues which appear for the central authority of state regarding the administration of sciences". Then, on February 29, 1980, the symposium "Tradition and Actuality in Romanian Sociology" took place, dedicated to the 100th anniversary of Dimitrie Gusti's birth.

The year 1981 was a new year in which the economists came to the fore during the activities carried out in the RSR Academy, through communications presented at the section of which they were part: 1. On February 6 – Barbu Zaharescu, C.M., delivered the communication "The crisis of the system current money"; 2. March 19 – Nicolae N. Constantinescu delivered the communication "The Collective Productive Worker in the Light of the First Industrial Revolution and of the Contemporary Scientific and Technical world"; 3. May 29 – Acad. Vasile Malinschi presented the communication "Grigore Antipa – Economist".

The following year, in 1982, the economists presented the following communications: 1. May 28 – Roman Moldovan, C.M. – "Stages and Trends in the Future Study"; 2. September 24 – at the meeting with the topic "Moments in the History of Romanian Economic Thought", important personalities such as: Nicolae Balcescu (130 years from death), Ion Ionescu from Brad (90 years from death), G. Baritiu (170 years since birth), Leonida Colescu (110 years since birth), Virgil Madgearu (90 years since his birth) and Gheorghe Zane (85 years since birth).

On 25 February 1983, within the Economic Sciences and Sociology Department, Acad. Vasile Malinschi lectured on "Economy and Right in Nicolae Titulescu's View", and on 20th January 1984, Nicolae N. Constantinescu, C.M., held the communication "The process of forming the unitary national state and its importance for the development of the national economic complex".

In 1984, between June 7 and 9, the first edition of the "Academic Economic Days" was organized by the Department of Economic Sciences and Sociology, the Central Institute for Economic Research, the Economic Sciences Division of the Academy of Social and Political Sciences and the Academy of Economic Sciences Economics.

At the symposium held on 29 April 1985, on the occasion of the 40th anniversary of the victory over fascism and the celebration of the State Independence Day of Romania, by the Section of Economic Sciences and Sociology, Nicolae N. Constantinescu, C.M., presented the communication "The economic effort of the Romanian people in the struggle for the defeat of fascism", and Costin Murgescu, C.M., presented "Disarmament, a vital requirement of contemporaneity." On June 6–7, 1985, the second edition of the "Academic Economic Days" was held on "The Ceausescu Age – 20 Years of Romania's Economic and Social Development and the Perspectives Preconfigured by the XIIIth Congress of the Romanian Communist Party", and on 30–31 October 1985 – the first edition of the "Sociological Academic Days" with the theme "The Ninth Congress of the PCR, new opening in the age of the homeland history – Two decades of brilliant economic and social achievements", manifestation organized by the Economic Sciences Section Sociology of the RSR Academy, Sociology Department of the Academy of Social and Political Sciences, Romanian National Sociology Committee, Sociological Research Center and Academy of Economic Studies.

On April 24–25, 1986, the Economic and Sociological Sciences Department organized "Academic Economic and Sociological Days", when were presented 165 papers grouped on 12 thematic sections, and on July 11, 1987, the same section of the Academy of Sciences of the United States in collaboration with the Central Statistics Division, the National Sociology Committee and the Academy of Economic Studies organized the "5 Billion Day" demography symposium. On October 17–18, 1988, the Economic Sciences and Sociology Section held the second edition of the "Economic and Sociological Academic Days" symposium, together with the National Sociology Committee, the Society of Economic Sciences, the Sociology Department of the Academy of Social and Political Sciences, The Academy of Economic Studies, the Central Institute of Economic Research, the Scientific and Methodological Council and the Central Statistics Division.

On December 26, 1989, the General Assembly of the Romanian Academy welcomed the Romanian Revolution and expressed its adhesion to the fundamental objectives of the national revival process. On this occasion, 21 members of the National Salvation Front Committee of the Romanian Academy were elected, including 3 economists: Acad. Alexandru Barladeanu, Nicoale N. Constantinescu, C.M. and Tudorel Postolache, C.M.

3. Period 1990–2018

On January 22, 1990, five economists and sociologists were titularized as members after a long period of correspondence with the Romanian Academy: the economists Nicolae N. Constantinescu, Emilian Dobrescu and Tudorel Postolache, corresponding members from 1st March 1974; the economist and sociologist Roman Moldovan (1911–1996), corresponding member from March 21, 1963, and the sociologist, jurist and historian Henri H. Stahl (1901–1991), corresponding member since March 1, 1974.

In the General Assembly of February 2, 1990, Acad. Nicolae N. Constantinescu was elected Secretary General. On February 3, 1990, the National Institute of Economic Research (INCE) was established, in which operates: the Institute of National Economy (IEN); Institute of World Economy (IEM); Institute for Interracial Relations Research and Industrial Structures Research (ICRISI), now called the Center for Industry and Services Economy (CEIS); The Institute for Financial and Monetary Research (ICFM), now called the "Victor Slăvescu" Financial and Monetary Research Center (CCFM); Institute of Agricultural Economics (IEA), Institute of Economic Forecasting (IPE), Life Quality Research Institute (ICCV), Electronic Computer Office (OCE); Economic Information and Documentation Center (CIDE); "Vladimir Trebici" Demographic Research Center; Center for Comparative and Consensual Economics; Research Center for the Efficient Renewable Energy Efficiency.

On June 3, 1990, American economist and mathematician Nicholas Georgescu-Roegen was elected as honorary member of the Romanian Academy. On November 13, 1990, economist Virgil Madgearu was elected a post-mortem honorary member of the Romanian Academy, and on December 14th the same year, was marked the 50th anniversary of his tragic disappearance.

On December 20, 1990, in the Aula of the Romanian Academy, the festivity for granting the title of honorary member of the Romanian Academy to Romanian economist Anghel Rugină and with that occasion he presented the communication "The intellectual crisis of our time and the moral responsibility of scientist Victor Slăvescu". Then, on May 9, 1991, Professor Anghel Rugină presented the communication entitled "There is still something to be said about the market economy" in the House of Scientists, in which it focused on the three types of market economy: a) the one in which economic freedom is without limits; b) the one in which freedom is indirectly handled by the government and c) the type of economy expressed in the Scandinavian model. Anghel Rugină returned to the country and presented on April 26, 1994, the communication "Destiny of Humankind: Where Does the Contemporary World Go?"

On January 24, 1991, Acad. Alexandru Bârlădeanu was celebrated on the occasion of his 80th anniversary, when the academics Mihai Drăgănescu, Nicolae N. Constantinescu and Vasile Malinschi spoke. At the General Assembly of the members of the Romanian Academy of December 18, 1991 were elected corresponding members at the Department of Economics, Law and Sociology, economist Costin Kiriţescu, and on 10 November 1992 became corresponding member also the sociologist Cătălin Zamfir.

Resuming the experience and tradition that existed before 1990, on 24 February 1993, the Economic, Legal and Sociological Sciences Section organized the scientific debate on "The Enterprise in the Transition Period". On March 24th the same year, Acad. Nicolae N. Constantinescu presented, in the Aula of the Romanian Academy, the reception speech "Ecological principle in economic science", in which, after dealing with "the introduction of the ecological principle in economic science" and "some general problems determined by the application of the ecological principle in economic science", he stressed: "Examining economic issues in light of the ecological principle, which means preserving vitality and diversity on Earth, demonstrates, from all angles of view, the need for a new orientation of the economy. (...) Economic growth itself, for the sake of economic growth, is no longer justified. Such development contradicts both the nature of the economic process as such and the human nature of ecology. In other words, the application of the ecological principle strengthens the humanistic character of economic science. This will stimulate the development of a new concept of development: Sustainable, Sustainable Ecological and Social Development", which "thus becomes the conclusion of economic scientific research at the end of this millennium and the beginning of the third. And it shows that the natural sciences and the sciences of society tend to become more and more united in a single science, of man in the broadest and most complex sense of the word".

On March 23, 1993 was elected as Honorary Member of the Romanian Academy, economist Constantin Ionete (1922–2011), and on 24–25 May 1993 were held the first Romanian-Swedish colloquium with the theme "Economic Research and Transition. Theoretical and Practical Approaches", organized by the Romanian Academy, the National Institute of Economic Research, the Academy of Economic Studies from the Romanian side and the Royal Swedish Academy of Sciences, the Swedish Institute, the University of Göteborg and the University of Lund, on the Swedish side. Then, on September 7–8, 1993, was held the first Romanian-Spanish Symposium with the theme "Economic Issues in European Perspective", organized by the Romanian Academy and the Royal Academy of Doctors from Barcelona – Spain, and on October 7–10, 1993, took place The Academic Days, were Acad. Nicolae N. Constantinescu presented the communication "Romanian Contributions to the Creation of the Ecological Economy (up to the Second World War)". On September 7, 1994, was held the ceremony of handing over the medal for corresponding member of the Royal Academy of Doctors from Spain for acad. Nicolae N. Constantinescu, president of the Department of Economic, Legal and Sociological Sciences.

At the General Assemblies of the Romanian Academy, March 23, 1993 and November 12–13, 1993, Iulian Văcărel, Constantin Barbulescu and Aurel Iancu were elected as corresponding members from the Economic, Legal and Sociological Sciences Department. On November 8, 1994, Iulian Văcărel was appointed as a member of the Romanian Academy.

On March 18, 1994, was organized by the Economic Sciences, Law and Sociology Section, the scientific session dedicated to the celebration of the 110th anniversary of the birth of economist Ion Răducanu, a former member of the Romanian Academy, whose activity was evocated by acad. Nicolae N. Constantinescu and the corresponding members Iulian Văcărel and Constantin Barbulescu, and on July 11, 1994, on the occasion of the "World Day of Population", a roundtable was organized at the House of Scientists which was organized by the Department of Economic, Legal and Sociological Sciences, The Demography Commission of the Romanian Academy and the Romanian Agency for Ecological Management and Sustainable Development.

The year 1995 started with several events of economic origin: a) on February 7, 1995 was elected honorary member of the Romanian Academy, the Spanish economist Jaime Gil Aluja, who lectured on 27 September 1995, upon receipt of the honorary member medal, on the theme "About a new paradigm of the theory of decision"; b) on February 9, the Romanian Academy's Prospective Studies Commission and the World Economics Institute was organized the "Romania's Chances and Long-Term Prospects in the World Economy" Symposium, integrated with the project "Romania 2020"; c) On February 24, was held with the occasion on 120 years from the birth of economist Gheorghe Taşcă (1875–1951), a former member of the Romanian Academy, a communication session which was organized by the Economic, Legal and Sociological Sciences Section and the Economic History Commission and the history of economic thinking. On June 28, 1995 under the auspices of the Economic and Legal Sciences and Sociology Section and of the Economic History and Economic Thought Commission, the scientific session dedicated to Dionisie Pop Martian (1829–1865) was held in the Aula of the Romanian Academy, on the occasion of his 130 years commemoration.

On October 26, 1995, Acad. Iulian Văcărel presented his reception speech "Financial Economists – Promoters and Defenders of National Interest" in the Aula of Romanian Academy. At first, he expressed his emotion to be among the full members of the Romanian Academy, among whom were "not few prestigious financial economists, such as Virgil Madgearu, Victor Slăvescu, Ion Raducanu, Gheorghe Taşcă, Vintiă Bratianu, whose works date back to the first half of our century. These economists, plus many others without the blazon of academics, had a common denominator: they all understood that in the economic and financial activity any action taken must take into account the national interest. (...) I use this occasion to pay respect to all the economists of yesterday and today who, in their everyday work, have made a belief in promoting national interest. I incline myself with piousness and deference to the memory of those financial economists who, through their writings and their deeds, have made a well-deserved place in the immortal gallery and have added a glimpse of the Romanian Academy." He then referred to "a few problems in which a number of financial economists have demonstrated clairvoyance, abnegation, and accountability to the nation". I am thinking of: rebuilding and then developing the economy wiped out by the First World War; monetary, fiscal and fiscal reform after the creation of the Great Romania; overcoming the international financial crisis of the 1920s and the global economic crisis of '29–'33; the recovery of the national currency and the recovery of public finances; protecting the national economy against the protectionist policies promoted by industrialized countries in the 1930s, the central idea being that "relations between states are constituted only on the basis of interests and above all on the economic interests of the big and powerful ones", Romania having "the duty to ensure that her interests are not despised by stronger partners, as has happened not over the course of history". *Laudatio* at that reception speech was delivered by Acad. Nicolae N. Constantinescu.

On December 4, 1995, the economic, juridic and sociologic and philology and literature departments organized the scientific session dedicated to the 140th anniversary since the birth of the economist and literary critic Constantin Dobrogeanu-Gherea (1855–1920).

On May 6, 1996, the Department of Economic, Legal and Sociological Sciences, together with the National Institute of Economic Research, celebrated the 90th anniversary of the birth of the American economist with Romanian origin Nicholas Georgescu-Roegen (1906–1994) and on May 20th, the Economic and Legal Science and Sociology Section together with the Economic History and Economic Thought Commission was organized the international conference "Black Sea Economic Cooperation in the Twentieth Century". On October 3, 1996, the scientific debate on the "Economic and Financial Autonomy of Research Units of the Romanian Academy" took place in the organization of the Section of Economic, Legal and Sociological Sciences.

Completed in January 1990 under the leadership of Acad. Tudorel Postolache, a team of specialists – who, in 1999, was named the ESEN group (abbreviation of the State of National Economy) and entered the main area of activities of the National Institute of Economic Research – was concerned about the big problems of economic transformation – social on Romania is moving into its new phase of existence. Initially, was elaborated the "Strategy for the Transition to the Market Economy", then the "Snagov Declaration" (June 1995), a text that has been the consensus of all political forces – 16 parties – has signed a joint statement positively appreciated by European forum, and since 1999, "The National Strategy of Romania's Economic Development on the Medium-Term (2001–2004)".

In 2001, was launched the program ESEN 2 "Evaluation of the National Economy. Problems of Romania's Integration into the European Union. Requirements and Assessments", appreciated by the European Commission. After the end of this program, in 2003, was developed the ESEN 3 program on the sustainable development of the Romanian economy and society – "Romania's economic development. Competitiveness and Integration in the European Union". The realization of this program of major importance was entrusted to the Romanian Academy under the auspices of which several volumes were launched. The other economical members of the Department joined the members of the Romanian Academy as: Prof. Vasile Stănescu was elected honorary member on 29 January 1999, Prof. Mugurel Constantin Isărescu was elected as a corresponding member on 6 June 2001, and on 24 March 2006 was titrated. Also on June 2, 2001 was elected corresponding member Prof. Gheorghe Zaman. On December 21, 2001, Professor Aurel Iancu was elected as a titular member of the Romanian Academy, and on June 3, 2009, he delivered the speech titled "Nicholas Georgescu-Roegen – Founder of Economic School". Professors Daniel Daianu and Lucian-Liviu Abu were elected as corresponding member on

29 November 2001 and April 30, 2009, they were elected titrated member – both on November 5, 2013. Prof. Gheorghe Dolgu was elected honorary member on 30 March 2010 and also prof. Victor Axinciuc – honorary member – on November 15, 2011.

Besides the fundamental and priority programs, the research programs of the scientific research institutes of the Economic, Legal and Sociological Sciences Department reflect during this period the analysis and study of the most representative problems of the Romanian, European and world economics and society, carried out by the 4 main institutes of the department (the National Institute of Economic Research with 20 centers and institutes in its composition, the Institute of Sociology, the Institute for Legal Research, the European Center for the Study of Ethnic Problems).

The sessions of the Economic, Legal and Sociological Sciences Department were remarked throughout the 1990s by analyzing domestic and foreign economic and social issues, as well as through proposals for targeted measures and strategies for the attention of decision-makers. Also, in the session of the Department were analyzed the current problems of the scientific research activities of the department's institutes, evaluation of these activities, of the doctoral degree or of the editorial staff of the department's activity area. The meetings held under the auspices of the Department of Economic, Legal and Sociological Sciences and of its institutes reflected at this stage the activity of the members of the department and the researchers from the constituent institutes, the place occupied in the Romanian society, as well as the correlations achieved with similar activities at national, regional, European and international.

The Commission of Economic History and the History of Economic Thought was concerned over the period 1990–2018, which we refer to, with the publication of communications from organized scientific conferences and other conferences in the 19 volumes of "Economic History Studies and the History of Economic Thought", appearing under the auspices of that committee. After 1990, the Department of Economic, Legal and Sociological Sciences, as well as the Computational Institutes, responded to the requests and proposals received from the state institutions (Parliament, Presidential Administration, Government) for the elaboration of policies, strategies and programs for economic development and social integration of the country and its integration into the European structures.

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INDUSTRIAL ECOSYSTEMS AS A CATALYST OF ECONOMIC DEVELOPMENT AND GROWTH IN THE FRAME OF INDUSTRIAL REVOLUTION 4.0

Abstract: *The industrial revolutions have generated a lot of progress in production, distribution and service systems. New developments in sales, service, and manufacturing have been achieved due to the significant changes in the information technologies and the synergy brought by European integration. These advances have increased productivity and have greatly improved the industrial background. In recent years, production companies and service structures have faced significant encounters because of the need to coordinate and implement innovative models such as social networks, the Industrial Internet, Integrated Systems (Cyber-Physical Systems), robotics, cybersecurity, data analysis, artificial intelligence, and cloud computing. These new technologies, fused in the term Industry 4.0, declared by the German government as one of the basic advantages for the economic growth strategy, have led to the expansion of the revolution in production and information technology. In consequence, Industry 4.0 is characterized by superior production systems, new communication, sales, and service models. On the other hand, the principles for assessing the transformations in Industry 4.0 are still unreliable, and the structured and systemic application of these technologies in national economies for many countries is not fully achieved. In this study, we propose to examine the conceptual framework of industrial ecosystems as a new concept of development and economic growth within the Industry 4.0' achievements.*

Key words: *artificial intelligence, entrepreneurial ecosystem, Industry 4.0, industrial ecosystem, operational ecosystem, technological ecosystem, people ecosystem.*

JEL: *M11, M15.*

1. Introduction

The term Industry 4.0 has recently been widely applied in manufacturing. After the first industrial revolution, caused by the discovery of the steam engine, the following radical industrial changes came with the implementation of digital machines, and artificial intelligence, with significant productivity effects. The main triggers of radical changes are the individualisation of demand, the efficiency of resource management, optimization of production processes without excluding ecological problems from the equation. Thus, enormous developments such as Web 2.0, applications, smartphones, laptops, 3D printers create great potential for development and economic growth.

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Industry 4.0 has a significant place in the strategy of capitalizing on the opportunities for digitization of all manufacturing steps and service systems. The fourth industrial revolution is achieved by a mixture of numerous physical and digital technologies such as artificial intelligence, additive production, cloud, databases, robotics, augmented reality, and the Internet of Things (IoT). Regardless of trigger technologies, the main purpose of industrial transformation is to rise the efficiency and productivity of resources to increase the competitiveness of manufacturing companies. The transformation we now live differs from previous revolutions by not only ensuring the change of the main models and processes of production but also revealing intelligent and innovative concepts united in a system to create business models based on the first on the satisfaction of consumers' requirements.

The digitization of production processes is on the agenda of many companies around the world. However, most business leaders do not comply with the digital challenges and opportunities or the conceptual leap they represent. Unlike Industry 3.0, which involved automation of machines and processes, Industry 4.0 includes the digitization and integration of value chain data: offering digital services and products operated by physical and virtual physical assets, transforming and integrating all internal operations and activities, building partnerships and optimization of the activities faced by customers. The Industry 4.0 concept requires a deep understanding and management commitment building viable industrial ecosystems and a clear strategy for their development.

In this context, the study in question aims not only at examining the tools and applications of Industry 4.0 but also proposes a conceptual framework for the digitized industry – industrial ecosystems as a business model for companies that want to follow the directions of digital transformation on their way to development and success.

2. Industrial Ecosystem Concept as a Type of Entrepreneurial Ecosystem

The concept of entrepreneurial ecosystem refers to the collective and systemic nature of the entrepreneurship. New companies appear and develop not only on the initiative of "heroes" with visions and entrepreneurial skills. New companies also appear to be in an environment or "ecosystem" of private and public actors who support them, creating a favorable entrepreneurial environment, for example, the existence of previous businesses, the availability of initial funding mechanisms, a system of patents and a regulatory framework that facilitates the creation of new companies. At the same time, the ecosystem may prevent companies from developing as corrupt companies, or if an entrepreneur tries to introduce innovation into production when there is still no technical standard.

The concept of the entrepreneurial ecosystem was first defined by Moore as an economic community supported by a foundation of organizations and individuals interacting – business environment bodies [Moore, 1993]. The economic community produces valuable goods and services to customers who are themselves members of the ecosystem. The member bodies include suppliers, manufacturers, competitors and other stakeholders. Over time, they correlate with their capabilities and roles and tend to align with the directions established by one or more central companies. Companies that have leadership roles may change over time, but the ecosystem leader is being assessed by the community as it allows its members to move towards common visions to align their investment and support each other.

Moore has used more ecological symbols, suggesting that the company is surrounded in a business environment, that it has to cooperate with other companies and that "the special niche of a business is caused by new species", that companies need to take initiative in developing mutually beneficial relationships with customers, suppliers and even competitors.

The use of ecological metaphors to describe the structure of a business is frequently met, particularly in information technology (IT). For example, J. Bradford DeLong, wrote that "business ecosystems" describe "the model of launching new technologies that came out of Silicon Valley." [DeLong, 2000]. It defines the entrepreneurial ecosystem as "a more productive set of processes for the development and commercialization of new technologies". Many other authors have supported this approach.

According to D. Isenberg, an entrepreneurial ecosystem consists of several elements that can be gathered into six areas: a favorable culture (e.g., risk tolerance, social status of the entrepreneur); tax and regulatory facilities, research infrastructure (e.g., tax incentives, industrial clusters); the availability of special funding (e.g., business angels, venture capital, advantageous credit system); relevant human resources (e.g., skilled labor force, entrepreneurship training programs); and a broad set of institutional and infrastructure support (e.g., legal and accounting advisors, transport and telecommunication infrastructures, entrepreneurship promotion associations) [Isenberg, 2010]. Based on this definition, governments can assess whether they have a durable entrepreneurial ecosystem and what actions they should implement, knowing that each entrepreneurial ecosystem is unique and all elements of the ecosystem are interdependent. Examples of successful entrepreneurial ecosystems can be considered as Shockley, Fairchild and HP, which helped create Silicon Valley or Digital Equipment Corporation, which helped create the Boston Group.

The absolute model of a successful entrepreneurial ecosystem is the renowned Silicon Valley, with its numerous high technology companies and leaders in the field of digital innovations and products. The development of forceful entrepreneurial ecosystems is currently one of the objectives pursued by the European Commission, within the "Entrepreneurship 2020" action plan, that suggests "creating an environment in which entrepreneurs can flourish and grow through better access to funding, in crucial phases of their life cycle, lighter business transfers or clearer and simpler regulations".

In our view, the industrial ecosystem is a form of the entrepreneurial ecosystem specific to the manufacturing industry, which meets all the characteristics of an entrepreneurial ecosystem. Under the conditions of Industrial Revolution 4.0, the use of the term industrial ecosystem is more current and more concrete. Because, by its definition, the industrial ecosystem comprises several subsystems, such as customer service, technological and operational potential, human potential, which exists individually and correlates with each other due to new information technologies. This concept and its component elements will be examined in the following chapters.

3. Industrial Ecosystem Model

The concept of the industrial ecosystem as a business model under the conditions of the Industrial Revolution 4.0 was introduced by a group of international experts in the PwC Strategy & Global Studies Operations Study, 2018. Thus, the industrial ecosystem is defined as a subsystem complex that targets the key component activities of a producing company. The authors [Geissbauer et al., 2018] have identified four under the basic ecosystems that correlate between the digital instruments form an industrial ecosystem.

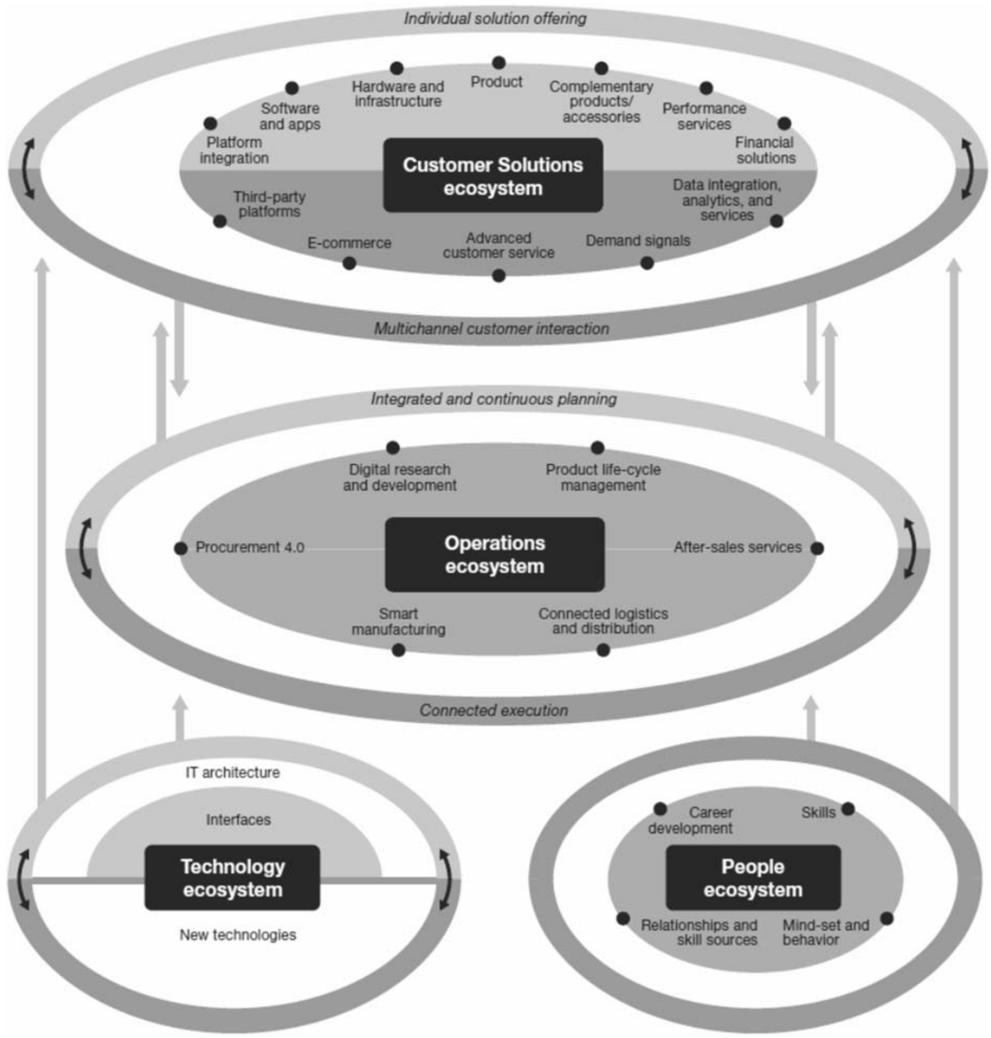
Each of the four critical sub-ecosystems is a set of activities with a wide variety of functions, partners, suppliers, products and services, employees, third-party counselors, factories, outsourcing arrangements, technologies and customers that appear within the company and outside it. These activities are linked through common digital connections and practices, grouped into:

1. The Customer Solutions Ecosystem
2. The Operations Ecosystem
3. Technology Ecosystem
4. The Human Ecosystem (People's Ecosystem).

For any business, these ecosystems have vast opportunities for creating value-added, development and growth in the digital world of the global economy. Schematically the four ecosystems and the connections between them are shown in Figure 1.

In order to develop these ecosystems, the companies will select business partners and create electronic platforms that will unite the four ecosystems into a single body by aligning activities in a coherent overall strategy. None of the ecosystems can be excluded. For example, the customer-oriented eco-system, which is strategically more important and responsive to the market context, can not be developed if the Ecosystem is not endowed with the necessary capabilities, partnerships, technologies, and activities that drive the efficiency of production. The business model, in this case, will not be able to achieve the desired performance.

Therefore, in practice, it is important to correlate the dynamics of the four ecosystems as a whole, effectively integrating available resources and business partners. The industrial ecosystem is at the heart of an innovative digital product chain that optimizes the technologies and skills of human staff involved in the business. In the following subchapters, we propose to examine the role and potential of each ecosystem in the development and economic growth of the entire industrial ecosystem.



Sursa: PwC's Strategy &Global Digital Operations Study 2018.

Figure 1. Industrial Ecosystem Concept.

3.1. *Customer Solutions Ecosystem*

This ecosystem is considered to be the basic component of the industrial system, the business model that puts the customer's (consumer's) needs into account, satisfying it with the best offer of distinctive products and services. The basic function of this ecosystem is to customize products, improve logistics, develop innovative tools and applications to respond appropriately to customer requirements by integrating individual solutions into the overall product and service offer.

This level (subsystem) also incorporates external entities that the company integrates into its solution in order to create added value and solve certain customer problems. Company communication with its customers is completed through multiple channels either directly or through third parties. Within this ecosystem, it is important to understand the needs and preferences of customers by capturing and integrating all relevant signals from their part in a network of internal and external partnerships to gather the information needed to develop new customized products and services.

In our view, the understanding of how the customer-solution ecosystem works, the unique approach and the adoption of product combinations offered with complementary services, highlighting the customer, are the engine of economic growth under the conditions of the technological revolution.

To meet customer needs, the company will use both a network of partners, such as suppliers, industry experts, other companies, and IT knowledge and products, which can be combinations of hardware, software, applications, or interactive platforms. Interaction with customers can be achieved either directly through sales and marketing or through electronic platforms and e-commerce applications. The use of electronic platforms in customer dialogue allows the accumulation of product quality, customer satisfaction degree, objections, and recommendations.

A more detailed analysis of the client-side ecosystem allows us to highlight two priority directions: individual solution offering and multichannel customer interaction. The first direction of development involves the use of information from actors directly involved in transactions (customers and consumers, suppliers, industry experts, industry specialists, etc.) as well as software tools, hardware, digital platforms to provide customized solutions. The second direction of development involves interaction with customers through multiple link channels (e-commerce, databases, digital platforms connecting suppliers with customers, advanced client services, etc.) (See Figure 2).

Source: PwC’s Strategy &Global Digital Operations Study 2018.

Figure 2. Customer Solutions Ecosystem Model.

Research in the field of implementing IT solutions in customer service [Kagermann, 2013] found that 50% of the companies that registered the increase in turnover (volume of sales) made considerable investments in the development of innovation platforms and operational support of the business , the sale of products through pay-per-use subscription programs and omnichannel (simply defined as a qualitative and integrated strategy by which the client benefits from the same information and functionality throughout the purchase flow.) Open platforms allow partners and other members of the ecosystem to gather the necessary information from a large number of companies and people at low cost. In this way, companies can generate individual and unique solutions.

A well-defined and mature customer ecosystem creates plus-value for all stakeholders. Surveys have shown that 68% of high-digitization companies have adopted improved customer programs by offering personalized products and services, while 63% have taken advantage of more complex value chains that provide customer products. These companies have created open partnerships with other companies to improve the quality of the products provided. For example, Google and Abbvie pharmaceutical company have partnered to research diseases that affect older people; the partnership agreement between Deere & Company that produces carbon fiber with King Agro technology – to build lightweight and high-quality sprayers for Deere machines; the General Motors alliance with Lyft – for the construction of a self-managed car, the DuPont joint venture with the Hebei Nonghaha Chinese equipment company jointly develops a device that allows accurate planting of corn seeds, etc.

All of these examples share the search for solutions to address certain deficiencies in their area of qualification and the acquisition of missing capacities to provide better products and distinctive services within the ecosystem. These examples also show that it is essential for a company to identify its position in an ecosystem.

Thus, some companies place customer-centric solutions at the heart of the ecosystem, where all participants communicate directly with the company, more than with eachother. Apple is part of this category with a huge suite of application developers who create products and components directly for iPhones and iPads, as well as Deere, the high-precision farm equipment manufacturer, integrates technologies and models from third-party companies to help farmers to accurately measure the use and performance of water resources, seeds, pesticides and other agricultural elements. Some companies place their entity at the base of the ecosystem, with a wider openness to external partners. For example, Ford operates at the end of a traditional supply chain; parts manufacturers have their own components and develop solutions for Ford customers.

Among the main advantages generated by the efficient management of the customer-oriented ecosystem can be highlighted:

1. Obtaining higher revenues in improving the satisfaction of customer needs by offering customized solutions;

2. Increasing production potential through optimal use of internal capabilities and extended network of external partners;

3. Greater agility in managing a flexible network of partners;

4. Higher efficiency and reduced costs.

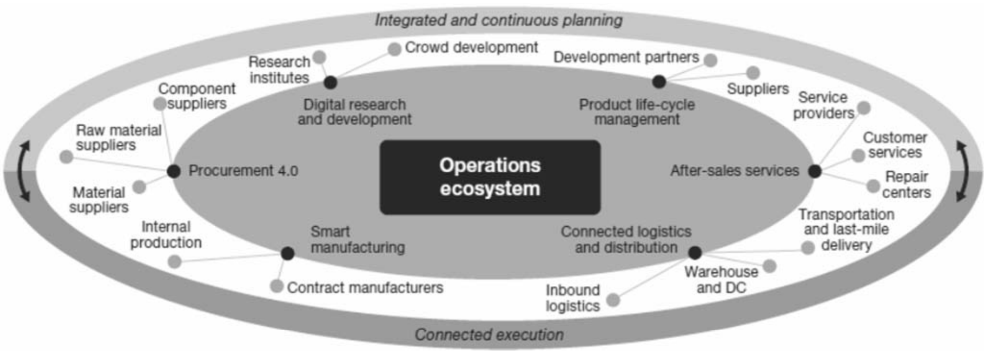
According to the study by PwC & Global [Geissbauer et al., 2018], at the regional level, Asian companies are making the greatest effort to develop this ecosystem (42%), US companies are a little behind 30%, and only 17% of the EMEA (Europe, the Middle East and Africa) were interested in this activity.

3.2. *Operations Ecosystem*

This cluster comprises the activities and physical flows that support the means for the customer-solution ecosystem, also called the value chain efficiency stratum. This layer includes product development, scheduling, supply, production, storage, logistics and customer service. This ecosystem may include any external partners participating in a company's operations, including suppliers, logistics partners, and academia.

The operational ecosystem is the ecosystem layer that serves as the backbone of the company's digital system: the supply chain, product development, production and distribution. Activities within the operational ecosystem can be managed by external entities such as suppliers, contract manufacturers, distributors, logistics providers and inventory managers.

The concept and basic components of the operational ecosystem are shown in Figure 3.



Source: PwC's Strategy &Global Digital Operations Study 2018.

Figure 3. Operations Ecosystem Model.

The operational ecosystem unites the functions and partners on a horizontal basis in R & D, the supply chain and services. A very good functioning of the ecosystem is particularly valuable for the planning and execution process, as this ecosystem aligns the realization of the value chain (including production and supply) to real-time customer requests. For the manufacturing industry, this ecosystem links vertically and automates production processes and connects outlets to the supply chain.

An important factor is the relationship between the operational ecosystem and the customer-solution ecosystem. In mature digital business models, the operational ecosystem derives directly from customer needs.

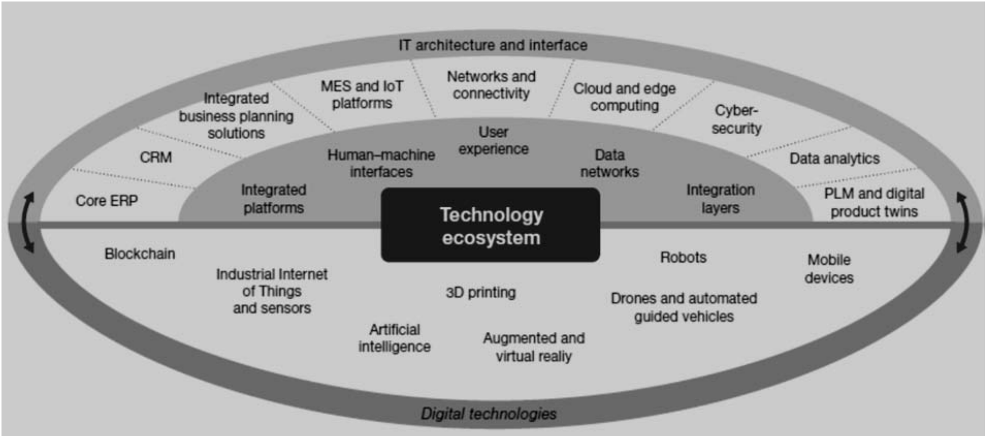
The significance of this correlation is obvious, for example, to deliver customized product deliveries to customers, the company must have a supply chain, execution capabilities, and a flexible production process. Because the characteristics of products or services change over time, the composition of the ecosystem can be continually modified and improved. Suppliers, warehouses or factories may be needed in new regions; more flexibility to deliver just-in-time accelerated programs; and the innovative logistics partners needed to overcome competitors by offering customers greater variety and comfort. Unlike the classic organization of the operational process (separate departments for research and development, production, control and management, sales, etc.), the ecosystem is managed by two layers: the integrated and continuous planning layer, and team-based implementation executives, the team being composed of internal and external members who are attracted to specific tasks and projects and can be dissolved when the projects are completed. The teams in question have to ensure the ecosystem functionality that has to deliver the desired solutions in the upper ecosystem.

For example, these companies can exchange information about the product qualities in several stages of the value chain almost instantly. This allows them to quickly assess the impact of demand change on all stages of the value chain and address any constraints that would hinder adjustment of the production process and sales program.

3.3. *Technology Ecosystem*

This layer is the backbone that ensures the implementation of new technologies throughout the company. The technology ecosystem coordinates improvements and innovations in customer-solutions, operational and human-ecosystems,including interfaces and the IT architecture of the company. It includes Industry 4.0’s pivotal technologies as 3D printing, artificial intelligence, Internet of Things (IIoT), sensors, virtual reality, and robots. The model of the technological ecosystem is shown in Figure 4.

The basic task of this ecosystem is to ensure business digitization by automating the processes of planning, producing and serving customers. Software is often built in the cloud and contains applications with high security for data analysis and storage. The ecosystem interfaces link the IT architecture with the integrated platform user, human machine interfaces, data networks, and other industrial integration layers. All of this is developed in a coordinated way to provide superior quality products, experience, reliability and efficiency.



Source: PwC's Strategy &Global Digital Operations Study 2018.

Figure 4. Tehnology Ecosystem Model.

Leading companies in the application of IT innovations promote the intelligent expansion of technologies across the entire industrial ecosystem implementation and rapid development, forming partnerships with external platform, hardware and software vendors. Finally, these partnerships ensure the valorisation of the IT innovation tools in the whole range of ecosystems of the company, internally and externally.

Implementation of information technologies in economic activity should not be done solely for the sake of technology, or to keep pace with international market trends, managers need to understand the competitive advantage of IT – speed, flexibility, personalization and efficiency. Industry Technologies 4.0. widely applied in manufacturing are:

1. Integrated planning of the supply end-to-end chain;
2. Predictive maintenance of assets and products;
3. Production execution systems;
4. Industrial Internet of Things;
5. Digital twins, virtual versions of physical assets, products, or digital factories;
6. Advanced Robotics, etc.

Many of the world's manufacturers are active in implementing and piloting augmented reality (AR) and virtual reality technologies (VR). They provide computer-generated simulation of complete three-dimensional images that allow the user or client to interact realistically with the virtual environment. These technologies are valuable for maintaining and developing production capacities, customer service and quality assurance. They are also useful for self-learning and training as well as for the rapid adaptation of the workforce to changes in the operational process, and for the rapid integration of employees into the production process.

Advantages generated by the technological ecosystem enhance company performance. These advantages create a virtual circle – any efficiently used digital technology is the starting point for additional, improved technology that will generate new economic benefits. Of course, in order to benefit from the technological ecosystem, companies need to have an advanced information culture and a set of skills for optimal use of technologies.

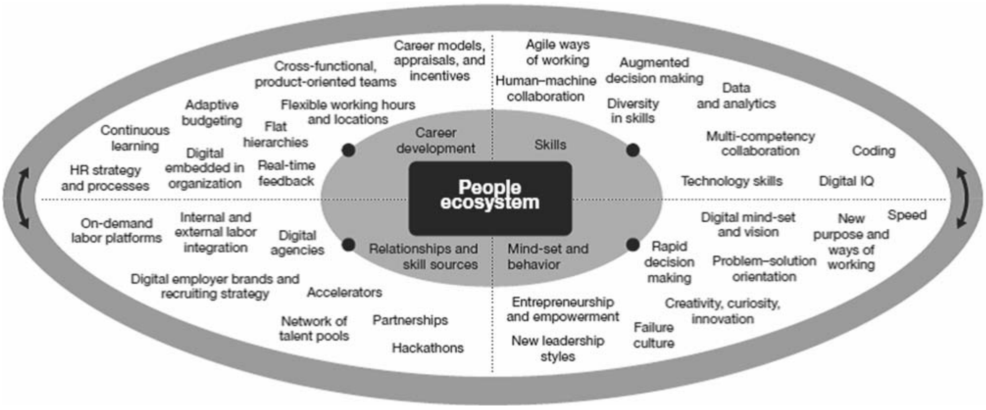
In order to transform general applications into information property that meets operational needs and serve the company, considerable investment is needed. Intelligent digitization and automation of production processes allows a high level of personalization of the finite product and speeding up the satisfaction of consumer preferences, and the latter are the hallmarks of Industry 4.0.

3.4. *People Ecosystem*

Currently many companies lack the vision, strategy and culture needed to support their digital transformation. Another substratum of the industrial ecosystem, which represents the field of competence and organizational culture, is the human personal ecosystem that encompasses the skills, competences and knowledge necessary for the adoption and use of digital products.

The elements of this ecosystem are characterized by the company's strategic directions (solutions) and performance (operations). By assessing these factors, the types of digital activities and skills needed to support human staff efforts to improve the performance of IT deployment activities can be determined.

The human personal ecosystem (employees) embodies the internal workforce but also self-employed workers, contract workers, digital agencies or scientific research institutions and universities. The human personal ecosystem model is shown in Figure 5.



Source: PwC's Strategy &Global Digital Operations Study 2018.

Figure 5. People Ecosystem Model.

Ensuring the skills and organizational culture needed to implement IT can be achieved by providing and developing the main components of the human personal ecosystem:

1. Skills: Workers exhibit different abilities in their work, interacting with machines and machines, taking decisions derived from the technology applied in the production process. For the development of the ecosystem, the company has to invest in increasing the digital IQ of the labor force.

2. Mind-set and behavior: includes a set of rules of conduct, leadership styles, openness to new technologies, an open culture of communication, creativity and innovation, a non-hierarchical mentality, "best idea counts" decision-making and problem-solving.

3. Relationships and sources of qualification: the organization is made up of functional teams with internal and external integration; who continuously trains themselves using platforms, networks, or databases. In this respect, performing companies create clusters with training and research centers, develop a recruitment and recruitment strategy for thestaff that characterizes its digital maturity, develop talent development and innovation programs.

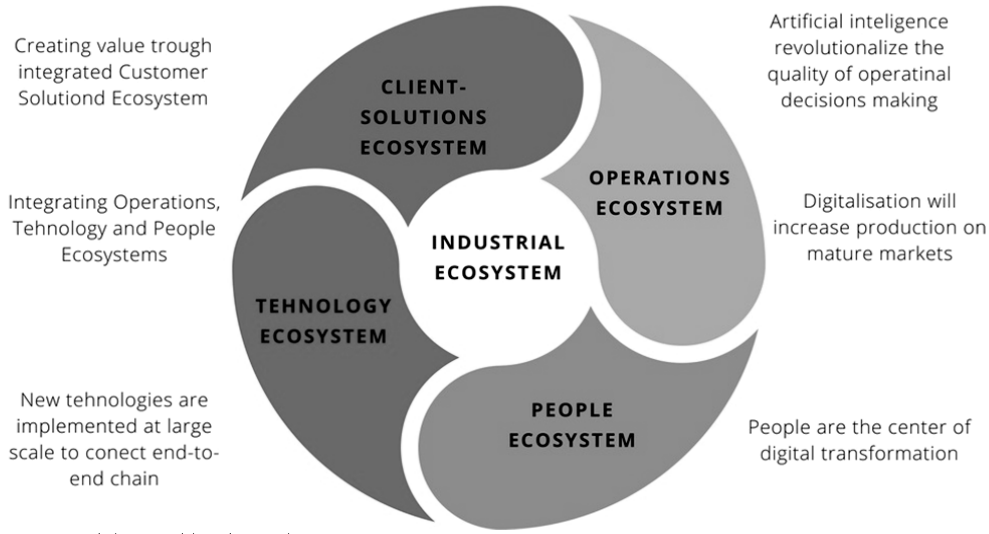
4. Career development: Company management appreciates, stimulates and rewards innovative ideas, and is interested in the ongoing digital training of its employees.

Smart digitization and automation will contribute to a 14% increase in global GDP by 2030. Mature markets will benefit more from digitization by lowering operating costs, allowing companies to rely less on workforce and to increase the volume of production on domestic markets. In turn, demand for skilled labor will increase, as are wages and the need for skilled work – especially for digital experts, data analysts, advanced technology specialists, engineering and mathematics (STEM). Demand for innovation, access to talent, and industry-specific 4.0 programs will be crucial.

4. Conclusions and recommendations

The understanding of an industrial ecosystem and the ecosystem vision of all component elements is the starting point for growth and economic growth under the conditions of Industry 4.0. The development of an integrated ecosystem system and a well-defined internal and external strategic partnership model, efficient governance of ecosystems that prioritize activities, enables rapid decision-making and makes best use of them. Digital investments are key to successfully deploying, expanding and improving customer solutions, operations, technology and human skills.

The main recommendations for companies that want to develop their own industrial ecosystem to achieve economic growth under Industry 4.0 are shown in Figure 6.



Source: elaborated by the author.

Figure 6. Six Key Findings for an Efficient Industrial Ecosystem.

In conclusion, we found that obtaining a competitive advantage is possible through the orchestration and integration of the four layers of subsystems: Client Solutions, Operations, Technologies and People. Through Customer Solutions Ecosystems, Customer Solutions Ecosystem creates new value by continuously improving product offerings and digital services, such as access to customers, directly or through third parties. Worldwide successful manufacturers excel by creating customer databases and matching customer requirements with the solutions they offer, improving traditional products with services, software, data analysis, and added value on partner network accounts. To do this, manufacturers can use open platforms to remove internal and external borders in business.

The “customer solutions” ecosystem serves customers with complete digital technology, products and services with a network partner. Client solutions are supported by an “Operational Ecosystem” – a correct set of technologies, personal and cultural to lead them. Digital leaders are adjusting their businesses, identifying strengths to define client solutions, and at the same time allowing customers to set new targets for the operational ecosystem and the human (human) ecosystem. This alignment creates an industrial ecosystem that will have a strategic advantage. Digitization will help increase productivity in mature markets and get closer to customers by manufacturing customized products. Globally, digitization will increase productivity and improve living standards.

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ELENA FUIOR[2]

FEATURES OF DEVELOPMENT OF TOURISM AT THE PRESENT STAGE

Abstract: *The relevance of this topic is determined by the fact that today, in many countries of the world, the tourism industry, which includes a number of industries such as transport, communications, hotels, banks and other areas and has a high investment multiplier, is developing rapidly. The tourism business, being the leading direction of the socio-economic, cultural and political activities of the Republic of Moldova, is becoming a sector of the economy, allowing to receive high incomes. The main economic functions of the tourism industry are expressed in the additional demand for investment, new strategies and technologies for managing financial resources. In addition, the creation of infrastructure, new jobs, an increase in government revenues, and the inflow of foreign currency are being stimulated. It is based on a complex system of relations between suppliers and consumers of relevant services, between travel agencies and their competitors, as well as between business partners.*

The organization of activities of travel companies provide for the sequence of such stages as: the choice of a market niche; development of a tourist product; determination of the volume of services provided; improving pricing; expanding advertising and research; attraction of investments; interaction with other companies and government agencies. The importance of tourism for the economy of any country is analyzed from the standpoint of its relative share in the global volume, as well as the importance of tourist activities for the economy of each individual direction. At the same time, despite the significant potential, Moldova belongs to the region with untapped opportunities for the development of tourism. In this regard, the article discusses the problems of the growing role of tourism in the country's economy, the possibilities and prospects for the development of tourism in the country, the key importance of the area of accommodation, as well as incentives from the state to develop this sphere.

Key words: *globalization, strategy, tourism, tourism industry, tourist services.*

JEL: *L83, Z 32.*

1. Introduction

Currently, tourism is one of the leading and fastest growing sectors of the global economy. In many countries, tourism plays a significant role in shaping Gross Domestic Product, activating foreign trade balance, creating additional jobs and providing employment for the population. Tourism has a huge impact on such key sectors of the economy as transport and communications, construction, agriculture, production of consumer goods and others, i.e. acts as a stabilizer of socio-economic

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development. In turn, the development of tourism is influenced by various factors: demographic, natural-geographical, socio-economic, historical, religious and political-legal.

According to the forecast of the World Tourism Organization, the growth of the tourism industry will be irreversible in the XXIst century, and by 2020 the number of international tourist visits will be 1.6 billion units [10]. As is known, this sector of the economy is the fundamental basis of many developed and developing countries of the world. Travel and tourism provide over 11% of international investment and bring to the treasury of the states 302 billion dollars in tax revenues. All this proves that the topic of tourism today is one of the most relevant, and tourism is currently one of the most profitable types of business in the world. As in any business, tourism has its own laws of development, problems and benefits associated with them, as well as ways to solve these problems and methods for extracting maximum profit. The tourism industry can be described as "a set of hotels and other accommodation facilities, means of transport, catering facilities, entertainment facilities, educational, business, recreational, sports and other facilities, organizations engaged in tour operator and travel agent activities, as well as providing excursion services and guide services – translators". The scale of tourism over the past few decades has increased at an impressive pace, and the share of tourism products in the gross global product is increasing.

Tourism is also a tourist enterprise, primarily the activity of tourist organizers and middlemen. Today, the number of travel companies has greatly increased, and fierce competition forces them to occupy their niches in the market. There are firms engaged in individual countries or destinations, there are firms that work only to receive tourists. There are those that work with groups, and those who organize trips on an individual order. There are tour operators who completely organize trips and offer ready-made itineraries at a discount to other travel agents, and there are travel agents acting as intermediaries between the tour operator and the client. Travel agents are flooded with information about various tours, from which they select the right and most affordable price for the client.

In a market economy, tourism throughout the world has become one of the most significant economic sectors, and for some developing countries it is the basis of their existence (Thailand, Cyprus, Malaysia, etc.).

2. Tourism as a socio-economic phenomenon

Today, the existence of a modern person is difficult to imagine without traveling, constant movements associated with professional activities, with rest, with the search for new sensations and with many more aspects of human existence. Such a desire to travel has not only objective reasons caused by the peculiarities of modern civilization, but also with the deep existential foundations of being. Initially, tourism emerged as a sphere of recreation and entertainment, but later, it became an intensively developing sector of the economy, in which the share of living labor is high, accelerated depreciation and a high rate of return on investments take place.

For many countries, tourism is the fundamental basis of the economy and an important source of foreign exchange earnings. This is especially important, first of all, because tourism is an aggregated sector of the economy, including sub-sectors that create and implement a comprehensive tourist service, and sub-sectors that are indirectly involved in this process. Moreover, the cumulative result of the work of industries repeatedly increases through the system of multipliers of private economic effects arising at the appropriate level in the hierarchical ladder of production.

Modern science considers tourism as a complex socio-economic system. The UN Statistical Commission gives the following definition of tourism: "Tourism is a set of relationships and phenomena that occur during the movement and stay of the non-native population until the stay does not become permanent residence and is not associated with income generation." A similar definition of tourism was formulated by the World Tourism Organization at a conference in Manila in 1981: "Tourism is one of the types of outdoor activity, which is a journey made in order to know certain areas, new countries and combined in a number of countries with elements of sport". A distinctive feature of all the functional definitions of tourism is found in highlighting the characteristic features of the objects and subjects of tourism, which reflect the goals of the activities, tasks and functions of the relevant organizations, forums or legislative documents.

Modern economic science considers tourism as a complex socio-economic system, in which a diversified industrial complex, called the tourism industry, is only one of the constituent components. It arose in that period of development of society, when the need of a person to receive information about new places, traveling as a means of obtaining this information was the objective law of the development of human society. At a certain stage of development of the economy, when the need for travel has increased dramatically, the producers of these services appeared. This has led to the formation of a particular type of tourism product that can be bought and sold in the consumer market. Since tourism is not a commodity of the first vital necessity, it therefore becomes a vital need of a person only at a certain level of his income and at a certain level of wealth of society.

In the modern world, tourism is considered as a socio-economic phenomenon that has a direct and indirect impact on the development of the entire infrastructure associated with it. Moreover, tourism has an industrial form; acts as services that cannot be accumulated and transported; characterized by a high level of efficiency and quick return on investment; is a pioneer in the economic development of new areas; acts as an effective means of protecting nature and cultural heritage, and is compatible with almost all sectors of the economy and human activities. The tourism industry is a specific sector of the economy, which includes the activities of tourism enterprises in the provision of a complex of tourist services, individual services to tourists and the sale of tourist goods in order to meet human needs arising during the period of his trip. It develops together with other sectors, such as transport, public catering, trade, socio-cultural sphere, sanatorium-resort complex and others, and is an incentive for the socio-economic development of the territory.

The country's economy and tourism closely interact with each other. General economic factors affect tourism both positively and negatively. The positive impact factors are: real income growth; more even distribution of income; stable position of the currency and others. At the same time, the factors of negative impact on tourism are: economic crisis phenomena; rising unemployment; salary cuts; unstable political and economic situation. Tourism is viewed as an economic phenomenon from two sides: as an economic complex, the development of which is largely explained by global economic relations, processes and relations, and as a major catalyst of economic growth. In this capacity, tourism serves as a channel for redistributing gross domestic product. Since the purpose of the activities of tourist enterprises is to obtain and increase income, its choice is influenced by the following factors: the presence and volume of demand; profitability level; capital intensity and others. Moreover, in the conditions of the market and a high level of competition, companies in the tourism business are able to achieve success; they are able to create and implement long-term strategies whose main elements are: a system of goals; resource management principles; rules for the implementation of management actions; understanding of the activities of competitors; internal and external restrictions; course and program of action; situational strategies and financial plan.

From the point of view of the strategy of management of financial resources of tourist enterprises, an important direction is the assessment of the effectiveness of their activities. It should be based on the most informative financial indicators in the composition of which the most representative are: the dynamics of income and its structure; cost levels and profitability indicators; working capital management and cash flow; asset utilization and investment efficiency. In this aspect, performance measurement should reflect the ability of companies to obtain an appropriate level of income. In the process of strategic financial management, the most important evaluation parameters are:

– the potential for the formation of financial resources, namely: capital market and credit market conjuncture; loan practice; operational leverage; profit formation policy; depreciation policy; tax policy; level of solvency; weighted average cost of capital;

– the level of investment efficiency – the conjuncture of the financial and commodity market; the level of profitability of investment projects, investment policy; structure of resources; asset structure of implemented investment projects; asset turnover of realized investment projects;

– level of financial security – the level of stability of commercial relations with customers of tourism services; current assets management policy; composition of current financial liabilities; capital structure; cash flow management policy; self-financing level; financial risk management policy; financial risk insurance forms; methods of diagnosing the financial crisis;

– the level of quality financial management – the effectiveness of relations with counterparties for financial activities; the breadth of financial information; financial management efficiency.

The methodology for determining the financial performance of a travel company, for effective resource management, provides for ranking the totality of indicators into categories such as: a general assessment of the financial situation and their changes during the reporting period; analysis of the financial stability of the company; analysis of liquidity and solvency of the company; return on equity and sales. Economic potential needs of the company should be considered in terms of the economic situation and in terms of their financial situation. At the same time, it is necessary to assess the economic potential, both from the point of view of the economic situation and from the standpoint of the financial situation, since these aspects of activity are interrelated: the irrational ownership structure, its poor quality composition can lead to a deterioration of the financial situation and vice versa. Unjustified freezing of resources in accounts receivables and stocks can adversely affect a company's ability to cope with current payments and an increase in borrowed resources – which makes it necessary to turn the company's assets into repayment of debts to creditors. Also, they are constantly faced with the need to create an optimal asset structure; various deviations can lead to a decrease in performance indicators.

The effectiveness of the tourism enterprise is a comprehensive reflection of the final results as a result of the use of financial resources. It is determined by the cost indicators characterizing the results of activities, namely: the volume of services provided the amount of profit received, profitability, savings of resources, labor productivity and other profit per unit of total costs, the cost per unit of service, the profitability of the tourist product, the share of the increase in services due to intensification AI activities; indicators of efficiency of use of fixed and circulating assets – the total capital productivity and capital productivity of the active part of fixed assets, the profitability of fixed assets, the capital intensity of a product unit, materiality; indicators of efficiency of use of funds, namely: the turnover of funds, the profitability of working capital, the profitability of investments, the payback period of investments.

Based on the fact that the main goal of the business is to increase revenues, the financial strategy should be aimed at increasing the wealth of the owner. This goal can be realized using the criterion of economic value added, or EVA (Economic Value Added). The concept of EVA was developed on the basis of A. Marshall's theory of economic income and the theoretical developments of F. Modigliani and M. Miller. Its essence consists in comparing the cost of capital used in business, as a rule, it is a weighted average cost of capital WACC (Weighted Average Cost of Capital), with the return from the use of this capital. The profitability of the used capital ROCE (Returnon Capital Employed) is calculated as the ratio of net profit to the average for the year value of capital involved in the business. The difference (ROCE – WACC) should be as positive and as large as possible. If this difference is multiplied by the amount of the capital involved in the business, then we get the indicator of the added economic value of capital EVA. It is this indicator that should first of all interest the owner, as an indicator reflecting the increase in his wealth.

The calculation compares the company's net profit from operating activities after taxes and the total value of its capital, both its own and borrowed. If a firm exceeds the total value of its capital in a certain reporting period, this means that it has a positive EVA for the given period and increases its value. If the firm's EVA is negative, it means that during the reporting period the firm could not cover all its costs and thereby reduced the company's value for shareholders. The cost of capital in the EVA method is defined as the weighted average (WACC). It embodies the fundamental principle that a company must generate income that covers the cost of the entire capital invested in the company.

At the same time, a financial management strategy should be part of an overall enterprise strategy. The task is to formulate the main strategic goals of the business and monitor their achievement, which can be achieved through a balanced scorecard of BSC (Balanced Scorecards). The essence of the system is that financial indicators alone, which characterize past events, are not enough for a comprehensive assessment of the state of the enterprise. They must be supplemented by a system of indicators characterizing the external environment of the enterprise and its relationship with customers; internal processes, as well as the ability of the enterprise to learn and grow. It involves the creation of a system of indicators measuring the results achieved, and indicators showing the processes that ensure the achievement of these results, which must be linked to each other, since to get the first you need to implement the latter. In practice, this leads to the formulation of target values, both in quantitative and qualitative parameters, reflecting the implementation of the project.

Having a multi-dimensional character, the BSC covers the links between the strategic and operational levels of management, past and future results, as well as internal and external aspects of activity. At the same time, the sphere of finance is one of the key components of a balanced system of performance indicators, and financial results are key criteria for evaluating the current activities of an enterprise. As a rule, the financial goals that are at the head of the organization's goals should be interconnected with the marketing goals, since they define the key market segments on which the company intends to focus its efforts on promoting and selling its products, and the travel agency – the routes. Then, key performance indicators are defined: customer satisfaction, customer retention, new customer acquisition, market share in target market segments, and customer loyalty to the supplier of products or services. The effectiveness of business processes is determined by the number of attracted customers and the final financial result. A properly constructed balanced scorecard should contain both the resulting indicators and performance drivers. Thus, the financial performance of travel companies due to the effectiveness of the formation, distribution and use of financial resources. If an enterprise has a stable financial position, it is efficient, takes precedence over other enterprises in the system in terms of attracting investments, obtaining loans, and choosing suppliers.

3. Development of tourism in the world and the Republic of Moldova

Under the current conditions, the tourism industry is one of the most important, which constantly contributes to the development of various areas of the world economy. At the same time, tourism has a beneficial influence on society as it allows to create new jobs in various related branches of the economy, assures the development of communication systems, increases the level of population culture, professional training, etc. The rise of international tourism dates back to the 50s of the last century. So, by 1960, the number of tourists traveling abroad reached 71 million people. The period from 1961 to 1970 was accompanied by a further rise in the tourist business, as evidenced by the increase in the number of foreign tourists, whose number in 1971 reached 168.4 million people.

In 1969, in accordance with the resolution of the UN General Assembly, the non-governmental organization IUOTO was reorganized into an intergovernmental United Nations World Tourism Organization (UNWTO). Their activities are aimed at the implementation of international cooperation of States in the field of tourism and are fully consistent with the principles of modern law. The main objective of the UNWTO is to promote and develop tourism in order to contribute to economic development, international understanding, peace, progress and universal respect for and respect for human rights and fundamental freedoms for all without distinction of race, sex, language or religion [10]. The 80s were preceded by a period of tourist upturn. For 30 years, the number of participants in international tourist relations has grown 11 times. Tourism by this time was developed all over the world, but its growth was uneven in different regions. The increase in international tourist exchanges in Europe, Africa and Latin America was at the level of world average indicators, and in the countries of the Middle East it exceeded them by more than 3 times, in countries of South Asia – more than 5 times, in East Asia – more than 10 times. During this period, the states of Europe and North America remained at the leading positions, both in receiving foreign tourists and in sending citizens abroad. Among the countries that were “suppliers” of tourists, included Japan and Australia. The states of North Africa and Asia became the main competitors of the southern European countries of the Mediterranean.

In the period 1985–1992 there have been important democratic changes, the processes of political democratization, the formation of market relations. The foreign policy of the Soviet leadership to end the Cold War and end the confrontation with the West, the slogans “publicity” and “restructuring” aroused wide interest from the international community, which did not slow down to reflect in such a sphere of international relations as tourism. Subsequently, despite the existing problems, the development trend of the tourism industry in the world was observed. So, in 1998, the number of tourist trips increased by 2.5% and amounted to 635 million people, while income from tourism (not including transport) increased by 0.28% to $ 439 billion, despite the fact that during the period from 1989 to 1993, the growth in revenues decreased from 10% compared with 1994–1998.

According to the World Tourism Organization at the UN (UNWTO) in 1950, the number of tourists all over the world was only 25 million. After 45 years, this figure has grown more than 20 times and amounted to 528 million people. In the XXIst century, the number of tourists continues to grow steadily (in 2000 – 675 million, in 2005 – 795 million, 2010 – 935 million, 2012 – more than 1 billion people). The tourism industry that has developed in the period after the Second World War today produces up to 10% of the world gross domestic product. The annual increase according to the UN World Tourism Organization (UNWTO) is 3–4% and will continue in the coming decades, which coincides with the long-term forecast "Tourism: the Outlook for 2030".

International tourism continues to show growth despite terrorist threats and crises. Note that in 2016, tourists made 1 billion 235 million international trips. Compared to 2015, the number of tourists increased by 46 million people. After the crisis of 2009, in the period 2010–2016, the positive dynamics of international tourist traffic was achieved. The growth of this indicator over a long period was last recorded in 1960. For comparison: in 1950, 25 million tourists traveled the world, in 2013, 1 billion 87 million tourists were recorded, which is fifty million more than in 2012. At the end of 2016, overseas trips made over 300 million tourists more than in the pre-crisis 2008 [21]. The Asia-Pacific region remains the leader in terms of the increase in inbound tourist traffic + 8%, compared to 2015. In the same period, steady growth is observed in all subregions: Oceania + 10%, South Asia + 9%, North-Eastern and South-East Asia + 8%.

The scale of the tourism industry can be judged by the fact that at present in the industry, according to international tourist organizations, there are about 100 million workers of various levels, different specialties and qualifications. The tourism industry employees include not only employees of tourist operators and agencies, but also employees of hotels, tour agencies, employees of transport infrastructure organizations, cleaning companies, translators, as well as representatives of many other professions. The presence of such a complex and dynamically changing infrastructure, which today covers almost all countries of the world, with the exception of points of heightened socio-political and natural-climatic danger, gives the tourism sector a new quality.

International tourism in the world is extremely uneven, which is primarily due to the different levels of socio-economic development of countries and regions. The most developed international tourism received in Western European countries. The share of this region accounts for over 70% of the global tourist market and about 60% of foreign exchange earnings. Approximately 20% are in America, less than 10% are in Asia, Africa and Australia combined. This development of international tourist relations led to the creation of numerous international organizations that contribute to the improvement of the work of this area of international trade. Many highly developed countries of the West, such as Switzerland, Austria, France, have built a significant share of their wealth on tourism revenues.

Currently, international tourism is developing rapidly. And every year more than 1.2 billion people travel around the world. Tourism contributes to humanity cultural exchange, creates the basis for people to more deeply explore the culture of other nations. A trend in the development of international tourism helps the tourism industry to more effectively organize business in tourism. According to UNWTO Tourism Highlights data in 2016, the number of international arrivals reached 1 billion 235 million and increased by about 46 million of tourists, while at the same time providing 10% of world GDP, 7% of global exports of goods and services, 30% of service exports and 11th of jobs [21]. At the same time, following the global economic and financial crisis of 2009, 2016 was the seventh consecutive year, marked by the steady growth of international tourism. At the same pace, revenues from international tourism have also increased [20].

The so-called Global Tourism Organizations UNWTO, a quantity of international tourists spending over 7% in 2017, reached a total of 1,322 million people [7]. The equilibrium of the Mediterranean countries, the results of the Balkan region, reached Europe. Thus, in 2017, international tourist arrivals at Europe reached 671 million people, which is 8% more likely to be in 2016 years. Rost has been driven by the results in the South and Mediterranean European (+ 13%). Western Europe (+ 7%), thus re-establishing a sustained pace in Northern Europe and Central and Eastern Europe (+ 5%). In this period, significant growth reached Africa – 8% compared to 2016 yo. The region consolidated its lead in 2016 and reached a record 62 million international tourists. North Africa saw an increase of 13% in Africa, and 5% in Saharan Africa. At that time, compared to the 2016 year-old Asia Pacific region, it has secured a 6% growth, registering 324 million international tourists. In South East Asia rose to 10%, Southeast Asia – 8%, Oceania – 7%. The number of tourist trips to Northeast Asia increased by 3%. The Middle East in 2017 registered 58 million international tourists.

In North and South America, an increase of 3% registered 207 million international tourists in 2017, with most of the destinations having positive results. South America (+ 7%), followed by Central America and the Caribbean (+ 4%), the latter showing clear signs of recovery from the effects of hurricanes. In North America (+ 2%), sustained results in Mexico and Canada contrasted with a decrease in the United States. Thus, 2017 was characterized by steady growth in many directions and sustainable recovery in those that suffered in previous years. The results were partially shaped by the global economic recovery and steady outgoing demand from many traditional and emerging markets sources, especially the recovery of travel expenses of Brazil and the Russian Federation after several years of decline. However, international travel continues to grow, strengthening the tourism sector as a key factor in economic development. At the same time, tourism is essential for creating jobs and prospering communities around the world [7].

According to the latest estimates of the World Tourism Organization (UNWTO), international tourism revenues grew by 6% in the first six months of 2018 after a record year of growth in 2017. In all regions of the world, there was a steady increase in the number of tourists who arrived in January–June 2018. Growth was driven by strong demand from major markets, helped by a boom in the global economy. This happened after a record annual growth in tourist flows in 2017 [9].

The forecast shows that the number of international tourist trips should reach 1.56 billion people by 2020, of which 1.18 billion people will travel within their regions (meaning Europe, America, Africa, etc.), and only 377 million people will make long journeys to other regions of the world. However, during the period under review, long journeys to other regions of the world will grow faster than travel within their regions. The ratio between intra-regional and inter-regional travel will vary from 82:18 in 1995 to 76:24 in 2020. At the same time, the following distribution of tourists by regions is expected: 717 million tourists will remain in the lead, East Asia / Pacific region will take the second place – 397 million tourists, America will take the third place – 282 million tourists will follow (in order descending) Africa, Middle East and South Asia.

Thus, tourism is a competitive and balanced economic sector that efficiently exploits the representative heritage of the Republic of Moldova, promotes Moldovan hospitality at high standards, ensures diversity of citizens' leisure. Most actions have been taken to make tourism more efficient in capitalizing on heritage resources, increasing visitor flows and promoting the positive image of the country. As a service sector, tourism contributes to the development of the economy through the accumulation of capital in about 12 types of branch activities, attracting in its activity about 20 branches related to about 140 services related to the tourism sector: transport, production and marketing of goods, equipment, souvenirs, cultural, sports, leisure, medical services, etc. [6].

In order to regulate the tourism industry in the republic, a number of legislative acts have been adopted over the years. Thus, in the years 1997–2003, there were developed and implemented:

– The Concept of Tourism Development in the Republic of Moldova in 2005 (Government Decision No. 912 of 8.10.1997, Official Gazette 1997, No. 74–75, Article 769, repealed by the Government Decision No. 796, 25.10.12);

– The Strategy for the Sustainable Development of Tourism in the Republic of Moldova in 2003–2015 (Government Decision No. 1065 of 2.09.2003, Official Gazette 2003, No. 196–199, art. 1118, repealed by the Government Decision No. 796, 25.10.12);

– Tourism Law (No. 798-XIV of 11.02.2000);

– Government Decision No. 615 of 11.07.2001 for the approval of the Regulation on the Tourism Registry (Official Gazette No 78–80/641 of 12.07.2001);

– Government Decision No. 1470 of 27.12.2001 on the introduction of the tourist contract, the tourist voucher and the statistical record of the movement of tourists at the border of the Republic of Moldova (Official Gazette No. 161/1484 of 31.12.2001);

– Order on Approval and Implementation of the Nomenclature of Functions in the Field of Tourism, Criteria for the Granting of the Tourism Patent and the Regulation on the Patent Practice for Tourism (2001);

– Government Decision No. 74 of 28.01.2002 regarding the improvement of the situation in the tourism industry (Official Gazette No. 017 art. 139 of 31.01.2002);

– Government Decision No. 643 of 27.05.2003 regarding the approval of the Methodological Norms and criteria for the classification of the tourist reception facilities with functions of accommodation and serving the table (Official Gazette No. 099 of June 6, 2003 art. 680).

Also during this period, prerequisites for the development of tourism in the country were created, as this systematized framework regulating the operation of the branch and allowed the correlation of the strategic options with other sectoral strategies. At the same time, it is necessary to note that both the Tourism Development Concept in the Republic of Moldova in 2005 and the Strategy for Sustainable Development of Tourism in the Republic of Moldova in the years 2003–2015 have a low degree of achievement, as well as a insignificant impact on domain. The main problems in the implementation of these documents were drawn up in the absence of a clear, realistic and coherent vision; in the coherence of goals and actions, only 20–30% were found after 5 years of implementation; the actions are grouped differently based on different reasons of the governors, namely according to the needs to manage the branch, by forms of tourism, according to the assumed priorities, the development of the destinations. Moreover, the Strategy for the Sustainable Development of Tourism in the Republic of Moldova in the years 2003–2015 contained an excessive number of priority directions for the development of the area of about 20 dispersed on 144 shares allocated for 89 purposes. At the same time, it was based on a limited number of comparable performance indicators of the tourism sector as well as result indicators, and quantitative indices were predominantly determined for the activity of intermediaries on the tourist market and partly of the accommodation sector and the road network.

Thus, the problems and malfunctions, registered during the period 2003–2013, necessitated the elaboration of intervention measures to achieve the purpose of tourism reform and development, including: increased capacity for tourism management; a coherent framework for tourism development; sectors specific to the tourism industry; domestic tourism and reception; tourism promotion of Moldova. For these reasons, in order to establish the state's priorities for tourism development, the Government has developed and approved the tourism development strategy "Tourism 2020". The new "Tourism 2020" strategy laid the foundations for reforming the tourism industry in Moldova, which contributed to the growth of domestic tourism in the year 2014 by 9% and by another 8% in 2015 [1].

According to the Strategy, the development and valorisation of forms of tourism is carried out on three basic directions. The first direction steers the active forms of tourism, to which tourism refers: viticulture, business, rural, spa, religious and excursions. The second – forms of tourism that require impetus include tourism: cultural, gastronomic, social, sporting, automobile, weekend, urban, nostalgic, ecological. The third – forms of perspective tourism, are related to tourism: academic, transit, aquatic, medical or health, adventure. It is necessary to mention that in the Republic of Moldova there is a great diversity of tourist attractions located at small distances from the main cities – hotel centers. Thus, there are over 15 thousand anthropic tourist attractions and over 300 important natural areas. There were several thousand prehistoric resorts, about 400 settlements from different historical periods, about 50 ancient fortified fortresses, about 500 early medieval settlements, numerous medieval fortresses in the land, 6 medieval stone fortresses (at different conservation stages), over 1000 protected architectural monuments, about 50 Orthodox monasteries. This patrimony is relatively uniformly dispersed within the national territory, and its value motivates enough tourist visits. Regretfully, the state of degradation of heritage makes it unattractive.

As a result of the analysis, it was found that for the external tourism of the Republic of Moldova, for example, the beginning of the 1990s was one of the most productive periods. Thus, in 1992, the country was visited by 292,000 people [2]. After that, for 2 years, the domestic tourism registered a sharp decrease – 26 thousand people, and the best result was obtained in 2004. The number of domestic tourists and tourists traveling through travel agencies and tour operators varies in 2010 compared to 2009, in 2011 it has been rising in 2012 as well, and the number of tourists is growing steadily: 23555 – in 2009, 27965 – in 2012. Although the number of arrivals of foreign tourists in the country through travel agencies and tour operators is increasing, the figures are quite modest: 9189 – in 2009, 12797 – in 2012. At the same time, the number of foreign citizens entered into Moldova increased from 1,480.6 thousand in 2009 to 2272.9 thousand in 2012, or 1.5 times. At the same time, the mobility of Moldovan citizens increased. Thus, the number of Moldovan citizens leaving the country increased by 3% from 2009 to 2012, from 5131.4 to 5311.0 thousand people. The number of economic operators holding tourism licenses increased from 238 in 2003 to 444 in 2012. At the same time, the number of employees decreased from 1927 in 2003 to 1472 in 2012.

According to the National Bureau of Statistics of the Republic of Moldova in the year 2015 in the Republic of Moldova, the total number of tourists reached 240 thousand people (190 thousand foreign tourists, 37 thousand tourists and Moldavian tourists – participants in domestic tourism and 15, 5 thousand foreign visitors arriving in the country) [4].

Among the countries with the largest number of Moldovan tourists in recent years are Turkey, Bulgaria, Greece and Romania, which are currently considered the top four leaders, the most attractive for Moldovan tourists. The share of these four countries constituted, in 2015, 88% of all organized tourism trips. Ukraine has suddenly lost its position on the foreign tourism market of the Republic of Moldova. The number of Moldovan tourists in Ukraine decreased from 14.8 thousand persons in 2005 (the market share is 26%), which exceeds by a little over 3 thousand, in 2015, the fact that it was less than 2% on the Moldovan foreign tourism market. Germany's share of the Moldovan external tourism market has also fallen (from 9.7% in 2000 to 0.3% in 2015). At the moment, the leader on the foreign tourism market of the Republic of Moldova is Turkey. Tourist services, relatively accessible and quality, are attractive for Moldovan tourists. In 2015, Turkey ranks first in the foreign tourism sector in the Republic of Moldova (69.7 thousand persons). There is also growing interest in Bulgaria. Taking into account the active position of the Bulgarian government to support tourism in the country, it can be assumed that the number of Moldovan tourists visiting Bulgaria will continue to grow and will reach the level of 2015 (55.7 thousand people).

The interest of Moldovan citizens in the low priced segment is directed to the direction of tourism towards Greece, which, under the simple economic conditions in which the country is located, is supported by the government. In 2010, the number of Moldovan tourists in Greece reached 2.0 thousand, which rose from 40% to 100% annually. As a result, in 2015, the number of Moldovan tourists in Greece reached 21.1 thousand (exceeding by 11% the number of foreign tourists). Tourism directed to Romania ranks fourth in foreign tourism, with third place being occupied by Greece in 2014. Nevertheless, taking into account the increase by 13% (up to 20.8 thousand persons), a further increase in the number of Moldovan citizens among the tourists visiting Romania [3] can be expected.

The analysis confirms that one of the basic criteria of the mass tourism of the Moldovans is, was and remains, in an average perspective, the price of the tourist trip. The main purpose of Moldovan tourists abroad is summer sea vacation, rarely in the mountains. Studying the state of the tourism industry in Moldova over the last 10 years, we note that domestic and foreign international tourism, over a longer period of time, is characterized by a dynamic dynamic of the directions. After analyzing these data, considered being provisional, their dynamic trend can be determined. The trend of changing the indicator of foreign tourism in the Republic of Moldova during the investigation period (2006–2015) and the projected increase until 2017 has been highlighted. However, in the last years, a steady trend of the increase in tourist arrivals is observed. According to the statistical data submitted by the Tourism Agency of the Republic of Moldova in coordination with the National Bureau of Statistics, in January–March 2018 travel agencies and tour operators have provided tourist services to 35.6 thousand tourists and tourists, 27.6% more than in the corresponding period of 2017. The increase in the number of tourists and tourists was conditioned by the increase in the number of participants in the emitting tourism (+ 43.3%) and the receiving tourism (+ 6.8%). At the same time, the number of participants in domestic tourism decreased (–11.7%).

During January–March 2018 the number of foreign tourists and excursionists who visited Moldova and benefited from the services of travel agencies and tour operators, was 1600. Thus, of the total number of foreign tourists, 77.3% came for recreation and recreation purposes, 17.9% – business and professional and 4.8% – treatment. According to statistical data, the most significant shares in the total number of foreign tourists and tourists arrived in the Republic of Moldova came from the Romanian citizens (23.2%), the Russian Federation and Ukraine (12.9%), Austria (9.1 Germany (2.9%), United Kingdom of Great Britain and Northern Ireland (3.5%), France (3.2%), Israel, Turkey and Italy (3.0%), Portugal (2.0%), the Netherlands (1.8%), Poland (1.4%), Bulgaria (1.3%), Finland and Estonia (1.2%). Analyzing the departures of Moldovan citizens abroad through travel agencies and tour operators, it is noticed that during January–March 2018, they were in the number of 27,800 tourists and excursionists, 43.3% more than the period similar in 2017. Most Moldovan citizens went abroad for leisure, recreation and recreation purposes (98.0%). The citizens of the Republic of Moldova preferred to travel mainly to Egypt (33.6% of the total abroad), Romania (28.0%), Bulgaria (10.6%), Ukraine (7.6%), Turkey (1.4%), Italy (2.0%), Czech Republic (1.6%), United Arab Emirates (1.5%), Austria (1.1%), Hungary (1.0%). The number of tourists and excursionists participating in domestic tourism in January–March 2018 constituted 6.2 thousand, down 11.7% compared to the same period of 2017. The movement of Moldovan residents within the country for tourism purposes was organized in especially by the travel agencies and tour operators in the municipality of Chisinau (30.0%), the development centers Centru (35.4%) and the South (34.6%).

In 2017 tourism agencies and tour operators have provided tourist services to 285.0 thousand tourists and excursionists, 21.7% more than in 2016. The increase in the number of tourists and tourists was conditioned by the increase in the number of tourists emitter (+ 29.4%) and receiving tourism (+ 11.7%). At the same time, the number of participants in domestic tourism has decreased (–7.7%). Of the 17.5 thousand foreign tourists and tourists who visited the Republic of Moldova in 2017 and benefited from the services of travel agencies and tour operators, 78.3% came for recreation, leisure and recreation purposes, 17.2% – business and professional and 4.5% – treatment. More significant weightings in the total number of foreign tourists and tourists arrived in the Republic of Moldova came from the citizens of Romania (16.7%), the Russian Federation (9.6%), Ukraine (7.2%), Germany (6.8%), Poland (6.3%), United Kingdom of Northern Ireland (4.7%), Austria (4.6%), the United States of America (3.4%), China and the Netherlands (3.1%), Japan (3.0%), Italy (2.5%), Finland, France and Turkey (2.1%), Slovenia and Greece (2.0%, 5%), Israel (1.3%) and Denmark (1.2%).

Through travel agencies and tour operators in the year 2017, 229.3 thousand tourists and excursionists went abroad, or 29.4% more than in 2016. Most Moldovan citizens went abroad for recreation, leisure and recreation purposes (98.9%). The citizens of the Republic of Moldova preferred to travel mainly to Turkey (35.7% of the total abroad), Bulgaria (23.4%), Romania (13.6%), Greece (10.3%), Egypt (4.4%), Ukraine (3.3%), Spain (1.4%), Italy (1.1%), Montenegro and the Czech Republic (1.0%). The number of tourists and excursionists participating in the domestic tourism in the year 2017 constituted 38.1 thousand, down 7.7% compared to the year 2016. The movement of the Moldovan residents within the country for tourism purposes was organized mainly by the agencies tourism and tourists in the municipality of

Chisinau (45.8%), development regions Center (27.2%) and South (24.1%). The priority forms of tourism in Moldova are rural, viticultural and wine-making, cultural and health-improving tourism.

4. Conclusions

Thus, in the current conditions of globalization, the effective development of tourism can become one of the key elements that allow creating conditions for achieving the strategic goals of a country's development. As a result of an effective state policy, the tourist industry will ensure the growth of quality of services, will significantly increase the flow of tourists and the inflow of financial revenues to the country's economy, ensure the growth of tax deductions to the budget, as well as the development of related industries and increase employment. The importance of tourism for the economy of different countries is connected with the growth of jobs in hotels and other means of accommodation, in restaurants and other enterprises of the food industry, in transport and in related service industries. In addition, the successful development of the tourism industry creates a multiplier effect, i.e. development of related industries. The third advantage is the growth of tax revenues in the budgets of all levels. In addition, tourism has an economic impact on the local economy, stimulating the export of local products.

The Moldovan tourism industry, at this stage, faces an unsolved problem and is not distinguished by its competitiveness on the world market. Among the most important reasons, with a poor prognosis, we will highlight the deficiencies found in the use of modern forms, methods and mechanisms of strategic tourism management in Moldova. It is necessary to adopt a national concept of tourism development, to harmonize a series of documents and normative and strategic documents in accordance with the norms and recommendations of international organizations. As a basis for the implementation of the strategic mechanisms of tourism development it is necessary to elaborate and implement measures based on modern scientific methods of international strategic management and marketing. In order to overcome the negative trends in tourism development, it is necessary to activate the state policy in this area, to give tourism the status of a priority economic direction, to create legal, organizational and economic bases for the formation of a modern competitive tourist complex, which with active support and direct assistance from the state. Thus, the following directions can be mentioned as the main directions for improving the management of the tourism industry in the republic:

– urgent reform of the national tourist complex in order to ensure its access to international markets, the creation of a competitive tourist product, accelerated development of the services sector, attracting foreign tourists and an increase in foreign exchange earnings in the republic;

– preparation and implementation of a regulatory framework adapted to international standards in the process of managing a tourist complex;

– public support for the private tourism sector;

– the creation of a wide range of advertising and information products, ensuring the promotion of national tourist product in major international tourist markets.

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EDITH MIHAELA DOBRESCU[1] **Present-day topics**

CIRCULAR ECONOMY, A NEW MODEL OF THE EUROPEAN UNION. NEW MEASURES AND OBJECTIVES IN RECYCLING

Abstract: *This article presents cosiderations on the concept and model of circular economy, starting from the positive approach of the European Commission according to which the circular economy represents a fundamental transformation to the current consumerist model that prevails in the European Union and in most other developed economies. In the mean time presented are the measures and rules proposed by the European Commission in 2018 to achieve the new waste recycling and waste management objectives in the circular economy that implicitly change the behavior of businesses and consumers. For the first time, the Member States of the European Union will be obliged to follow a single and common legislative framework. The European Commission estimates that the full adoption of a circular economy model could save 1,800 billion euros for the European Union economy by 2030.*

Key words: *European Union (EU), new objectives, measures, circular economy.*

JEL: *F60, F64, F68.*

1. Considerations on the concept and model of circular economy

The world population is growing, and the demand for raw materials needed to produce products is on the same footing. However, the supply of essential raw materials is limited so that some countries in the European Union depend on other raw materials countries. Also, the extraction and use of raw materials has a major impact on the environment by increasing energy consumption and carbon dioxide emissions. Waste has a negative impact on the environment, climate, human health and the economy, and although waste management in the European Union has improved considerably over the past decades, more than a quarter of municipal waste is still in storage and less than half is recycled or composted. However, smarter use of raw materials can reduce CO_2 emissions.

The concept of circular economy is rooted in sustainable development and corporate responsibility. It is relatively new at European level, although the term has been used for many years, and many businesses around the world have already adopted it.

In essence, moving to a circular economy is a fundamental transformation to the current consumerist model that prevails in the European Union and most other developed economies. The current economic model is based more on consumption

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than on resource use and tends to assume that natural resources are abundantly available.

United Nations analysts estimate that in 2030, global resource use will double compared to 2018 as the global population will increase from 7.4 billion in 2018 to 11 billion by 2100. At this time, recycling in the European Union and recovery energy is achieved at about 5% of the initial value of the feedstock.

The concept of a circular economy has gained more ground in the process of European policy making lately, as it is considered to be a positive solution based approach to economic development in the context of growing environmental constraints. The European Commission estimates that the full adoption of a circular economy model could save 1,800 billion euros for the European Union's economy by 2030. At the same time, the European Commission notes that the governments of the European countries are increasingly identifying the circular economy as a political priority at national level.

Reducing the European Union's dependence on natural resources is a key objective of the European Commission's plan, and this is significant for both commodity producers and the supply chain of raw materials. The economy of Europe depends on an uninterrupted flow of: natural and material resources, water, crops, wood, metals, minerals and energy. Imports represent a substantial proportion of these materials. Increasingly, this addiction is seen as a source of vulnerability for the European Union and its enterprises.

A circular economy ultimately aims at decoupling global economic development from raw material consumption and translating from the sustainable economic model to the waste-based business model as a resource. This involves new models of business-to-consumer and business transactions between enterprises based in particular on access to services and less on the purchase of products.

In a circular economy, products are designed specifically for remanufacturing, refurbishment and recycling; waste is "projected"; prices reflect real costs over the entire life cycle of the product; and renewable energy sources fuel the economy. By preserving materials incorporated in high-value products or by returning waste to the economy as secondary high-quality raw materials, a circular economy deliberately reduces the demand for primary raw materials.

The traditional economic model is a model that includes the processes of producing – buying – consuming – throwing products. This model is based on large quantities of cheap, easily accessible materials and energy. Also, part of this model includes consumer planning that requires a product to be designed to have a limited lifetime to encourage consumers to buy it again. Thus, in 2018, the European Parliament called for measures to combat this practice and move towards the circular economy model.

Circular economy is a new production and consumption model involving processes: sharing, leasing, reuse, repair, refurbishment and recycling of existing materials and products for as long as possible. In this way, the life cycle of products is expanded. In practice, this involves minimizing waste. When a product reaches the end of its lifetime, its materials are kept within the economy whenever possible. They can be used again and again productively, creating additional value.

By adopting waste measures, ecodesign and product reuse, European companies could save 600 billion euros, equivalent to 8% of annual turnover – while reducing total greenhouse gas emissions by 2–4%.

Moving to the circular economy model could bring benefits such as: reducing environmental pressure, improving the security of raw materials supply, increasing competitiveness, stimulating innovation, stimulating growth, creating jobs (minimum 580 000 jobs in European space). Consumers will also benefit from more sustainable and innovative products that they can save on a long-term basis and enhance their quality of life.

2. Waste management

To take care of the environment, waste should be avoided or treated to reduce its impact. The European Union promotes the disposal of waste by re-using the products. If this is not possible, the acceptable option is recycling (including composting), followed by the use of waste to generate energy.

The European Union produces annually over 2.5 billion tonnes of waste. Currently, waste management legislation is being updated at European level to promote a shift towards a more sustainable model, namely the circular economy. There are wide variations between Member States.

According to statistics published by Eurostat in 2016[2], 47% of all municipal waste in the European Union is recycled or composted. However, waste management practices vary widely between EU Member States, and in some countries there are still large quantities of municipal waste.

Storage is almost non-existent in countries such as Belgium, the Netherlands, Denmark, Sweden, Germany, Austria and Finland, as waste incineration plays an important role in recycling, particularly in Germany and Austria.

The practice of landfill remains popular in the eastern and southern regions of Europe, twelve countries in this area deposit almost half or more of their municipal waste. Thus, in Malta, Greece, Cyprus and Romania, storage accounts for more than 80%; in Croatia, Latvia, Slovakia and Bulgaria over 60%; while in Spain, Hungary, the Czech Republic and Portugal waste disposal reaches 50%.

Other countries use incineration and send only one third or less of their waste to landfills: Estonia, Luxembourg, France, Ireland, Slovenia, Italy, the United Kingdom, Lithuania and Poland. Apart from Estonia, these countries recycled more than 40% of household waste.

Between 2004 and 2014, the number of landfills dropped substantially in Estonia (57 percentage points), Finland (41 percentage points), Slovenia (41 percentage points) and the United Kingdom (41 percentage points).

[2] A se consulta: http://ec.europa.eu/eurostat/statistics-explained/index.php/Municipal_waste_statistics.

3. The new package of measures on circular economy

This new package sets ambitious waste recycling and storage targets in the European Union[3]. On 18 April 2018, Members of the European Parliament adopted the circular economy package setting legally binding targets and fixed deadlines for waste recycling and reduction of landfills. Waste management in a more efficient way is the first step towards a circular economy where most of the products and materials are recycled or repeatedly reused.

The package includes a common EU target for recycling at least 55% of municipal waste by 2025; this target would increase to 60% by 2030 and 65% by 2035. It is also planned to recycle 65% of packaging waste by 2025 and 70% by 2030. By 2035, not more than 10 % of municipal waste should be located in a landfill.

Measures are expected to bring economic benefits and reduce the impact on the environment and human health. According to the European Commission and the European Parliament, the four legislative proposals would create over 170 000 direct jobs in the European Union by 2035; avoiding greenhouse gas emissions – over 600 million tonnes of CO2 equivalent between 2015 and 2035; increasing the competitiveness of the European Union's waste, recycling and production sectors; reducing EU dependence on raw material imports and reducing administrative burdens.

"With this package of measures, Europe is firmly committed to sustainable economic and social development that will eventually integrate industrial policies and environmental protection", said Simona Bonafè, a member of the European Parliament. "The circular economy is not just a management policy of waste, but it is a way to recover raw materials and not exaggerate the use of our already limited resources on our planet to deepen our production system." This package contains important waste management measures but at the same time goes further by defining rules that take into account the entire life cycle of a product and aims to change the behavior of businesses and consumers. For the first time, EU Member States will be bound to follow a single, single legislative framework, added Simona Bonafè.

4. Package of measures on recycling in the circular economy

The European Parliament's Committee on the Environment, Public Health and Food Safety (ENVI) has adopted the European Commission's proposals on waste, landfills, packaging, batteries.

The main measures of the package are:

1. Change targets:

– for reuse and recycling of urban waste – at least 70% by 2030, with a 5% target for re-use;

– for municipal waste storage – up to 5% by 2030; (5% by 2025 and 10% by 2030);

[3] A se consulta la: http://www.europarl.europa.eu/news/en/headlines/priorities/circular-economy/20170120STO59356/the-circular-economy-package-new-eu-targets-for-recycling.

– recycling – 70% by 2025 and 80% by 2030 with the introduction of a single computational method;

– Introducing new goals:

2. For food waste and marine litter – a 30% reduction by 2025 and a reduction of 50% by 2030;

3. For waste oils – 85% by 2025;

4. Introducing a specific hierarchy of food waste;

5. As far as 65% packaging materials are concerned, they will have to be recycled by 2025 and 70% by 2030. This general provision is specified for certain packaging materials, such as:

– Plastic – 50% by 2025, 55% by 2030

– Ferrous metals – 70% by 2025, 80% by 2030

– Aluminum – 50% by 2025, 60% by 2030

– Glass – 70% by 2025, 75% by 2030

– Paper and cardboard – 75% by 2025, 85% by 2030.

6. Biodegradable waste, textiles and hazardous waste will have to be collected separately by 2024 and/or 2025. Alternatively, biodegradable waste can be composted at home.

7. The Circular Economy Package encourages 30% reduction of food waste by 2025 and a 50% reduction by 2030.

MEPs also called on the Member States to provide incentives for the collection of unsold food and its re-distribution in safe conditions, as well as focusing on raising consumer awareness of the meaning of terms of use and labeling.

This package of measures for the circular economy is similar to the United Nations' sustainable development goals. However, with the exception of recycling and storage targets, these targets are not legally binding.

According to Ms Simona Bonafè, Member of the European Parliament, "for the first time, Member States will be obliged to pursue a common and unique legislative framework. [...] Through this package, Europe is firmly committed to sustainable economic and social development will finally integrate industrial policies and environmental protection"

5. The next steps

Once approved by the Members of the European Parliament, the package is returned to the Council of Ministers of the European Union for the final official approval before becoming the law of the European Union. The text then follows the European Council for formal approval before the publication in the Official Journal of the European Union of the official file of all legal acts of the European Union.

"Once implemented properly, the new EU waste package will turn the European Union into a world leader in waste management," said Frans Timmermans, the first Vice-President of the European Commission.

Conclusion

Local, regional and national authorities facilitate the transition to the circular economy and the adoption of the package but the European Union has a key role to play in supporting it. The objective is to ensure the establishment of the appropriate regulatory framework for the development of the single market circular economy and to send clear signals to economic operators and to society in general about the way forward with the long-term objectives in the field of waste as well as a set of concrete, comprehensive and ambitious measures to be achieved before 2030.

Action at European level will boost investment and create a level playing field, remove the obstacles created by European legislation or inappropriate application of the rules.

The European Commission will work in close cooperation with the European Environment Agency (EEA) and in consultation with the Member States to implement a simple and effective monitoring framework for the circular economy.

In order to assess the progress made towards a more circular economy and the effectiveness of action at European and national level, a set of common indicators will be applied and there will be monitoring by Eurostat through the collection of relevant data. A scoreboard on resource efficiency and a raw material scoreboard will also be produced, based on which relevant analyzes will be carried out to track progress.

On this basis, this package sets out concrete objectives for the Member States of the European Union to support the transition to a circular economy. An important role will be to respect the constant commitment at all levels of government, the Member States, regions, cities and all stakeholders.

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KAREN SARGSYAN[1]

THE DRAWBACKS OF THE ANTI-CRISIS MEASURES IMPLEMENTED IN THE REPUBLIC OF ARMENIA AND THE WAYS TO AVOID MISTAKES IN THE FUTURE POSSIBLE CRISES

Abstract: *The effectiveness of the anti-crisis measures implemented in Armenis is estimated rather low in terms of the anti-crisis measures implemented to ensure strategic and long-term economic growth. Taking this into account, in order to effectively handle future crises, it is necessary to develop a set of specific criteria and guidelines for the selection of the core directions of anti-crisis measures that can be applied in the development of policies aimed at overcoming crises.*

Key words: *State anti-crisis policy, economic crisis, financial assistance, sustainable economic growth.*

In order to overcome the global financial and economic crisis, the Government of the Republic of Armenia has elaborated and implemented the anti-crisis program as was the case in many countries around the world. Taking into account the impact of the global crisis on the Armenian economy, the response of the anti-crisis policy of the Government of Armenia was directed not to the strengthening of financial institutions and safeguarding from possible risks but they were directed to the promotion of economic activity. The main principles of anti-crisis policy were:

- *Strengthening of macroeconomic stability through financial stability;*
- *Effective exchange rate policy implementation;*
- *Provision of effective communication between society and business;*
- *Expansion of monetary and fiscal policies;*
- *Implementation of large-scale infrastructural projects;*
- *Improving the business environment and providing temporary support to business;*
- *Priority of implementation of socially-oriented programs*[2].

The Armenian government's largest anti-crisis measure involved the support to SMEs amounting to 54.6 bln. AMD, which makes 37.7% of the economy's total anti-crisis support. The measures involved the financing of business projects submitted by business intermediaries, subsidization of SME loans, and direct lending.

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[2] Governmental Anti-crisis Measures Program, 2009, http://www.gov.am/files/docs/1526.pdf.

The next major step was providing the population with the access to credit resources. For this aim 42 bln. AMD was allotted which constitutes 29% of the total anti-crisis support allocations. This direction has been focused on the provision of commercial banks and financing organization with the possibilities for consumer loans, car loans, loans for repair and reconstruction of blocks of apartments and private residential premises.

According to the volume of allocations, the next direction was the provision of financial support to large-scale enterprises, 38.9 bln. AMD or 26.8% of the total anti-crisis support allocation. In this direction the financing of enterprise business projects has been implemented.

Infrastructure financing, which was mainly driven by road construction, amounted to 8 bln. AMD or 5.5% of the anti-crisis allocations. 1% of the total anti-crisis allocations or 1.5 bln. AMD were allocated to the support of farms, including subsidizing of credit interest, by providing financial assistance to develop cereal crops in highland and border communities[3].

By observing the main directions of anti-crisis measures, one can conclude that the main advantage of the RA anti-crisis regulation was the complex approach to the solution of the economic crisis to overcome the crisis and implementation of a wide spectrum of measures in that context.

By analyzing the measures included in the anti-crisis program of the RA Government, it turns out that about 65.5% of them were of selective nature and the remaining 34.5% can be classified as general economic policy measures. It should be noted that the prevalence of selective measures in anti-crisis measures was fraught with many risks, such as improper administration, lack of accountability, and corruption risks.

Thus, the positive and the strong aspect of the state anti-crisis regulation in the Republic of Armenia can be considered the social assistance to the population, reduction of enterprise losses from the crisis, ensuring access to credit resources for the population, financing infrastructure projects. As regards the negative sides, we can mention the non-strategic nature of the latter, the prevalence of selective measures over the package of general stimulus measures, insufficient publicity and lack of transparency of anti-crisis measures, as well as the existence of corruption risks.

It is quite evident that to handle the consequences of crises and enhance the effectiveness of measures, first of all, the fundamental goals that should be aimed at during the implementation of the state's anti-crisis measures should be accurately defined. Particularly, we can mention that there were a number of measures included in the RA Government's package of anti-crisis measures which were reformative, but from the anti-crisis perspectives they were not targeted. In particular, we can bring the tax administration reforms. One of the key measures in this direction is the weakening of the tax burden on the business, as well as the promotion of the

[3] Governmental Anti-crisis Measures Program, 2009, http://www.gov.am/files/docs/1526.pdf.

aggregate demand at the expense of indirect taxes, which was widely used in many countries and which dropped out in Armenia.

Obviously, the prevalence of selective measures is fraught with many risks, such as inefficient administration, lack of accountability on actual events, and corruption risks. Of course, investments in human capital and development of innovative potential are crucial for the strategic development of the economy. In this regard, the RA Government's anti-crisis package was only limited to the adoption of declarative measures.

It is also worth mentioning that the risks of the RA state anti-crisis regulation were quite high, involving the risks of inefficient administration, non-transparent selection of state-funded SMEs, and the ineffectiveness of spendings on large-scale enterprises (as they are not transparent), the prevalence of selective measures (around 64.5% of anti-crisis support measures were classified under the aforementioned types). This naturally reduces the effectiveness of the anti-crisis measures, besides, they are again fraught with the loss of control and the risks of ineffective use of allocated funds. In fact, the RA Government did not use any specific mechanisms to control the above-mentioned risks.

The effectiveness of the anti-crisis regulation in Armenia can be estimated as low, first of all because of the fact that the measures failed to help the main macroeconomic indicators of the economy recover or at least to equate them with those of the post-crisis phase. Moreover, the anti-crisis measures lacked strategic element which could eventually ensure long-term growth of economy.

Taking into account the above mentioned, we believe that in order to effectively handle the future crises, it is necessary to develop a set of clear criteria and guidelines for selecting the key directions of anti-crisis measures that can be applied in the development of anti-crisis policy aimed at overcoming crises. Those standards may be the following:

- *Stimulation of the real sector of the economy,*
- *Promoting the aggregate demand;*
- *Financial assistance to crisis-affected companies,*
- *Protection of domestic market and national producers;*
- *Social orientation;*
- *Orientation to the development of scientific, technical and human potential;*
- *Ensuring stability of the financial market and financial institutions;*
- *Ensuring access to credit resources;*
- *Enhancing the system of state guarantees;*
- *Effective distribution and redistribution of state resources.*

As for the principles of the state anti-crisis policy, the following criteria are to be taken into account:

- *Targetedness;*
- *Scientific justification;*
- *The existence of a relevant legislative framework;*

• *Enhancing awareness about the anti-crisis measures;*

• *Transparency and publicity;*

• *Financial controlling;*

• *Monitoring and regular review of measures depending on the current economic situation.*

On the basis of the international experience of anti-crisis measures and the comprehensive analysis of the causes and impacts of economic crises, as well as on the basis of the above mentioned criteria and principles, we can provide a comprehensive description of the key directions and the complex of measures which within a reasonable timeframe can help the state effectively overcome the negative impacts of the economic crises, in the meanwhile avoiding the possible aggrevation of the crisis and creating favorable conditions for the economic growth in the long run.

These directions are as follows:

1. Financial support to companies operating in the real sector of economy:

• Support to credit expansion;

• Growth of capitalization of companies,

• Expansion of the system of state guarantees,

• Direct budget financing of organizations.

It should be noted that this direction was paid considerable attention to during the implementation of the RA Governement's anti-crisis package. As already mentioned above, the most extensive direction of the anti-crisis measures was the financial support to SMEs. The main disadvantages in this respect were the non-transparency of SME selection, as well as the fact that most of the funds received by the organizations as financial support were not invested in the real sector of economy, but were directed to the repayment of overdue loans.

2. Reduction of tax burden on businesses, including:

• Reduction of corporate and indirect tax rates and elimination of separate taxes;

• Application of different tax rates;

• Reduction of customs duties and elimination of certain customs duties;

• Simplification of tax administration and increase of trasparency;

• Ensuring competitive environment.

3. Promotion of gross demand, including:

• Reduction of indirect taxes and application of their differentiated rates;

• Reduction of tax rates on natural persons;

• Expansion of government procurements and orders;

• Promotion of consumption expenses of the population.

4. Reducing social tension, including:
- Maintaining and expanding of the funding for social programs;
- Increase of unemployment benefits;
- Implementation of targeted employment programs;
- Organization of professional training of employees[4].

5. Science and innovation financing, including:
- Development of energy-saving and resource-saving technologies;
- Clean Technology Development;
- Promoting innovations.

The aforementioned directions concern both fiscal and monetary policy spheres.

Touching upon the possible risks of the anti-crisis policy, the following can be distinguished:

1. A sharp reduction in the available financial resources is conditioned by a sharp drop in tax receipts and the increase of allocations to support the social sector and financial institutions.

2. Predominance of selective anti-crisis measures, without the establishment of effective control mechanisms, reduces the effectiveness of the measures and entails corruption risks. Additionally, the prevalence of these measures may require substantial financial resources that could otherwise be directed toward developing those strategic spheres that can provide long-term economic growth.

3. Reducing the financing of developing and effective sectors as a result of the lack of financial resources, which can lead to a decrease in the efficiency of these sectors.

4. Risks arising as a result of inefficient administration, lack of accountability, non-transparency, which largely affect the motivation potential for implementing the necessary measures, deprive the authorities of feedback from the businesses and the society, which naturally affects the effectiveness of anti-crisis measures.

In order to neutralize the aforementioned risks, it is necessary to improve the processes of the selection and implementation of measures taken within the framework of the anti-crisis policy, to introduce a system of supervisory control over them, establish clear requirements for companies receiving financial assistance to ensure accountability and transparency of their activities.

Obviously, the improvement of the anti-crisis administration measures can play an important role in neutralizing the above-mentioned risks and increasing the effectiveness of anti-crisis measures. In this direction we think it is necessary:

- to form a state-business environment-society trilateral active cooperation;
- to make the processes of elaboration and implemention of anti-crisis measures more justified, public and transparent;

[4] Sargsyan KS – On The Issue of Enhancing the Effectiveness of State Anti-Crisis Policy – "Scientific" NAS RA, Yerevan, 2016, 371–374 pp.

- Develop clear mechanisms for the implementation of anti-crisis measures, including the provision of financial assistance. This process should be carried out through an active dialogue with the businesses and the community representatives, entailing wide discussions of anti-crisis programs, concepts and legal documents. At the same time, it is important to receive public feedback on these activities, their implementation and normative acts from the business representatives.
- Establish strict time frames for the implementation of measures, set specific criteria for interim and final measurable indicators that can be monitored by the business representatives and the public[5].

An important issue for increasing the effectiveness of anti-crisis measures is the establishment of the database for the assessment of anti-crisis measures. As it is evidenced by the studies, in this area, statistic data, legal acts, statements made by government representatives in the mass media, government sessions, speeches of government officials, press conferences, public discussion are the main channels through which the relevant information is disseminated. The transparency of the Government's anti-crisis measures can be ensured by providing complete information on the implementation of these measures through permanently operating platforms. The latter will contribute to the strengthening of people's and business's trust in the government, which, in its turn, will promote the atmosphere of positive expectations.

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TATJANA GREDIČAK[1]
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STRATEGIC MANAGEMENT OF SPECIAL FORMS OF TOURISM IN THE REPUBLIC OF CROATIA

Abstract: *Republic of Croatia daily seeks to reform the entire socio-economic system according to the criteria and achievements of highly developed countries and it is impossible to ignore their achievements in the field of tourism as well. The transition to a market economy implies a thorough restructuring of the overall macroeconomic environment. The development of tourism in the Republic of Croatia should enable revitalization and long-term improvement of the competitive advantages of the entire country/state. The issues of this scientific work is to determine the specificity of effective strategic management for developing special forms of tourism on the continent of the Republic of Croatia. The aim of this paper is to present reference points based on which the scientific knowledge in practical terms will contribute to the concrete improvement of tourism resource management in the tourism insufficiently developed areas of the Republic of Croatia, and thus the intensification of the overall social and economic development. The paper discusses the approach to effective strategic management of special forms of tourism aimed at sustainable tourism development as well as the overall and equitable economic and social development.*

Key words: *strategy, management, tourism, continent, efficiency, sustainable development.*

JEL: *M11, M31, Q01, Q28, Z32.*

1. Introduction

Over the last few decades, the entire concept of tourism in the world has transformed and began to valorise unconventional destinations and attractions. Tourists are extremely active and they are interested in the spirit of the place and the whole experience that a certain destination can offer. The Republic of Croatia has an attractive environment and that it is a factor which tourists value. It is also rich in cultural and historical heritage and is very close to major emissive markets. This is an additional opportunity that Republic of Croatia can be used as a tourist destination. Tourists perceive Croatia as a safe country, and it is today, in view of current events, a valuable advantage. However, despite enormous potential, there is an underdeveloped and/or uneven tourism valorisation, especially the continental part of the Republic of Croatia.

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Although the Republic of Croatia records the increase of tourist arrivals and overnight stays, statistics confirm that the continental part of the Republic of Croatia does not realize 3% of the total tourist traffic in the Republic of Croatia. Also, due to the still underdeveloped tourist and basic infrastructure on the continent, there are no serious hotel investments and investments on the continent except for the rare exceptions of some destinations. All of this consequently leads to unemployment, lower population standards and depopulation in the continental area of the Republic of Croatia. Domination of "sun and sea" tourism in the Republic of Croatia has led to enormous seasonality and uneven regional development and other negative consequences which are not in line with the principles of sustainable development.

By analyzing the state and the surroundings it can be concluded that the Republic of Croatia has extremely favorable conditions for the development of continental tourism. In the "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" [Official Gazette 55/2013] special forms of tourism on the continent are also recognized as a tourism product with high potential. However, the fact is that today continental tourism in the Republic of Croatia is not yet sufficiently developed and most of the potential is unused. Also, it can be concluded that in the Republic of Croatia, continental tourism is not systematically and strategically developed, but it just happens. Continental tourism has been identified as a highly prospective product, but have not yet taken the necessary steps to modernize offer and adapt infrastructure. Furthermore, the legislation is not adjusted at all. Various stakeholders should be involved in the promotion and creation of continental tourism products, as only the integrated product created in this way will be attractive to tourists and will have a special added value. In addition to increasing economic welfare, tourism on the continent could affect a number of other positive effects.

In order to take advantage of all the potential of continental tourism in the Republic of Croatia, it is important to strategically plan its development and to take the necessary steps. It is very important to meet the following basic requirements:

- effective management of tourism development,
- intensive cooperation of all key stakeholders in order to develop a specific destination,
- encourage both formal and informal training for professions in tourism, directed to the local population,
- improvement of communal and tourist infrastructure,
- marketing, and
- raise awareness of the positive effects of tourism.

By meeting these preconditions tourism on the continent could develop in the planned direction, and Croatia could be recognized as a year-round destination, with positive effects on the economy and society.

2. "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020": the umbrella document of tourism development in the Republic of Croatia and its sustainability

„The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" [Official Gazette 55/2013] was adopted in April 2013. The Final part of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" refers to the implementation of the defined vision and strategic development goals. Emphasis is placed on the operational strategies in key areas of activity [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 32–61]. These are activities focused on product development, development of accommodation offer and tourism infrastructure, investments, marketing, human resources development and tourism development management.

The Action Plan for Implementation of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020", which was also adopted in April 2013, contains 26 priority measures to improve the competitiveness of Croatian tourism with the anticipated dynamics of implementation [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 66–84]. The main objective of the Action Plan is the establishment of strategic guidelines for harmonized action of the main providers of tourism and economic policies at the national level in order to enhance the competitive ability of Croatian tourism. The priority measures of the tourism policy defined in the "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" are divided into two categories [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 66–69]. The first category (highest priority) consists of measures without which the initiation and/or implementation is not possible to realize the defined strategic objectives and were to be carried out during 2013. The second category (medium-high priority) consists of measures that are of key importance for the achievement of individual development goals and should, for the most part, be carried out in the period from 2013 to 2015 or, in the case of unexpected circumstances, from 2016 to 2020. Within the framework of certain measures from the "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" it is planed to adopt action plans related to particular special forms of tourism. The Ministry of Tourism of the Republic of Croatia has developed action plans/national programs for tourism products of strategic importance for the further development of tourism, which implement certain measures from "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" [https://mint.gov.hr/istaknute-teme/strategija-razvoja-turizma-11411/akcijski-planovi-15525/15525].

In the period from 2013 to 2015, the following programs were created:

- National program for the development of small and medium-sized entrepreneurship in tourism,
- National program for promoting small and family hotels,

- National program for the advancement of family accommodation,
- National program for beach management and arrangement,
- Action plan for the development of nautical tourism,
- Action plan for health tourism development,
- Action plan for the development of cultural tourism,
- Cyclotourism development program,
- Program for strengthening the competitiveness of human resources in tourism (regional centers of competence),
- National program for the development of social tourism, and
- Action plan for green tourism development.

National Program for congress offer was presented in 2016 [National program – Action plan for the development of congress tourism, 2013–2016].

In the first quarter of 2018 the Action plan for the development of golf offer was completed [Action Plan for the development of golf offer, 2017]. It is necessary to adopt the Action plan for the development of tourism in rural areas of the Republic of Croatia.

Action Plans/National Programs have elaborated in detail the activities for the implementation of certain priority measures to improve the competitiveness of Croatian tourism, which are part of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" and their carriers and deadlines for implementation [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 66–84]. All measures of tourism policy defined in "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020", relating to the realization of action plans/national programs targeted at special forms of tourism, are medium-high priority measures (Measures 13, 14, 15, 16, 17 and 18) and were supposed to be mainly carried out in the period from 2013 to 2015, or in the case of unexpected circumstances, in the period from 2016 to 2020 [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 66–69].

In order to improve the implementation of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020", the Ministry of Tourism of the Republic of Croatia, in cooperation with the Institute for Development and International Relations from Zagreb, in 2017, conducted the "Evaluation during the implementation of the Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" [Evaluation during the implementation of the Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2017]. From the results of this analysis, it can be concluded that the relevance of "The Strategy for Tourism of the Republic of Croatia Until the Year 2020" is not questionable, it is relevant on all grounds. However, according to the judgment of key stakeholders, unlike the "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" most adopted action plans are not relevant in the implementation/practical sense because the action plans are implemented only partially or are not implemented at all. As for the effectiveness of the implementation, it is not sufficient and has a significant room for its improvement. Implementation is taking place more or less smoothly, institutional support is lacking, interdepartmental co-operation has not been achieved as expected. Despite successful examples of effective co-ordination and co-operation, the fact is that some measures, such as the Cyclotourism Development Program as well as Action Plans for Rural, Green and Health Tourism, could be significantly more effective to realize. The impact/effect of implementation on other sectors and generally on the Croatian economy recorded a slight but insufficient shift.

„The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" has foreseen diversification of products (except "sun and sea", nautical, health, cultural, business, golf, cyclotourism, gourmet, rural and mountain, adventurous and sports and other types of tourism), which may affect the season's extension and expansion of the geographic base from coastal destinations to the continent and consequently increase consumption [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 25–27]. Made action plans are not implemented. Although there are valuable initiatives for the development of continental tourism, the biggest obstacle to significant escalations is still the lack of accommodation capacities. Seasonality is still high although the diversified products do not depend on the season. "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" envisages the transformation of tourist boards (TB) into the destination management organization (DMO), but it has not yet been implemented [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 81–82]. The issue of the Tourist Board Act, which would raise the efficiency of the management system, has also been overcome. Overall, revenues from foreign guests in tourism in 2016 amounted to 8 billion and 635 million euros, which is 8.5% more than in 2015. With domestic consumption, tourism revenues in 2016 exceeded 10 billion euros, which is the best result so far. Although it seems that to reach the set target of 14.3 billion euros by 2020, it is necessary to meet the preconditions for fulfilling the previously identified objectives of improving the structure and quality of accommodation and launching investments. Revenue growth could increase even if these preconditions are not met if private accommodation growth continues. This scenario, however, is not in line with the set strategic goal. „The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" has defined the reduction of family accommodation, as its spread has a negative impact on economic, natural and social sustainability so far for in the coastal area. No strategic investment project from 2013 to 2017 has been realized to achieve the planned goals of increasing spending, attractiveness, competitiveness and investment and it is obvious that activities need to be intensified in order to achieve the goals [State Audit Office of the Republic of Croatia. The report on the audit of the effectiveness of the implementation of the measures established by The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2017: 43–45].

Sustainability as a criterion for evaluation of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" indicates to what extent are the impacts/projects/initiatives sustainable (those realized and those in progress) and in what extent it is likely that they will last during over a longer period of time, that funding and human resources will be provided for their implementation. Key factors that limit the long-term sustainability of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" are:

- an uncontrolled increase in the number of tourists compared to the resource base, which may lead to lower quality offer, with the impact on total income from tourism,
- limited capacity management of the "The Strategy for the Development of Tourism of the Republic of Croatia Until the Year 2020", in particular the implementation of the adopted action plans and national programs,
- insufficiently and vaguely defined role of key stakeholders in the process of implementing "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" and later in the sustainability of the results, and
- lack of qualified workforce and lifelong learning as key factors of sustainability.

Through the process of "Evaluation during the implementation of the Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020 "[Evaluation during the implementation of the Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020", 2017], key stakeholders have accepted sustainable tourism as the future in terms of quality and resources. Tourism should not be more elemental, but with more thoughtful synergistic action. The sustainability criterion should be implemented through the rationalization of the institutional framework by employing staff who are trained for withdrawal financial resources from EU funds. According to stakeholders, the key challenge of sustainability of "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" is the lack of educated, skilled workforce and insufficient infrastructure that accompanies the development of tourism at the local level.

3. The structure of tourist products in the Republic of Croatia

The structure of tourist products in the Republic of Croatia has changed in the last decade only to a small extent, as indicated the seasonality curve. Tourism products in the Republic of Croatia can be divided into: ***dominant products*** (each product contributes at least 5% in revenue structure) [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013:8] and ***products***

with distinctive perspective of development [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013:8–9].

3.1. *Dominant products*

Dominant products are[The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013:8]:

Sun and the sea – despite numerous development initiatives and emphasizing the priorities of reducing seasonality and development of other products, the share of sun and sea in the total Croatian tourist product has for years not fall below 85% of physical volume with a slightly smaller share in income (75% to 80%) given his average lower rent caused by the large capacity of family accommodation in households. In addition to lagging in the development of infrastructure for other products and other internal factors, this was certainly influenced by continued stable demand on the global market and the situation in the competitive Mediterranean countries (Spain, France, Italy, Greece and Turkey). In such circumstances, the Republic of Croatia has recorded better business results over the past ten years.

Nautical tourism (yachting/cruising) – a product of exceptional global attractiveness that records continuously high, even two-digit rates of growth worldwide. Because of its geopolitical position and with one of the most indented coasts in the world, pleasant climate and favorable winds, the Republic of Croatia is already one of the most desirable nautical destinations in the world today. This is indicative of the steadily growing business results in nautical tourism, as well as the continuous completion of part of the accompanying value chain. In spite of this, yachting tourism in the Republic of Croatia has been stagnating in the development of the offer of new berths in the marinas in recent years, although with the optimal development concept, demand for them is not questionable. The main cause of this should be sought in an unfavorable investment environment. Cruising tourism in the last decade has marked an increased number of mega cruiser ships, as well as a growing demand for cruising on small domestic cruisers. The operationalization of inter-agency/ministerial cooperation on the implementation of the Action Plan for the development of nautical tourism started to be implemented in 2018 with a delay of 5 years.

Business tourism – despite the fact that this type of tourism is very sensitive to domestic and global economic trends, individual and group business guests are a relatively stable source of demand that, depending on trends, only changes its qualitative characteristics. Research among hotel owners indicate that business guests make a stable 10% to 15% share of all hotel guests. The main obstacle to the growth of this product is the lack of congressional infrastructure (congress/convention centers) and still uncompetitive system management and commercialization of products. By removing these shortcomings could be especially in the regional market and selected niche markets find a larger space for better step forward. The Action Plan for the development of the congressional offer is not being implemented, although all the conditions have been met to the implementation of Measure 16: Action Plan for the development of the congressional offer in April 2013, on the day of the adoption of the "Strategy for Development of Tourism of the Republic of Croatia Year 2020" [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 79–80].

Cultural tourism – it is unquestionable that on the state level as well as in a number of destinations, over the last 10 years, much has been done on the development of this product group. That was the most contributing to the adoption of the state Strategy for the development of cultural tourism. Also, systematically approaches to the creation of regionally and globally recognized events and the intensified opening of cultural tourism by increasingthe number of individual destinations. Key obstacles to further growth should be sought in the commercialization system (primarily in integrating into world systems), and then in a destination management system that would integrate cultural content in a true way in positioning and delivering the overall experience at the level of individual destinations. Particularly relevant products of cultural tourism of the Republic of Croatia include: urban tourism, heritage tourism, tourism events, creative tourism and religious tourism.

3.2. *Products with distinctive perspective of development*

Products with distinctive perspective of development include [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013:8–9]:

Health tourism – it is a product that globally grows at a rate between 15% and 20% annually. Due to the proximity to large markets, natural beauty and favorable climate, country security, long tradition, competitive prices and, in general, good reputation of health services, the Republic of Croatia has comparative advantages for the development of health tourism, but not sufficiently utilized. Health tourism products particularly relevant to the Republic of Croatia include: wellness tourism, spa tourism and medical tourism.

Cyclotourism – in the European context it is estimated that the share of trips/travels during which cycling is the main activity or bike the main means of transport will increase in the next 10 years more than 10 percentage points. More significant market segments are those for whom cycling on holiday is an important activity. Although the Republic of Croatia is relatively well-equipped with local and county cycling trails, some of which are part of international cycling routes, cyclotourism as a tourism product is not adequately valued or commercialized. In the Republic of Croatia cyclotourism is still a product of development. By analyzing geographic factors and tourist resources, it was concluded that the Republic of Croatia has great potential for cyclotourism development, but it has so far been unused. "Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020"

[The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013: 43] recognizes cyclotourism as one of the tourism products with the greatest prospect of development. However, although all preconditions for the planned activities related to the development of cyclotourism have been created since the adoption of the “Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020” in April 2013, the activities were not carried out with the defined implementation dynamics and were left out the planned results are defined inthe “Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020”. There are many reasons for the insufficient development of cyclotourism, and the main ones are: inadequate cyclotouristic infrastructure, insufficient practice of cycling in the local community, insufficient knowledge of the local community, inadequate number of “bike friendly” facilities, lack of inter-agency cooperation and stakeholder cooperation from public and private sector.

Gastronomy and enology – a complex product that consumed almost all the tourists, although a relatively small number of international tourists travel exclusively for gastro-enological experiences, and the growth in demand is largely generated by domestic populations. Available research shows that about 160,000 citizens of the Republic of Croatia visit wine roads, 61% of whom buy local wine and 63% local food products. Furthermore, 53% of visitors order local wine in restaurants. Although gastronomy and enology as the tourism product is most developed in Istria, and then in Dalmatia and Slavonia, the systematic approach to the development of the eno-gastronomic tourism offer is still insufficiently evaluated, even though it has been an integral part of the country’s tourism promotion for many years.

Rural and mountain tourism – it is estimated that rural tourism, including mountain areas, participates in the total international travels with a share of around 3%, with an annual growth of around 6%. Faced with underdeveloped domestic demand and inadequate environment, the Croatian rural tourism offer is developing very slowly. The exception is only Istria, and to some extent Osijek-Baranja County. As far as mountain tourism is concerned, existing mountain centers such as Bjelolasica, Platak and Begovo Razdolje not so far made greater strides towards open throughout the year. The rural tourism development action plan has not yet been adopted.

Golf tourism – as one of the oldest sports and centuries-long entertainment of the social elite, golf is now a globally popular, with an estimated 60 million players and 32,000 playgrounds in the world. The number of playgrounds in today’s propitious golf destinations in the Mediterranean has increased from 2009 to 2011 from 17 to 20 in Turkey, in Portugal from 78 to 86 and in Spain from 316 to 352. The Republic of Croatia currently does not exist on the map of tourist golf offer despite today, and in the future, the golf tourism is one of the most important market segments of Mediterranean tourism demand, especially in periods outside the main tourist season. The Action Plan for the development of the golf offer started to be implemented in 2018, with a delay of 5 years, although the adoption of the “Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020”, in

April 2013, created all the prerequisites for the beginning of realization of the planned activities related to the development of golf tourism, based on Measure 17: The Action Plan for the development of the golf offer defined in the "Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" [The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020, 2013:68].

Adventure and sports tourism – is the scope of an increasingly important and rapidly growing group of products for which some operators report growth of up to 30% per year, which includes, for example, diving, kayaking and canoeing, rafting, adrenaline sports, hunting, fishing, winter sports and sports training. Although in the mountainous and coastal part of the Republic of Croatia there is a rapid development of a wide range of different, including niche adventure/sports programs (eg. caving, paragliding), the Republic of Croatia still does not sufficiently utilize its comparative advantages for the development of this product group.

Ecotourism – it is estimated that around 3% of international vacation trips (leisure travel) are motivated by ecotourism and supported by growing ecological/ environmental consumer awareness, the product shows a strong growth, between 10% and 20% per year. Despite the availability, attractiveness and preservation of natural resources, ecotourism in the Republic of Croatia is still very poorly developed. Especially concerning is the fact that ecotourism has been neglected even in the most protected natural sites.

4. Conclusion

In view of the foregoing, the system of tourist products of the Republic of Croatia, starting from the existing characteristics of the Croatian tourist offer, as well as from the qualitative characteristics of the Croatian tourist and attractiveness offer, defined ten key product groups on which the system of tourist products of the Republic of Croatia should be built by 2020. This diversified system of tourist products was a prerequisite which would have enabled the Republic of Croatia to penetrate the wider structure of the visitor segment whose propensity to different types of travel, different price positions and travels at different times of the year opens the possibility of significant time extension of tourist activities and an increase in tourist spending in the Republic of Croatia.

The development of special forms of tourism, primarily on the continent, which does not depend on "sun and sea" should be influenced by the reduction of seasonality and at the same time with effective strategic management of the development of tourism, aimed at sustainable development, to allow equal and overall economic and social development of the Republic of Croatia.

In the observed period, from 2013 until 2018, missed the effective strategic management of special forms of tourism, the planned activities defined by "The Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" were not implemented and/or not implemented by scheduled implementation dynamics and therefore the results and impacts of implementation of the "Strategy for Development of Tourism of the Republic of Croatia Until the Year 2020" were outlined.

While the application of strategic marketing thinking in all spheres of economic and social life in developed countries is an unavoidable fact today, in the Republic of Croatia it is still the future we are striving for and toward which this paper was directed. The focus of the social concept of marketing is not only the needs of a particular segment of consumers, but also the needs of the whole society, which means that it is necessary to take into account the necessity to preserve the characteristics of tourist destination in sociological, cultural and ecological sense. To create a concept of tourism development at lower spatial levels, it is essential to thoroughly study and identify the possibility of tourist properties, characteristics and tourist values, and the possibilities of receiving all those resources (natural and social) that will meet the needs of tourists. The fact is that the properties and the characteristics of the resources meet the tourist needs, and in this regard some resources will attract and bind only those segments of tourism demand that will meet its needs and characteristics. This gives us the ability to determine the types and forms of tourism based on the knowledge of these properties, which can be developed in a particular destination.

Tourism as a social phenomenon is extremely dynamic and clearly shows the trend of growth of tourist movements. Tourism of the Republic of Croatia every year is represented by the increasing number of arrivals and overnight stays, while not enough attention is paid to tourism revenues, ie whether tourism revenues adequately measured physical growth of arrivals and overnight stays. Also, the problem that arises is excessive dependence on tourism, primarily on "sun and sea" tourism, which inevitably leads to seasonality. As one of the consequences of extreme seasonality, there is also the problem of lack of adequate workforce in the tourism and hospitality industry. Tourism accounts for almost 20% of the total GDP of the Republic of Croatia. This is risky because of the fact that tourism is extremely sensitive and every major negative impact from the environment can lead to collapse of tourism and thus the economy as a whole. It is therefore necessary that tourism in the Republic of Croatia be considered and strategically managed in a way that will enable the long-term sustainable development of all special forms of tourism, in order to the overall and equitable economic and social development.

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OTILIA MANTA[1]

MICROFINANCE, FINANCIAL NETWORK AND GLOBALIZATION

Abstract: *Microfinance is increasingly the most accessible form of financing for those in need of funding (over 95% of small and medium-sized firms at European level). Microfinance to reach direct beneficiaries must use financial networks. Network risk, (RRT), takes on concrete forms of action, manifestation, forms usually determined by network characteristics that are affected by decoupling, distortion, phasing out, distortion, debilitating the strength of a financial network feature. Obviously, these forms refer to the radiant impact of the institutional characteristic of the network, embodied in norms, bodies, rules, structures, etc. on the interactive features of the network. The institutional grid of the network is the force, the ability of the network's interactive feature to negatively influence the performance of the components. Based on these considerations, the global financial network risk must be assessed in the current context of the financial networking functionality challenges.*

Key words: *microfinance, financial network, currency and sustainability.*

1. Introduction

Microfinance is especially, for rural areas, one of the research areas of great interest in contemporary society in Romania and in the world, both. Based on the theoretical and methodological approaches in the field and the more or less sustainable realities of the microfinance process, our research provides a perspective picture of this field. On the other hand, it is increasingly being debated by specialists and not only the problem of the impact of financing policies on the Romanian rural area, such as microfinance products and tools, aspects on which our research came to some conclusions that were presented in the paper. The approach of the thesis is based on personal professional experience in the economic financial field (we have experienced the phenomenon of microfinance with an effective and direct involvement in the process of financing the small rural entrepreneurs in Romania), but also based on extensive documentation (Manta, O. 2017). The complex relationship in which the network risk acts has on the performance, the goals, the functionalities and the potentialities of the network.

2. Methodology of scientific research

In order to underpin the research methodology, the classical observation and examination instruments, research methods based on the basic principles of scientific

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research, namely: “competence, objectivity, truth, methodical, demonstration, correlation, evaluation of results, utility and psychomoral” (Ristea and Franc, 2013). It will use procedures based on factual analysis, intensive documentation at the level of domestic and international literature, using the databases and the scientific material existing in the endowment of the libraries of specific institutes in Romania and internationally.

The methodology of the paper will have as direct instruments the collection of data and information from specialized literature and from existing practice in public and private institutions, but especially scientific articles published on specialized research networks (Research Gate, Academia.edu, etc.), articles published in different journals, relevant books in the field of reference, legislation, analyses and studies, official documents of various tax bodies, tax documents and interactive database of the National Bank of Romania, other relevant sources identified at the libraries: CCFM, Academia Romanian, INCE, IEN, BNR, National Library, INS, etc. Moreover, in the methodology we will analyse the documents using the comparative, analytical, descriptive method, no participative and participatory observation, and the use of a set of informational sources, the collection of financial data in the established databases. Also, the paper will be based on annual reports, publications, consolidated statistical data provided by the National Bank of Romania, the European Central Bank (ECB), the International Settlement Bank (BRI), the European Commission, OECD, published annually, data to be processed in order to be able to provide a general and analytical picture of the most important changes taking place in the European Union as a whole, but also globally – considered representative for the understanding of the phenomena studied, and especially in Romania.

Information support for research will be provided by monographs, books, scientific papers, materials of scientific conferences, the balance sheets of SMEs in 2008–2017, as well as other materials, which are presented in scientific papers and publications on the official pages of national and international research institutes, international financial institutions (research centres), etc.

3. Implementing the results

The theoretical approaches, the methodological elaborations and the practical recommendations elucidated in the thesis were presented in the scientific papers presented in specialized journals reviewed by the Romanian Academy, as well as in the seminars, webinars, national and international conferences, at the round tables and by publishing of more than 30 scientific papers published by ISI and / or BDI, as co-author, project manager and project coordinator in two EU projects, associate researcher and scientific researcher as member in 5 research projects of the Romanian Academy.

The doctoral thesis (2017) begins with defining the concept of microfinance in different concepts, the epistemological aspects being correlated with the theoretical approaches to the microfinance process, the ultimate goal being to capture the current microfinance trends as a concept and functioning mechanism. Then a separate chapter is dedicated to the impact of funding policies on Romanian rural space. In this regard, we addressed a number of issues related to agricultural credit, the analysis of the SME financing market in rural areas, as well as the strategic perspectives on social and financial inclusion. Further, in chapter three, we tried to capture the main microfinance schemes currently in use worldwide. Relevant examples of how microfinance implementation and action is being implemented in different regions of the globe (Africa, the Middle East, Asia, North America, South America, Australia and, of course, Europe) are. In the chapter dedicated to microfinance products and tools, the classic ones and also, the modern ones, are presented (FinTech Digital Financial Technologies). Here are also a series of basic microfinance services – payments and transfers of funds. Applicative research on microfinance in rural areas is presented separately by looking at some basic directions – the methodology of research on concepts and applications of microfinance in rural areas; data analysis and hypothesis testing. To these are added the author's conclusions and considerations regarding the results of the research. Last, the final conclusions and contribution of the author and the managerial implications of the thesis are presented (Manta, O. 2017).

In the microfinance sector the first steps is to identify the real financial network for delivery the microfinance products direct to the people which need the finance.

The forms of network risk are as follows:

– The credibility risk is the essential form of risk of the financial network, mitigating or distorting the trust of the economic subjects in the currency, in the financial instruments, the financial-monetary institutions, due to the malfunctions, directly or indirectly induced by contagion, with a temporal lag, all the specific risks and, first of all, the risk of depreciation of the currency.

– Financial networks are irreducible for purely economic reasoning cantered on profit-oriented economic interest, monetary transactions, operations and financial flows, based on the trust of entities, economic subjects in the financial network, the transaction network, and the fiduciary dimension being vital to the reproducibility of networks and for their continuity over time. Trust is an integral part of maintaining interconnections and interactive financial flows, especially taking into account the uncertainty and complexity of transactions.

– Winning economic rationality does not cover the space of confidence in the currency, depending on different factors, economic rationality depending on individual, selfish, competing and confronted interests on the market, while trust is conditioned by cohabitation, social, political, cultural, but also economic, trusting reciprocity, while economic rationality involves exclusion through competition (even if the market harmonizes gains through interests).

– Trust is an essential property of the coin, an abstract feature of money in general, which does not imply the stability and validity of the concrete forms of the currency, because trust in the stability and validity of a monetary form, a financial instrument, means trust in institutions and rules, and rules directly responsible for the administration of this form of currency. In this respect, the nature of the risks involved in financial transactions, in interactive flows, reflects their unique character in the modern world, namely that they are generated by man-made institutions.

It can be argued that the credibility risk is not associated with trust in money as a social institution, but with confidence in social institutions, i.e. regulations and organizations, which create and administer specific monetary forms, financial instruments traded on the markets.

The risk of credibility in the financial system is determined by economic, but especially extra-economic conditions, the placement of monetary forms in an environment centred on economic rationality, the dependence of financial transactions, the interactivity of the financial network of interests and economic gain distorts and vices the functions of the currency, its transitive potential, the goals of the network, assuring the concrete forms of the coin of improper, adverse and unfavourable and functionalities. In this respect, speculative or derivative financial forms, as quaternary, forward-looking currencies, are at the same time extreme forms of risk credibility, generating risk, covering it.

Vulnerability risk is a generic risk of the financial network, caused by the inadequate, institutionally caused, flow characteristics and financial network, such as reliability, complexity, integrity, and intensity, connectivity, affecting the network as a whole, but differentiated on elements, interconnections and interactions. Vulnerability expresses the debilitating of the transitive potential of the interactive flows of the network, favouring the emergence of specific risks, such as exchange rate risk, monetary depreciation, and interest rate risk, market risk, especially through the inadequacy channel and through inactivation.

The organizational inconsistency of the financial network, the inconsistency of the financial instruments, the forms of currency in the financial asset hypothesis, the inadequacy of the financial operations, the temporal or dimensional incongruity of the sources and the destinations of the interactive flows are causal institutional factors of the vulnerability of the network, perceived by network participants by diminishing the reliability of flows that may generate liquidity or solvency risk through volatility of asset prices through the juncture of some network nodes, i.e. financial institutions or markets, which may ultimately lead to bankruptcy risk and so on Institutional causes of monetary network vulnerability may be: a compositional incompleteness of entities, for example the lack of necessary entities; o insufficient connections, cumulative or distributive nodes; o lack of functional loop connectors such as guarantee bodies, trade effects, consultancy entities, and network loops to ensure re-circulation of the inactive, temporary pending currency, such as the locked currency; the degradation of operational synapses, such as the transformation of deposits, due to the interactive gap between collection and placement or currency convertibility due to the institutional irrelevance of monetary forms, such as reserves, surpluses, placements.

The risk of vulnerability is therefore, above all, a risk of institutionalization of the financial network and derives from the inadequacy of the network to environmental conditions, to its requirements and needs, and in this respect the direct effect of this network risk, the depreciation of the currency in its form transactional, interactive, currency risk, is associated with the degradation of these conditions, with the relation between the internal and the external environment.

– The risk of de-synchronization is a risk of the flows, of their interconnection in the network, affecting the interactivity of the network, i.e. its essence, being formally generated by the institutional regulation of the network, and thus by the way of network implementation, and functionally by the relation between tasks, i.e. the activities, responsibilities and competencies of the constituent entities. Desynchronization refers to the occurrence of some disagreements, of any kind, between network flows, addressing the following aspects: gaps, gaps, defects and incompatibilities.

– Time spans between cash inflows and outflows, between the formation of monetary resources, liquidity, and their use, transforming them into placements, increasing the stagnation of the coin as an inactive currency. If some gaps are necessary for financial transactions and interactions, most are inertial, institutionally determined, often even regulatory, inducing lasting differences, affecting the fluidity of money, circulation, and currency transformation, usually leading to liquidity and capital risks.

Dimensional dimensions related to the capacity and length of flows, but also to the extensibility and intensity of the financial network. For example, if there is a discrepancy between the capacity and the length of the collection flows and the placements, the risk of de-synchronization may generate both risk and liquidity risks, and the disconnection also occurs in the case of the gap between network extensiveness and insensitivity, which will primarily affect the effectiveness of the network, causing a risk of financial asymmetry, concentration, associated with the insolvency risk of some financial entities that, through contagion, can affect the entire network.

– Flow deficiencies due to the speed of flow instruments and network velocity, these streams often resulting in bottlenecks, being partly responsible for the risk of network agglutination, affecting network interactivity, causing liquidity, rate, and monetary depreciation, currency risk.

– Instrumental incompatibilities, manifested by the inadequacy of financial instruments to achieve certain goals or functionalities of the network, their non-adaptation to transited currency aggregates (blocked currency, reserves, savings, equity, speculative liquidity, etc.), or, generally, insufficient harmonization the supply of financial and monetary instruments (checks, cash, cards, accounts, etc.) and the demand, and especially potential, demand, which expresses the need for economics of tools, perhaps not yet operational, and why not yet unthinkable.

The risk of de-synchronization induces a negative resonance in the network, in the case of an increased de-synchronization, the network may enter into "trepidation", the generic expression of this situation, the risk of vibration, negative resonance being the fluctuation, the agitation of the exchange rate, the price, the purchasing power of the coin on a trend of chronic depreciation.

The institutional causes of this risk are connected and often dependent on economic, social, political causes (unless we consider monetary policy itself an institution), but it is obvious that the way of building its financial network, its architecture, its dimensions and institutional adequacy, contributes significantly to the emergence and maintenance of this risk.

– The agglomeration, agglutination risk, correlated with the two previous risks, is manifested through the abundance, segregation and concentration of currency forms and flow financial instruments in certain areas of the network, through regionalization, polarization and conjecturing, phenomena with various aetiologies, but highlighting the institutional inadequacy of the network, creating favourable conditions, especially through the incapacity channel, for the emergence of risk rates, insolvency and, obviously, market risks, the price of financial assets, of the coin.

Very often, this network risk is associated with insufficient networking of specific elements of the network, to provide certain services needed for the markets and to contribute to the consolidation of its transparent automata, such as: a continuous counting of network flows, highlighting crowded and relatively free routes, for example, the discrepancy between the interbank and the financial or pay-as-you-go, this counting being a potential selective and reorienting role; a functional and operational adaptation of flows to the concrete requirements of interactivity, by setting up network adapters, analogue clearing houses, transforming financial assets and instruments, and forms of currency in line with market requirements, making these adapters an integral part of financial markets and monetary ones, such adapters being able to target exchange rate consolidation, liquidity fluidization (factorial adapters), rate compensation (distributive adapters), etc., taking over some of the current market dysfunctions, such as speculative ones, which distort some of these adaptation attributes, and relaying them to the market, integrating them, strengthening its institutional network automation; an instrumental conversion, trying to achieve this conversion interactivity, the market, as it is conceived and instituted, is not only conversational but marginal or improper, I would say, forcing a little the institutional potential of the network. A conversion market, such as the derivatives market, could be constitutively and institutionally made, in fact, anticipating and conditional this conversion, but often in a speculative environment, denaturation the functions of the currency, of monetary forms.

Managing this network risk is principally a matter of institutionalization and functionally a matter of evaluation and supervision because the flexibility of the currency, its fairness of freedom, should also be found in its capitalized, financially instrumental forms, between currency confidence, and economic reasoning, which usually regulates fragmentarily, segregating capital flows, money saved, contradictions, crisis-generating confrontations, which partly reflects the existence of this agglomeration risk with speculative openings.

The risk of detachment and polarization is the specific network risk that suffers from three institutional diseases:

– ignorance in the sense of disregarding or insufficient consideration of the environment, due to the institutional endowment, which gives it a certain form of knowledge and understanding;

– vanity, not in the anthropomorphic sense, determined primarily by the approach of currency, of monetary forms, in terms of earnings-centred economic reasoning, financial entities considering the currency capitalized as a generator of power and not as a binder between the network and the environment, bidders and coin applicants, the bank currency, and its financial form, which produces wealth, denoting the currency's functions in a great deal, perhaps by distorting them, to authentic, trust-based forms of currency; obviously, vanity is reactive, not adaptive, and is so proven by financial crises, often induced by financial entities, banking in the socio-economic ensemble.

– In the sense of the financial sector, especially the banking sector, being hardly accessible to the uninitiated, the disease being landless, from time immemorial, and partly with constitutive justifications and, we could say, ontological. The coin being something very sensitive and omniscient has been told the blood of society, but it has now become a sort of pathology of appearances, a pathology commanded, authentic, original esotericism, original, disappearing, remaining an esotericism of complications, often unnecessarily functional diversions mimetic esotericism, but the more sickly and contagious.

The risk of posting is manifested by the detachment of the financial network from the socio-economic environment, its real markets, including the health, culture, education, financial network, and sometimes the specific evolution of these human domains, how to build up the guiding principles of its configuration and architecture, so that posting induces specific risks in the financial network, such as rate and rate, volatility and real non-speculative-arbitrary overlaps, generating fierce crises at the local level, regional, hardly absorbed with losses and environmental costs, but also liquidity risks, finalized by bankruptcies of the banking entities as well as non-financial ones.

The polarization risk highlights the network's tendency to create concentrative poles, financial centres, officially represented by the Central Bank, which, beyond the coordination and regulatory attributes, becomes a market operator in the name of monetary policy, conferring confidence in the currency, in its purchasing power, but also in operative financial centres that concentrate with money, the financial instruments, the power to influence, to intervene, to sometimes unbalance the markets in the "desire" to balance them according to already esoteric goals, or at least selectively beneficial. Polarization is a phenomenon common to all networks, from mineral, natural to neural and spiritual, but the polarizing institutionalization of the financial network can have perverse, sometimes unpredictable effects, polarization contributing to accentuating network risks, financial network specificities, to the extent in which polarization does not serve the network, the currency, the trust in the currency, exacerbating, for example, the gain orientation, according to the economic reasoning.

A significant effect of postponement and polarization risk, a potential and a real effect, is generating specific devastating risks is the unparalleled expansion of the value of financial flows compared to real flows, with most of the financial flows milling down the currencies, obviously for earnings, for the transfer, rarely converted into real, consuming or investment assets.

The five types of network hazards developed above do not cover the whole range of risk possibilities intrinsic to the financial network, highlighting only their existence, their specificity and relevance in the monetary space as well as their institutional determinant etiologic. At the same time, the above approach wanted to reveal that the credibility risk is paramount, being the generic network risk, the placement of its currency, its forms and instruments, in a space dominated by economic reasoning, centred on interest and gain, credibility in currency, the ability of the coin to perform its original functions.

4. Final conclusions and contribution of the author

In the actual economic and social context, which is extremely complex and dynamic, which decisively influences the good functioning of the companies, the research carried out puts into question one of their most pressing problems, namely the microfinancing of their own businesses. Following the undertaken studies, the main conclusions and proposals are synthesized as follows:

a. The stage of development and the complexity of the global financial structure strongly influence the financial management's variables of action, the terms of their specific problems, and the nature of the solutions offered, in particular; More specifically from financing to gender, such as microfinance;

b. Each type of financial environment delimits the space targeted by the entrepreneur's financial management (SME or micro-enterprise), determining its objectives, issues and means of action;

c. Capital analysis in order to "steer" the microfinance policy towards optimal and cheaper sources of capital that contribute to maximizing the firm's market value and to the best interests of the parties involved in its activity or in the needs of the direct beneficiaries;

d. The company's financial structure should be one of the areas of applicability of optimization, as its components, being variable, can be combined to maximize the value of the firm while maximizing the cost of capital (human, material and financial);

e. The premises of optimal microfinance structure are based on: knowledge of the microfinance needs of SME or micro-enterprises; knowledge of microfinance sources and their weight in meeting the microfinance needs of the company; knowledge of the costs of microfinance sources; knowledge of the financial environment at macroeconomic level and the financial policies promoted in a given period; knowledge of the behaviour of market players and their position on risk; knowledge of the psychological effects of indebtedness, because the financial structure of the small entrepreneur highlights the attitude of financial decision makers towards theft.

f. If in theory it is possible to achieve an optimal microfinance structure, in practice, we appreciate that this objective is difficult to meet due to the quantification of the various variables involved in the medium and long term microfinance decision;

g. In fact there are no free financial resources, which is why a good knowledge of capital cost is a necessity by financial managers (even grants for micro-enterprises are costly);

h. In adopting microfinance decisions, firms must have rigorous criteria that allow them to choose and combine these resources, and the cost of microfinance is the main criterion in choosing funding resources, for Romanian companies, even in times of economic crisis, exogenous microfinance through bank microcredit is the main solution to cover the microfinance needs of both current activity and its own development projects;

i. To improve the microfinance business of micro-credit banking products we propose a series of measures such as: eliminating the formal character of the preliminary discussions and advising microfinance support services of the representatives of the companies on the specifics of the micro-credit activity, including for the correct and complete drawing up of the documentation necessary for obtaining the microcredit; shorten the time for checking and analysing the documents requested by the bank, and in the case of non-acceptance of the microcredit request, to give them as quickly (2–3 days) the reasons and the indicators that led to this decision; companies should be given the necessary conditions by means of current regulations in order to be able effectively to negotiate with banks the conditions for microcredit (the microcredit volume, lending period, interest rate, grace period, etc.); the reimbursement schedule is to be drawn up according to the cash flow of the small entrepreneur and the specific nature of his activity (especially in the field of agriculture, the reimbursement should be according to the harvesting campaign) and the monthly repayment term is not a fixed date, but a reimbursement period (for example between 25–30 of the month to avoid additional costs or penalties due to non-payment on that day); the size of the micro-guarantees should be set according to the activity carried out and the nature of the microcredit (for example, in the case of investments in tangible assets, the guarantees can be created, on the one hand, from already existing assets in the firm and, on the other, purchased assets); adapting the size and evolution of interest and commissions to the level and real market trend;

j. Global and regional micro-insurance trends in the rural environment are favourable both at global and European level;

k. In Romania, the micro-insurance market is in a continuous development, but it is currently quite small, both in terms of volume of turnover and in terms of companies specialized in providing this type of financial service;

l. The evolution of the Romanian market in recent years demonstrates that micro-insurance is a useful tool for microfinance and financial management of companies, both in times of economic growth and economic crisis, but especially in the current situation of global climate changes;

m. For the dynamic trend of the micro-insurance business on the Romanian market, I proposed the following measures: regulation of the organization and functioning of insurance companies aimed at micro-insurance for agriculture and rural development, as well as the criteria to be met for their establishment; stimulating the establishment of specialized companies in micro-insurance operations, through financial and fiscal regulations, this will increase the competition and, implicitly, the quality of the offered services; simplification of the procedure for granting microfinance by commercial banks by diminishing the number of documents necessary for drawing up the microfinance file and concluding the micro-insurance contract; reducing the time needed to analyse the documents submitted by the micro-insurance customers so that they can quickly dispose of the money resources needed to finance the current activities, especially in the case of major force phenomena (Climate phenomena impacting on crops); strengthening the promotion and consultancy activities of commercial banks and IFN's as well as specialized microfinance institutions by presenting personalized financial schemes specific to each agricultural company according to its field of action; promotion of micro-insurance with priority and its support through governmental means and the National Bank of Romania in order to ensure the financial resources necessary for economic growth and, implicitly, for economic sustainable development;

n. As far as the micro-guarantee is concerned, lately it has grown considerably, ranked second in the volume of guarantees granted to SMEs;

o. Micro-guarantee in economic crisis situations is an important source of attraction of money, especially for small and medium-sized companies, which have multiple possibilities to develop their own businesses. This is also the main reason why the European Commission has created the EaSi Microfinance Facility with a direct focus on micro-guarantee.

We appreciate that the analysis of the microfinance needs at the level of the companies according to the complexity of the activities carried out must be achieved by an optimal combination of the presented microfinance sources. Also the financial network represents the important role in the delivery of the microfinancial products for rural area. In this case, it is recommended to use short-term microcredit combined with micro-guarantee and micro-insurance, i.e. medium- and long-term microcredit combined with other microfinance products such as microleasing. (Manta, O. 2017)

The concept of national microfinance program on entrepreneurship incentives in rural areas (PNMSAR) proposed in the doctoral thesis is in line with the European Union’s financing instruments (EaSi Program) and other international financial instruments for microfinance aimed at measures to develop the market for microfinance and support services. Romania has a valuable and varied potential for microfinance and support services which provide resources for new microfinance institutions and to provide the opportunity to develop this new sector of activity with significant benefits for the country’s economy.

Moreover, the Romanian rural environment, as we have shown in the thesis, has a specificity from the point of view of the organization of agricultural holdings (most of them are rural agricultural households that can be financially supported to become integrated family farms in a fiscal point of view), as well as the current situation of SME’s and micro-enterprises in rural areas.

The Romanian offer in the field of microfinance services for the rural area is now customized by:

a) the initiation of specialized microfinance institutions (according to the proposed model);

b) integration of microfinance services into the life of rural communities and rapid adaptation of funding to the many needs of small entrepreneurs operating in rural areas;

c) a diversified and integrated number of projects, as well as a large amount of sources of funding through community and government funds.

Starting from the realistic analysis of the offer of microfinance services in Romania, I came to the conclusion that the investments in the rural environment are underutilized and the microfinance services are developing and maturing.

The economic activities generated by the new business models of microfinance services can have a multiple impact on the sustainable development of the Romanian village and the Romanian business environment. (Manta O., 2017)

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TATIANA TABAC[1]

LONG-TERM MIGRATION FROM REPUBLIC OF MOLDOVA AND ROMANIA

Abstract: *This article analyses the main trends and dimensions of long-term migration in the Republic of Moldova and Romania over the past three decades. The main destination for both the population of the Republic of Moldova and the population of Romania are Germany, Italy, Spain, Portugal, France, Great Britain, Canada and the USA. At the same time, very important migratory flows from the Republic of Moldova were directed to the Russian Federation, Ukraine and Czech Republic, while the population of Romania migrated with higher intensity to Hungary, Austria and Belgium.*

The comparative study shows that the largest flow of migrants in Romania was in 2007, the year of joining to the UE. The number of migrants was over 550 thousand and the emigration rate was 26‰. In the case of the Republic of Moldova, the emigration intensity was particularly high during 2007–2011, the emigration rate being of 15‰–18‰. Specifically to both countries are the negative net rate during the analyzed period. The results of the study show that the population loss for Republic of Moldova are higher than for Romania.

Key words: *flows of migrants, long-term migration, net migration rate, rate of migration, Republic of Moldova, Romania.*

JEL: *J11, J18, R23.*

1. Introduction

For more than two decades, the Republic of Moldova and Romania face with the mass emigration of the population, a phenomenon that falls into the third and fourth migration period in Europe after the Second World War (Garson, Loizillon 2003). An important role in the evolution of this phenomenon in both countries has economic migration. The economic migration that began in the mid- ’90s as a temporary / circulatory migration has long transformed into long-term migration with establishing residence in the host country.

This paper proposes a comparative approach to the long-term emigration process in the Republic of Moldova and Romania in the period after the fall of the Iron Curtain to the present. The paper does not analyse short-term migration trends, migration to work and studies. By long-term migration, we understand moving people across countries over a period of more than one year. The results of the study are presented to the limit of the availability of statistical data on international migration.

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2. Data and definitions

For the analysis, data from the *International Migration Statistics* database of the Organization for Economic Cooperation and Development (OECD) were used. This database presents data on flows and stocks of the immigrant population in the all countries of the world to OECD countries. The data refer to the entries number of aliens who have a long-term residence permit or an indefinite period and who are virtually free of any limitation on the exercise of an economic activity, so the data refer to the category of migrants *for settlement* (UN 1998).

There are several reasons why we opted for migration from these two countries to be analysed based on OECD data. First, the data presented are the result of a standardized process that allows the comparison between countries. Secondly, the OECD database comprises a larger number of countries than the Eurostat database, so we can include in the analysis the USA, Canada and other countries. The third reason is that the data correspond to the criteria recommended by the United Nations for the definition of migrants (UN 1998).

Other sources of data used are national statistics provided by statistical institutions from Russian Federation, Ukraine and Israel.

In the most analysed countries from the EU, Canada, the USA and Australia, the criteria for registering *migrant flows* refer to the population who obtained the residence permit in the host country either for the long-term or for an indefinite period, excluding the renewal of the permits. Criteria for registering immigration flows in Russia have changed several times, for which reason the number of immigrants was either underestimated or overestimated (Chudinovskikh 2005). Starting with 2011, migration statistics include people registered for 3 months who have extended their stay for another 9 months, so it includes long-term immigration as defined by the UN. In Ukraine, immigration flows are registered according to the place of residence.

It should be noted that the statistical data used in the analysis shows legal immigration in the destination countries and does not include clandestine immigration that was particularly high in the '90s.

3. Results

After the fall of the communist regime, the long-term migration from the Republic of Moldova and Romania can be divided into ethnic migration and social-economic migration. The flows of ethnic emigrants were particularly dominant during the period 1989–1995. Migration from socio-economic reasons began in the mid- '90s and has now become a phenomenon of immense scale in both countries, the main determinant of international mobility of the population.

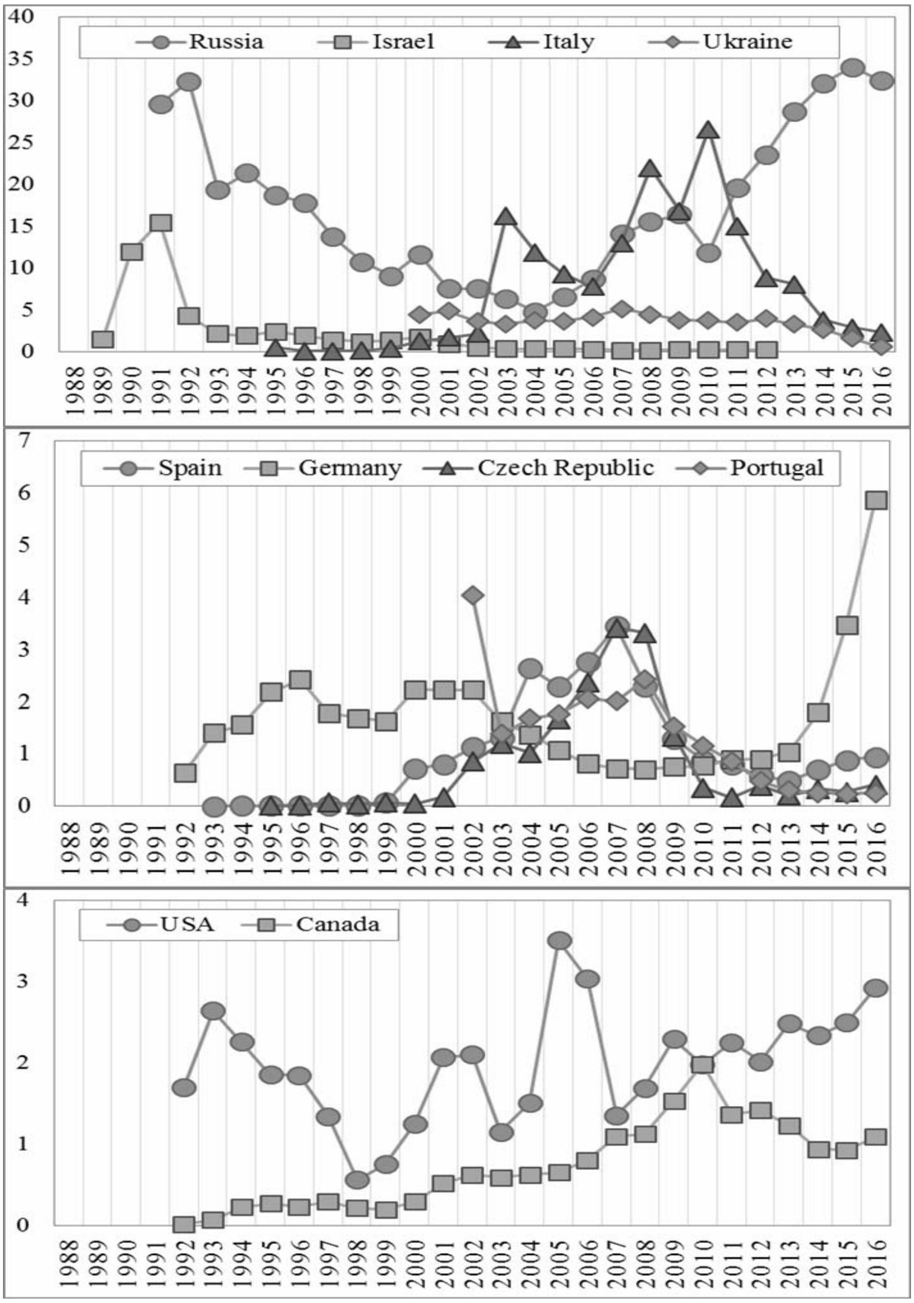
3.1. *Long-term migration flows from Republic of Moldova*

In the literature of the Republic of Moldova, there are four stages of evolution of the phenomenon of emigration. *Extended migration profile of the Republic of Moldova* divide the phenomenon into the following stages: 1990–1994; 1995–2000; 2001–2006; from May 2006 (Vremiş et al. 2012; Poalelungi et al. 2017). The other four stages of migration evolution are: 1990–1995, when the ethnic migration occurred; 1995–2000, began temporary migration to work; 3rd stage is the period of intensification of the migration to work, the legalization of illegal immigrants in EU countries, family reunification in host countries and is the period 2000–2010; the beginning of the fourth stage is considered the period after 2010, as some structural changes are observed in the migration process (Tabac 2018).

In the first stage, long-term emigration was higher due to the return to the historic homeland of the main ethnic minorities. Ethnic migration was composed by Germans, Jews, Russians and Ukrainians and had five favourite destinations: Israel, Russia, Ukraine, Germany and the USA (Vremiș et al. 2012; Gagauz et al. 2016). The extent of migration during this period is estimated at 175 thousand.

After the exhaustion of ethnic migration began the waves of temporary emigration to work in the Russian Federation and Ukraine. Soon, these two countries have added work emigration to Turkey, the Czech Republic and the countries of Southern Europe. Typically, migration to work in the EU countries and Turkey was clandestine. The migration with the change of residence was less representative in the period 1995–2000, but data for the next two decades show that "temporary" labour migration has transformed into long-term emigration over time (Fig. 1). These major transformations have been driven by migration policies promoted and implemented by host countries. Higher migratory flows in Spain, Portugal, and Italy in the early 2000s are the result of amnesty policies for illegal immigrants (Strozza 2010). The number of migrants who legislated their stay in Italy in 2003 was 16 thousand; another 12 thousand acquired a residence permit in 2004. In Portugal in 2001, about 10 thousand were legalized and another 4 thousand in 2002. In Spain, the number of official Moldovan immigrants increased 11 times in 2000 compared to 1999. During 2000 and 2005, almost 60 thousand migrants obtained the right to legal residence in Italy, Spain and Portugal. Migration flows in these three countries increased steadily over the coming years due to family reunions following the regularization of illegal immigrants (the share of residence permits in Italy for family reasons increased from 16% to 52% in 2007–2011[2]). The estimated number of people who have been granted residence permits in these countries in 2006–2011 is over 120 thousand.

[2] Estimation based on Immigrants.Stat data, (http://stra-dati.istat.it/?lang=en accesed at September 19th 2018).



Sources: OECD International migration statistics, Federal State Statistics Services of Russia, State Statistics Services of Ukraine and (Sheveliov 2014).

Figure 1. Long-term emigrants from the Republic of Moldova to the main destination countries, 1988–2016 (thousand).

From Figure 1 it is obviously that the most significant as volume is the migration to the Russian Federation and Italy. Generally, specific to the Republic of Moldova since the mid-1990s is the orientation of migration on two main vectors, one to the CIS countries and one to the EU countries. The main destination country in the CIS is the Russian Federation, which receives the largest number of emigrants from the Republic of Moldova each year and the main destination in the EU is Italy (*Fig. 1*). Emigration to Russia has been and is being favoured, by the lack of visa regime and lower migration costs compared to other countries. In the West, the first migrations were more difficult due to the reluctance of the governments of the European states towards the immigrants of the ex-Soviet countries and the high costs for migration. Migration to the EU is nowadays as accessible as ever, immigration policy has become friendlier with the citizens of the Republic of Moldova, but the accession of Romania to the European Community in 2007 has had a positive impact on the holders of dual citizenship (simultaneous ownership of Moldovan and Romanian citizenship). The strongest difference between eastern and western migration is the period of stay in the destination country. The share of those who migrate in the long term is higher in the EU than in Russia, where migration is mostly achieved in the short and circulatory way.

Other European destinations of emigrants from the Republic of Moldova are the Czech Republic and Germany. Emigration in the Czech Republic started at the same time as emigration in Southern Europe, had the same reason – looking for a job, but the severe conditions for obtaining a residence permit (10 years of legal work until 2003) has discouraged settlement here. The migration flows to Germany were higher and more stable between 1993 and 2003 than 2005–2013 flows. The data show that between 65–75% of migrants who left for 2006–2010 returned to the country (Tabac 2017).

Since 2011, new trends have been observed regarding the long-term international migration in the Republic of Moldova. It has been noted that migration flows to European countries such as Greece, Italy, Spain, Portugal, the Czech Republic has dropped significantly and the migration to Western European countries such as Germany, France and Great Britain is continuously expanding. Changes are also seen in the characteristics of migrants, namely the share of young people (by Zwager, Sinţov 2014; Gagauz, Penina, Tabac 2016), persons with higher education, middle and high income (IDIS VIITORUL, CBS-AXA 2018; IPP 2017), as well as and family migration in Western European countries, especially in the UK and Germany (Tabac 2017).

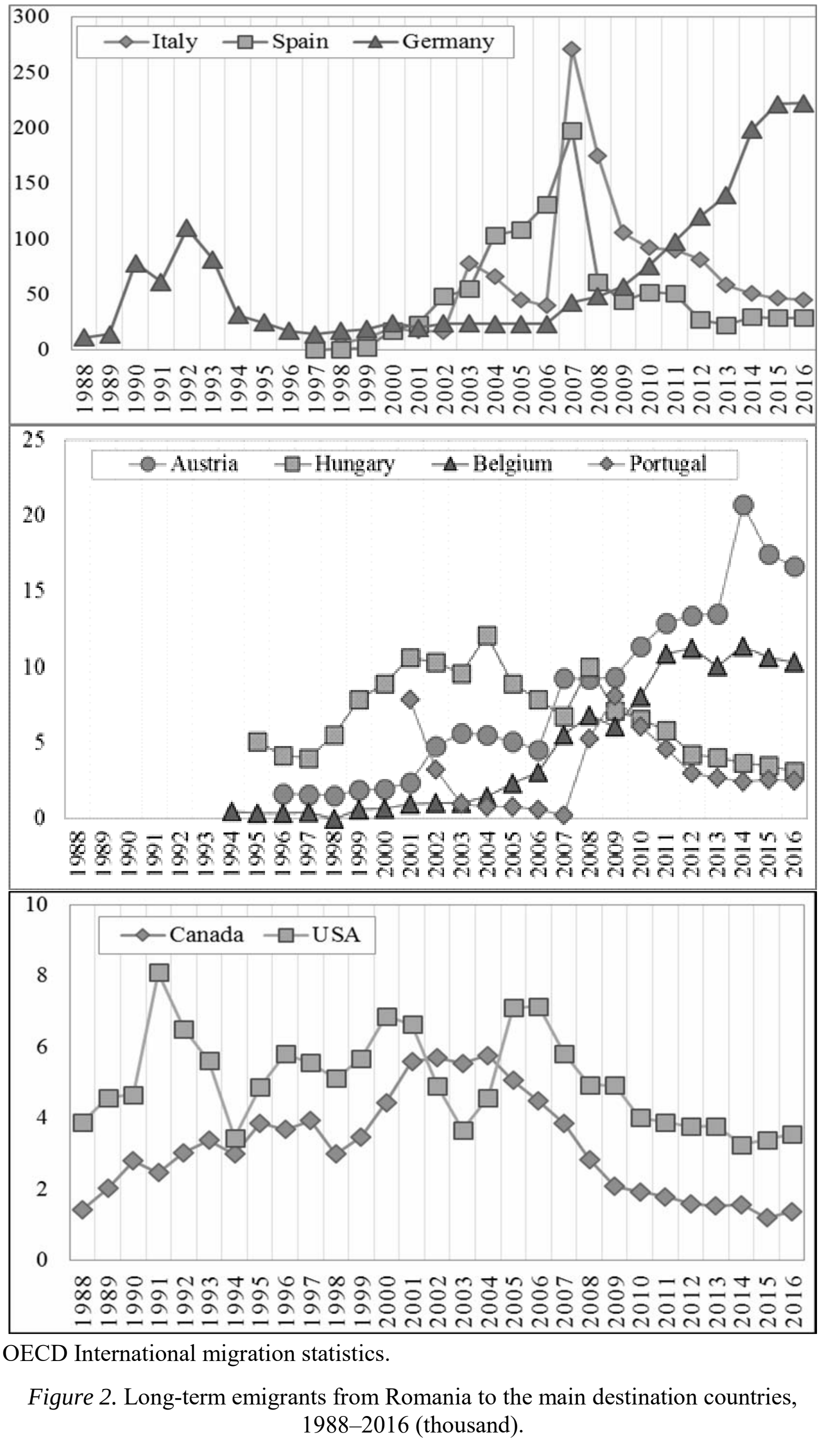
3.2. *Long-term migration flows from Romania*

Studying the migration to work of Romanians, the sociologist Dumitru Sandu highlights in 2006 three stages of migration: 1990–1995 – the migration of Romanians to work in Israel, Turkey, Italy, Hungary and Germany; in the years 1996–2002, Spain and Canada joined to the five countries; the third phase started in 2002 shows the massive emigration to temporary work in Spain and Italy (Sandu et al. 2006). The authors of the *The Fourth Wave: The Brain Drain on the Route Romania-West Countries* suggests that since 2007 the fourth wave of permanent labour migrations has started in Western European countries (Alexe et al. 2011). Already in 2010, analysing definitive migration of Romanian after 1989, based on national statistical data, Dumitru Sandu highlights five distinctive steps: the 1990–1992 period is dominated by the German migration; 1993–1995 there is a considerable reduction of emigration on the account of Romanians (not ethnic Germans); in 1996–2001 migration to Germany is added to migration to Canada and the USA; in the years 2002–2006, a fourth corridor is added to France; beginning with 2007, the year of accession of Romania to the EU, returns to the three classic corridors: Germany, Canada and the United States of America (Sandu 2010).

In the 1988–1995, the migratory flows in Romania were mainly formed by German ethnic groups, Hungarians and a small number of Jews, with destinations in Germany, Hungary, Israel, Canada and the USA (Chindea et al. 2008; Alexe et al. 2011) (Fig. 2). The total numbers of emigrants in this period is 476 thousand; over 87% emigrated to Germany.

After ethnic and religious migration, under the economic pressure of the mid-'90s, the temporary emigration of Romanians to work abroad begins (Sandu 2010) disguised as a request for political asylum or taking the form of clandestine migration (Remus Gabriel, Horváth 2009). Due to the more rigorous control of irregular immigration in the countries of Western Europe, the Romanian migratory flows in this period are reorienting to Italy, Spain and least to Portugal (Rotariu, Voineagu 2012). The entry of Romanian citizens into the countries of Southern Europe in the late '90s and the early 2000s took place in most cases in a clandestine way, but very soon, the legalization prospects appear (the amnesty between 1998 and 2002 in Italy and the amnesties of 1996 and 2000 in Spain). The visas withdrawal for Romanians in the Schengen area since 2002 has had an even more impact on emigration to Italy and Spain, and these two countries have become the main destinations of the Romanians (Rotariu, Voineagu 2012).

According to the data, the most important long-term migrant flows in 2000 were fixed in Germany (24.2 thousand), Italy (19.3 thousand) and Spain (17.5 thousand). Significant changes took place in 2003, with Italy (78.4 thousand) and Spain (55 thousand) registering a three-four times increase in the number of migrants compared to Germany (23.8 thousand), where migration is maintained at the same level by 2007 (Fig. 2). Estimated based on OECD data, slightly more than 970,000 Romanian citizens have obtained a residence permit abroad during the period 2002–2006 (the period between visa-free travel to the Schengen area and EU accession). Of these, 46% were in Spain, 25% in Italy, 12% in Germany, 5% in Hungary, and 3% in Austria, Canada and the USA.



Source: OECD International migration statistics.

Figure 2. Long-term emigrants from Romania to the main destination countries, 1988–2016 (thousand).

The accession of Romania to the European Union gave a new incentive to the population for emigration. The data show rising flows of Romanian migrants in all EU countries since 2007, the total number estimated for this year being 550 thousand. The largest increase of migrants was in Italy (from 40 thousand in 2006 to 270 thousand in 2007). The total number of Romanian migrants who obtained a residence permit in the destination countries (including Canada and the USA) during 2007–2013 is about 2.2 million people[3], which speaks of a high intensity of the migration phenomenon.

Another period of amplification of the long-term international mobility of Romanians is the period starting with January 1st, 2014, being caused by lifting of restrictions on the labour market in Austria, Germany, France, the United Kingdom, the Netherlands, Belgium, Luxembourg Malta and Spain. Total flows of emigrants in the last three years, 2014–2016, vary between 350–360 thousand people annually; a higher number was registered only in 2007. The EU countries where Romanians continued to expand during these years are: Germany, Austria, France, the Netherlands, Belgium (since 2013), Denmark, Great Britain (available estimates of immigration to the UK show volume flows in 2015–2016 of 56 thousand and 55 thousand people). At the same time, the flows of major emigrants in Spain and Italy in the past indicate major declines since 2012–2013.

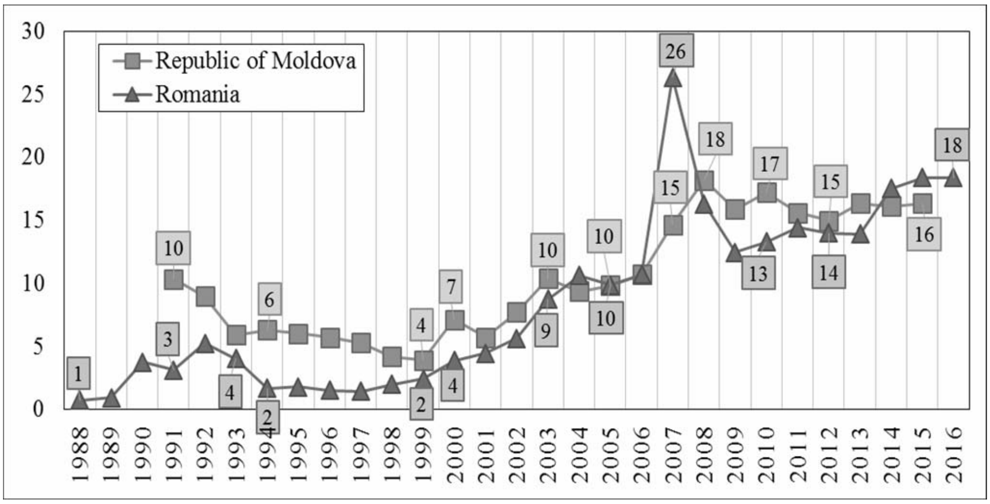
3.3. *Emigration effects on population evolution*

From an economic point of view, international labour migration produces particularly positive effects, which cannot be said about the demographic impact of the phenomenon. In this respect, demographers always point to the negative effects of long-term migration on the medium and long-term population evolution. Or, temporary and / circulatory migration to work regularly practiced over the years, turns into permanent migration with the change of residence in the host country. Such a situation is characteristic to Romania and the Republic of Moldova. After 20 years of massive labour exodus (1995–2015), immense stocks of immigrants originating in these two countries were formed in the destination countries while the total number of the population was continuously declining (Gheţău 2007; Gagauz et al. 2016). The numbers in 2016 show 3 million 035 thousand immigrants from Romania living in OECD countries and 225 thousand immigrants from the Republic of Moldova[4]. If we had statistical data on the stock of immigrants from the Republic of Moldova to the CIS countries, then, certainly, the stock of migrants would have a different size. In this context, we mention only the 280 thousand migrants born in Moldova, who at the census of 2010 were residents of the Russian Federation (Tabac 2018). An even more remarkable number of long-term immigrants

[3] Due to the lack of statistical data, the calculations do not include migration to the UK.
[4] The data source is OCDE International migration statistics.

comes from the World Bank from the *Bilateral Estimates of Migrant Stocks* database in 2017. According to them, in 2017, the stock of immigrants from Romania in the world was 3 million 663 thousand and of the Republic of Moldova – 1 million 025 thousand.

The dynamics of the emigration process in relative values is presented in *Figures 3* and *4.* At calculating, the migration indicators, as a denominator was used the total number of emigrants estimated based on OECD data and national statistical data in other destination countries (Russia, Ukraine, and Israel). As a numerator, the number of the population extracted from the Eurostat database was used for Romania, and for the Republic of Moldova, the population recalculated according to the methodology of Max Planck Demographic Research Institute in Rostock, Germany (Penina, Jdanov, Grigoriev 2015).

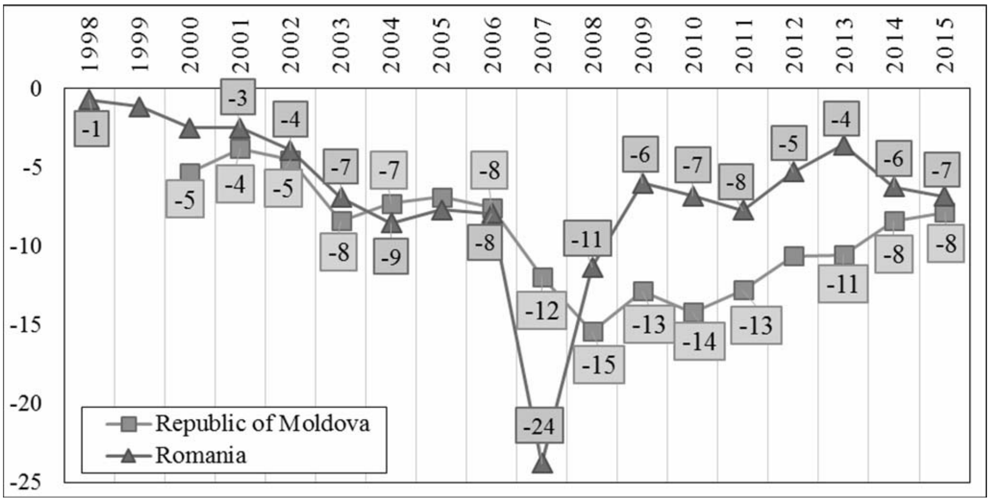


Sources: OECD International migration statistics, Eurostat, Federal State Statistics Services of Russia, State Statistics Services of Ukraine, (Sheveliov 2014) and (Penina, Jdanov, Grigoriev 2015).

Figure 3. Emigration rate from the Republic of Moldova and Romania, 1988–2015 (for 1000 inhabitants).

The comparative analysis shows that until 2000 the long-term emigration from the Republic of Moldova was higher than in Romania, the emigration rate in 1991 being 10‰ and 3‰, respectively. Towards the end of the ’90s, the difference is decreasing and already in 2005 and 2006, the emigration rate is equal in both countries of 10‰ and 11‰, respectively. In 2007, when Romania became a member of the EU, the emigration rate was 26‰ – the highest in the whole period – increasing by 15‰ compared to 2006. The procedures for legalization and reunification of families in host countries did not passed alongside for citizens of the Republic of Moldova who in 2007–2011 emigrated more intensively than before, the emigration rate fluctuating between 15‰ and 18‰.

We note that the international migration of the population is far from exhaustion, in both analysed countries the migration rate of the population has stabilized and remains high throughout the period 2011–2016. The emigration rate in Romania in 2011–2013 is 14‰ and in 2014–2016, it is 18‰. In the case of the Republic of Moldova, the emigration rate in 2011–2015 is at stable level at 15‰ –16‰.



Sources: OECD International migration statistics, Eurostat, Federal State Statistics Services of Russia, State Statistics Services of Ukraine, (Sheveliov 2014) and (Penina, Jdanov, Grigoriev 2015).

Figure 4. Net migration rate in the Republic of Moldova and Romania, 1998–2015 (per 1000 inhabitants).

Specifically to both countries is negative external net migration, plus the natural decline (Gheţău 2007, Gagauz et al. 2016). The results show that in the context of a similar emigration from both territories (*Fig. 3*), net migration in the Republic of Moldova is higher than in Romania, so the pace of return of Romanian migrants to the country is comparatively higher (*Fig. 4*). As a value, net migration to Romania was higher in 2007–2008, being –24‰ and –11‰, respectively. In the case of the Republic of Moldova, net migration is particularly high throughout the 2007–2013 period, with annual values between –11‰ and –15‰.

4. Conclusions

After the fall of the communist regime, free movement in the world has become a fundamental right for citizens of the Republic of Moldova and Romania. A large number have been those who benefited from the opportunity to travel abroad for work, study, visiting or for tourism. Many are also those who have changed their place of residence abroad. Of course, the migration has advantages and disadvantages both for beneficiary countries and for countries of origin. However, it is natural that migrations with the establishment of residence by a colossal large number of people abroad become a matter of concern to the Governments of the countries of origin. Now, the migration for the Republic of Moldova and Romania has become a national phenomenon with major implications for all spheres of social life. The decline in the population in the two countries is determined more by permanent mass emigration than by low fertility. In the future, it will be much more difficult to replace citizens who have left the country than to invest in the development of the local labour market, education and health. No further investment will be able to compensate the loss of human capital of the young, educated and able to work population.

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ELVIRA NAVAL[1] **Points of view**

ECONOMIC GROWTH MODELING UNDER GOVERNMENT POLICY UNCERTAINTY

Abstract: *In this paper a stochastic approach to the economic growth modeling, influenced by government expenditure, is proposed. Economic growth optimal control problem formulation in a stochastic form is concerned. Equilibrium growth rate was obtained using the stochastic maximum principle following new approach to the optimal control stochastic problem solution, in which the stochastic dynamic programming formulation takes the form of the maximum principle. This approach was applied to the solution of the stochastic optimal growth problem of how government policy, especially as far as corruption is concerned, influences economic growth.*

Key words: *Economic growth, Stochastic modeling, Stochastic maximum principle, Ito's processes, Ito's Lemma, Hamilton-Jacobi-Bellman equation, Government expenditure, Government policy, Corruption.*

Mathematics subject classification: *C61, D91.*

1. Introduction

Economic growth is the basic component of the sustainable social and economic development in any country, especially in developing countries like Republic of Moldova. Therefore, effective government polices in this direction are very imoportant. Optimal utilization of the government expenditure in order to minimize individual theft from it is a main problem to solve. It is well known that corruption has substantial, negative effects on economic growth. So, examination of the optimal economic growth problem in respect with government spending and its impact on the rate of economic growth is the main objective of this paper. In this direction some applications referred to the Republic of Moldova economic growth were examined in [1–2]. In the present paper the same problem of multiple equilibrium will be discussed, and for its solving the method [3] will be applied.

2. Problem formulation

As in [4–5] the model of multiple equilibrium in corruption and economic growth in stochastic formulation will be examined. Suppose that a N individuals denoted by $i \in (1, ..., N)$ are aimed to maximize an objective function

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$$\mathbf{max}Q = E\left[\int_0^\infty e^{-\rho t}\left(\frac{c_{it}^{1-\sigma}}{1-\sigma}\right)dt\right] \tag{1}$$

supposed to following restrictions

$$\begin{gathered} dk_i = dt\left\{(1-\tau)\left[wl_i + rk_i\right] - c_i + S_i g\phi\left(\overline{S}\right)\right\} + u_i dz, \\ L_i + S_i = 1, \forall i \in (0,1,...,N) \end{gathered} \tag{2}$$

where E is an expectation operator, and c_i is particular consumption of the individual i, and σ is the value inverse to the intertemporal elasticity of substitution. It is assumed that population is constant over time and normalized to 1. At every moment of time one unit of labor services of each individual are allocated between productive work, L, and theft from the government, S: $L_i + S_i = 1$, $L_i \geq 0$, $S_i \geq 0 \, \forall \, i \in (1, \ldots, N)$. Government expenditure takes part from production function as in [6] and may be suited by rent seekers, who are able either to consume the proceeds or to invest them in their own firms. The total amount of resources that are extracted by individual i is $S_i G\phi(\overline{S})$, $\phi'(.) > 0$, $0 < \phi(\overline{S}) < 1 \forall \overline{S} \in (0,1)$, here $\overline{S} = \int_0^1 S_i di$. So, this amount depends on the time that i spends stealing, S_i, and the amount of productive government expenditure available, G. Here $\phi(\overline{S})$ represents the proportion of stolen resources actually kept by the rent seeker. It is assumed that φ is a positive function in respect with $\overline{S}$, the total rent steeling activity in the economy. The production function for firm i is

$$\frac{dK_i}{dt} = (1-\tau)\left[wL_i + rK_i\right] - C_i + S_i G\phi\left(\overline{S}\right) \tag{3}$$

$$\begin{gathered} dK_i = dt\left\{(1-\tau)\left[wL_i + rK_i\right] - C_i + S_i G\phi\left(\overline{S}\right)\right\} = f(K_j, C_j)dt \\ dk_i = f(k_j, c_j)dt + u_i dz \end{gathered} \tag{4}$$

Here k_i, c_i are capital and consumption per capita respectively and dz is a stochastic Wiener process, u_i is a given vector function, and

$$f(k_j, c_j) = (1-\tau)\left[wL_i + rk_i\right] - c_i + S_i g\phi\left(\overline{S}\right).$$

Balanced wage w and rental rate r are determined through the marginal product of the labor and capital, respectively:

$$w = \frac{\partial Y_j}{\partial L_j} = \alpha K^{1-\alpha} L^{\alpha-1} G^{\alpha}\left[1 - \overline{S}\phi\left(\overline{S}\right)\right]^{\alpha} = \alpha\frac{Y}{L},$$

$$r=\frac{\partial Y_j}{\partial K_j}=(1-\alpha)K^{-\alpha}L^{\alpha}G^{\alpha}\left[1-\bar{S}\phi(\bar{S})\right]^{\alpha}=(1-\alpha)\frac{Y}{K}\ .$$

Where G is government expenditure, K_i is the capital stock belonging to firm i, $\bar{S}\phi(\bar{S})$ is the amount stolen that fails to reach the production processes as an input. It is assumed [5] that $\tau = G/Y =$ constant, where τ is the constant tax rate. In per capita indicators, production function looks as: $y_j=k_j^{1-\alpha}l_j^{\alpha}\left\{g\left[1-\bar{S}\phi(\bar{S})\right]\right\}^{\alpha}$.

So, capital per capita belonging to firm i in the stochastic case evolves according to

$$dk_i=dt\left\{(1-\tau)\left[wl_i+rk_i\right]-c_i+S_i g\phi(\bar{S})\right\}+u_i dz,$$

$$dk_i=f(k_j,c_j)dt+u_i dz,$$

where dz is a stochastic Wiener process.

3. Methodology and data sources

In this study economic growth methodology was applied. Government spending policy and state functionary corruption have been examined. Stochastic optimal control problem was formulated. Hamilton-Jacobi-Bellman principle, dynamic optimization methods have been used.

4. Problem solution

Now, the stochastic optimal control problem may be formulated as maximization of the objective function Eq. (1) subjected to the restriction following from Eq. (2): the respective optimality conditions now are:

$$0=\max_{c_j,L_i,S_i}\left[e^{-\rho t}\left(\frac{c_{it}^{1-\sigma}}{1-\sigma}\right)+\frac{1}{dt}E(dL)\right] \qquad (5)$$

and the corresponding HJB (Hamilton-Jacoby-Bellman) equation [8–9] becomes:

$$0=\max_{c_j}\left[F+\frac{dL}{dt}+\frac{dL}{dk_j}f+\frac{1}{2}u^2\frac{\partial^2 L}{(\partial k_j)^2}\right]=\max_{c_j}\left[F+L_t+L_k f+\frac{1}{2}u^2 L_{k_j k_i}\right], \qquad (6)$$

(4) are the corresponding optimality conditions.

The Hamiltonian function H, for the stochastic case is given as:

$$H = F + L_t + L_k f + \frac{1}{2} u^2 L_{k_j k_i} \quad f(k_i, c_i) = (1-\tau) w l_i + r k_i - c_i + Sg\phi(\overline{S})$$

second-order term appears from the consideration that the state variable vector $k = (k_1, k_2, \ldots, k_N)$, and the vector function u being given, are Itô's processes (Itô's Lemma) [6]. And the derivative of the (HJB) equation with respect to k,

$$L_{kt} + F_k + L_{kk} f + f_k L_k + \frac{1}{2} u^2 L_{kkk} + \frac{1}{2}\left(u^2\right)_k L_{kk} = 0, \tag{7}$$

therefore

$$L_{kt} + L_{kk} f + \frac{1}{2} u^2 L_{kkk} = -f_k - f_k L_k - \frac{1}{2}\left(u^2\right)_k L_{kk} \tag{8}$$

Also, using chain rule and considering second-order contribution of the derivatives with respect to k (Itô's Lemma), we obtain:

$$dL_k = \frac{\partial L_k}{\partial t} dt + \frac{\partial L_k}{\partial k}\frac{dk}{dt} dt + \frac{1}{2}\left(u^2\right)_k \frac{\partial^2 L_k}{\left(\partial k\right)^2} dk^2$$

Because from Itô's Lemma, $E\left[d(k^2) = u^2 dt\right]$ and substituting previous equation in the last one, we obtain:

$$\begin{aligned} \frac{dL_k}{dt} &= \frac{\partial L_k}{\partial t} + \frac{\partial L_k}{\partial k}\frac{dk}{dt} + \frac{1}{2}\frac{\partial^2 L_k}{\left(\partial k\right)^2} u^2 \\ \frac{dL_k}{dt} &= -F_k - f_k L_k - \frac{1}{2}\left(u^2\right)_k L_{kk} \end{aligned} \tag{9}$$

Deriving previous equation with respect to k, using chain rule and considering second-order contributions in the derivatives with respect to k (Itô's Lemma), we get:

$$dL_{kk} = \frac{\partial L_{kk}}{\partial t} dt + \frac{\partial L_{kk}}{\partial k}\frac{dk}{dt} dt + \frac{1}{2}\left(u^2\right)_k \frac{\partial^2 L_{kk}}{\left(\partial k\right)^2} dk^2$$

Then, Itô's Lemma, chain rule application and substituting Eq. (7) in Eq. (9), get:

$$\frac{dL_{kk}}{dt} = \frac{\partial L_{kk}}{\partial t} + \frac{\partial L_{kk}}{\partial k}\frac{dk}{dt} + \frac{1}{2}\left(u^2\right)_{kk} \frac{\partial^2 L_{kk}}{\left(\partial k\right)^2}$$

Equating adjoint variable μ to the first derivatives of the objective function L with respect to state variable k and ω as the second derivatives with respect to the state variable, the following is obtained:

$$\begin{aligned} \frac{d\mu}{dt} &= -f_k\mu - \frac{1}{2}(u^2)_k\,\omega \\ \frac{d\omega}{dt} &= -2\omega f_k - \mu f_{kk} - \frac{1}{2}(u^2)_{kk}\,\omega \end{aligned} \tag{10}$$

Here $\mu = (\mu_1, \mu_2, ..., \mu_N)$ and $\omega = (\omega_1, \omega_2, ..., \omega_N)$ are two N-dimensional vectors.

Notice that the resulting problem is a 2n point boundary value problem. Summarizing for the stochastic case, the Hamiltonian function and the adjoint equations are:

$$H = \mu f + \frac{1}{2}u^2\omega$$

$$\begin{aligned} \frac{d\mu}{dt} &= -f_k\mu - \frac{1}{2}(u^2)_k\,\omega, \quad \mu(T) = c \\ \frac{d\omega}{dt} &= -2\omega f_k - \mu f_{kk} - \frac{1}{2}(u^2)_{kk}\,\omega, \quad \omega(T) = 0 \end{aligned} \tag{11}$$

5. Conclusions

In the present article the problem of correlations between slow economic growth and corruption for countries, especially those in transition, was formulated and considered. This problem is represented as stochastic optimal control one and its solution in stochastic formulation is obtained. In order to get the solution the derivation of the respective Hamilton-Jacobi-Bellman equation was applied. This method contributed to obtaining solution in the stochastic maximum principle form containing the first-order system of the conjugate differential equations. Note that the growth rate reached in stable condition for the examined problem is the same as for deterministic case, with one difference – there is an additional ordinary equation characterizing conjugate variable (shadow price of the stochastic restriction). In the future more complicated stochastic optimal control problem with the shock above all economy and with the shocks under productivity in intermediate good sectors will be studied.

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CAUSES THAT LED TO AN INADEQUATE IMPLEMENTATION RATE OF THE URBAN DEVELOPMENT PROJECTS IN THE NORTH-WESTERN REGION OF ROMANIA BETWEEN 2007–2013 AND THE OBJECTIVES SET FOR 2014–2020

Abstract: *Starting from local and urban development concepts, cities become competitive through the implementation of large-scale projects that are financially supported by regional operational programs.*

The present study proposes an analysis of the inadequate implementation rate of urban development projects, highlighting the main problems encountered with the implementation and development of these types of regional projects for the Regional Operational Program 2007–2013, taking into account the data provided by the regional bodies regarding some counties in the North-West region of Romania.

Thus, the problems identified during the implementation of the projects are highlighted, problems generating the main effects on the inadequate pace of adoption of the projects, for which, for the period 2014–2020, the authors, as recommendations, propose solutions to accelerate the rate of implementation of future regional projects.

Key words: *local development, urban development, competitiveness, sectoral operational program.*

JEL: *A10, A23, B40.*

1. Introduction

Local development [1] is the activity of economic expansion, in a certain area or administrative-territorial locality, which leads to raising the degree of the welfare of the inhabitants at the local level. It has as its main objective to raise the locality, the region, to a higher degree of financial prosperity and social welfare by creating the economic and financial levers necessary for the business environment to develop along with the integration into local businesses of the indigenous population, greater efficiency in using available resources and

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implicitly the development of the private sector that generates the largest share of the regional GDP.

Urban development [2] it is the form of local development that concentrates its financial means on its economic pole, namely the ***city, the locality, the region***, pole that is the starting point of its regional development, where local prosperous businesses are gradually developing, leading to an increase in the social and economic welfare index.

It can be concluded that "*any act adopted or issued by the autonomous local authorities on the development of the territorial community will have to be in line with the legal provisions in the field covered by the measure.*" [3]

Dragoș Dincă, Cătălin Daniel Dumitrică and Teodora I. Bitoiu [4], in the analysis carried out regarding the ***8 development regions of Romania***, concludes that *"from the perspective of the local administration, there are several discrepancies between the development regions, both in terms of quantity and quality of administrative acts.*

Thus, a possible administrative-territorial regionalization would be auspicious but in a formula that does not take into account the eight regions that currently exist, as there is no good communication and collaboration between the research entities and public authorities at county, town and commune level, let alone joint research."

2. The Management Organization of the Urban Development Projects in North West Region of Romania

The Regional Development Council is the deliberative body that coordinates the regional development process within the ***Northwest Development Region*** of Romania. It consists of the county councilors of the 6 counties in the region (*Maramureș, Satu Mare, Sălaj, Cluj-Napoca, Bistrița Năsăud and Bihor*) and one representative of the local municipal, town and communal councils. The Council has the following main tasks: [5]

– *analyzes and decides the regional development strategy and programs;*
– *approves regional development projects;*
– *presents proposals to the Council for the establishment of the Regional Development Fund;*
– *approves the criteria, priorities, allocation and destination of resources of the Regional Development Fund;*
– *monitors the use of the funds allocated to the North-West region from the National Fund for Regional Development;*
– *monitors compliance with regional objectives.*

2.1. *The regional operational program (P.O.R.) 2007–2013*

P.O.R. 2007–2013 [6] is the strategic document that implements elements of the National Development Strategy of the National Development Plan (P.N.D.) and contributes, together with the other operational programs (*e.g. Sectoral Operational Program Transport Infrastructure, Sectoral Operational Program Increase of Economic Competitiveness, etc.*) at achieving the objective of the *National Regional Development Strategy and of the National Strategic Reference Framework, namely to reduce the disparities of economic and social development between Romania and the development average of EU member states.*

The Regional Operational Program is aimed at the ***8 development regions of Romania***, established in compliance with the EC Regulation no. 1059/2003 on the establishment of a common statistical classification system for territorial units.

The strategic objective of the program is "*to support an economic, social, sustainable and balanced territorial development of all regions of Romania, according to specific needs and resources, with a focus on supporting the sustainable development of urban growth poles, improving the business environment and basic infrastructure in order to make the regions of Romania, especially the least developed, attractive places for investment*" [7]

In order to achieve the overall objective of regional development, the strategy aims at achieving the following specific objectives: [8]

- *increasing the economic and social role of urban centers through a polycentric approach to stimulate a more* balanced *development of the regions;*
- *improving the accessibility of the regions and, in particular, the accessibility of urban centers and their links with surrounding areas;*
- *increasing the quality of the social infrastructure of the regions;*
- *increasing the competitiveness of the regions as business locations;*
- *increasing the contribution of tourism to the development of the regions.*

2.2. The analysis of the degree of implementation of the urban development projects in the North-Western Region of Romania between 2007–2013 and the methodology used

The method of research that was used was the descriptive method by analyzing the data and information provided by the Ministry of Public Funds in Romania, data which were extracted from the reports on the implementation of European funds during the period 2007–2013. Thus, according to the *annual implementation reports of development projects for the period 2007–2013* [8], progress has been made to a lesser extent than expected, in terms of attracting EU funds for the urban development of the *North-West region of Romania*. Thus, according to the table below:

Table 1

Indicators used and stage of implementation between 2007–2013 [9][3]

AP/DMI[3]	**Program Indicator**	**Type**	**Estimated by Signed Contracts**	**Realized by Finalized Projects**	**Target por 2007–2013**	**Degree of Achievement by Completed Projects**
Urban development	Urban development – PIDU	O	95	0	30	0%
	Urban development – Urban infrastructure	O	331	68	60	113%
	Urban development – Business infrastructure	O	24	24	15	13%
	Urban development – Social infrastructure	O	138	45	25	180%
	Inhabitants benefiting from the implementation of projects	R	8,061,340	5,137,522	400,000	1.284%
	Companies established in regional and local growth poles	R	329	13	400	3%
	Urban development – Jobs created	R	1,793	226	1,500	15%
Energetic efficiency	Apartments rehabilitated to increase energy efficiency	O	2,836	0	46,920	0%
	Total energy savings for rehabilitated apartments	R	12	0	256	0%
Road infrastructure	Rehabilitated county road (km)	O	2,482	1,171	1,080	108%
	City streets rehabilitated (km)	O	282	111	420	26%
	Ring roads constructed (km)	O	87	22	219	10%
	Increased traffic of goods transported or transited (%)	R	NA	NA	10	NA
	Increased passenger traffic (%)	R	NA	NA	10	NA

[3] "regarding the notion of **AP** we refer to **public authority**, regarding the concept of **PIDU** we refer to the **integrated urban development plan** and the concept of **DMI** we refer to the **major field of intervention**".

It is noticed that by the end of **2013**, in the field of urban development, by finalizing the 1,681 projects financed from the POR, only 226 jobs were created from the target of 1500, representing a degree of achievement of only 15%, and none of the integrated urban development plans of the proposed target of 30 have materialized, accounting for 0%.

Since the launch of the POR negative values have been registered regarding the energy efficiency field (e.g. rehabilitated apartments register 0%), as well as in the field of road infrastructure, where "*modest*" values were recorded, respectively construction of ring roads – only 10%, city streets 26% etc.

Table 2

Funds allocated for the period 2007–2013[10]

Priority axis	**Payments made by AMPOR[4] to beneficiaries (Euro)**			
	Prefinancing	**Refunds**		**Total payments**
		EU contribution	**State budget**	
AP 1: Urban development	86,505,336	283,313,284	78,084,119	447,902,739
AP 2: Road infrastructure	251,129,306	311,810,217	68,468,465	631,407,987
AP 3: Social infrastructure	105,936,226	224,793,117	49,055,534	379,784,876
AP 4: Business environment	25,974,571	250,910,620	16,626,583	293511,775
AP 5: Developing and promoting tourism	68,904,939	160,917,138	18,972,797	248,794,875
AP 6: Technical support	15,044,104	36,843,403	15,745,447	67,632,953
Total	553,494,481	1,268,587,779	246,952,945	2,069,035,205

Concerning the allocated funds for the six priority axes, it can be noticed that the highest value was allocated to the road infrastructure, i.e. 30.51%, followed by the urban development with 21.64%, social infrastructure 18.35%, business environment 14.18%, development and promotion of tourism 12.02%, and technical support 3.26%.

The largest amount was allocated to the rehabilitation of transport routes, while tourism was very poorly promoted, even if there is the possibility of capitalizing and attracting funds for a broad development.

As regards the submission of applications, it can be observed that the business infrastructure has the highest degree of implementation of 348%, following the economic development in different environments, both in production, services, urban and rural areas, by capitalizing each element identified as bringing profit, promoting the area, and also modernization, employment, reduction of the unemployment rate, professional retraining and diminishing travel to other cities in order to have a job.

[4] "regarding the notion of **AMPOR** we refer to the **Managing Authority for the Regional Operational Program**".

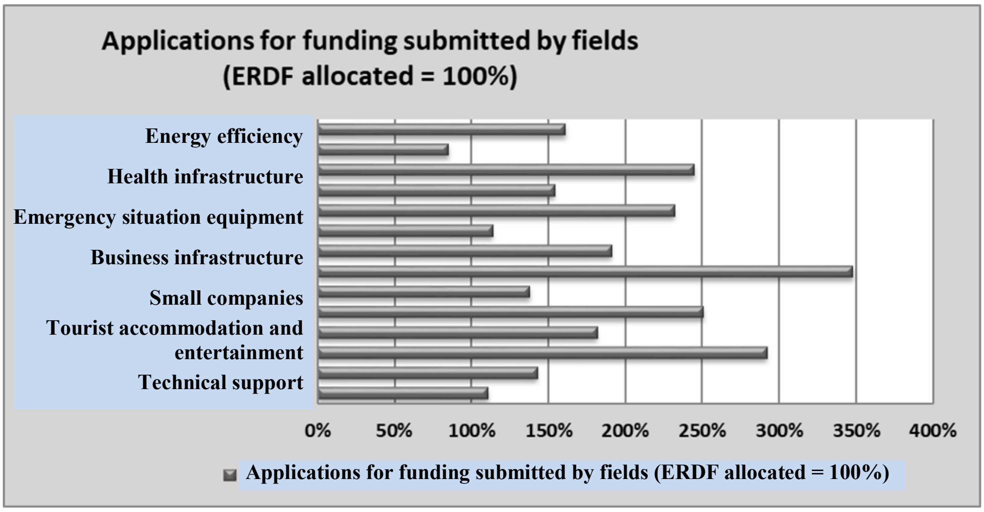

Figure 1. Requests for funding submitted for the period 2007–2013 [10].

Social infrastructure is a key element towards a better, prosperous environment, equal access to education, health care, social security, uniformity of distribution of progress within different groups, equal access to various basic opportunities in the sustainability of social development with 232% of applied applications.

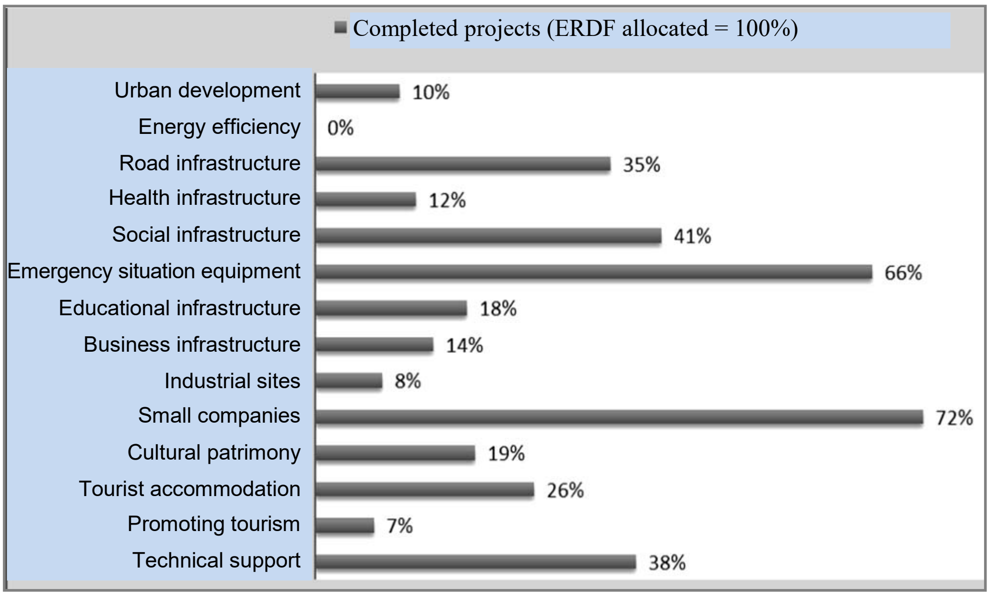

Figure 2. The level of contracting of community funds by domains between 2007–2013 [10].

PRIORITY AXIS 5 – Development and promotion of tourism (budget, Key area of intervention 5.1 and 5.2 – EUR 62.58 million and Key area of intervention 5.1 – Restoration and sustainable valorisation of cultural heritage and creation / modernization of related infrastructures.

The open call for projects for domain 5.1 was launched on 14 March 2008 and the budget allocated to the domain for the period 2007–2013 was 25.30 million euro. Key area of intervention 5.2 – Creation, development, modernization of tourism infrastructure for capitalizing on natural resources and increasing the quality of tourism services.

The open call for applications for domain 5.2 was launched on 29 April 2008 and the budget allocated to the domain for the period 2007–2013 was 37.28 million euro. The project application was initially suspended on 19.12.2008, and on 23.10.2012 the project submission was reopened.

Thus, it can be noticed that in the area of urban development only 10% of the projects were finalized, on the basis of the amounts allocated by the European Regional Development Fund, thus registering a lower degree than the established target.

2.3. The main problems encountered regarding the implementation of the regional projects between 2007–2013

The most significant problems during the development of these urban development projects, by the representatives of the business environment and of the public institutions, are:

- *staff shortage;*
- *poor staff motivation from a financial point of view and career development potential and acquiring new skills;*
- *fluctuation of staff – from one job to another according to the company's need;*
- *difficulty of technical evaluation of projects due to reduced competencies at the level of evaluators;*
- *lack of staff with IT skills;*
- *lack of guides and good practices;*
- *bureaucracy of the system;*
- *rigidity of project implementation parameters;*
- *delayed calls (compared to the announced deadlines);*
- *poor quality of submitted projects;*
- *low skills of beneficiaries;*
- *long project evaluation duration.*

With all these inconveniences, by ***P.O.R. 2007–2013***, according to *Priority* Axis *no. 1*, large investments were made, covering the *street network, public transport,* *investments that created access to the tourist area of* ***Cluj*** *County*, as well as the growth and access of investors in the business area, thus accessing ***17*** *projects*, *the total value of the projects being 590,308,585 lei, of which the non- reimbursable amount is 387 million lei.*

For the city of **Oradea**, under the Integrated Urban Development Plan, a number of ***6*** *projects have been contracted, focusing on integrated urban development, targeting areas related to road, tourist and social infrastructure, leading to a sustainable development of the city, with a total value of the implemented projects worth 129 million lei, of which the amount of 99 million lei is the amount of non-refundable financing.*

At the same time, for the city of **Baia Mare** – *urban development pole with an inter-county polarizing role attracted through the implementation projects the sum of 73 million lei, representing non-reimbursable financial support. And the total value of the projects was 101 million lei, thus signing a number of* ***8*** *financing contracts, out of which, by the end of October 2015, four were completed.*

3. The Regional Operational Program (P.O.R.) 2014–2020

P.O.R. 2014–2020 [11] is one of the programs by which Romania will be able to access European structural and investment funds from the European Regional Development Fund (ERDF) in the current programming period.

It is managed by the POR Managing Authority within the Ministry of Regional Development and Public Administration and was adopted by the European Commission (EC) on June 23, 2015.

The new proposals are designed to strengthen the strategic dimension of policy and to ensure that EU investment is geared to the long-term European growth and jobs objectives in line with the *Europe 2020 strategy*.

To help achieve the objectives of the ***Europe 2020 Strategy*** [12] on smart, sustainable and inclusive growth, the new regulations target the following **objectives**:

- ✓ *strengthening research, technological development and innovation;*
- ✓ *improving access and use, as well as increasing the quality of information and communication technologies;*
- ✓ *improving the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector;*
- ✓ *supporting the transition to a low-carbon economy in all sectors;*
- ✓ *promoting adaptation to climate change, prevention and risk management;*
- ✓ *protecting the environment and promoting the efficient use of resources;*
- ✓ *promoting sustainable transport systems and removing bottlenecks in major network infrastructures;*
- ✓ *promoting employment and supporting labor mobility;*

- ✓ *promoting social inclusion and combating poverty;*
- ✓ *investment in education, skills and lifelong learning;*
- ✓ *strengthening institutional capacity and efficient public administration.*

Within these regulations, new types of instruments are proposed for the 2014–2020 period, respectively:

- ✓ *a **joint action plan** representing a "group of projects implemented under the responsibility of the beneficiary, as part of the operational program or programs";*
- ✓ ***local development under the responsibility of the community**, which is "achieved through local development strategies on integrated and multisectoral areas, being placed under the responsibility of the community, of local action groups made up of representatives of the local socio- economic interests of the public and private sectors.*

Under the ***POR 2014–2020***, for the ***North-West development region of Romania***, until 30.12.2016, projects were submitted on the following priority axes [13]:

- Axis 2 – Improving the competitiveness of small and medium enterprises with investment priority 2.1, 329 projects with a requested value of 217 million lei, all projects are in selection and have an allocation/region coverage ratio of 143.8%;
- Axis 3 – Supporting the transition to a low-carbon economy with investment priority 3.1 A, 50 submitted projects with a requested value of 131 million lei, out of which 28 projects were rejected and 22 projects are in the selection and have An allocation / region coverage percentage of 23.5%;
- Axis 5 – Improvement of the urban environment and preservation, protection and sustainable valorisation of cultural heritage – having investment priority 5.1, 52 submitted projects with a requested amount of 608 million lei, of which 14 projects were rejected and 38 projects are in the selection And have an allocation / region coverage ratio of 265.6%, and on the investment priority 5.2, 9 submitted projects with a requested value of 78 million lei, of which 2 projects were rejected and 7 projects are in the selection and have An allocation / region coverage ratio of 97.5%;
- Axis 6 – Improvement of the regional infrastructure infrastructure – having the investment priority 6.1, 8 submitted projects with a requested value of 895 million lei, of which 3 projects were rejected and 5 projects are in the selection and have a percentage allocation allocation / region Of 130.45%;
- Axis 7 – Diversification of local economies through the sustainable development of tourism – having investment priority 7.1, 6 submitted projects with a requested value of 90 million lei, of which 1 project was rejected and 5 projects are in selection and have a percentage allocation / Region of 115.8% [14].

4. Conclusions

During ***2007–2013*** there were some inconsistencies in the *management system for structural instruments, control systems at the level of managing authorities and structural instruments at the level of ministries.*

One element that led to a low implementation of projects was the ***human resource***, starting from the fact that *their number was rather low, less prepared and the bureaucracy of the institutional and financial system was not motivated to apply for these projects with a high volume of work, a high degree of responsibility, and thus led to an oscillating fluctuation of human resources experienced in fund management.*

A major problem was the ***preparation of the financing file***, noting that the staff did not have the necessary experience or specialized firms were not contracted, which led to the rejection of the files because many beneficiaries overestimated the financial and technical implementation capacity. Other problems encountered in implementing the projects were:

- ✓ *instability of the legislative framework;*
- ✓ *rigidity of project implementation parameters;*
- ✓ *very long evaluation of submitted projects, formal communication;*
- ✓ *long repayment time;*
- ✓ *refusal of some banks to finance the project until the reimbursement is received;*
- ✓ *slowing down the information process as they had to be physically;*
- ✓ *the lack of specialization courses and, last but not least, lack of adequate software.*

However, by implementing the **1,681** [13] projects finalized by the end of 2013, 661 received funding, 538 were completed, with a concentration of 130,24% and an absorption of 70,44%, EUR 522.19 million allocated to the region and EUR 367 million payments made.

Financing applications have been submitted in percentage of 203.4%, of which 112.9% have been approved, 104.7% have been signed, of which 45.9% have been paid and 41.5% have been received from the EC. Only 21.7% remain to be completed in the next contract period, and in the middle of 2014 the rate of debt recovery was 84.4%, projects which resulted in the following: [15]

- *122 signed urban development projects;*
- *over 200,000 inhabitants benefiting from the 29 urban development projects;*
- *10.3 km rehabilitated / upgraded urban streets;*
- *218 km of rehabilitated / upgraded county roads;*
- *10 rehabilitated and equipped medical units;*
- *1800 people are cared for every day, 12 mobile units in the rural area and 8 in the urban area in addition to the 241 existing ones;*

- *28 social centers, 46 schools;*
- *2 rehabilitated / updated university campuses, 10 business infrastructures;*
- *over 1500 jobs created, 8 completed cultural heritage rehabilitation projects and 6 tourism infrastructure projects.*

For the period ***2014–2020***, the following development axes are considered:

✓ *intelligent economic growth: developing an economy based on knowledge and innovation;*

✓ *sustainable economic growth: promoting a more resource efficient, greener and more competitive economy;*

✓ *inclusive growth: promoting a high-employment economy ensuring economic, social and territorial cohesion.*

Thus, we consider as solutions to solving the aforementioned deficiencies, and implicitly to increasing the degree of implementation of regional projects, ***supplementing the specialized personnel, achieving higher financial motivation of the employees, identifying methods for detecting the career development potential of the specialists, the acquisition of new professional skills, stricter regulations on the high fluctuation of the specialized personnel, the development of guidelines for application, constant updates of the management system, of the web sites, the elimination of delays in the elaboration of guides for applicants, reducing the evaluation period for projects and reimbursement requests.***

In order to improve the current situation it is also necessary to carry out *an analysis of the beneficiaries' options on sustainable impact and an* ***outsourcing of evaluation services****, the development of vocational training programs, but also the creation of an online* ***newsletter*** *system to be transmitted frequently to the subscribers with the information relevant to the implementation.*

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SIMONA MARIA STĂNESCU[1]

ROMANIA'S BUSINESS ENVIRONMENT FROM THE VIEWPOINT OF ENTREPRENEURS IN SMEs

Abstract: *The comparative analyses from the Eurobarometer 2000–2012 data bases dedicated to entrepreneurship at the level of the European Union member states and of the United States of America highlight that the three main obstacles in starting up a new business are the lack of financial support, the complexity of administrative procedures and the lack of information. But which is the situation for Romania? The purpose of the paper is to investigate the perceptions of the entrepreneurs from small- and medium-sized enterprises (SMEs) from Romania regarding the business environment. From the methodological viewpoint, the paper is based on secondary analyses of data provided by the databases of the White Charter of SMEs 2004–2018 published by the National Council of Small- and Medium-Sized Enterprises from Romania. The paper consists of four parts: perceptions about the evolution of the business environment in Romania, business opportunities accessible to SMEs from Romania for the current year, major difficulties faced by the SMEs in Romania, and the main contextual developments with negative influence on the activity of SMEs.*

The business environment 2004–2018 was evaluated by managers from SMEs as preponderantly hindering for business development. The economic environment evolved during the current year also hampering regarding businesses' support. The evolution of the economic environment in the subsequent year is preponderantly neutral. The first three business opportunities available to SMEs in the current year were: the increase of demand on the domestic market, the assimilation of new products and the penetration on new markets. The first three major difficulties faced by the SMEs in our country are: excessive taxation, red tape, and the decrease in domestic demand. The first three elements of contextual evolution with negative influences on SMEs are: the evolution of the legal framework, excessive bureaucracy and the world economic crisis.

Key words: *entrepreneurship, entrepreneur, SMEs, business environment, entrepreneurs' perceptions.*

1. Introduction

The achievement of the common objectives, agreed on by all member states of the European Union, in the framework of the Europe 2020 Strategy, is based also on the efforts of the Commission to "promote entrepreneurial spirit by supporting young, innovative enterprises" doubled by the recommendation addressed to the member states "to focus school curricula on creativity, innovativeness, and entrepreneurial spirit" [European Commission, 2010:15]. In Romania, the use of non-formal methods of education applied to the pre-university courses' level "Entrepreneurial Education" triggered "a change in the attitude of students regarding entrepreneurship, and the intention of becoming entrepreneur" [Rusu, 2015:206].

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Supporting Romanian entrepreneurs represents a strategic priority of the sectoral policy documents passed in the last years. In the framework of the National Strategy for Competitiveness 2014–2020 of the Ministry of Economy, entrepreneurship is mentioned along with the resilience of the business environment and entrepreneurial culture among the key challenges [Ministry of Economy, 2014:5]. The strategic vision is centred on entrepreneurship, on encouraging the discovery of it [Ministry of Economy, 2014:28].

The SWOT analysis included in the National Strategy for Labour Force Employment 2014–2020 includes among the weaknesses the "low mobility of labour force and the limited entrepreneurial culture" [GR 1071/ 2013, Annex 1:41]. Among the actions aimed to increase the mobility of youths are counted "increasing investments in developing entrepreneurship among youths", and for the rural area by guarantees for disadvantaged persons and by "supporting women return in the labour market and professional reintegration, inclusively by promoting entrepreneurship and 'second-chance' type programmes for gaining competences and skills demanded on the labour market". Another relevant aspect mentioned in the Strategy of the present Minister of Labour and Social Justice is to stimulate social economy and social entrepreneurship [GR 1071/2013, Annex 1:47]. Social entrepreneurship might be "understood as global phenomenon centred on the idea of social innovation and deeper involvement of the citizens in finding and identifying some solutions to social issues" [Vlăsceanu, 2010: 153]. From the perspective of vulnerable groups exposed to the risk of social exclusion on the labour market, we notice that the specific objective "improving the participation in the labour market of Romanian citizens belonging to the Roma minority" and the directions of action "encouraging the geographic mobility and valorisation of the entrepreneurial capacity" [National Agency for Roma, 2014: 20].

The comparative analyses of the Eurobarometer databases 2000–2012 dedicated to entrepreneurship at the level of the member states of the European Union and of the United States of America highlight that the main three obstacles in starting up a new business are: lack of financial support, the complexity of administrative procedures, and the lack of information [Stănescu, 2013:146–149]. As compared with the other member states of the European Union that accessed in the fifth enlargement wave, Romania showed high values regarding the difficulty of starting up a business due to the lack of financial support, for the years 2009 and 2012 [Vasile et al., 2013:133].

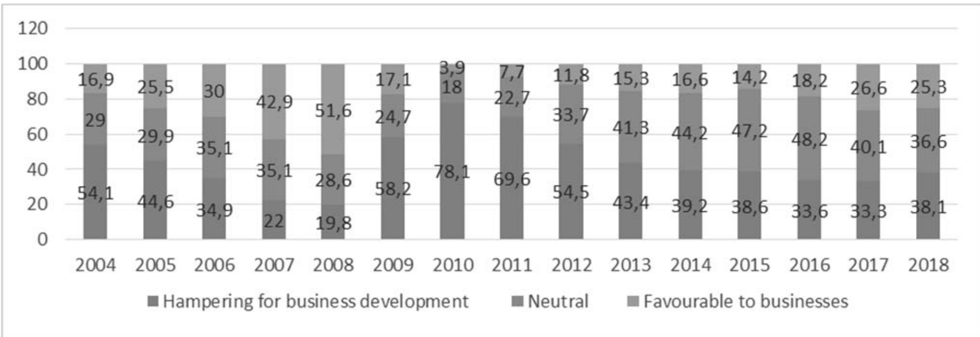
According to the comparative data of the *Global Entrepreneurship Monitor* for 2007, Romania registers "one of the lowest rates of entrepreneurial activity in incipient stage" [Gyorfy, 2015:148]. A comparative study between Croatia, Romania, Serbia, and Hungary based on data for 2007–2008 from the *Global Entrepreneurship Monitor*have highlighted that Romania recorded the lowest rate of those who perceive themselves as able to start up a business [Nagy et al., 2010:25].

By continuing these studies, the purpose of the paper is to investigate the perception of entrepreneurs from small- and medium-sized enterprises (SMEs) in

Romania about the business environment. From the methodological point of view, the paper is based on secondary analyses of the SMEs' White Charter databases for 2004–2018 published by the National Council for Small- and Medium-Sized Enterprises from Romania. The paper includes four parts: evolution of the business environment from Romania, business opportunities accessible to SMEs from Romania in the current year, major difficulties SMEs are faced with in Romania, and the main contextual evolutions with negative influence on the activity of SMEs.

2. Evolution of the business environment in Romania

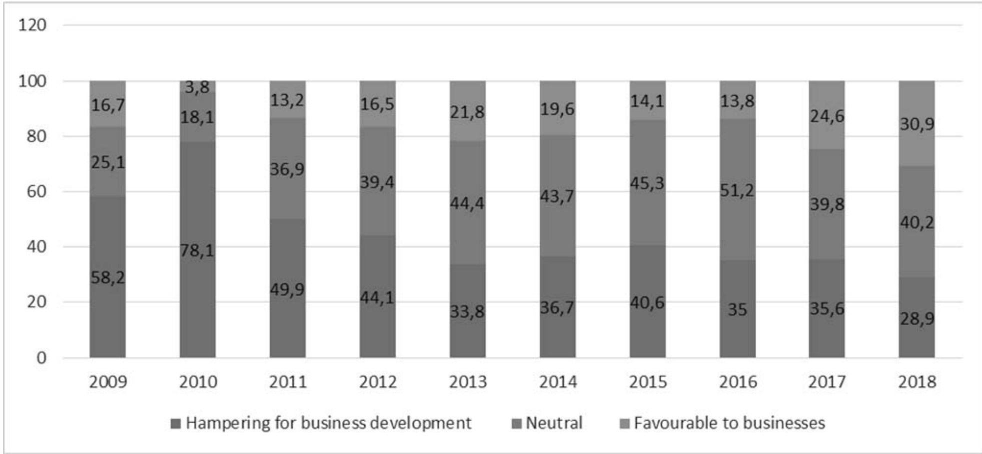
The managers of SMEs from Romania were invited to estimate how the entire situation evolved with respect to the current economic environment. We find that in eight out of the 15 years analysed, the business environment was assessed as preponderantly hindering to business development. Practically, the situation evolved from hampering business development (2004–2005), to neutral (2006), favourable for business (2007–2008), followed subsequently by a decrease to constantly hampering for business development (2009–2013), neutral (2014–2017) and again hindering business development (2018). We notice the high values of the estimates regarding the situation as hampering to businesses (78.1% in 2010 and 69.9% in 2011). As of 2013, the share of those considering the situation as being hindering is closer in value to the values of those regarding the situation as neutral. For more details, see Figure 1.



Source: NCPSMER, White Charter of SMEs from Romania, 2004–2018.

Figure 1. Evaluation of the entire situation regarding the current economic environment.

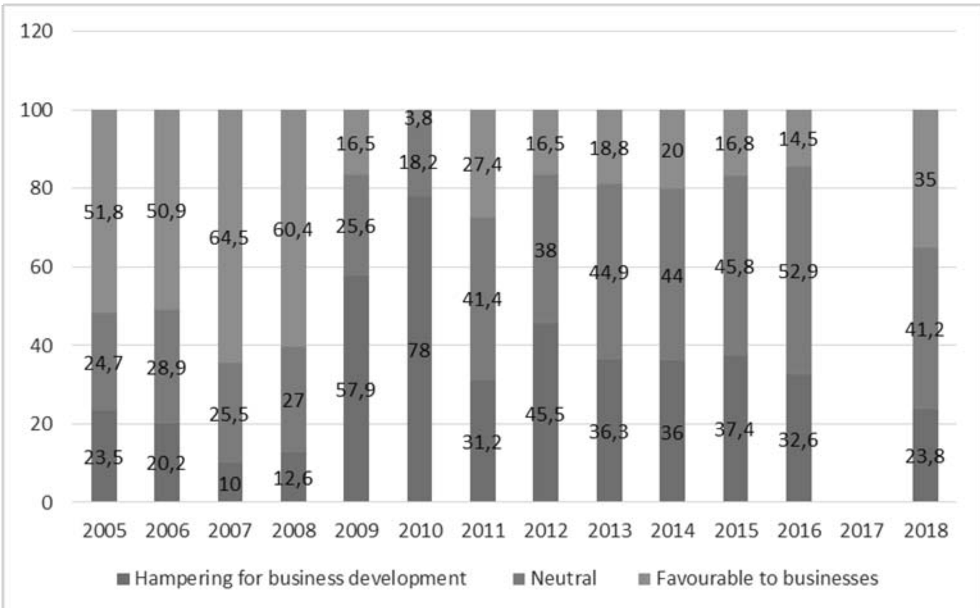
Asked about their assessment regarding the evolution of the business environment for the current year, the managers considered it as preponderantly neutral. In the period 2009–2018, there was not even one year in which the evolution of the business environment was considered as preponderantly favourable to businesses. For more details, see Figure 2.



Source: NCPSMER, White Charter of SMEs from Romania, 2009–2018.

Figure 2. The evaluation of the entrepreneurs regarding the evolution of the business environment in the current year.

Regarding the estimate realised by entrepreneurs about the evolution of the business environment in the subsequent year, the opinions are divided but the perception is that it will be preponderantly neutral. For more details, see Figure 3.



Source: NCPSMER, White Charter of SMEs from Romania 2005–2016, 2018 Data for 2017 are not available.

Figure 3. The estimate by entrepreneurs about the evolution of the business environment in the subsequent year.

In the period 2005–2008, the situation was assessed favourable for businesses (with a maximum value by 64.5% in 2007). Thereafter, followed periods of variation from hindering to business development (2009–2010, 2012 with a maximum value by 57.9% in 2009) to neutral (2011, 2013–2016, 2018 with a maximum value by 52.9% in 2016).Overall, the situation was assessed preponderantly as neutral.

3. Business opportunities accessible to SMEs from Romania in the current year

The managers evaluated the following opportunities: demand growth on the domestic market, penetration on new markets, assimilation of new products, use of new technologies, obtaining a grant, concluding a business partnership, and growing exports. The available data for the period 2004–2018 highlights that on the first three positions as opportunities were ranked: increasing demand on the domestic market (12 years out of the 15 years studied), assimilation of new products (nine years out of the 15 years studied), and penetration on new markets (ten out of the 15 years studied). Similar profiles corresponding to the above profile were recorded for the periods 2004–2006, 2008, 2010–2014, and 2018.

Other opportunities on the first positions in the ranking were: penetration on new markets (2007), and assimilation of new products (2015, 2016). Other opportunities on the second position were: penetration of new products (2009, 2017, 2018), the increased demand on the domestic market (2015, 2016), and obtaining a grant (2007). On the third position were placed: the use of new technologies (2007, 2017), assimilation of new products (2009, 2018), and the conclusion of business partnerships (2015).

As first option as business opportunity, the increasing demand on the domestic market recorded constantly values over 60% with a maximum value by 74.1% in 2011. As second option, the assimilation of new products recorded always values above 45% with a maximum value by 60.9% in 2014. The third most frequent option, the penetration on new markets recorded values over 40%, with a maximum value by 50.2% in 2004.

On the fourth position for the analysed period is placed the realisation of a business partnership (2004–2006, 2008–2013, and 2016), the use of new technologies (2014, 2018), the assimilation of new products (2007), and the penetration on new markets (2015).

On the fifth position was registered preponderantly the use of new technologies (2004–2006, 2008–2013, 2015–2016). Other opportunities ranked on the fifth position were: increasing demand on the domestic market (2007), the conclusion of a business partnership (2014), and the assimilation of new products (2017).

Obtaining a grant was ranked mostly on the sixth position (2004–2006, 2008–2013, and 2015–2016). On the sixth position are ranked, as well the exports' growth (2007, 2014 and 2017) and the conclusion of a business partnership (2018).

On the last position as business opportunity accessible to SMEs in the current year were ranked: exports' growth (2004–2006, 2008–2013, 2015–2016, and 2018), the conclusion of a business partnership (2007, 2017) and obtaining a grant (2014). For more details, see Annex 1 – The frequency of business opportunities accessible to SMEs from Romania in the current year.

4. Major difficulties faced by SMEs from Romania

SMEs from Romania are faced with a wide spectrum of major difficulties in developing their daily activity: the difficult access to credits, employing, training and maintaining personnel, appreciation of the national currency, red tape, poor infrastructure quality, unfair competition, competition of import products, competition of EU products, excessive controls, high credit costs, corruption, increases in the level of wage expenditures, knowledge and adoption of the community *acquis*, excessive taxation, delays in cashing in invoices from private companies, delays in invoices' payment, inflation, relative instability of the national currency, failure to pay invoices by institutions of the state, obtaining consulting and training required for the company, decrease in the export demand and decrease in domestic demand.

In the following we analyse the first three major difficulties that SMEs mangers consider they are faced with. On the first position as difficulty were recorded four options, respectively the decrease of domestic demand (in six out of the 15 analysed years: 2009–2013 and 2015), red tape (four years: 2007, 2008, 2016 and 2018), excessive taxation (four years: 2004–2006 and 2014) and unfair competition (2017). As second major difficulty were identified four options, as follows: excessive taxation (seven out of the 15 years analysed: 2007–2011, 2013, 2016), bureaucracy (six years: 2004–2006, 2012, 2015 and 2017), employing, training, and maintaining personnel (2018) and inflation (2014). The third position in this major difficulty ranking was taken by: excessive taxation (2012, 2015 and 2018), inflation (2004, 2011 and 2013), and decrease of domestic demand (2006, 2014 and 2017), employing, training and maintaining personnel (2007, 2008), red tape (2009, 2010), difficult access to credits (2005), and corruption (2016). For more details, see Table 1 hereunder.

On the first three positions as frequent major difficulties that SMEs from our country are faced with are ranked: excessive taxation, bureaucracy and decrease of domestic demand.

On the fourth position as perception regarding main difficulties were ranked (in the decreasing order of frequency) inflation (2008, 2010, 2012 and 2015), bureaucracy (2011, 2014), excessive controls (2013, 2016), delays at invoices' payment (2005, 2007), unfair competition (2018), high credit costs (2006), excessive taxation (2017), delays on payment of invoices from private companies (2009) and decrease of domestic demand (2004). On the fifth position as difficulty were ranked corruption (2010–2012), unfair competition (2013, 2016), excessive controls (2014, 2015), high credit costs (2007, 2009), delays in invoices' payment (2004, 2008), difficult access to credits (2006), increase in the level of wages' expenditures (2017), inflation (2018) and decrease of domestic demand (2015). On the sixth position as difficulty were perceived corruption (2005, 2006, 2015, 2017), difficult access to credits (2007, 2010), unfair competition (2009, 2014), excessive controls (2011, 2012), high credit costs (2004, 2008), decrease of domestic demand (2016, 2018) and bureaucracy (2013). On the seventh position as perceived difficulty were placed the following options: corruption (2007, 2008, 2013, 2014), employing, training and maintaining personnel (2012, 2016, 2017), high credit costs (2005, 2011), unfair competition (2015), excessive controls (2004), delays in cashing invoices from private companies (2010) and delays in invoices payment (2006).

Table 1

First three major difficulties faced by SMEs

<table>
<tr><th rowspan="2">Nr.</th><th rowspan="2">An</th><th colspan="3">Major difficulties faced by SMEs</th></tr>
<tr><th>First option</th><th>Second option</th><th>Third option</th></tr>
<tr><td>1</td><td>2004</td><td rowspan="3">Excessive taxation</td><td rowspan="3">Red tape</td><td>Inflation</td></tr>
<tr><td>2</td><td>2005</td><td>Difficult access to credits</td></tr>
<tr><td>3</td><td>2006</td><td>Decrease of domestic demand</td></tr>
<tr><td>4</td><td>2007</td><td rowspan="2">Red tape</td><td rowspan="5">Excessive taxation</td><td rowspan="2">Employing, training and maintaining personnel</td></tr>
<tr><td>5</td><td>2008</td></tr>
<tr><td>6</td><td>2009</td><td rowspan="5">Decrease of domestic demand</td><td rowspan="2">Bureaucracy</td></tr>
<tr><td>7</td><td>2010</td></tr>
<tr><td>8</td><td>2011</td><td>Inflation</td></tr>
<tr><td>9</td><td>2012</td><td>Bureaucracy</td><td>Excessive taxation</td></tr>
<tr><td>10</td><td>2013</td><td>Excessive taxation</td><td>Inflation</td></tr>
<tr><td>11</td><td>2014</td><td>Excessive taxation</td><td>Inflation</td><td>Decrease of domestic demand</td></tr>
<tr><td>12</td><td>2015</td><td>Decrease of domestic demand</td><td>Bureaucracy</td><td>Excessive taxation</td></tr>
<tr><td>13</td><td>2016</td><td>Bureaucracy</td><td>Excessive taxation</td><td>Corruption</td></tr>
<tr><td>14</td><td>2017</td><td>Unfair competition</td><td>Bureaucracy</td><td>Decrease of domestic demand</td></tr>
<tr><td>15</td><td>2018</td><td>Bureaucracy</td><td>Employing, training and maintaining personnel</td><td>Excessive taxation</td></tr>
</table>

Source: NCPSMER, White Charter of SMEs from Romania 2004–2018.

Regarding the first major difficulty recorded for the last five years, we shall analyse in detail the options of the managers depending on the age of the SMEs, on the region of development where they operate, on the size of the SMEs, on the legal organisation form and the field of activity they are active in. In 2018, red tape is evaluated with priority by the managers of the SMEs which are micro-enterprises, with other legal form than on shares, or with limited liability and with less than five years of activity from the Centre region of development, and that are involved in industry. Unfair competition, the main difficulty recorded for 2017 was reported especially by medium-sized SMEs with over 15 years of activity in the North-East region of development which are organised on shares and are active in tourism. Bureaucracy was considered as the main difficulty by enterprises with activity of up to five years, from the development region Centre, which are microenterprises and other legal forms of organisation than on shares or with limited liability and active in the field of services in 2016. The decrease of domestic demand is considered as the main difficulty of 2015 and was felt especially by medium-sized SMEs with activity between 5 and 10 years, from the North-East region of development, with organised on shares and active in tourism. In 2014, excessive taxation was perceived mainly by SMEs with activity of up to five years from the North-West development region which were microenterprises and with another form of organisation than on shares or limited liability and active in tourism.

By coagulating the profiles of those who felt strongest the impact of the first difficulty we notice that from the point of view of the company's age, the most affected were those with an activity of over 15 years (in seven out of the 15 years studied: 2004–2007, 2011, 2013 and 2017). From the viewpoint of the region of development to which they belong, we notice equally the SMEs from the North-East (2004, 2015 and 2017), Centre (2009, 2016 and 2018) and North-West (2010, 2011 and 2014) regions. By considering the size of the SMEs, the most affected are microenterprises. As legal organisation form, they are included in other organisation forms than on shares or limited liability. The least affected are the limited liability companies. From the perspective of their field of activity on the first position are placed those in commerce (2005, 2006, 2010 and 2011) and in tourism (2009, 2014, 2015 and 2017). For more details, see Annex 2 – The first major difficulty faced by the SMEs depending on various parameters.

5. Main contextual evolutions with negative influence on the SMEs' activity

The managers of SMEs from Romania evaluated the following contextual evolutions with negative influence on own businesses: excessive bureaucracy, military conflicts in areas close to Romania, corruption, climate and social tensions, world economic crisis, evolution of the legal framework, economic evolution at the level of the European countries, insufficient governmental and parliamentary, etc. Capacity to manage economic issues, lacking predictability of the business environment, EU accession, integration in NATO, privatisation, the policies of the banks from Romania against companies, the IMF and WB policy against Romania, the political changes at national level and interethnic tensions.

On the first position as perception regarding the contextual evolutions with negative impact on the SMEs from Romania were recorded the following options: world economic crisis (in six out of the 15 years analysed: 2010–2015), excessive bureaucracy (2005–2008, 2017), evolution of the legal framework (2004, 2009 and 2016) and insufficient governmental, parliamentary, etc. capacity to manage economic issues (2018). On the second position as contextual element with negative influence were ranked: evolution of the legal framework (seven out of the 15 years considered: 2005, 2007, 2008 and 2012–2015), and insufficient governmental, parliamentary, etc. capacity to manage economic issues (2010, 2011 and 2017), corruption (2006, 2016), excessive bureaucracy (2009), social climate and tensions (2004) and lacking predictability of the business environment (2018). On the third position were ranked:

evolution of the legal framework (2006, 2010, 2011, 2017 and 2018), corruption (2005, 2007, 2008 and 2015), bureaucracy (2012 and 2014), world economic crisis (2016), insufficient governmental, parliamentary, etc. capacity to manage economic issues (2013), lacking predictability of the business environment (2009) and political changes in the ruling of the country (2004). For more details, see Table 2 hereunder.

Table 2

The first three contextual evolutions with negative influence on the SMEs’ activity

<table>
<tr><th rowspan="2">Nr.</th><th rowspan="2">An</th><th colspan="3">Contextual evolutions with negative influence on the SMEs’ activity</th></tr>
<tr><th>First option</th><th>Second option</th><th>Third option</th></tr>
<tr><td>1</td><td>2004</td><td>Evolution of the legal framework</td><td>Social climate and tensions</td><td>Political changes in the ruling of the country</td></tr>
<tr><td>2</td><td>2005</td><td rowspan="4">Excessive bureaucracy</td><td>Evolution of the legal framework</td><td>Corruption</td></tr>
<tr><td>3</td><td>2006</td><td>Corruption</td><td>Evolution of the legal framework</td></tr>
<tr><td>4</td><td>2007</td><td rowspan="2">Evolution of the legal framework</td><td rowspan="2">Corruption</td></tr>
<tr><td>5</td><td>2008</td></tr>
<tr><td>6</td><td>2009</td><td>Evolution of the legal framework</td><td>Excessive bureaucracy</td><td>Lacking predictability of the business environment</td></tr>
<tr><td>7</td><td>2010</td><td rowspan="6">World economic crisis</td><td rowspan="2">Insufficient governmental, parliamentary, etc. capacity to manage economic issues</td><td rowspan="2">Evolution of the legal framework</td></tr>
<tr><td>8</td><td>2011</td></tr>
<tr><td>9</td><td>2012</td><td rowspan="4">Evolution of the legal framework</td><td>Excessive bureaucracy</td></tr>
<tr><td>10</td><td>2013</td><td>Insufficient governmental, parliamentary, etc. capacity to manage economic issues</td></tr>
<tr><td>11</td><td>2014</td><td>Excessive bureaucracy</td></tr>
<tr><td>12</td><td>2015</td><td>Corruption</td></tr>
<tr><td>13</td><td>2016</td><td>Evolution of the legal framework</td><td>Corruption</td><td>World economic crisis</td></tr>
<tr><td>14</td><td>2017</td><td>Excessive bureaucracy</td><td>Insufficient governmental, parliamentary, etc. capacity to manage economic issues</td><td rowspan="2">Evolution of the legal framework</td></tr>
<tr><td>15</td><td>2018</td><td>Insufficient governmental, parliamentary, etc. capacity to manage economic issues</td><td>Lacking predictability of the business environment</td></tr>
</table>

Source: NCPSMER, White Charter of SMEs from Romania 2004–2018.

In the ranking of the first three positions as contextual evolutions with negative influences were placed preponderantly the evolution of the legal framework, excessive bureaucracy and the world economic crisis.

On the fourth position were ranked the following options: corruption (2009, 2012–2014, 2017), excessive bureaucracy (2010, 2011, 2016, 2018), lacking predictability of the business environment (2006–2008), social climate and tensions (2005), insufficient governmental, parliamentary, etc. capacity to manage economic issues (2015) and the IMF and WB policy against Romania (2004). On the fifth position were ranked: corruption (2010, 2011, 2018), excessive bureaucracy (2013, 2015), social climate and tensions (2006, 2009), insufficient governmental, parliamentary, etc. capacity to manage economic issues (2012, 2014), lacking predictability of the business environment (2017), political changes in the ruling of the country (2007, 2008), accession to the EU (2004), the policies of the banks from Romania regarding companies (2016) the IMF and WB policy against Romania (2005).On the sixth position in the ranking: political changes in the ruling of the country (2005, 2006, 2009, 2018), the policies of the banks from Romania regarding companies (2010–2012, 2014), social climate and tensions (2007, 2008), lacking predictability of the business environment (2013, 2015), military conflicts in areas close to Romania (2004), world economic crisis (2017) and insufficient governmental, parliamentary, etc. capacity to manage economic issues (2016). On the seventh position were placed: EU accession (2005, 2006, 2007), lacking predictability of the business environment (2010, 2011, 2014), social climate and tensions (2012, 2017), IMF and WB policy against Romania (2008, 2009) the policies of the banks from Romania regarding companies (2015, 2018), privatisation (2004) and political changes in the ruling of the country (2013, 2016).

For the last five years (2014–2018), we analyse in the following the main contextual evolution with negative influence on the activity of the SMEs from the following viewpoints: age of the SMEs, the region of development where they are active, the size of the SMEs, the legal organisational form, and their field of activity. In 2018, on the first position was ranked the insufficient governmental, parliamentary capacity, etc. to manage economic issues. This option was recorded for SMEs with activity for 5 to 10 years from the North-East region, small companies with limited liability and active in constructions. The excessive bureaucracy from 2017 was felt mostly by SMEs active for 5 to 10 years from the South-East development region, that were microenterprises, with other legal forms than on shares or limited liability, and operating in constructions. The evolution of the legal framework as contextual element with negative influence on SMEs for the year 2016 was mentioned especially by companies with activity under five years, from the North-West development region, microenterprises organised on shares and active in tourism. The world economic crisis in 2015 was felt mostly by medium-sized SMEs active for 10 to 15 years, from the South-West region of development with other organisational form than on shares or limited liability and operational in constructions. The world economic crisis was mentioned in 2014 especially by medium-sized SMEs active for less than five years from the South region of development, with other legal form than on shares or limited liability, and operational in the field of transports.

By coagulating the answers of those opting for the first element of contextual evolution with negative influence we notice that the most affected are to equal extent the SMEs with activity from 5 to 10 years and those operational for 10 to 15 years, from the South-West region of development, which are medium-sized and organised both on shares, or in other forms than on shares and limited liability and active in constructions. For more details see Annex 3 – The perceptions of SME managers about the main contextual evolution with negative influence on SME activity

6. Conclusions

The interest of political decision factors in supporting Romanian entrepreneurs is reflected by the attention paid to measures of promoting the latter. As weakness, the lack of entrepreneurial culture is mentioned both by the National Strategy for Labour Force Employment 2014–2020 [GR 1071/ 2013, annex 1:41] and in the framework of the National Strategy for Competitiveness 2014–2020 [Ministry of Economy, 2014:32].

The available data, for the period 2004–2018, highlight that in the vision of the Romanian SME managers the business environment is evaluated as preponderantly hindering to business development. Similarly, the evolutions of the economic environment for the current year, and in the following year, are preponderantly neutral.

On the first three positions as business opportunities available to SMEs in the current year were ranked: the demand increase on the domestic market, assimilating new products, and the penetration of new markets.

On the first three positions as major difficulties faced by the SMEs from our country are placed excessive taxation, bureaucracy and the decrease of domestic demand. Those who felt most strongly the impact of the first difficulty were the SMEs with activity of over 15 years from the regions North-East, Centre and North-West, microenterprises with other organisational forms than on shares or limited liability, active in trade and tourism.

In the ranking, the first three positions as contextual evolutions with negative influences are taken preponderantly by the evolution of the legal framework, excessive bureaucracy, and the world economic crisis. The most affected by the first element of contextual evolution with negative influence on SMEs are to equal extent SMEs with activity between 5 to 10 years, and those with activity between 10 to 15 years from the South-West region of development, which are medium-sized and have the legal form both on shares and other organisational forms than on shares and limited liability and operational in constructions.

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Annexes

Annex 1

Frequency of business opportunities accessible to SMEs from Romania in the current year %

No.	Year	Growing exports	Concluding a business partnership	Obtaining a grant	Use of new technologies	Assimilation of new products	Penetration on new markets	Demand growth on the domestic market
1	2004	11	39	11,2	36,9	53	50,2	64
2	2005	8,3	44	12,6	38,7	51,8	46,5	66,7
3	2006	9,3	41,8	13,7	34,5	54,6	51,2	64,7
4	2007	16,7	15	55,2	47,1	46,6	58,2	37
5	2008	8,8	35,3	20,3	34,6	46,3	44,4	69,8
6	2009	20,6	33,4	23,7	32	40,2	41,8	64,9
7	2010	10	33,3	16,4	26,4	51,3	46,9	68
8	2011	7,3	28,5	15,1	28	48,3	47,6	74,1
9	2012	11,8	30,9	12,7	30	45,2	45	64,3
10	2013	7,3	26,9	11,3	26,4	50,8	44,4	64,7
11	2014	9,8	30,3	7,7	30,7	60,9	42,8	63,5
12	2015	5	46,1	17,5	26	66,2	33	65,3
13	2016	13,8	46,8	13,9	38,4	52,2	49,2	49,4
14	2017	25,4	23,5	43,2	48,3	41,7	53,5	61,1
15	2018	21,8	24,7	41,7	43,5	44,9	54,3	67,8

Source: NCPSMER, White Charter of SMEs from Romania 2004–2018.

Annex 2

First major difficulty faced by SMEs by various dimensions

<table>
<tr><th>No.</th><th>Year</th><th>Age of SMES</th><th>Development regions</th><th>Dimension of firm</th><th>Juridical regulation</th><th>Activity branches</th></tr>
<tr><td>1</td><td>2004</td><td rowspan="4">More than 15 years</td><td>North-East</td><td>Micro-enterprise</td><td>Enterprise organised on shares</td><td>Transports</td></tr>
<tr><td>2</td><td>2005</td><td>West</td><td>Medium enterprise</td><td>Other legal forms than on shares or limited liability</td><td rowspan="2">Trade</td></tr>
<tr><td>3</td><td>2006</td><td>South-East</td><td rowspan="3">Micro-enterprise</td><td>Enterprise organised on shares</td></tr>
<tr><td>4</td><td>2007</td><td>South-West</td><td>Other legal forms than on shares or limited liability</td><td>Industry</td></tr>
<tr><td>5</td><td>2008</td><td rowspan="3">10–15 years</td><td>South</td><td rowspan="2">Enterprise organised on shares</td><td>Transports</td></tr>
<tr><td>6</td><td>2009</td><td>Centre</td><td>Medium enterprise</td><td>Tourism</td></tr>
<tr><td>7</td><td>2010</td><td rowspan="2">Nord-Vest</td><td rowspan="5">Micro-enterprise</td><td>Other legal forms than on shares or limited liability</td><td rowspan="2">Trade</td></tr>
<tr><td>8</td><td>2011</td><td>More than 15 years</td><td>Limited liability companies</td></tr>
<tr><td>9</td><td>2012</td><td>5–10 years</td><td>South-West</td><td>Enterprise organised on shares</td><td rowspan="2">Construction industry</td></tr>
<tr><td>10</td><td>2013</td><td>More than 15 years</td><td>South</td><td rowspan="2">Other legal forms than on shares or limited liability</td></tr>
<tr><td>11</td><td>2014</td><td rowspan="2">5–10 years</td><td>North-West</td><td rowspan="2">Tourism</td></tr>
<tr><td>12</td><td>2015</td><td>North-East</td><td>Medium enterprise</td><td>Enterprise organised on shares</td></tr>
<tr><td>13</td><td>2016</td><td>0–5 years</td><td>Centre</td><td rowspan="3">Micro-enterprise</td><td rowspan="3">Other legal forms than on shares or limited liability</td><td>Services</td></tr>
<tr><td>14</td><td>2017</td><td>More than 15 years</td><td>North-East</td><td>Tourism</td></tr>
<tr><td>15</td><td>2018</td><td>0–5 years</td><td>Centre</td><td>Industry</td></tr>
</table>

Source: NCPSMER, White Charter of SMEs from Romania 2004–2018.

Annex 3

Perceptions of managers of SMEs on the main contextual evolutions with negative influence on the SMEs' activity

No.	Year	Age of SMES	Development regions	Dimension of firm	Juridical regulation	Activity branches
1	2004	5–10 years	South	Micro-enterprise	Limited liability companies	Trade
2	2005	10–15 years	South-West	Medium enterprise	Enterprise organised on shares	Construction industry
3	2006	More than 15 years		Micro-enterprise		
4	2007		Centre	Medium enterprise	Other legal forms than on shares or limited liability	Transports
5	2008	10–15 years	South-West			Trade
6	2009	More than 15 years	South		Enterprise organised on shares	Transports
7	2010	10–15 years	North-West		Other legal forms than on shares or limited liability	Tourism
8	2011		South-East	Micro-enterprise	Limited liability companies	Services
9	2012	More than 15 years	Centre	Medium enterprise	Enterprise organised on shares	Tourism
10	2013	5–10 years	Bucharest–Ilfov	Micro-enterprise		Services
11	2014	Under 5 years	South	Medium enterprise	Other legal forms than on shares or limited liability	Transports
12	2015	10–15 years	South-West			Construction industry
13	2016	5–10 years	North-West	Micro-enterprise	Enterprise organised on shares	Tourism
14	2017		South-East		Other legal forms than on shares or limited liability	Construction industry
15	2018		North-East		Limited liability companies	

Source: NCPSMER, White Charter of SMEs from Romania 2004–2018.